HYBRID SOFTWARE GROUP

2024

ANNUAL REPORT

Hybrid Software Group PLC annual report and financial statements for the year ended 31st December 2024.

Contents

HYBRID SOFTWARE GROUP

Through its business units and subsidiary companies, Hybrid Software Group PLC (Euronext: HYSG) is a leading developer of enterprise software and printhead drive electronics for packaging and industrial print manufacturing. Customers include press manufacturers such as HP, Canon, Durst, Roland, Hymmen, as well as global brands, consumer packaged goods companies, retailers, and thousands of packaging printers, trade shops, and converters worldwide.

Hybrid Software Group PLC is headquartered in Cambridge UK. Its subsidiary companies are colour technology experts ColorLogic, printing software developers Global Graphics Software, enterprise software developer Hybrid Software, 3D design and modelling software developers iC3D, industrial printhead drive solutions specialist Meteor Inkjet, and pre-press workflow developer Xitron.

Our company

Hybrid Software Group PLC is a public limited-liability company registered in England and Wales with its shares traded on Euronext Brussels under stock code HYSG. It is headquartered near Cambridge, UK. The Company employs approximately 280 employees worldwide and has a pedigree stretching back more than 30 years.

Hybrid Software develops innovative technology for industrial print manufacturing processes that use inkjet and other printing techniques. The technology is critical because efficiency and sustainability concerns are driving the conversion of manufacturing processes from traditional analogue methods to just-in-time digital production using inkjet printing. Applications for inkjet printing include a diverse range of goods, from labels and packaging, to textiles, tiles, laminates, wall coverings, additive manufacturing and 3D printing applications.

Our investment case

- Inkjet adoption is increasing rapidly across multiple industry sectors.
- Analogue markets are converting to digital production.
- Hybrid Software enables customers to migrate their traditional manufacturing processes to digital inkjet.
- Hybrid Software is the only vertically integrated supplier to this market, supplying products and technology to both manufacturers of digital printing equipment and to manufacturers of packaging and other printed goods who operate them.
- Component businesses are award-winning technology leaders.
- Synergies between companies in the Company, following strategic acquisitions made in recent years, will accelerate innovation and revenue growth.

The Company is the only full-stack supplier of all the critical core technologies needed for inkjet printing. Our principal customers are Original Equipment Manufacturers (OEMs) of digital printing equipment, including high-speed digital production presses, professional colour proofing devices, wide format colour printers, and industrial inkjet printers for ceramic tiles, packaging, textiles and additive manufacturing, as well as end users, primarily printing companies who purchase these devices to print and convert labels and packaging materials. Hybrid Software has traditionally provided software components and printhead drive electronics to OEMs to enable them to build their own solutions.

> *Industrial print manufacturing is when printing technology is used in broader manufacturing processes where it isn't the print itself that is being sold.*

However, the strategic acquisitions made in recent years now enable the Company to provide full turnkey solutions for OEMs that enable them to bring new digital printing devices to market faster and with higher quality. These solutions are higher value and provide more revenue to the Company per device installed. Furthermore, the OEM business is synergistic with the Company's end-user products, accelerating revenue growth and increasing the Company's market share in the inkjet space. Guido Van der Schueren, Executive Chairman, shares,"We will continue to deliver leadership in software and electronics for industrial printing and packaging, driven by the intelligence and passion of our people."

The team poses for a photo during the successful exhibition at the drupa trade fair in Düsseldorf, Germany.

Hybrid Software Group PLC has offices around the world and is headquartered near Cambridge, UK.

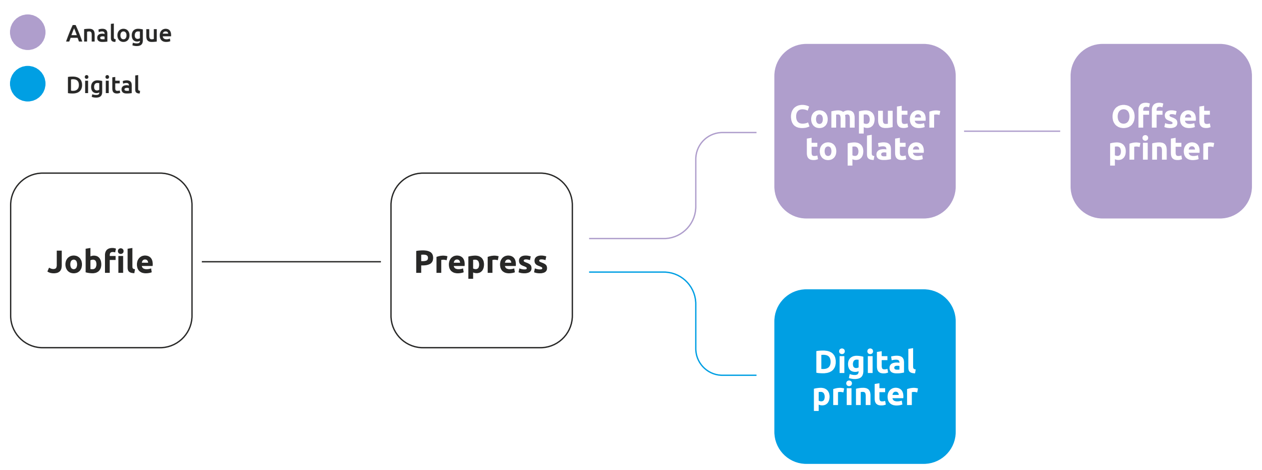
Digital revolution in print manufacturing

The print manufacturing market is transitioning from analogue to digital at a rapid pace. A number of factors have combined to accelerate this change: supply chain disruption caused by changing consumer demand for customised products, and the growing realisation that the way for manufacturing industries to increase their business is to go digital.

At the heart of this change in the printing market are the innovations taking place in digital inkjet printing. Inkjet printing makes it possible to change what is being printed in real time on every object. It can be inserted at different points in the production process, for instance during product decoration, packaging or labelling. In addition, inkjet can print on any surface, resulting in a revolution in the way in which goods are produced and packaged and the speed with which they are ready for market.

Analogue versus digital workflow

In an analogue workflow, graphic designs are transferred to a printing plate which is fed to the press to produce multiples of the same item. In a digital workflow, a PDF file created by the designer encapsulates all the data required for printing. The PDF file is submitted to the digital printing press via a Digital Front End (DFE), and can contain different images and text for each product produced using a technology known as Variable Data Printing (VDP).



A typical labelling workflow

Specialised software is used to prepare the PDF file for printing. This may include merging a data stream to generate QR codes or barcodes for product identification or security purposes; colour management to accurately match specific brand colours; layout tools to ensure the most economical use of raw materials; portals to review and approve the artwork on screen; and enterprise software for workflow automation.

Other software embedded in the printing process ensures high-quality output through rasterisation and screening depending on the specifications of the printing device. As many as seven colours plus white and clear inks may be jetted with different sizes of ink drops to achieve the desired output after careful calibration to the printing device.

Digital print for manufacturing

Printing is part of the manufacturing process for thousands of products that touch our everyday lives, as the illustration shows below. Inkjet is the technology driver for digital conversion of these processes and makes it possible to produce products that were simply not possible with analogue processes, such as customising vehicles, garage doors, or even jetting onto the side of aircraft. Hybrid Software Group enables its customers to migrate their traditional manufacturing processes to digital inkjet printing.


3D printed art

Direct-to-shape digital printing onto cosmetic tubes


Photovoltaic printing onto solar panels

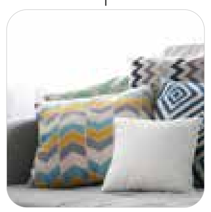

Digital textile printing onto bedsheets


Digital print onto cereal boxes, wine bottles, beer cans...


Glass printing onto windows


2024 Copyright © Adobe Stock


Digital décor printing onto floors and surfaces


Digital textile printing onto furnishings and curtains


Functional printing onto screens


Digital inkjet printing onto corrugated boxes


Industrial / functional printing onto car windscreens and interiors

Our value propositions

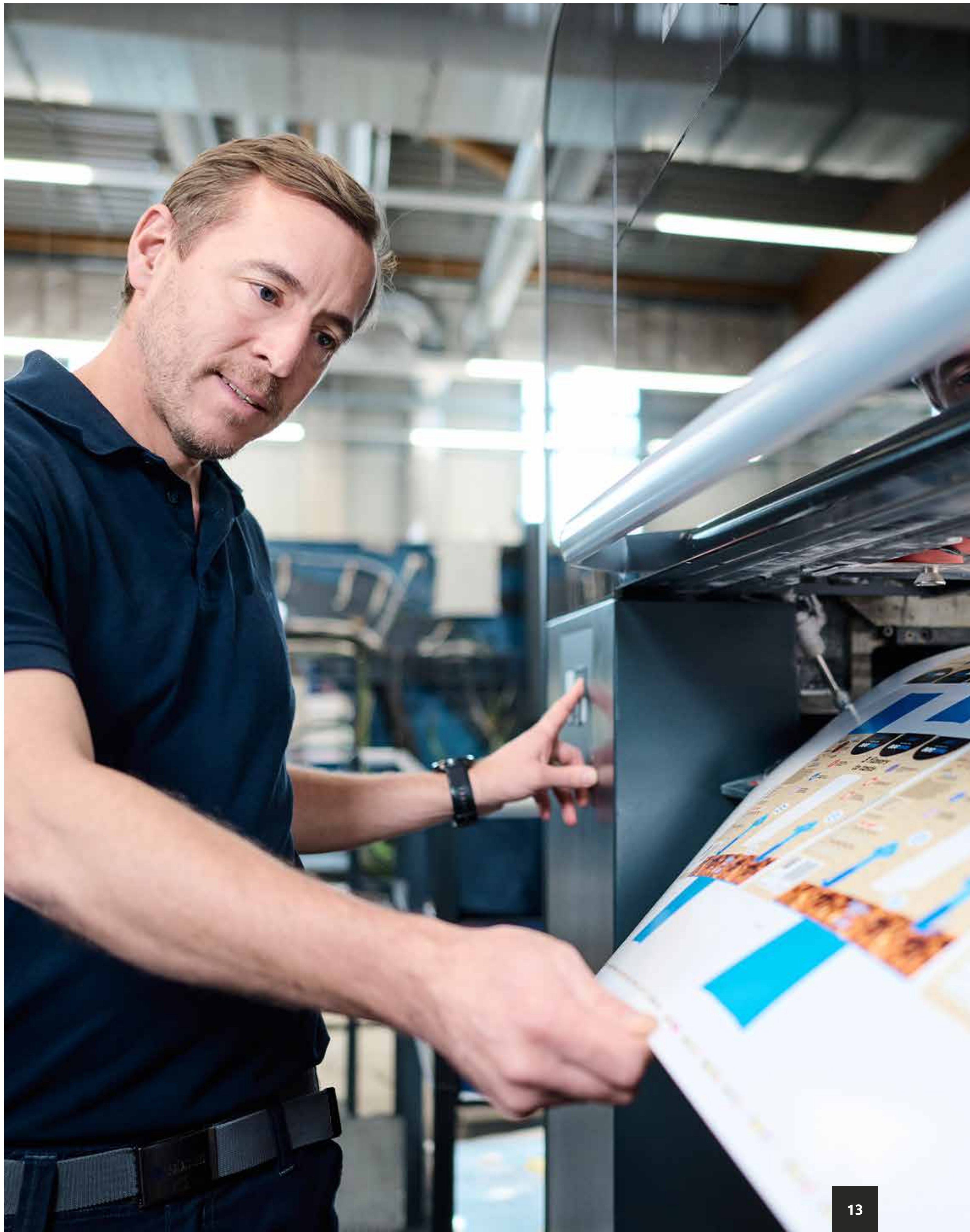
Hybrid Software is the only full-stack supplier of all the critical core technologies needed for inkjet printing. With a third of our headcount working in engineering and approximately 20% of revenues reinvested in R&D, we are dedicated to innovation on behalf of our customers and maintain a strong IP position with numerous patents.

Original Equipment Manufacturers (OEMs)

Our value proposition to OEMs of industrial digital printing equipment, typically featuring inkjet technology, is to offer turnkey solutions and individual components to enable them to migrate analogue processes to digital and to bring new digital printing devices to market faster and with higher quality.

Print service providers and converters

Print service providers and converters are industrial manufacturers of products, such as labels, cartons, tiles, displays, fabrics, flooring, décor, etc. which are typically produced using digital printers made by OEMs. Our value proposition here is to offer a complete set of software applications to maximise efficiency in production workflows.



A year in review

Hybrid Software appoints Steven Steenhaut as Chief Marketing Officer

From Hybrid Software's offices in Ghent, Belgium, Steven Steenhaut spearheads group marketing activities across the company's six business units, building a unified effort and market presence.

Steenhaut has spent most of his career in sales and marketing, primarily in high-tech and IT companies—particularly software—spanning a number of global regions.

ColorLogic names Victor Asseiceiro as Operations Manager

Victor Asseiceiro brings over 20 years of experience to his new role at ColorLogic, covering the entire print value chain and specialising in areas such as packaging, ceramics, sign and display, and commercial print.

His expertise extends to both conventional and digital printing technologies and a deep understanding of production processes and colour applications that enhance global sales and distribution channels.

Hybrid Brandz launches with dedicated teams in Europe and the Americas

Brandz
Hybrid Software

2024 saw the launch of Hybrid BrandZ, Hybrid Software's new business unit servicing brand owners, retailers, and consumer packaged goods companies.

Established sales and support teams are present locally in Europe and North America.

The flagship product Artflow is a SaaS-based artwork management solution that streamlines complex graphical projects. Dedicated 3D solutions round out the offering including iC3D software for product visualisation and prototyping.

Hybrid Software hosts generative AI experience with Diageo

At Johnnie Walker Princes Street in Edinburgh, visitors were invited to explore the world of direct and variable on-site bottle printing. Championed by Diageo, its mission is to propel brands to success by pioneering cutting-edge technology with personalised consumer experiences.

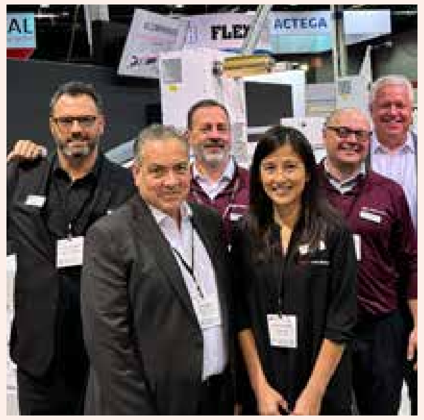
The unique and innovative integration with AI technology moulds a special connection between the brand and the consumer, aiming to reinforce brand recogniton and loyalty and was awarded:

- Global INNIES Award – "Forging New Frontiers"

- The Lovie Awards – "Best Integrated Use of AI"

- PAC Global Awards – "Best in Show"

Global Graphics Software expands partnership with Mark Andy to drive state-of-the-art high-speed press



Leading provider of label and print solutions, Mark Andy, extended its license for SmartDFE™ to drive its new state-of-the-art Digital Series HD HighSpeed 1200 press. A game-changer for the industry, the press sets a new standard, doubling the speed of its predecessors at 1200dpi resolution and establishing it as the fastest narrow web digital press in the marketplace.

It is driven by Mark Andy's new ProWORX Digital Front End, powered by SmartDFE, which enhances productivity by optimising prepress workflow and colour management.

Xitron launches new K2 offset workflow

Based on the powerful Harlequin Core™ RIP, K2 boasts a feature list that reads like a "Who's Who" of leading-edge prepress technology.

The code base is strictly Xitron, but incorporates knowledge from business units ColorLogic, Global Graphics Software, and Hybrid Software for preflighting, PDF-based interactive trapping, ink remapping, and colour management. K2 also integrates Ultimate Tech's Impostrip Offset Pro for dynamic and intuitive imposition.

By leveraging the best technologies available today, and constructing a strong UI to harness them, K2 quickly climbs to the top of the mountain while balancing productivity, ease of use, and affordability.

Our markets

Hybrid Software's markets include labels and packaging, ceramics, textiles, 3D printing and additive manufacturing. In each of these segments, inkjet technology is giving brands the flexibility to respond to changing customer demands by just-in-time digital production, and to create products that would not be possible using analogue production methods. Set against the transition to digital printing, another trend is at play: manufacturers of digital printing devices are looking for turnkey or SaaS solutions that are fast and flexible enough to power the next generation of digital inkjet printers at blistering production speeds. The Company's software engineering expertise allows it to develop solutions to meet and exceed these requirements.

Labels and packaging

This market requires specialised knowledge and advanced software solutions to provide the speed and precision required for high-volume production of labels and packaging. Hybrid Software offers OEMs and print service providers the full gamut of expertise required, from 3D visualisation of packaging designs, faithful reproduction of brand colours, layout and proofing tools, to the high-speed processing of variable data for personalisation.

Flexibility

Whilst packaging produced by the flexographic process accounts for the largest share of the market in Europe and the US, the share of digitally printed labels and packaging is rising significantly. This is due to a number of factors, not least its flexibility whereby short runs can be produced quickly in response to changing consumer demand. Most packaging in Asia is still printed with gravure cylinders, but this is also migrating toward flexographic and digital printing methods. Asia is projected to be one of the highest growth areas for digital label printing over the next five years.

Innovation

There have been many exciting developments in recent years with water-based inks, paper pouches, flexible films and recycled materials. One such is Direct-to-Shape printing which prints the product "label", including full-colour images, text linework, and other special effects directly onto cans, bottles, sleeves and other shaped objects as an in-line step in the manufacturing process.

Sustainability

The rising prominence of the ESG - Environmental, Social and Governance - agenda, new legislation, and consumer pressure are fuelling practical measures to reduce environmental impacts. One of the first steps towards sustainability is the reduction of waste, and since digitally printed packaging can be produced in very precise quantities, the digital conversion of packaging will continue to be driven by sustainability initiatives.

Smart factories

To meet demands from consumer brands that seek to incorporate inkjet printing into their production lines, the Company developed SmartDFE™, an AI-powered Digital Front End that adds print into Smart Factory and Industry 4.0 environments. The solution won a PRINTING United Pinnacle award for Technology in 2023 and is in full-scale production with a number of OEM partners, including Mark Andy and Dantex Group.

A closer look

According to "The Future of Digital Printing to 2032" (a), in 2032 digital print will account for almost a quarter of the global value of all print and printed packaging by value, worth US$ 230.5 billion. The same report indicates that inkjet will increase to account for 74.1% of digital print value and 77.5% of volume in 2032.

The current market size of the packaging printing market will continue growing steadily from $474.1 billion in 2024 to $730.43 billion in 2029. (b)

The growth in the forecast period is attributed to pharmaceutical packaging, sustainable packaging, health and safety concerns, global supply chain, customisation and personalisation. Major trends in the forecast period include technological advancements, sustainable packaging, digital printing technology, 3D printing, and security printing. (b)

(a) Smithers. https://www.smithers.com/services/market-reports/printing/the-future-of-digital-printing-to-2032

(b) The Business Research Company. https://www.thebusinessresearchcompany.com/report/packaging-printing-global-market-report

Ceramics

Inkjet printers for ceramic tiles have long been one of the strongest markets for Meteor Inkjet's printhead drive electronics.

Demand for ceramic tiles continues to grow

Digital printing has revolutionised the decoration of ceramic tiles. Industrial inkjet systems have replaced more than 90% of the screen printers worldwide printing applications for ceramic tiles. The ceramics market is heavily dependent on regional economic conditions and trends for new construction and renovation projects. As residential or commercial construction projects spring up around the globe there is more demand for ceramic tiles for interior and exterior decoration. China is a key producer and consumer of ceramics although there is also a dynamic industry in Europe, and growth opportunities in many other regions.

Dedicated features

Meteor Inkjet is the world leader in printhead drive electronics for industrial inkjet ceramic tile printers. Meteor Inkjet's printhead drive electronics and software provide scalable, customisable solutions for systems of any size, speed, or complexity. Special features for ceramic tile printers include recirculating printheads and ink systems to prevent the sedimentation and nozzle blocking to which heavily pigmented ceramic inks are prone. The Company's products fully implement the necessary control functions required of such systems.

Economical and flexible

Digital printing of ceramic tiles offers significant cost advantages over analogue screen printing. Short production runs become economically feasible due to lower set-up requirements and reduced stock of finished goods. Other manufacturing benefits include less breakage/waste due to non-contact printing and ease of colour matching for repeat orders. Inkjet-printed ceramic tiles offer attractive design benefits including: the ability to produce realistic images of marble and other natural materials and to print large quantities of tiles without repeating patterns; and ink systems to prevent the sedimentation and nozzle blocking to which heavily pigmented ceramic inks are prone. The Company's products fully implement the control functions required of such systems.

A closer look

The global ceramic tiles market is anticipated to reach US$ 360 billion by 2030, after growing at a CAGR of 4.5% during 2024 to 2030.

Increasing demand for aesthetically, superior and durable wall and floor coverings have been critical to the growth of ceramic tiles industry over the past few years. (c)

The cost-effectiveness and flexibility of digital printing on ceramic tiles have made it a popular method for creating high-quality, intricate designs This technology enables greater customization and faster production times, offering customers an expanded range of design options. (d)

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(c) Grand View Research. https://www.grandviewresearch.com/industry-analysis/ceramic-tiles-market

(d) Business Research Insights. https://www.businessresearchinsights.com/market-reports/ceramic-tile-and-its-printing-market-107372

Textiles

The steady transition to digital production is resulting in many new digital textile printers coming to market. The Company's reputation for high-speed software, colour management technology, and expertise in inkjet drive electronics enable us to respond quickly to manufacturers' demands for turnkey solutions to drive these machines.

Many areas for growth

The global digital textile printing market is segmented into clothing/apparel, home décor, soft signage, and industrial. Its market size is predicted to increase from USD 3.89 billion in 2025 to approximately USD 12.73 billion by 2034 (e). Hybrid Software Group develops innovative technology for industrial print manufacturing processes which use inkjet and other printing techniques. The technology is critical because efficiency and sustainability concerns are driving the conversion of manufacturing processes from traditional analogue methods to just-in-time digital production using inkjet printing. Applications for inkjet printing include a diverse range of goods, from labels and packaging, to textiles, tiles, laminates, wall coverings, additive manufacturing and 3D printing applications.

Cost-effective single-pass printing

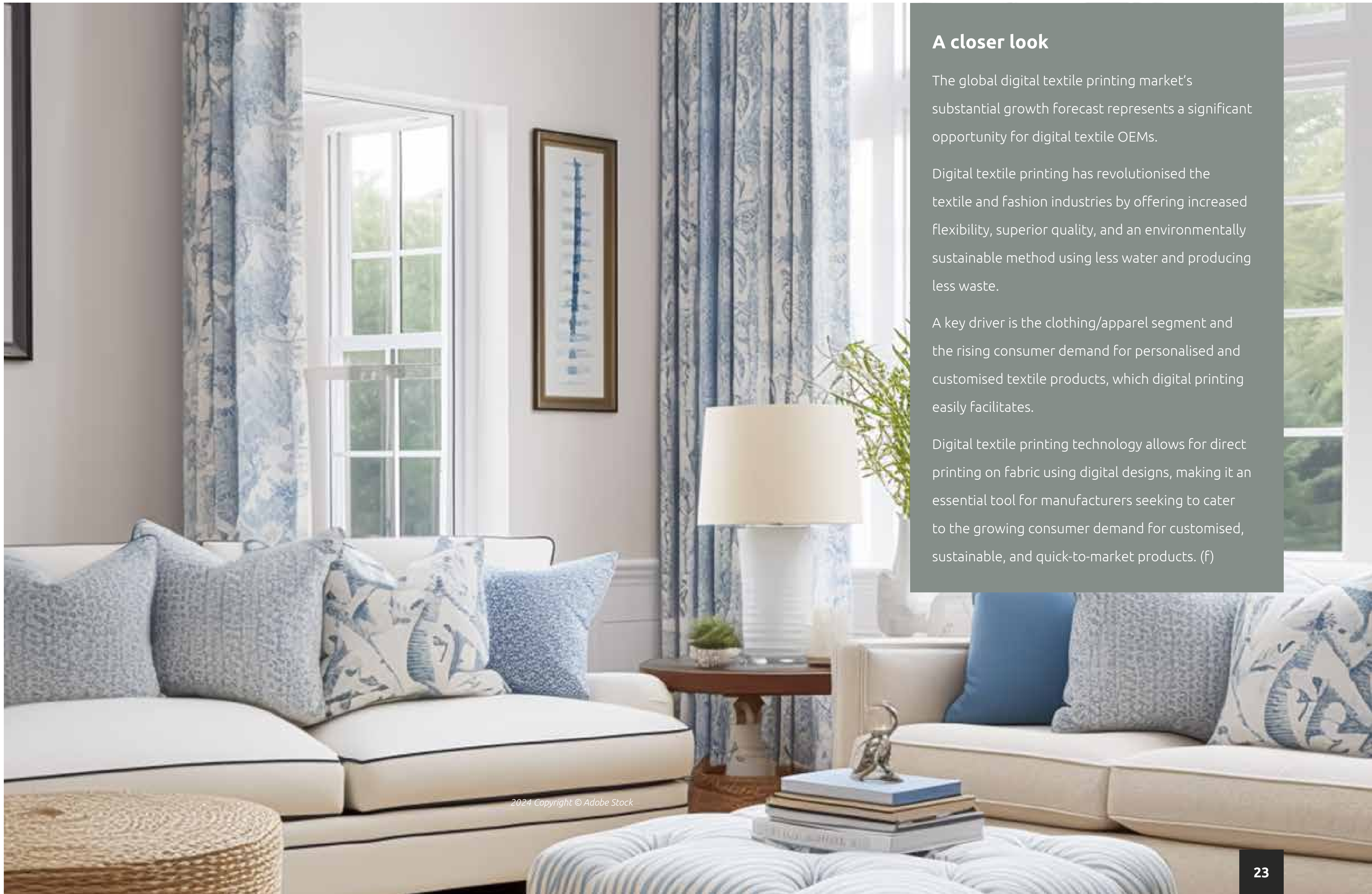
Single-pass digital printing is anticipated to be the fastest growing segment in the digital textile printing market. Single-pass digital printing is an advanced technique that enables rapid, efficient, and accurate printing using specialised equipment, which requires just a single pass to apply ink or images onto diverse surfaces.

Driven by sustainability

Sustainability is a key driver for digital inkjet production because it reduces water, energy usage, pollution and waste. The latter is of special interest: the amount of textile production ending in landfill is a particular focus for brands who are increasingly aware of their consumers' demand for environmentally and socially responsible business practices.

Personalisation of products

Digital inkjet enables brands to respond to changing consumer behaviour as fashion cycles shorten and more goods are purchased on-line with scope for personalisation. Supply chain disruption and increasing de-globalisation has accelerated the trend towards producing closer to the consumer.



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A closer look

The global digital textile printing market's substantial growth forecast represents a significant opportunity for digital textile OEMs.

Digital textile printing has revolutionised the textile and fashion industries by offering increased flexibility, superior quality, and an environmentally sustainable method using less water and producing less waste.

A key driver is the clothing/apparel segment and the rising consumer demand for personalised and customised textile products, which digital printing easily facilitates.

Digital textile printing technology allows for direct printing on fabric using digital designs, making it an essential tool for manufacturers seeking to cater to the growing consumer demand for customised, sustainable, and quick-to-market products. (f)

(e) Digital Textile Printing Market Size, Share, and Trends 2025 to 2034, Precendece Research. https://www.precedenceresearch.com/digital-textile-printing-market

(f) Future Market Insights. https://www.globenewswire.com/news-release/2024/10/24/2968301/0/en/Global-Digital-Textile-Printing-Market-Poised-for-Impressive-Growth-with-a-CAGR-of-12-1-from-2024-to-2034-Forecast-to-Reach-USD-8-897-3-Million-Future-Market-Insights-Inc.html

Additive manufacturing

Inkjet-enabled additive manufacturing builds on the technology developed for digital printing. It makes hardware development agile, enables just-in-time manufacturing for minimal inventory cost, and is inherently low-waste with more opportunity for sustainability.

Beyond prototyping

Inkjet 3D printing is one of the most flexible additive manufacturing technologies, supporting applications that range from robust metal components to co-moulded parts fabricated from multiple materials, including cutting-edge "functional" printing for manufacturing electronics. This ability to create radical new products is helping to drive 3D printing adoption in the traditional manufacturing space. An industry that used to produce only prototypes is now shifting to volume production.

Agile and just-in-time

There are two types of inkjet additive manufacturing: the first type is known as binder jetting - using inkjet printheads to jet a glue or binder on a bed of sand or powder. The powder bed means there is less need for adding supports to overhanging structures; the second type is materials jetting - heating polymer filaments to a liquid state so they can be deposited in layers using inkjet printing technology, then cured with UV light. Materials jetting using UV cured polymers has excellent detail and accuracy and a unique capability for combining multiple materials and colours in a single print job. Materials jetting is also the only additive manufacturing technology capable of functional printing for applications like printed circuit boards, embedded electronics and batteries.

Through its business unit Meteor Inkjet, the Company helps manufacturers harness the power of inkjet for additive manufacturing applications. Meteor can radically simplify the path through development to production for 3D inkjet printer manufacturers and integrators.

← *AMIS CEO Nick De Roeck, Kris Binon, Managing Director, and Jacques de Schepper, Software Engineer, pose before a busy event showcasing the software to eager audiences at Formnext 2024 – the hub for additive manufacturing.*

(g) 3D Printing Market Size & Trends, Grand View Research. https://www.grandviewresearch.com/industry-analysis/3d-printing-industry-analysis

(h) Additive Manufacturing Market Size and Trends, Coherent Market Insights. https://www.coherentmarketinsights.com/industry-reports/additive-manufacturing-market

Meteor Inkjet and AMIS collaborate on OEM solution for additive manufacturing

Meteor Inkjet and AMIS, additive manufacturing software innovator, have joined forces to provide a seamlessly integrated solution for binder and material jetting from "DFE to drop".

OEM print system builders grapple with numerous challenges in adopting inkjet technology for additive manufacturing. Many of these challenges mirror those faced in 2D printing, where significant inkjet experience already exists. Common issues include optimising print quality, increasing production throughput, ensuring system reliability and integrating inkjet technology into existing manufacturing workflows. A new Digital Front End offered by AMIS, coupled with Meteor's robust datapath solutions for all major industrial inkjet printheads, allow printer manufacturers to streamline their industrial build processes, making job preparation, configuration, printing and monitoring faster and easier than ever.

AMIS DFE is an on-premise Digital Front End specifically designed to optimise print and printer control for binder jetting and material jetting. Facilitating quick and accurate preparation of parts, batches, and slices, its API-based architecture ensures straightforward integration with MIS/MES systems and with simulation software or CAD input. By leveraging Meteor's extensive industrial inkjet expertise, print system builders gain access to the world's largest range of industrial inkjet printheads from industry leaders including Xerox, Xaar, Seiko Instruments, Riso, Ricoh, Kyocera, Konica Minolta, FUJIFILM Dimatix and Epson. Clive Ayling, Meteor's Managing Director comments, "The alliance of Meteor and AMIS connects the AM community with decades of combined experience in inkjet hardware and enterprise software whilst making the most of the synergy that comes from both Meteor and AMIS being a part of the Hybrid Software Group. Together, we look forward to helping OEM print system builders harness the power of inkjet for additive manufacturing in a way that provides a meaningful reduction in system development cost, time and risk."

AMIS CEO Nick De Roeck adds, "Although AMIS was established in 2023, we build upon decades of enterprise software experience gained by Hybrid Software. After AMIS DFE's successful beta launch in May, I am confident our solution provides unsurpassed nesting speed, density and quality, smooth workflow, and an intuitive interface. With Meteor, we have a winning combination."

A closer look

Inkjet additive manufacturing makes hardware development agile, enables just-in-time manufacturing for minimal inventory cost, and has a higher material efficiency as it only uses what is necessary to make a product.

The ability to quickly prototype and manufacture lightweight components and complex parts at a lower cost is attractive to various industries.

The aggressive research & development in three-dimensional printing from various industry verticals, particularly healthcare, automotive, and aerospace & defense, are expected to continue driving the rapid growth of this market. (g)

The global additive manufacturing market is estimated to be valued at US$ 25.39 billion in 2025 and is expected to reach US$ 121.13 billion by 2032, exhibiting a compound annual growth rate(CAGR) of 25.0% from 2025 to 2032. (h)

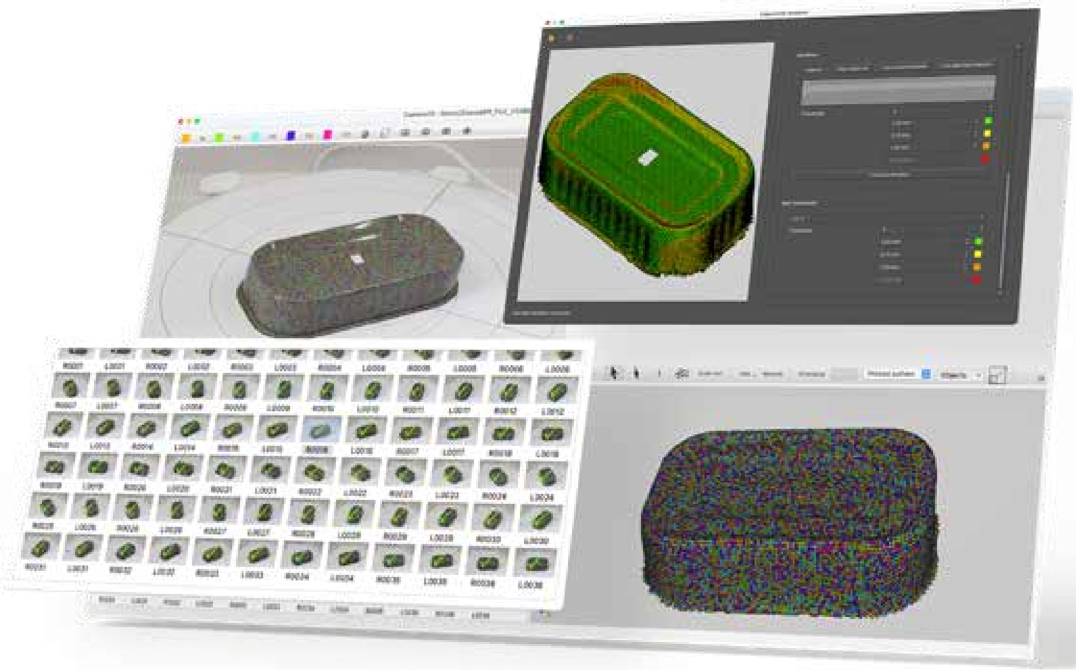
3D modelling

By accurately modelling the appearance of labels, cartons, bottles, and other types of packaging in software, iC3D software reduces the need for physical printing of product samples and speeds up time to market. Capture 3D, a new software product from the Company, accurately captures the exact dimensions required for deformation grids using reflex cameras. The process reduces errors and the need for manual adjustments, and speeds up the grid creation and 3D modelling for metal cans and shrink sleeve.

Capture 3D is a state-of-the-art technology that uses a reflex camera to capture the precise dimensions of objects, ensuring the creation of perfect deformation grids. The system's capture process is both fast and accurate, entirely eliminating the need for interactive measuring. This reduction in manual measurements minimises errors and the need for manual adjustments, drastically improving efficiency in the creation of grids and 3D models, particularly for metal cans and shrink sleeves. With its innovative pattern technology, Capture 3D offers the unique ability to quickly create compensation grids and check the repeatability of shrink tunnels and metal can embossing machines, all while eliminating deadzones.

This all-in-one solution integrates seamlessly with PACKZ for 2D artwork distortion and iC3D for 3D modelling, streamlining the entire workflow. Furthermore, by incorporating anisotropy, Capture 3D provides precise analysis and optimisation of artwork deformation, offering a real-time 3D preview for superior results in both design and production.

Capture 3D accelerates the grid creation and 3D modelling for metal cans and shrink sleeve. ↓



↓ *iC3D software generates photorealistic 3D virtual mock-ups for labels and packaging applications.*

Brands, CPGs, and retailers

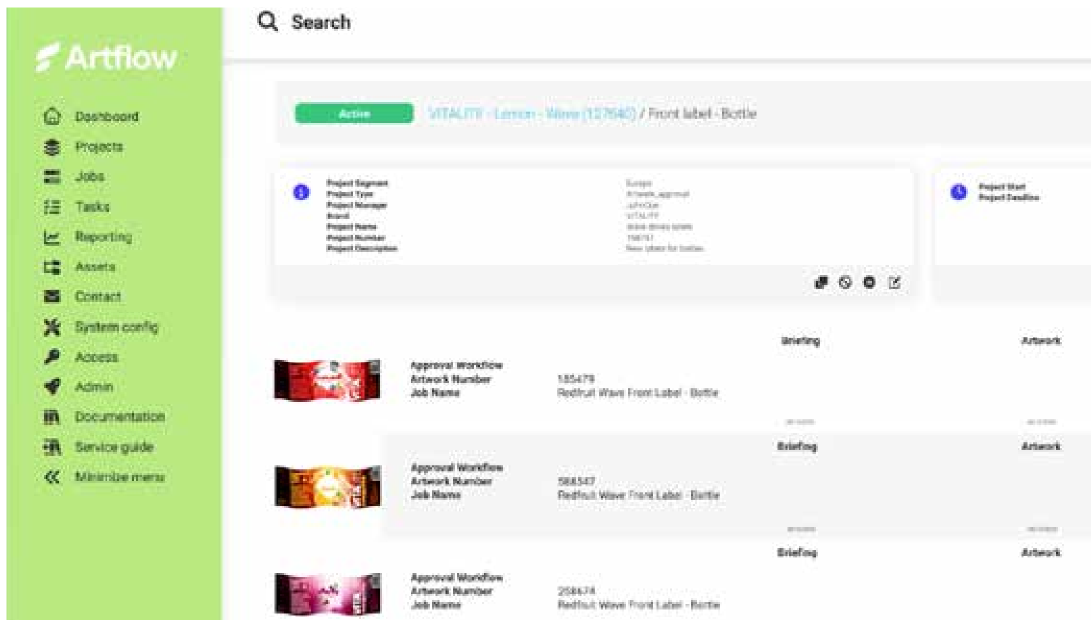
September 2024 marked the launch of the Hybrid BrandZ dedicated business unit. It supplies SaaS artwork management solutions and 3D visualisation and product prototyping software for brands and consumer packaged goods companies.

The flagship product for the BrandZ unit is Artflow, a comprehensive, SaaS-based artwork management solution that helps brands, CPGs, and retailers manage their large portfolios of complex graphical projects. Artflow provides powerful 2D and 3D visualisation and approval workflows based on Hybrid Software's Proofscope software, combined with brand-specific tools for detailed briefings, project scheduling, and much more. Artflow can be integrated with ERP, CRM, or DAM systems through its core API. Dedicated 3D solutions including Capture 3D and iC3D round out the BrandZ product offering. "Extending our reach into the brand and CPG space is a natural extension to power future growth," shares CEO Mike Rottenborn. "The expertise of trade shops and packaging converters is critical in providing high-quality printed labels and packaging, but many brands want to manage their own artwork. We're taking a true 'hybrid' approach that provides the right tools for both brands and printers to drive efficiencies and improve quality in package printing."

Hybrid BrandZ made its premier appearance at Luxe Pack in Monaco. ↓

Dynamic 3D modeling of bottles, boxes, pouches, and other packaging types are available from scratch or from template libraries. ↓

Artflow streamlines artwork management with browser-based artwork management, 3D reviewal and digital proofing. ↓



Our business segments

→ **Enterprise software**

file preparation and workflow automation for print manufacturing

→ **Printhead solutions**

electronics and software for industrial inkjet devices

→ **Printing software**

graphic processing engines for fast and high-quality digital output

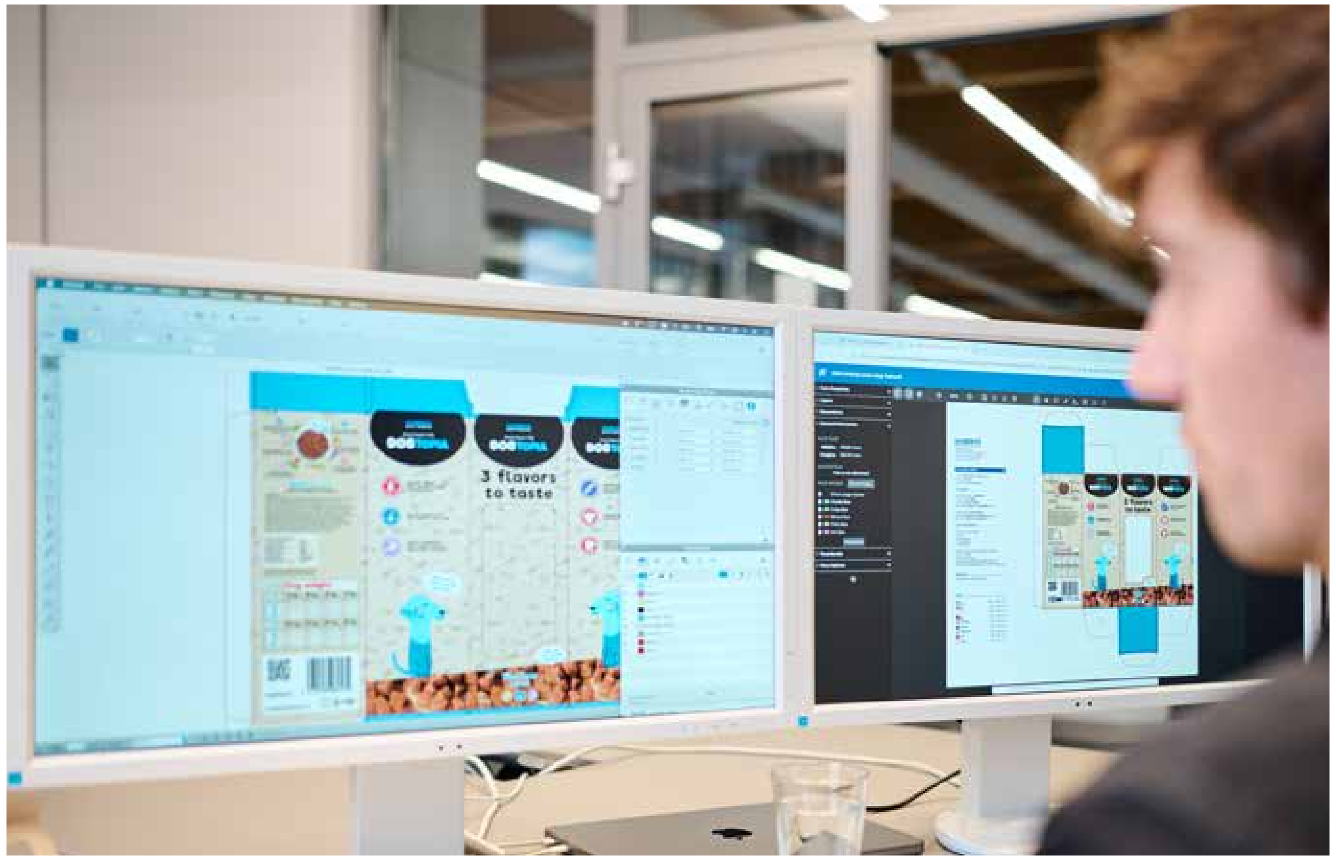
Enterprise software

Hybrid Software offers specialised production software designed primarily for labels and packaging, including native PDF workflow and editing, variable data embellishment and imposition, enterprise cloud and SaaS solutions, scalable technology with low cost of ownership, and direct integration with leading Enterprise Resource Planning (ERP) systems and output devices.

Hybrid Software's products are based on the company's extensive experience in the labels and packaging industry as well as its commitment to industry standards: no proprietary or legacy file formats are used by Hybrid Software's products, only industry-standard formats like PDF and TIFF.

Our products are used by thousands of customers worldwide in all areas of pre-press and printing, including labels and packaging, folding cartons, corrugated, and wide format. Hybrid Software's products are used both for conventional and digital printing processes.

Although Hybrid Software supplies OEM customers who manufacture equipment for package printing, most of its customers are end users: companies who print and convert labels and packaging to support brands and consumer product companies. Selling directly to end users requires specially trained employees in all major markets worldwide to provide sales, support, training, installation and integration services, and these employees are critical to the success of Hybrid Software.



MyCLOUDFLOW

MyCLOUDFLOW gives customers rapid, hassle-free access to CLOUDFLOW. Hosted by Hybrid Software on the fastest cloud computing platforms, MyCLOUDFLOW brings convenience and security to the label and packaging industry, without requiring in-house IT support or heavy capital investment.

Key products

→ **CLOUDFLOW**

A modular production workflow suite for file processing, asset management, soft proofing and workflow automation. It is a flexible application platform specifically tailored for packaging graphics with support for, among other things, PDF colour separation, trapping, layout, and variable data as well as rasterisation and screening using the Company's leading Harlequin Core™ RIP. CLOUDFLOW can run on physical hardware as well as in public or private cloud computing environments.

→ **MyCLOUDFLOW**

A multi-tenant version of CLOUDFLOW hosted in a dedicated Amazon Web Services cluster and maintained by Hybrid Software's IT professionals instead of by their customers' local IT departments. The secure, high performance solution is offered at a cost-effective monthly Software-as-a-Service pricing model.

→ **PACKZ**

The leading professional PDF editor for packaging and label production using any printing method: flexography, offset lithography, gravure, as well as digital printing. PACKZ operates on native PDF files and uses 64-bit multi-processing and multithreading facilities for high performance. PACKZ provides a "Swiss Army Knife" containing a full set of tools for packaging pre-press, and its support for native PDF eliminates the need for file conversions or proprietary file formats.

→ **Colorspace**

Colorspace delivers accurate colour predictions and impeccable brand colour matching by intelligently estimating artwork performance across printing presses with detailed visual and numerical reporting. Its adaptable workflows and brand colour verification ensure precise reproduction and flexibility for digital, conventional, and hybrid print conditions.

→ **iC3D**

A full software suite that generates photorealistic 3D virtual mock-ups and offers a large library of modelling templates for digital packaging design and prototyping.

→ **Capture 3D**

Capture 3D allows distortion of artwork due to metal forming or heat shrinkage to be accurately compensated, and results can be shared in a visually realistic 3D preview. With this innovative technology, precise and easy grid distortion can take place in minutes instead of days, speeding up customers' time to market drastically while also increasing quality.

In 2024, PACKZ introduced intelligent lane planning to optimize roll usage, boost digital press uptime, and minimize substrate waste for its customers. ↓

Printhead solutions

Under the brand of Meteor Inkjet, we develop and supply printhead drive electronics, software, tools and services for industrial inkjet systems and printing devices.

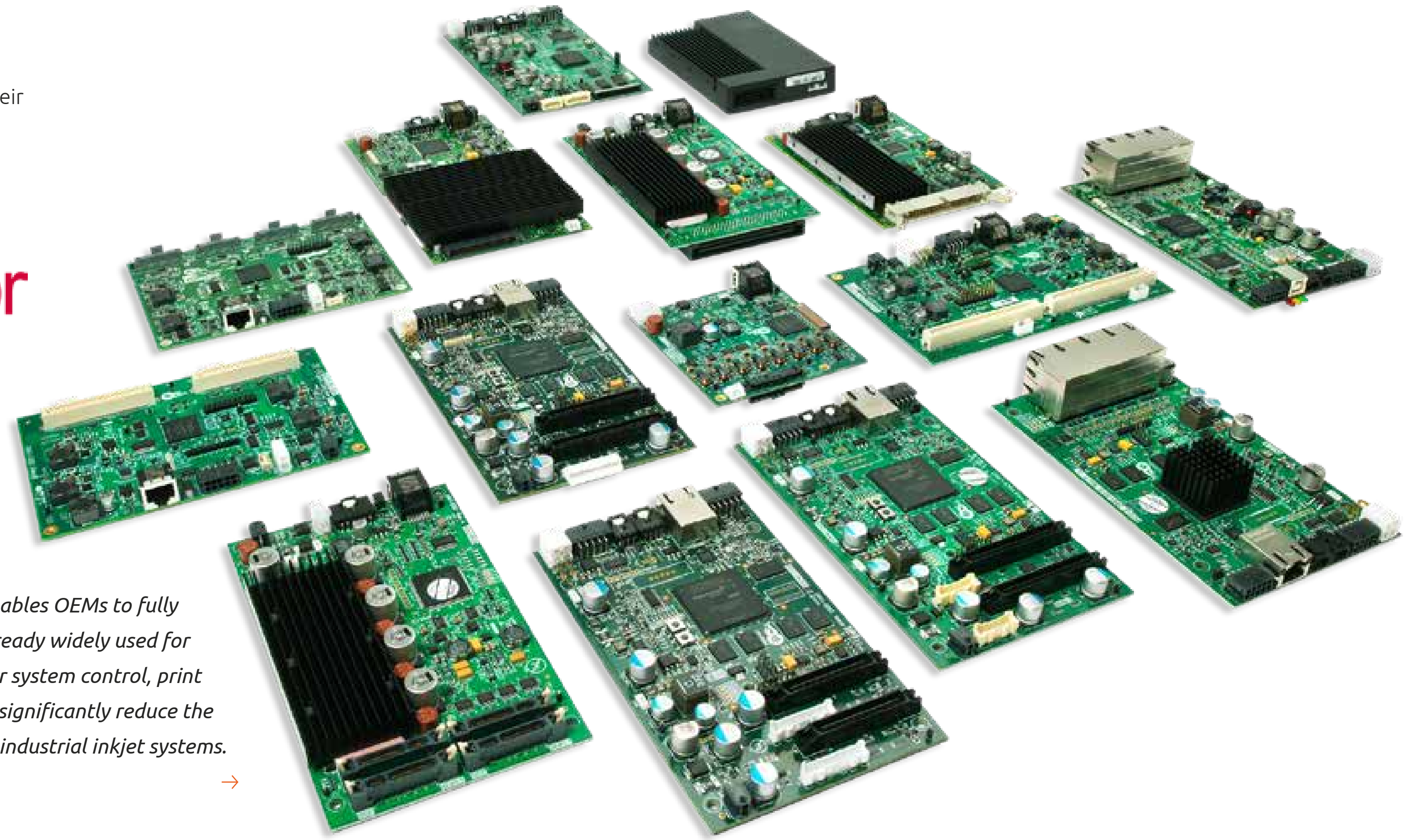
The industrial inkjet market is very broad and fast growing, and includes ceramic tiles, flooring and décor, wallpaper, labels and packaging, functional and 3D printing, product decoration, and textiles. Our software and proprietary drive electronics send data to printheads inside inkjet devices to control the output produced by these printheads. Printheads are a critical component of an inkjet press and generally contain thousands of nozzles for jetting ink or other fluids onto substrates.

The major industrial printhead manufacturers are one route to identifying inkjet development projects around the world. Consequently, we work closely with all leading printhead vendors, including Xaar, FUJIFILM Dimatix, Kyocera, Konica Minolta, Memjet, Toshiba Riso, SII, Ricoh, Epson, and Xerox. We continually develop hardware and software drivers for new printhead models and partner with printhead manufacturers and OEMs to accelerate their route to production.

Our solutions are modular, scalable, and production-ready and are supported by a world-class technical team, based near Cambridge, UK as well as in key markets including China and North America.

Customers

Our solutions reduce development risk and time to market for manufacturers building new industrial inkjet printers. Among our customers in this segment are Mark Andy, a leading label equipment manufacturer in the US; Hymmen, a leading printed laminate equipment manufacturer in Germany; and China's leading ceramic tile decoration equipment manufacturer.



Meteor's new HDC-XM solution for the Xerox M Series enables OEMs to fully exploit the capabilities of these printheads which are already widely used for additive manufacturing. Coupled with Meteor software for system control, print job creation and image quality enhancement, OEMs can significantly reduce the time and effort associated with the design and delivery of industrial inkjet systems.

New ready-to-use DFE, MetIndustrial

MetIndustrial is a ready-to-use Digital Front End (DFE) designed for industrial applications where printing is an element of the overall production process and motion control is external to the print system, i.e., motion control is provided either by a Programmable Logic Controller (PLC) or a system associated with, for example, the robotics. With Meteor's PrintEngine at its core, MetIndustrial responds to the motion of the industrial application rather than controlling it, easing incorporation with existing manufacturing processes. Its comprehensive user interface enables operators to run print jobs, perform maintenance and manage access to printer configuration settings.

Meteor Inkjet products and services

Meteor Inkjet supports the leading printheads demanded by OEMs and print system integrators worldwide with solutions that provide high-speed output, unmatched quality, and rapid time to market for new product launches. Meteor Inkjet collaborates closely with printhead manufacturers to support the launch of new printheads with electronics and software tailored to each specific printhead.

→ **Electronics**

Production-ready, scalable drive electronics for all major industrial inkjet printheads.

→ **Software**

Meteor's software stack is seamlessly integrated with its printhead drive electronics to control the print system data path. Accessible through Software Development Kits or, for OEMs seeking ready-made solutions, configurable Digital Front Ends, Meteor solutions include advanced print quality, swath management, printer calibration, and nozzle status detection technologies.

→ **Tools and services**

DropWatching components and printhead waveform development services for system design and optimisation.

Printing software

For more than 30 years, the Printing Software segment has been driven by the high-performance Harlequin RIP®, a Raster Image Processor which forms a critical part of the print process for tens of thousands of customers worldwide. We have continued to enhance Harlequin to meet the needs of the digital printing market: high-speed processing which runs efficiently on off-the-shelf hardware while supporting fully variable print data.

Before graphic designs can be printed or displayed on a monitor, they must be broken down into vector data (mathematical drawing algorithms), raster data (image pixels), and/or screened data (calibrated areas of ink or pigment representing image data). Our Global Graphics Software brand is one of the world's foremost developers of the graphic processing engines, known as Raster Image Processors or RIPs, that are used for these tasks.

Colour management is also required for high-quality output, a task which is especially difficult for digital printing where the inks supported by the printer may not be capable of exactly matching brand-specific spot colours used for packaging and corporate branding. Our ColorLogic brand provides a full set of products for these demanding applications, as well as a Software Development Kit (SDK) which allows OEMs to produce their own customised colour management tools.

We develop software components and workflow solutions for the high-speed digital printing of photo books, labels, packaging, interior décor, textiles and ceramics. The company's combination of software and first-rate engineering skills enables it to help press manufacturers to respond to technical challenges with innovation, meeting their speed and quality requirements, and getting them to market quickly.

Customers

Customers include OEMs such as Hewlett Packard, Mimaki, Mutoh, Canon, Durst, Roland, Agfa, Kodak, Kirk Rudy, Postmark, Ryobi, Mitsubishi, Memjet, Presstek, Printware and Neopost, as well as many others who embed our printing software solutions into their own branded Digital Front Ends (DFEs).

Licensing

Solutions are typically licensed under technology agreements and reseller agreements. We are noted for our flexible approach to licensing technology and pride ourselves on being a trusted commercial and development partner. This is facilitated by a Technical Services team who work to accelerate each customer's time to market, and also by an experienced product support team.

ColorLogic's ColorAnt, CoPrA, and ZePrA were awarded a 2024 EDP Award for Best Color Management. →

Key products

→ Harlequin Core

A Raster Image Processor (RIP), specialised software that converts text and image data from many file formats including PDF, TIFF™ or JPEG into a format that a printing device can understand and output. It produces unmatched quality without sacrificing speed, which means that printing devices that incorporate Harlequin can be kept running at full-rated speed, even on the most complex jobs, without incurring high costs for computing hardware.

→ SmartDFE

A turnkey Digital Front End (DFE) based on Harlequin Direct, CLOUDFLOW, and Meteor for digital printing of labels and packaging within Industry 4.0 automated manufacturing environments.

→ Harlequin Direct

Software that drives print data directly to the printer electronics instead of buffering them on mass storage devices, allowing the development of faster, wider and higher resolution printing devices.

→ ScreenPro Core

Software that converts continuous tone image data into ready-to-print halftones (dots of varying size and spacing) in real-time with no compromise on quality.

→ Mako Core

Software that creates, rasterises, converts, analyses and optimises many different page description languages, allowing print software developers full control over colour, fonts, text, images, vector content and metadata with precision and performance.

→ Colour management software

Colour accurate matching of brand colours for digital production using four or up to seven process colours. Products include CoPrA, ColorAnt, ZePrA, as well as a full SDK for OEM licensing.

→ Navigator Harlequin RIP and workflow

Software that provides prepress environments with fast, predictable, and reliable interpretation of PostScript, PDF, and EPS format files.

→ Navigator DFE

Software that helps prepare jobs, manage colour, and control digital output devices built with Memjet or any standard inkjet printhead.

→ Output device interfaces

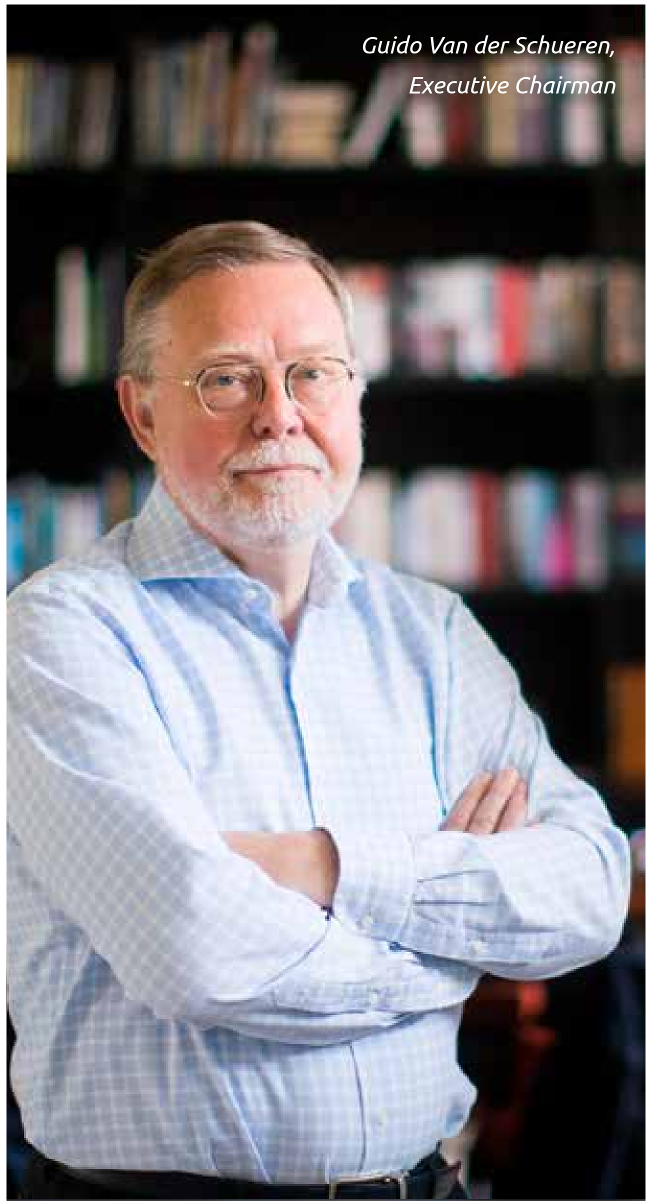
Hardware and software solutions to connect RIPs to Computer-to-Plate devices, imagesetters, proofers, digital presses, high-speed copiers, and inkjet printers, extending the life of legacy equipment.

↑ *Hybrid Software's integrated colour management provides colour prediction performance on various printing presses.*

COMPANY STRATEGIC REPORT

2024 was a successful year for Hybrid Software, with healthy growth in all business segments despite difficult market conditions. Our commitment to innovation is stronger than ever, with more than 90 engineers innovating in partnership with our customers and all of the nearly 280 employees of Hybrid Software dedicated to their success. In 2025 we will continue to execute our strategy of delivering profitable growth for all stakeholders.

Chairman’s statement



Guido Van der Schueren, Executive Chairman

“We enter 2025 in similar business conditions but as a stronger company, with revenue growth across all our business segments and an even more significant improvement in profitability.”

Last year I opened my letter with remarks about the difficult business climate, with unstable political situations and high interest rates limiting capital investment. We enter 2025 in similar business conditions but as a stronger company, with revenue growth across all our business segments and an even more significant improvement in profitability. We achieved this through careful cost management while continuing to fully fund our engineering teams and software development programs.

The first half of 2024 was dominated by the build-up to Drupa, the largest trade fair for the printing and packaging industry. Drupa normally takes place in Düsseldorf every four years but the COVID-19 pandemic resulted in the cancellation of Drupa 2020, so it had been eight years since the last one. Personally, this was my twelfth Drupa and we invested heavily in the event, with a 300-square meter stand showcasing all our products and technology under the Hybrid Software banner. Every trade fair is important, both to reconnect with old friends and customers and to showcase our latest technology to the industry, and we accomplished this at Drupa.

Did we sell more products because we attended Drupa? That’s difficult to say; we closed a lot of business at the show, but I was disappointed that we didn’t meet more new customers in Düsseldorf. The summer months are normally slow in our business because customers take holidays and appointments are difficult to schedule. I had hoped that this would change in a Drupa year but it was not the case, and it was Q4 before our sales recovered in a material manner. Hybrid Software supports many industry events and trade fairs and we will never miss a Drupa, but I believe that the pandemic changed the trade show industry by forcing customers and vendors to interact in different ways, and our marketing priorities will reflect this in the future.

Artificial intelligence dominated the news headlines for the last year, and our strategy to leverage this new technology deserves an explanation. Hybrid Software’s Global Graphics business received a US patent entitled “Methods and Systems for Enhancing Raster Image Processing Using Artificial Intelligence”, an important patent for our Digital Front End business that was actually filed in 2021, long before AI was a household term. But I believe many companies jumped on the AI bandwagon far too quickly, hyping products that offered clever software algorithms but not true artificial intelligence. The complexity of packaging designs makes it difficult to replace human craftsmanship with artificial intelligence; after all, the industry is called ‘graphic arts’, not ‘graphic sciences’. Nevertheless, we start to see the potential for serious business applications of AI technology in our brands business for tasks like design ideation, line extensions, language translations, and automated artwork compliance checking, so we have ramped up our development activity in these areas.

In late 2024 we instituted a share buyback program, committing €1 million to buy back and cancel shares as a sort of tax-free dividend to all shareholders. There are strict limits to the number of shares we can buy and the price we can pay for shares, but the impact on our share price has been significant already and we plan to continue this initiative throughout 2025.

I have high expectations for the year ahead. We’ve invested heavily in new products for flexo screening and plate output, colour management and Digital Front Ends for digital presses, 3D nesting for additive manufacturing, and artwork management for brands and consumer packaged goods companies. In fact, we invest more than 100% of our EBITDA into R&D, a figure that far exceeds industry norms and reflects our commitment to innovation for the packaging and digital printing industries. These new products and many others are now starting to generate revenue for the company which should continue to build in the future. We have streamlined the group structure and consolidated our software businesses, with a close-knit management team to facilitate execution while staying close to our customers. My motto for Drupa, “We Share Your Heartbeat”, was aimed directly at our customers and extends from all of our employees to our customers around the world.

In closing, I would like to thank the stakeholders of Hybrid Software Group: our shareholders, our employees, Board of Directors, and management team, and most of all our customers for their continued support as we seek further growth and success in 2025 and beyond.

Guido Van der Schueren
Executive Chairman

CEO's review


Mike Rottenborn, Chief Executive Officer

"2024 was a successful year for Hybrid Software Group, with healthy growth in all business segments despite difficult market conditions."

2024 was a successful year for Hybrid Software Group, with healthy growth in all business units despite difficult market conditions. We expect similar conditions in 2025, yet we are still very positive about the outlook for Hybrid Software and our customers. There are several reasons for this.

First, labels and packaging continue to be the most dynamic and innovative segments of the printing industry. Regulatory changes and sustainability concerns at the brand level drive the creation of new materials and package designs, and this in turn creates business growth for packaging trade shops and converters.

Second, digital and hybrid printing of labels and packaging is pervasive, no longer a novelty but an important printing method to add value to packaging – with variable data, personalisation, extended gamut colour matching, embellishment, etc. – so the value of the printed packaging market grows even as overall production declines in some regions.

Third, most successful printers and converters realise that efficiency is the key to success in serving their demanding brand customers. Automation can help increase efficiency and compensate for the shrinking labour pool of skilled professionals, but it's not a panacea. There are many tasks in packaging prepress that require skilled operators wielding very specialised software tools. Hybrid Software is dedicated to innovation in software -- automated workflows, smart Digital Front Ends, and powerful PDF editors -- to continue moving the packaging industry into the future.

Hybrid Software is the only company in our industry that can provide all core technology required to print packaging using any method – digital, hybrid, flexo, offset, gravure, and screen printing – as well as digital printing of any product: packaging, commercial print, wide format graphics, flooring, textiles, laminates and substrates, etc. In 2024 we began to see the synergies emerging from this strategy: digital presses designed with Meteor printhead electronics coming to market with requirements for faster and more powerful Digital Front Ends (DFEs) which we can supply via Global Graphics Software and Xitron, with colour management requirements delivered by ColorLogic, and with needs for workflow automation and advanced editing software which are provided by Hybrid Software.

It has long been our strategy to leverage synergies between our OEM business (sales of software and electronics to companies who produce digital printing presses) and our end-user business (automation and editing software sold to the printing companies who purchase digital presses). Hybrid Software is the only company which can provide this full suite of solutions, and the tight integration of all components helps our OEM customers bring their products to market faster. We took steps in 2024 to further align our software businesses and will continue to integrate the RIP and DFE businesses of Global Graphics Software into Hybrid Software in 2025.

Synergies in the business plan aren't always realised in the market, so it's very encouraging to see the tandem growth in both our OEM and end-user businesses, with an overall revenue growth of 7% over the previous year. In last year's letter, I promised to focus on improving the profitability of Hybrid Software, so it's gratifying to report that we delivered a 286% improvement in our adjusted operating result over 2023, as well as a 64% increase in our EBITDA, despite heavy marketing spending on the Drupa trade fair. We expect to deliver further improvements in the coming year.

2024 also saw the launch of a new business unit, Hybrid Software BrandZ, to serve brands and manufacturers of consumer packaged goods with software solutions for artwork management which facilitate downstream print production, opening a market that is potentially much larger than the print providers themselves.

Our commitment to innovation is stronger than ever, with nearly 100 engineers innovating in partnership with our customers and all of the 280 employees of Hybrid Software dedicated to their success. In 2025 we will continue to execute our strategy of delivering profitable growth for all stakeholders.

Mike Rottenborn
Chief Executive Officer

Michael A. Rottenborn

CFO's review

Revenue for the year was
€51.50 million
(2023: €48.04 million)

Gross profit for the year was
€43.42 million
(2023: €39.37 million)

Adjusted operating profit from continuing operations was
€7.20 million
(2023: €2.52 million)

EBITDA* for the year was
€11.99 million
(2023: €7.31 million)

Cash at 31st December was
€9.51 million
(2023: €7.08 million)

ⓘ The following financial information relates to continuing operations.

Revenue

Revenue for the year was €51.50 million compared with €48.04 million in 2023, an increase of €3.46 million (7.2%). Licence royalties accounted for 45.9% (2023: 43.6%) of revenue, driver electronics accounted for 19.8% (2023: 20.4%), maintenance and support accounted for 21.8% (2023: 22.5%), services accounted for 10.1% (2023: 10.7%), hardware and consumables accounted for 2.1% (2023: 2.5%) and other items accounted for 0.3% (2023: 0.3%).

Customer concentration and the dependence on a limited number of customers increased this year. In 2024, the ten largest customers represented 32.3% (2023: 28.5%) of the Group's revenue, the five largest customers represented 22.0% (2023: 21.4%) of the Group's revenue and the single largest customer represented 6.5% (2023: 5.9%) of the Group's revenue. There was no customer (2023: no customer) during the year that represented 10% or more of total revenue.

The Group's sales are made in several different currencies, thus fluctuations in exchange rates can affect the reported revenue. During the year 27.1% (2023: 32.3%) were in euros, 37.3% (2023: 36.3%) were in US dollars, 23.0% (2023: 28.8%) were in pounds sterling, 10.9% (2023: 1.1%) were in Japanese yen and 1.7% (2023: 1.5%) were in other currencies.

→ **Printing Software segment**

Revenue for the Printing Software segment was €16.67 million for the year (2023: €14.94 million). During 2024 new contracts were agreed with two existing customers which resulted in €4.3 million of revenue being recognised. In 2023 a new contract was agreed with an existing customer which resulted in €2.6 million of revenue being recognised in that year.

→ **Printhead Solutions segment**

Revenue for the Printhead Solutions segment was €11.59 million for the year (2023: €11.30 million). In 2022 revenue in this segment had been severely impacted by the shortage of its most commonly used chip. In 2023 it recovered significantly throughout the year which continued into 2024 although at a more tepid pace.

This segment it is quite dependent on a limited number of customers for a significant portion of sales, although the breath of customers increased in 2024. In 2024, the top 10 customers generated 65.1% of revenue (2023: 69.6%), with the top customer generating 17.5% of revenue (2023: 26.6%).

→ **Enterprise Software segment**

Revenue for the Enterprise Software segment was €23.24 million for the year (2023: €21.81 million). In 2023 the segment experienced unfavourable business conditions in its two most important markets, the United States and Germany, which improved in 2024. For the segment year-over-year license royalty income increased by €0.8 million, maintenance and after-sale support services income €0.4 million and services income by €0.2 million.

Pre-tax result

The consolidated pre-tax result for continuing operations was a loss of €3.36 million compared with a loss of €1.67 million in 2023. The increase in the loss of €1.69 million is due to:

- → an increase in revenue of €3.46 million;
- → a decrease in cost of sales of €0.59 million;
- → a decrease in selling, general and administrative expenses of €0.58 million;
- → an increase of €6.28 million impairment charge on goodwill;
- → an increase in research and development expenses of €0.17 million;
- → an increase in other operating expenses of €0.06 million;
- → a decrease in other income of €0.05 million;
- → an increase in net finance expenses of €0.02 million; and
- → a decrease in foreign exchange losses of €0.26 million.

Gross profit for the period decreased to 84% of revenue (2023: 82%), primarily due to the lower mix of printing electronics related sales during the year, which have a lower level of gross margin than software because of their manufacturing costs.

Included in selling, general and administrative expenses is amortisation of €0.90 million (2023: €0.97 million) related to intangible assets recognised as a result of acquisitions.

In 2024 the Group recorded a goodwill impairment charge of €6.28 million (2023: €nil) in aggregate (see Note 16).

Research and development expenses includes the capitalisation and amortisation of internally generated intangible assets and the amortisation of certain intangible assets recognised as a result of acquisitions. During the period there was a net capitalisation of development expenditure of €0.53 million (2023: €1.39 million) and amortisation of acquired intangible assets of €4.57 million (2023: €4.76 million).

The net capitalisation of development expenditure was comprised of €3.45 million (2023: €3.82 million) of capitalised expenditure less €2.92 million (2023: €2.43 million) of amortisation.

Total operating expenses increased by €5.93 million, or 14.56% compared to the same period in the prior year. Making abstraction of the goodwill impairment of €6.28 million, total operating expenses decreased by €0.35 million, or 0.86% compared to the same period in the prior year.

Foreign exchange gains and losses are primarily due to the revaluation of currency balances held at the balance sheet date and the change in exchange rates during the year.

Cashflow

Cash flow was positive for the year with a net cash inflow of €2.21 million (2023: net cash inflow of €0.76 million). Cash flow from operating activities was positive at €8.91 million (2023: €7.02 million).

Loan repayments of €1.51 million were made to Congra Software SARL, consisting of €1.30 million in principal repayments and €0.21 million of interest (see Note 26 and 31).

The Group continues to generate sufficient cash to fund its day to day operational expenditure and capital expenditure on property, plant and equipment and has overdraft facilities available if required.

Alternative performance measures

Alternative performance measures (see Note 2) and adjusted financial information have not been audited by the Group's auditors.

→ **Revenue**

To eliminate the impact of currency movements when comparing the current year to the comparative, the current year is restated at the comparative's actual exchange rates.

At constant exchange rates ("CER") (2024 restated at 2023 exchange rates):

In thousands of euros	Reported 2024	CER 2024	Reported 2023
Revenue from continuing operations	**51,501**	**50,887**	48,043

→ **Adjusted operating result and net profit**

The Board believes that evaluating the Group's ongoing results may not be as useful if it is limited to reviewing only IFRS financial measures, particularly because management uses adjusted financial information to evaluate its ongoing operations, for internal planning and forecasting purposes and for the measurement of performance related bonuses.

The Group does not suggest that investors should consider these adjusted financial results in isolation from, or as a substitute for, financial information prepared in accordance with IFRS. The Group presents adjusted financial results when reporting its financial results to provide investors with additional performance measures to evaluate the Group's results in a manner that focuses on what the Group believes to be its underlying business operations. The Group's management believes that the inclusion of adjusted financial results provides consistency and comparability with past reports.

IFRS reported operating profit or loss from continuing operations is adjusted as follows:

In thousands of euros	2024	2023
IFRS reported operating loss from continuing operations	(3,090)	(1,161)
Add severance costs	54	493
Deduct capitalised development expense (see note 16)	(3,451)	(3,824)
Add amortisation of capitalised development	2,922	2,434
Add amortisation of acquired intangibles	4,569	4,760
Add impairment of goodwill (see note 16)	6,280	-
Add other operating expenses (see note 8)	70	11
Deduct other income (see note 9)	(150)	(196)
Total adjustments to reported operating profit from continuing operations	10,294	3,678
Adjusted operating profit from continuing operations	**7,204**	**2,517**

IFRS reported net profit or loss from continuing operations is adjusted as follows:

In thousands of euros	2024	2023
IFRS reported net (loss)/profit from continuing operations	(2,828)	1,319
Adjustments to operating result above	10,294	3,678
Tax effect of above-mentioned adjustments	(514)	(876)
Remeasurement of deferred tax liability	-	(2,445)
Total adjustments to reported net profit from continuing operations	9,780	357
Adjusted net profit from continuing operations	**6,952**	**1,676**
Adjusted net basic earnings per share for continuing operations	**€0.21**	**€0.05**
Adjusted net diluted earnings per share for continuing operations	**€0.21**	**€0.05**

→ **EBITDA**

EBITDA is also reported as an alternative measure of profit and is calculated by adding back interest, tax, depreciation and amortisation to net profit from continuing operations.

EBITDA from continuing operations was €11.99 million (2023: €7.31 million) and is reconciled to IFRS reported net profit from continuing operations as follows:

In thousands of euros	2024	2023
IFRS reported net (loss)/profit from continuing operations	(2,828)	1,319
Net finance expenses	261	240
Tax credit	(653)	(2,986)
Depreciation	1,427	1,529
Amortisation	7,502	7,204
Impairment of goodwill (see note 16)	6,280	-
EBITDA from continuing operations	**11,989**	**7,306**
As a % of revenue from continuing operations	**23%**	**15%**

Principal risks and uncertainties

The Group does not have a dedicated risk management or internal audit function, consequently the risk management review is carried out by the executive management team on a regular basis. The risks and uncertainties described below are not necessarily set out in order of priority or potential impact on the Group's financial statements.

Global economic conditions

2024 was characterised by above target inflation in the Western world and restrictive monetary policy by most of the central banks. Higher interest rates increase financing costs for companies, which put more strain on our customers capital expenditure budgets.

In Germany, an important market for all of the Group's business segments, the situation is more aggravated due to political uncertainty and ecologically inspired governmental policy choices undermining Germany's competitiveness, all affecting negatively the business climate and economic activity.

In 2024 Western economies overall have proven to be rather resilient and continue to grow, albeit at varying rates.

China, an important market for multiple of the Group's business segments, continues to face economic headwinds with the construction sector not being able to pull the economy anymore. In the second half of 2024; the Chinese government in concert with the Chinese central bank launched a series of stimulative programs, all of which are in the process of transpiring in the real economy.

War in the Middle East

The Group does not have any operations in Israël but has significant customers in the country. Currently this has only marginally impacted business levels in the region.

If the situation were to worsen and spread to other countries, there could be a negative impact on the demand for the Group's products and services, which could impact the Group's revenue and profitability.

Russia's invasion of Ukraine

The Group does not have any operations in Ukraine and does not generate any significant revenue from either Russia or Ukraine, thus is not directly affected by the current situation.

In the year since the invasion, the Board remains concerned about the economic and political uncertainty across the world.

If the situation were to worsen and spread to other countries, there could be a negative impact on the demand for the Group's products and services, which could impact the Group's revenue and profitability.

Refer to note 2 to the consolidated financial statements for further details about going concern.

Risks related to the Group's financial situation

→ The Group's business, results of operations and financial condition could be materially affected by global economic and political conditions

The Group sells its products and services throughout the world and economic conditions that affect the global economy or regional economies may significantly impact the demand for printing technology and therefore for the Group's products and services.

The current uncertainty around the global economy, international trade and the pace of growth in the countries and industries in which the Group's existing and prospective customers and suppliers operate may negatively affect the level of demand for the Group's products and services. A reduced demand for the Group's products and services will reduce the Group's revenue and profitability.

In 2024 the group generated positive cash flow and increased its net cash position. Management expects the Company to generate positive cash flow and further increase its net cash position in 2025. The Company continues to grow in the countries where it is active, hence through its global presence the Company increases it's geographic diversification which makes it less vulnerable to individual national or regional adverse events.

→ A significant portion of the Group's revenue comes from a small number of large customers

The Group is dependent on a relatively small number of large customers for a significant portion of its revenue. For the year ended 31 December 2024, the Group's ten largest customers represented 32.3% (2023: 28.5%) of the Group's revenue, with the single largest customer representing 6.5% (2023: 5.9%) of the Group's revenue. If one or more of these customers choose to source the products or services supplied by the Group from an alternative vendor the effect on revenue, and therefore profitability, could be material.

In 2024 multiple actions have been taken to source new, significant customers, which should further increase customer diversification.

→ Source dependency might lead to higher prices to be paid to suppliers or disruption in the production of certain of the Groups' products and therefore impacts the Group's business activities and profitability

Meteor Inkjet Limited's products include some key electronic components which are subject to shortage of supply from time to time. There is a risk that some of the Group's products could not be manufactured if there is a disruption to that supply, therefore customer orders could be delayed or cancelled, which could result in a reduction in revenue and profits in the Group. Revenue for these products is reported in the Group's Printhead Solutions segment and for the year ended 31 December 2024, revenue from external customers for that segment was €11.59 million (2023: €11.29 million), which is equal to 22.51% (2023: 23.51%) of the Group's total revenue.

In 2024 the supply chain shortages abated significantly. Nevertheless management continues to examine how sourcing can be optimised in order to minimalise the effects of any supply chain disruption.

→ **Certain contractual arrangements with customers contain extended payment terms which lead to an increased credit risk on such customers**

The Group sells its products and services to a range of established customers and generally takes payments in advance for the sale of physical goods in the Printhead Solutions segment, thus minimising the credit risk. In the Printing Software and Enterprise Software segments, certain licensing arrangements allow, however for payments to be made over an extended period of time, up to five years in some instances. These extended payment terms increase the credit risk and the chance that the Group may not be paid. During the year ended 31 December 2024, €3.47 million (2023: €3.11 million) of revenue was recognised in respect of a licensing arrangement that includes extended payment terms of up to 5 years. To date, for licensing arrangements where revenue has been recognised in previous years, all contractually due payments have been received in accordance with the contractual terms.

The current economic uncertainty has increased the likelihood of the materialisation of such risk, as the liquidity position of certain customers could be affected by the consequences of a downward economy and the payment behaviour of certain customers could change.

In 2024 management continued to monitor the financial health of the customers with which it engages in long term licensing arrangements and takes measures to mitigate any risks.

Risks related to the Group's business activities and industry

→ **The Group is dependent on the graphic arts and digital printing industries**

The Group derives all of its revenues from products and services provided to the graphic arts and digital printing industries. Accordingly, the Group's future success significantly depends upon the continued demand for its products within such industries.

The Board believes that an important factor to consider is the substantial change in the graphic arts and digital printing industries, as evidenced by sustained growth in digital printing and low growth in conventional printing. The shift in inkjet printing technology opens up opportunities to the Group when manufacturers develop new products.

If this environment of change were to slow, the Group could experience reduced demand for its products which could have a material adverse effect on its operational results.

In 2024 the Company continues to invest in research and development at above market levels, in order to enhance or at least protect its technological advantage. It provides best in class products and solutions which allow its customers to harvest maximum productivity gains from purchasing the Company products and services. Customers and prospects are always looking to improve efficiency, and any market downturn increases pressure to do so.

→ **Security breaches and other disruptions could compromise the Group's confidential and sensitive information and expose the Company to liability, which would cause the Company's business and reputation to suffer**

The Group and certain third parties that it relies on for its operations collect and store confidential and sensitive information, and their operations are highly dependent on information technology systems, including internet-based systems, which may be vulnerable to breakdown, wrongful intrusions, data breaches and malicious attack. This information includes, among other things, intellectual property ("IP") and proprietary information, source codes and commercially sensitive data, both of the Group and of its customers.

Although the Group has appropriate measures in place (including appropriate insurance coverage) to protect its business from any potential interruptions, any attack or breach could compromise the Company's networks or those of related third parties and stored information could be accessed, publicly disclosed, lost, or stolen. For example, if the Group would as a result of such an attack be unable to access its source code needed to develop new products, it might lose customers, which will have an impact on its operational results. In addition, if IP were to be stolen from the Group, such stolen IP could be used by competitors to improve their products or produce products which could reduce the Group's competitive advantage and therefore impact the Group's operational results in the long term.

In 2024 management continues to monitor and enhance its security systems.

→ **Following the acquisition of HYBRID Software in 2021, the Group serves, in addition to its traditional client base of original equipment manufacturers, directly end-user customers and such customer mix needs to be carefully managed to avoid an adverse impact on its business and results of operations**

33.9% of the Group's revenue for the year ending 31 December 2024 (2023: 38.8%) was generated by customers that are original equipment manufacturers ("OEMs"), such as industrial inkjet press manufacturers, who embed the Group's software in their own products that they sell to end-users.

Although HYBRID Software does have a limited amount of OEM customers who manufacture products for package printing, most of its customers are end-users (representing 95.2% of its revenue (2023: 98.8%)), i.e., companies that create packaging files and packaging converting companies. Those companies purchase, in addition to the software of HYBRID Software, the systems and equipment from OEMs including those who are customers of the Group. As a result of the HYBRID Software acquisition, the Group directly serves certain clients of its own clients.

While the Board believes that this customer mix will not have an adverse effect on the group, as is confirmed by the fact that no OEM or end-user customers provided negative feedback on the acquisition, its customer mix needs to be carefully managed in the future to avoid an impact on either the OEM sales or end-user sales and therefore on the profitability of the Group.

In 2024 management continues to monitor the situation closely.

→ **The HYBRID Software acquisition made the environment in which the Group operates more competitive, which could have a material adverse effect on the Group's business and results of operations**

Because of the highly technical nature of the products produced by both the Group and HYBRID Software, there is a high barrier for competitors to enter the market. As a result, the limited number of competitors which do exist tend to be larger companies with sufficient resources to compete in these demanding market segments.

The acquisition of HYBRID Software and merging its products and services mix with the products and services of the Group, has increased the number of competitors the Group is facing, as companies that were used to be only competitors of HYBRID Software will now also be competing with the Group. In addition, companies that were traditionally only competitors of the Group might now also view the activities of HYBRID Software in a more competitive way.

Although HYBRID Software has been a long-standing partner of the Group and such relationship was already well known in the industry, it cannot be excluded that such increased competition could result in a business disruption from both customers and suppliers of the Group which could have a material adverse effect on the Group's results of operations.

In 2024 management continues to monitor the situation closely and adjust any business plans when and where it deems appropriate.

→ **Recruitment and retention of key personnel**

An important part of the Group's future success depends on the continued service and availability of the Group's senior management, including its Chief Executive Officer and other members of the executive team. These individuals have acquired specialised knowledge and skills with respect to the Group. The loss of any of these individuals could harm the Group's business.

The Group's business is also dependent on its ability to attract, retain, and motivate talented, highly skilled personnel, notably in software development, electronic engineering and technical support areas. Such personnel are in high demand and competition for their talents is intense. Should the Group be unable to continue to successfully attract and retain key personnel, its business may be harmed. The Group offers a competitive package of salary and benefits to directors and employees and regularly benchmarks them against similar businesses to ensure that they remain attractive to current and prospective employees.

In 2024 management continues to recruit and retain essential staff by applying a muti-faceted approach to reducing staffing and skill risks, including: (I) competitive wage and benefits packages, tailored by location, (II) development opportunities, (III) continuous improvement.

Legal and regulatory risk

→ **Failure to adequately protect the Group's intellectual property could substantially harm its business and operating results**

The Group's success is heavily dependent upon its proprietary technology. To protect its proprietary rights, the Group relies on a combination of patent, copyright, trade secret and trademark laws, as well as the early implementation and enforcement of non-disclosure and other contractual restrictions. As part of its confidentiality procedures, the Group enters into written non-disclosure agreements with its employees, prospective customers, OEMs and strategic partners and takes steps to limit access to, and distribution of, its software, intellectual property and other proprietary information.

Despite these efforts, if such agreements are not made on a timely basis, complied with or enforced, the Group may be unable to effectively protect its proprietary rights and the enforcement of its proprietary rights may be cost-prohibitive. Unauthorised parties may attempt to copy or otherwise obtain, distribute, or use the Group's products or technology. Monitoring unauthorised use of the Group's software products is difficult. Management cannot be certain that steps taken to prevent unauthorised use of the Group's proprietary technology, particularly in countries where the laws may not protect proprietary rights as fully as in the UK, the EU or the United States, will be effective.

The Group's source code is also protected as a trade secret. However, from time to time, the Group licenses its source code to partners, which subjects it to the risk of unauthorised use or misappropriation despite the contractual terms restricting disclosure, distribution, copying and use. In addition, it may be possible for unauthorised parties to obtain, distribute, copy or use the Group's proprietary information or to reverse engineer its trade secrets.

The Group holds patents, and has patent applications pending, in the United States and in the EU. There may be no assurance that patents held by the Group will not be challenged, that patents will be issued from the pending applications or that any claims allowed from existing or pending patents will be of sufficient scope or strength to provide adequate protection for the Group's intellectual property rights.

The failure to adequately protect the Group's proprietary technology may adversely affect the Group's business, financial position, result of operations and prospects.

In 2024 management continues to monitor and enhance its systems and procedures to protect its intellectual property rights.

→ **Enforcing, acquiring and defending intellectual property rights is costly and could have a material adverse effect on the Group's financial position and result of operations**

In connection with the enforcement of its own intellectual property rights, the acquisition of third-party intellectual property rights or disputes relating to the validity or alleged infringement of third-party rights, including patent rights, the Group may be in the future subject to claims, negotiations or protracted litigation. Intellectual property disputes and litigation are typically very costly and can be disruptive to the Group's business operations by diverting the attention and energies of management and key technical personnel. Although the Group has successfully defended or resolved past litigation and disputes, it may not prevail in any future litigation and disputes.

Third-party intellectual property rights could subject the Group to significant expenditures, require the Group to enter into royalty and licensing agreements on unfavourable terms, prevent the Group from licensing certain of its products, cause disruption to the markets where the Group operates or require the Group to satisfy indemnification commitments with its customers including contractual provisions under various license arrangements, any one of which could harm the Group's business and have a material adverse effect on the Group's financial position and results of operations.

In 2024 management continues to monitor the situation closely.

→ **As a result of Brexit, both Belgian and UK takeover regulations apply in their entirety to the Company, which may render a potential takeover complex and costlier**

As the Company is a public company limited by shares with its registered office in the United Kingdom, the provisions of the UK City Code on Takeovers and Mergers (the "UK City Code") apply to the Company. Simultaneously, as the Company's shares are listed on the regulated market of Euronext Brussels, a voluntary takeover bid for the Shares of the Company would also be subject to the Belgian takeover legislation. Accordingly, any voluntary takeover bid for the Company would be governed by both the UK and Belgian takeover legislation.

Contrary to what was the case before Brexit (where certain aspects were governed by UK law and certain other aspects by Belgian law based on the provisions of the European Directive 2004/25/EC of 21 April 2004 (the EU Takeover Directive)), UK and Belgian takeover legislations apply in their entirety to any potential voluntary takeover bid with respect to the Shares and it could not be excluded that these regulations might be conflicting. This may have an impact on the information the potential bidder must disclose, the envisaged timelines and the contents of the prospectus. Moreover, both the Financial Services Market Authority (the "FSMA") and the Panel on Takeovers and Mergers (the "Takeover Panel") would be competent authorities with respect to such takeover bid.

The process to make a successful bid could therefore be more complex and costlier. This could potentially discourage potential bidders from launching a takeover attempt and thus deprive shareholders of the opportunity to sell their Shares at a premium (which is typically offered in the framework of a takeover bid).

In 2024 no acquisitions have been made.

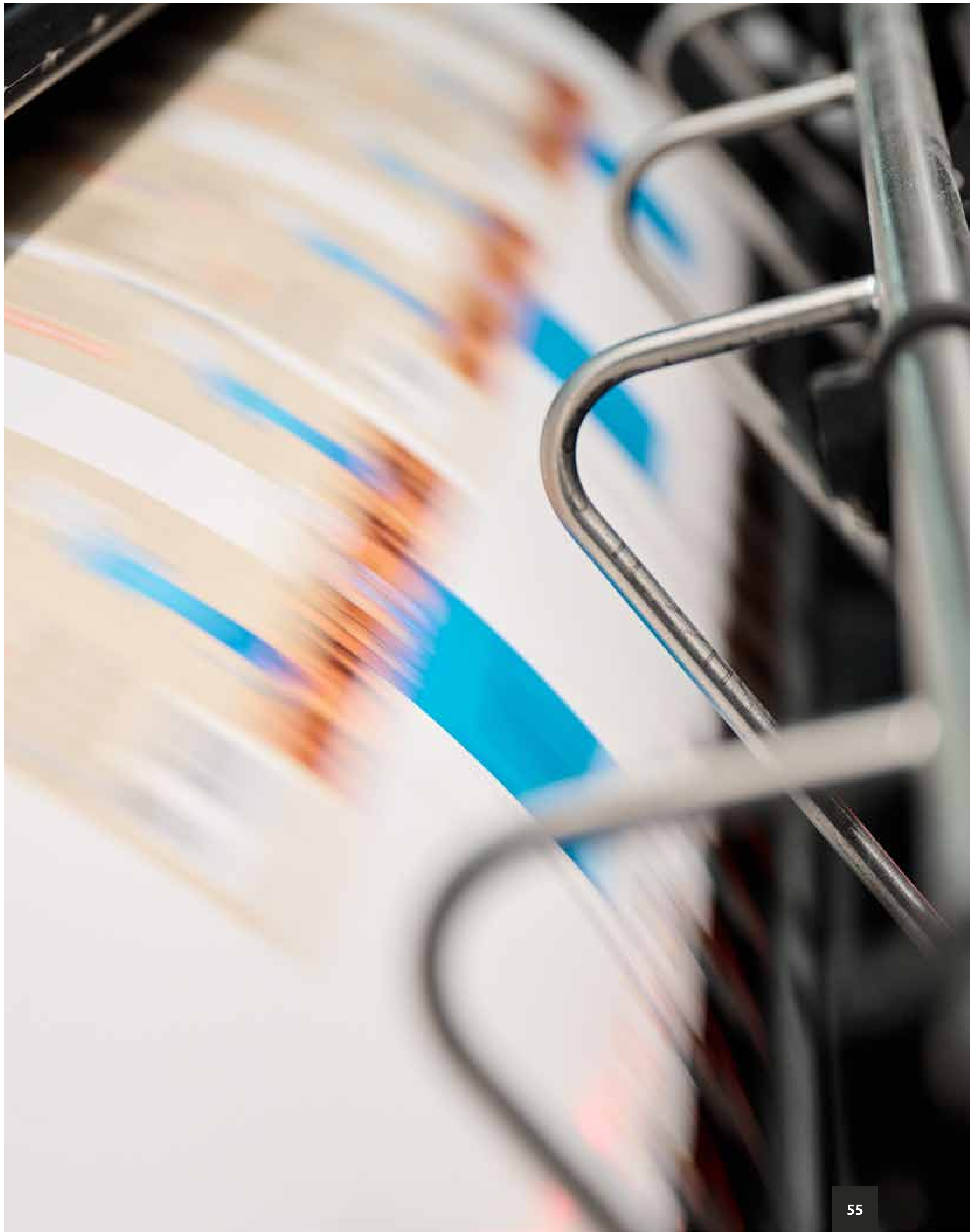
Internal control risk

→ **The Company cannot guarantee that its disaster recovery and business continuity plans will adequately address any potential issue in the future**

The Company cannot guarantee that the Group's disaster recovery and business continuity plans will be adequate in the future for its critical business processes nor that they will adequately address every potential event. Although the Group has insured major risks, the Company can give no assurance that the Group's present insurance coverage is sufficient to meet any claims to which it may be subject, that it will in the future be able to obtain or maintain insurance on acceptable terms or at appropriate levels or that any insurance maintained will provide adequate protection against potential liabilities. Any losses that the Group incurs that are not adequately covered by insurance may decrease the Group's future operating income. In addition, defending the Group against such claims may strain management resources, affect the Group's reputation and require the Group to expend significant sums on legal costs.

The Group's business is currently operated from various locations across the UK, Europe, North America, China and Japan. Some business critical IT infrastructure is concentrated at one site in the UK with a continuous backup of those systems and data to a separate UK site. Business continuity plans are intended to ensure that business-critical processes and data are protected from disruption and will continue even after a disastrous event (such as a major fire or weather, political or war event). Without these plans, or if these plans prove to be inadequate, there is no guarantee that the Company or any of its operating subsidiaries would be able to compete effectively or even to continue in business after a disastrous event or major disruption to one or more of its operating subsidiaries. Accordingly, if critical business processes fail or are materially disrupted as a result of a disastrous event or otherwise and cannot recover quickly, this could have a material adverse effect on the Group's business, financial condition and results of operations.

In 2024 the Company continues to enhance and implement extensive information security programmes, to reasonably ensure confidentiality, integrity, availability and security of its systems. The entire security approach is underpinned by policies and procedures, and for selected platforms and entities, it is also formalised in order to obtain certifications such as ISO27000. Other risk reduction initiatives include an information security training and awareness program and a broad penetration testing schedule, with immediate correction in case of findings.



Section 172(1)

The board monitors progress on the overall Group strategy and the individual strategic elements by reference to financial KPIs; specifically revenue, gross margin, operating expenses, adjusted operating profit, EBITDA* and cash. These KPIs have been addressed in more detail in the Business review and future developments section above.

The Directors have considered the requirements of section 172(1) of the Companies Act 2006 and it is a core duty of the Directors above. The key considerations are set out below.

It is a core duty of the Directors to promote the success of the company. To do so the Directors consider the main issues and stakeholders when making significant decisions. The Company has never paid a dividend, thus shareholders are invested for capital growth and due to the nature of the business, employees are critical to the success of the Group's products. The CEO and CFO communicate regularly with analysts and shareholders are encouraged to participate in an annual meeting.

Engagement with employees is two-way to ensure that employees are kept well-informed about the business and valuable feedback is received to ensure continuation of being a trusted employer. Initiatives to ensure the well-being of employees and their dependents are regularly reviewed and enhanced.

Considering the capital growth aims of shareholders, the Directors are focussed on growing the revenue and product portfolio to ensure that the Group continues to grow, whilst remaining profitable, with the continuing move to digital printing and manufacturing in the marketplace. This is done by development of new products, for example ScreenPro™,PrintFlat™ and SmartDFE in recent years and by strategic acquisitions such as Meteor, Xitron, HYBRID Software, ColorLogic and iC3D.

Products are developed based on an identified market demand. In the case of ScreenPro™ and PrintFlat™, the identification of quality issues when printing with inkjet technology and in the case of SmartDFE, the evolution of smart factories and Industry 4.0.

Acquisitions are evaluated not only for their financial merits, but on the basis that they fit within the strategy and culture of the Group and that synergies and further opportunities can be developed through integration.

Relationships with customers and key suppliers are fostered through a collaborative approach through the use of technical services, evaluation software and products and customer-specific product development where appropriate. Commercial contracts are written to further strengthen those relationships.

It is the Group's policy to manage and operate worldwide business activities in conformity with applicable laws and regulations as well as with the highest ethical standards.

Both the Group's Board of Directors and executive management are determined to comply fully with the applicable law and regulations, and to maintain the Group's reputation for integrity and fairness in business dealings with third parties. A strict compliance with the provisions of the Group's Code of Ethics is mandatory for every member of the Group's Board, executive officers, every senior executive and every employee at all locations.

The Directors consider the impact of the Company's operations on the environment and consider how it can reduce any negative impact it might have. The Company's technology and products enable its customers to produce more efficient and less resource consuming products and services, thus saving energy and raw materials and the Company participates in a program to offset the carbon footprint of all its employees, in both their personal and work lives. For more information see page 58.

For the EBITDA calculation see page 47

Environmental matters

The Board of Directors is very aware of its responsibilities towards the environment and to employees and believes that driving sustainability goals through the business is not only the right thing to do for future generations but also makes for good business practice. Indeed, in many of the Group's key growth markets, such as packaging and textiles, environmental factors are influencing how those markets develop.

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The Group's business is to develop and market software solutions for printing and electronics for inkjet printing in particular. As a result, management believes the Group has no activities that are likely to have significant, detrimental effects on the environment. In fact, an application of some of the Group's products is to limit ink use when printing and inkjet printing is inherently more sustainable than analogue printing: generating less waste in all aspects of production. The Group has shown leadership in the industry, advertising its commitment to Net Zero, and reiterating the strategic importance of sustainability issues at industry conferences.

For several years the Group has implemented policies aimed at minimising the Group's environmental footprint, including recycling waste from paper, ink, toner cartridges, other computer consumables and computer hardware.

Ecologi partnership

Since 2021, through a partnership with Ecologi, the Group now offsets the carbon footprint of all Group employees, whether from personal activities at home or from (Scope 1 and Scope 2) activities at work. Ecologi facilitates the funding of carbon offset projects and tree planting around the world, to generate high quality carbon offsets. Since this partnership with Ecologi started, the Group has achieved an offset of over 6,600 tonnes of CO_2e and funded over 75,000 trees, which have contributed to 34 environmental projects across the globe.

75,764 trees planted

6,653 tCo_2e avoided

Starting in 2022, the Group has partnered with Octopus Electric Vehicles to allow UK based employees to lease electric vehicles via a salary sacrifice scheme. There are currently nine employees that are utilising the scheme and have taken delivery of their electric vehicle.

Other employee events to encourage sustainability included hosting lunches with invited speakers to discuss environment issues, a green commute to work campaign, and "sustainability taskforce" of employee volunteers who meet regularly to identify and pursue sustainability ideas within the office or related to company activities. We also support the Cambridgeshire Wildlife Trust, a charity that is committed to creating a sustainable future for wildlife.

"As a Board we are very aware of our responsibilities towards the environment and to our employees. Driving sustainability goals through the business is not only the right thing to do for future generations but it makes good business sense too. For instance, in many of our key growth markets, such as packaging and textiles, environmental factors are influencing how those markets develop. Improving our environmental credentials shows our commitment to the expansion of these markets as they continue to transition towards digital production."

Guido Van der Schueren - Executive Chairman

The Meteor Inkjet team rolled up their sleeves to collect more than 16kg of litter in their community. ↓

Social and community

Staff are encouraged and given time off to participate in charitable and community activities. The Group contributes to employee-led fundraising activities for local and national charities. Activities this year included Movember (focussing on men's health issues), a Bake Off event (raising money for flood-recovery work in Valencia) and Save the Children's Christmas Jumper Day.

Donations

Donations to charities amounted to €340 (2023: €19,375) during the year.

The Group operates a peer-to-peer recognition system which allows UK employees to nominate awards to colleagues for their outstanding performance. Some operating divisions also issue employee of the quarter awards.

Human rights

The Group respects all human rights and in conducting its business the Group regards those rights relating to non-discrimination, fair treatment and respect for privacy to be the most relevant and to have the greatest potential impact on its key stakeholder groups of customers, employees and suppliers.

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Employee matters

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal quarterly company meetings presented by the CEO to all employees.

Employment policies

The Group gives full and fair consideration to applications for employment from all persons where the candidate's aptitudes and abilities meet the requirements of the job. In the event of any staff becoming disabled while employed by the Group, every effort is made to ensure that their employment by the Group continues and that appropriate adjustments are made to their work environment. The Group provides long-term health insurance for all staff if they are unable to work due to illness or disability whilst in employment.

As a responsible employer, the Group provides modern and professional working environments in all locations. Compliant with all relevant human resources and health and safety regulations, the Group strives to offer competitive employment packages with opportunities for personal and professional development. Staff surveys are carried out with follow-up action plans alongside an internal communications programme to provide regular updates on performance.

Diversity

The Group does not discriminate on the grounds of age, race, sex, sexual orientation or disability. It has a clear and transparent recruitment process with annual appraisals to provide feedback on staff performance and to create individual objectives.

The table below shows the number of persons of each sex who were directors, management and employees of the Group as at 31 December 2024.

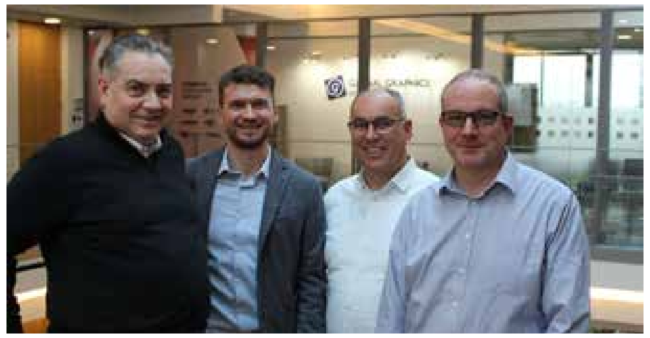
Company level	Number of females	Number of males	Total
Board	1	4	5
Management	2	29	31
Employees	36	210	246
Total Group	**39**	**243**	**282**

By order of the Board,
Mike Rottenborn
Chief Executive Officer

Michael A. Rottenborn

The Hybrid Software Americas team visited the Flexo Xperience Center (The FXC) in Atlanta, Georgia. Hybrid Software is a proud supplier partner to The FXC, which is the ideal place to bring the industry's best innovation providers together and 'move flexo forward'.

Eric Worrall celebrated his 20th year with Global Graphics Software. He has held various roles within the company and currently leads the Product Management and Technical Services teams, as well as being responsible for the product strategy, position and vision within Global Graphics.



The team from BARBIERI electronic visited the Global Graphics Software headquarters to discuss present and future colour measurement synergies.

Hybrid Software, DACH team shares snowy moments during their end-of-year get-together.

The Hybrid Software team travelled across Asia Pacific to meet with customers for hands-on teaching, collaboration, and growth.

GOVERNANCE

The Board of Directors of Hybrid Software Group believes in strong corporate governance and transparency, with open, clear, and frequent communications to our shareholders.

Board of directors

The Board of Directors guides the Company to create growth and shareholder value. With decades of experience in building successful companies, the Board supports the talented individuals in the senior management teams to execute and deliver on strategy.

Guido Van der Schueren

→ Executive Chairman

Guido Van der Schueren has been Chairman of the Board since 2014 and has close to 50 years of experience in the graphic arts industry. In 1992 he co-founded Artwork Systems and from 1996 to 2007 served as Managing Director and Chairman of the Board of Artwork Systems Company. He served as Vice Chairman of the EskoArtwork Company from June 2007 until April 2011. He runs Powergraph, an investment company mainly active in graphic arts software and technology. He is also the Chairman of Congra Software, the holding company which owns a majority stake in Hybrid Software Group PLC.

Mike Rottenborn

→ Chief Executive Officer

Mike Rottenborn took up the position of Chief Executive Officer in January 2020. He was formerly the President and CEO of HYBRID Software Inc., which he founded in 2007. He has spent more than 35 years working in the graphic arts industry and began his career as an electrical engineer with DuPont Printing & Publishing. After DuPont, he joined PCC Artwork Systems to focus on prepress workflow software for packaging and commercial printing customers. He received his Bachelor of Science degree in Electrical Engineering from Virginia Tech and his Master of Science degree in Computer Science from Villanova University.

Joachim Van Hemelen

→ Chief Financial Officer

Joachim Van Hemelen was appointed Chief Financial Officer, Company Director and a member of the Company's executive team in September 2022. He has management responsibility over the firm's global finance, treasury and corporate development functions. Prior to being appointed he was CFO of HYBRID Software which he joined in 2015.

Before this he worked as a corporate finance advisor in an Antwerp-based family office, Portolani, and as a merger and acquisitions advisor in a Flanders-based mid-market M&A boutique. He started his professional career in 2010 as a financial auditor at BDO. Joachim earned his Master of Science in Business Administration at the Lessius Hogeschool Antwerp.

Clare Findlay

→ Non-executive Director

Clare Findlay was appointed an independent non-executive director of the Company in March 2019. She was previously a non-executive director of the Company from June 2011 until 2014 and has more than 20 years' experience at senior level positions in the computer software industry, including as managing director of the UK operations of Concentrix Corporation, the global business process outsourcing division of SYNNEX. In 2013 Clare co-founded Purple Demand, a Demand Creation Agency.

Luc De Vos

→ Non-executive Director

Luc De Vos was appointed an independent non-executive director in February 2021. An engineer by training, Luc is credited with championing the early implementations of the internet in Europe and was the founding father of the first sizeable pan-European Internet Service Provider. A notable business angel during the nineties' new media and internet boom, he was a key player in KPNQwest, Stepstone, and Starlab and more recently, CarsOnTheWeb (now ADESA Europe).

He has also been a non-executive chairman to the first mediatech venture capital fund (Arkafund) in Belgium as well as a director to the global leasing and fleet management company Sofico, and advisor to unified threat management security provider AXS GUARD. In all, he has worked with more than 60 companies with a strong focus on growth and corporate governance.

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2024.

Hybrid Software Group PLC is a public limited-liability company registered in England and Wales with its shares traded on Euronext Brussels under stock code HYSG. As analogue printing markets are converting to digital production, Hybrid Software Group is the only vertically integrated supplier to this market, supplying products and technology to both manufacturers of digital printing equipment and to manufacturers of packaging and other printed goods who operate them.

Directors

The board are responsible for the appointment of Directors and the amendment of articles of association ("Articles") and meet regularly throughout the year.

Subject to the provisions of the Company's Articles, any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director by ordinary resolution, or by a decision of the Directors, either to fill a vacancy or as an addition to the existing board provided that the appointment does not result in the total numbers of Directors exceeding any maximum number fixed in accordance with the Company's Articles.

At every annual general meeting all the Directors shall retire from office. If the Company, at the meeting at which a director retires under, does not fill the vacancy, the retiring director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy, or unless a resolution for the reappointment of the director is put to the meeting and lost.

The Directors who held office during the year under review were:

Guido Van der Schueren	Executive Chairman
Michael Rottenborn	Chief Executive Officer
Joachim Van Hemelen	Chief Financial Officer
Clare Findlay	Non-executive Director
Luc De Vos	Non-executive Director

The Company maintains director and officers' liability insurance.

Shareholdings

Ordinary shares are entitled to one vote each in any circumstance. Each share is entitled pari passu to dividend payments or any distribution. The shares are not redeemable and there are no transfer restrictions on the shares.

Subject to the Company's Articles, but without prejudice to the rights attached to any existing ordinary share, the Company may issue shares with such rights or restrictions as may be determined by ordinary resolution.

The breakdown of the Company's issued share capital as at 31 December 2024 was:

	Number of ordinary shares	% of issued share capital
Congra Software S.à r.l. ***	27,390,187	83.23%
Company owned shares	63,822	0.19%
Free float	5,455,728	16.58%
Total	**32,909,737**	**100.00%**

**** Congra Software S.à r.l. is controlled by Guido Van der Schueren, the Company's Chairman. Michael Rottenborn (Chief Executive Officer) and Joachim Van Hemelen (Chief Financial Officer) are also shareholders of Congra Software S.à r.l.*

Investment in own shares

The Company holds some of its own shares in treasury to meet its obligations arising from the Group's employee share programmes (see notes 23 and 29 to the consolidated financial statements).

On 10 December 2024 the Company announced the start of its share repurchase programme, for a total amount of €1 million. The total number of shares held in treasury at 31 December 2024 was 63,822 (2023: 58,584). Further information can be found in note 23 to the consolidated financial statements.

During the year, the Company disposed of 9,106 treasury shares (2023: 19,000), transferred to employees to satisfy the Company's obligations under share schemes.

Corporate governance

Details of the Group's corporate governance can be found in the Corporate governance report on page 74.

Political contributions

The Group made no political contributions during the year (2023: €nil).

Dividends

The Directors do not recommend the payment of a dividend (2023: €nil).

Research and development

The Group spent €13.32 million (2023: €13.15 million) on research and development during the year. Under IAS 38 Intangible Assets, €3.45 million (2023: €3.82 million) of research and development was capitalised and €2.92 million (2023: €2.43 million) of capitalised research and development was amortised. There was no impairment of capitalised research and development during the year (2023: €nil). The net effect of capitalisation, amortisation and impairment on profit in the year was a decrease in expense of €0.53 million (2023: €1.39 million decrease in expense).

Post balance sheet events

Details of post balance sheet events are detailed in note 35 to the consolidated financial statements.

Financial risk management

Details of the Group's financial risk management are disclosed in the Group strategic report and in note 30 to the financial statements.

Streamlined Energy and Carbon Reporting (SECR)

The following Streamlined Energy and Carbon Report (SECR) provides environmental impact information in accordance with the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Reporting) Regulations 2018.

Global energy use and greenhouse gas ("GHG") emissions from activities for which the Group is responsible for:

		2024	2023
Energy used (kwh)			
Electricity (scope 2)		362,588	379,631
Gas (scope 1)		273,501	259,515
Fuel (scope 1)		815,299	938,438
Total energy used (kwh)		**1,451,388**	**1,577,584**
United Kingdom		219,946	228,781
Rest of the world		1,231,442	1,348,803
Total energy used (kwh)		**1,451,388**	**1,577,584**
GHG emissions (CO2e tonnes)			
Electricity (scope 2)		83.6	84.9
Gas (scope 1)		50.0	44.2
Fuel (scope 1)		194.9	242.5
Total GHG emissions (CO2e tonnes)	**(a)**	**328.5**	**353.5**
United Kingdom		45.5	47.3
Rest of the world		283.0	306.2
Total GHG emissions (CO2e tonnes)		**328.5**	**353.5**
Intensity ratio			
Average number of employees		**271**	**277**
GHG emissions per employee (CO2e kilogram)		**1,217**	**1,276**
Effect of the carbon offset program with Ecologi (CO2e tonnes)	**(b)**	**(1,453.4)**	**(1,669.6)**
Net GHG offset (CO2e tonnes)	**(a+b)**	**(1,124.9)**	**(1,316.1)**

Electricity and gas are used to power and heat the Group's offices and transport fuel is used by company cars provided to some employees. Where possible, primary data has been sourced (meter readings and supplier invoices), but where actual energy figures are not available a reasonable approximation has been used to estimate energy usage.

There has been a continuation of the existing strategy to reduce the physical number of computers to consolidate into more efficient servers where possible. A senior manager has been appointed to head up and implement group-wide sustainability initiatives, including to reduce energy consumption across the Groups offices.

The Company continues to partner with Ecologi, the platform that facilitates the funding of carbon offset projects and tree planting around the world, to offset its carbon footprint.

Since October 2021, the Group has been working towards compensating for the environmental footprint of every employee in their work and personal life. At work, the Group is implementing policies to reduce Scope 1 and Scope 2 footprint such as sourcing renewable energy and low-carbon travel, and is talking with supply chains to measure and push down on Scope 3 carbon footprint.

Through the partnership with Ecologi, the Group offsets the carbon footprint of all Group employees, whether at home or at work.

Statement of Directors' responsibilities in respect of the annual report and the financial statements

The Directors are responsible for preparing the Annual report and the group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework. In addition, the Group financial statements are required to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU").

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards and IFRSs as adopted by the EU;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors are responsible for the preparation of the consolidated financial statements in electronic format in accordance with the ESEF requirements set out in the regulatory technical standards as laid down in the EU Delegated Regulation nr. 2019/815 of 17 December 2018.

Responsibility statements under the disclosure and transparency rules

We confirm that to the best of their knowledge:

→ the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

→ the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Disclosure of information to auditor

The Directors confirm that:

→ so far as each director is aware there is no relevant audit information of which the Company's Auditor is unaware; and

→ the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

PKF Littlejohn LLP were re-appointed during the year as auditor of the company.

By order of the Board,
Michael Rottenborn, Director
2030 Cambourne Business Park
Cambourne
Cambridge
CB23 6DW
19 March 2025

Michael A. Rottenborn

Corporate governance report

The content of this report is unaudited.

The Financial Conduct Authority's Listing Rules ("the Listing Rules") require that listed companies (but not companies traded on an overseas EU market) incorporated in the UK should state in their report and accounts whether they comply with the UK Corporate Governance Code ("the Code") and identify and give reasons for any area of non-compliance. The Company is listed on Euronext Brussels and therefore is not required to comply with the Listing Rules or the Code, however, several voluntary disclosures have been given. The Board supports the principles and aims of the Code and intends to ensure that the Group observes the provisions of the Code as it grows, as far as is practical. However, the Board considers that at this stage in the Group's development the expense of full compliance with the Code is not appropriate.

Directors and Board

The Board comprises two executive directors, an executive chairman and two non-executive directors. The Board considers that the non-executive directors are independent. See page 66 for further details about the Board of Directors.

The roles of chairman and chief executive officer are separate appointments and it is Board policy that this will continue. The non-executive directors bring their independent judgement to bear on issues of strategy, performance, appointments, resources and standards of conduct.

Board committees

Audit and remuneration committees provide additional review and scrutiny of the Group's activities.

Relations with shareholders

The Company's executive directors communicate regularly with analysts and private investors are encouraged to participate in the Annual General Meeting.

Internal financial control

The Group has established policies covering the key areas of internal financial control and the appropriate procedures, controls, authority levels and reporting requirements which must be applied throughout the Group.

The key procedures that have been established in respect of internal financial control are:

- internal control: the directors review the effectiveness of the Group's system of internal controls on a regular basis;
- financial reporting: there is in place a comprehensive system of financial reporting based on the annual budget approved by the board. The results for the Group are reported monthly along with an analysis of key variances to budget, and year-end forecasts are updated on a regular basis; and
- investment appraisal: applications for significant expenditure of either a revenue or capital nature are made in a format which places emphasis on the commercial and strategic justification as well as the financial returns.

All significant projects require specific Board approval.

No system can provide absolute assurance against material misstatement or loss but the Group's systems are designed to provide reasonable assurance as to the reliability of financial information and ensuring proper control over income and expenditure, assets and liabilities.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements and have no reason to believe that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern, notably because of a cash position of €9.51 million as at 31 December 2024 (2023: €7.08 million). Those forecasts take into account reasonably possible downsides, including the potential impact for increased costs of inflation. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Refer to note 2 to the consolidated financial statements for further details.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Audit committee report

The Audit Committee (the "Committee") is appointed by the Board and consists wholly of the non-executive directors. The Board has delegated to the Committee responsibility for overseeing financial reporting, the review and assessment of the effectiveness of the internal control and risk management systems and maintaining an appropriate relationship with the external auditor.

Luc De Vos
Chair of the Committee

The members of the Committee are Luc De Vos (Chair of the Committee) and Clare Findlay.

The Committee oversees the relationship with the Company's external auditor, monitors its effectiveness and independence and makes recommendations to the Board in respect of the external auditor's remuneration, appointment and removal. The Committee also reviews the findings from the external auditor, including discussion of significant accounting and audit judgements, levels of errors identified and overall effectiveness of the audit process.

The Committee meets as required, typically at least 3 times per year; at the beginning of the financial year to agree on the audit and risk operational plan for that year, at mid-year to evaluate any matters and issues that might have arisen and at the close of the financial year to review the findings of the auditor and to ensure that the group's audit and risk objectives have been met.

The Committee also considers significant financial reporting issues, accounting policies and key areas of judgement or estimation. This review also includes consideration of the clarity and completeness of disclosures on the information presented in the financial statements.

Additionally, the Committee will:

- review the effectiveness of the Company's internal financial control systems,
- advise the Board on the Company's risk strategy, risk policies and current and emerging risk exposures, including the oversight of the overall risk management framework and systems,
- assess the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and to ensure proportionate and independent investigation of such matters,
- and make recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is required.

The Committee operates with clarity, simplicity, fairness, predictability and is aligned to the culture of the organisation.

Luc De Vos
Chair of the Audit Committee

Directors' remuneration report

This report, prepared by the Remuneration Committee (the "Committee"), is on the activities of the board in respect of the remuneration of directors for the year ending 31 December 2024. It sets out the remuneration policy and remuneration details for the executive and non-executive directors of the Group. It has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the "Regulations").

Clare Findlay
Chair of the Committee

The members of the Committee are the independent, non-executive directors, Clare Findlay (Chair of the Committee) and Luc De Vos.

The report is split into three main areas: the statement by the chair of the Committee, the annual report on remuneration and the policy report.

The policy report will be subject to a binding shareholder vote at the 2025 Annual General Meeting and the policy will take effect for the financial year beginning on 1 January 2025. The annual report on remuneration provides details on remuneration in the period and some other information required by the Regulations. It will be subject to an advisory shareholder vote at the 2025 Annual General Meeting.

The Companies Act 2006 requires the auditors to report to the shareholders on certain parts of the Directors' remuneration report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations.

The chair's annual statement

The information provided in this part of the Directors' remuneration report is not subject to audit. The remuneration committee reviewed the current level of board fees and salaries payable to the chairman, the CEO and CFO.

Annual report on remuneration

The information provided in this part of the Directors' remuneration report is subject to audit.

The remuneration of the executive and non-executive directors of the Group in respect of services to the Group were as follows:

For the year ended 31 December 2024:

In euros	Salary and fees	Benefits	Bonus	LTIP	Pension	Total	Total fixed	Total variable
Executive directors								
Guido Van der Schueren[1]	425,584	63,960	60,342	-	952	**550,837**	490,495	60,342
Michael Rottenborn, CEO	262,812	38,731	53,161	-	9,568	**364,272**	311,110	53,161
Joachim Van Hemelen, CFO	267,395	-	43,914	-	-	**311,309**	267,395	43,914
Total executive directors	**955,791**	**102,691**	**157,417**	**-**	**10,519**	**1,226,418**	**1,069,001**	**157,417**
Non-executive directors								
Clare Findlay	38,550	-	-	-	-	**38,550**	38,550	-
Luc De Vos	31,000	-	-	-	-	**31,000**	31,000	-
Total non-executive directors	**69,550**	**-**	**-**	**-**	**-**	**69,550**	**69,550**	**-**
Total directors	**1,025,340**	**102,691**	**157,417**	**-**	**10,519**	**1,295,968**	**1,138,551**	**157,417**

For the year ended 31 December 2023:

In euros	Salary and fees	Benefits	Bonus	LTIP	Pension	Total	Total fixed	Total variable
Executive directors								
Guido Van der Schueren[2]	459,744	66,567	45,000	-	1,392	**572,703**	527,703	45,000
Michael Rottenborn, CEO	274,264	40,663	45,000	-	9,126	**369,053**	324,053	45,000
Joachim Van Hemelen, CFO	270,151	-	33,750	-	-	**303,901**	270,151	33,750
Total executive directors	**1,004,159**	**107,230**	**123,750**	**-**	**10,518**	**1,245,657**	**1,121,907**	**123,750**
Non-executive directors								
Clare Findlay	25,426	-	-	-	-	**25,426**	25,426	-
Luc De Vos	20,000	-	-	-	-	**20,000**	20,000	-
Total non-executive directors	**45,426**	**-**	**-**	**-**	**-**	**45,426**	**45,426**	**-**
Total directors	**1,049,585**	**107,230**	**123,750**	**-**	**10,518**	**1,291,083**	**1,167,333**	**123,750**

Salary and fees are the contracted annual salaries and board fees that are payable. Each executive director received board fees, prorated where appointed or resigned during the year, which are included within the Salary and fees column.

Benefits include car allowance, travel allowance, home allowance and private medical insurance payments.

The executive directors' total available bonus for the year was structured as follows:

- up to 40% for meeting the board-approved group adjusted operating profit target,
- up to 40% for achieving the board-approved adjusted operating profit targets for the group's components, and
- up to 20% fulfilling specific KPIs, as agreed and signed off by the Remuneration Committee.

[1] includes the director's daughter, who is also an employee of the Group
[2] includes the director's daughter, who is also an employee of the Group

Although the board-approved targets for the year were not met fully, the Remuneration Committee authorised bonus payments of 70% based on the successful achievement of individual objectives.

LTIP (long term incentive plan) is a cash award that will be payable after 3 years of continuous service from the date of award.

Contributions totalling €11,000 (2023: €11,000) were made to the personal pension schemes of two (2023: two) of the directors in accordance with their employment contracts. The Group operates a defined contribution scheme where contributions are calculated as a percentage of gross salary. There are no defined benefit schemes.

→ Scheme interests awarded during the financial year

There were no share-based awards during the year and there are no outstanding share options as at 31 December 2024.

The aggregate amount of gains made by directors on the exercise of share options during the year was €nil (2023: €nil).

→ Directors and their interests in shares of the Company

The directors held the following interests in the shares of Hybrid Software Group PLC as at 31 December 2024:

	Guido Van der Schueren *	Michael Rottenborn **	Joachim Van Hemelen ***	Clare Findlay	Luc De Vos
Shares beneficially owned	27,364,396	3,850	-	100	5,000
Total interest in shares	**27,364,396**	**3,850**	**-**	**100**	**5,000**

** The interests of Guido Van der Schueren are held in the name of Congra Software S.à r.l., Together with his wife and children, he owns approximately 69.68% of the shares of Congra Software S.à. r.l..*

*** Michael Rottenborn is also a shareholder of Congra Software S.à r.l., he owns approximately 0.42% of the shares of Congra Software S.à. r.l..*

**** Joachim Van Hemelen is also a shareholder of Congra Software S.à r.l., he owns approximately 0.47% of the shares of Congra Software S.à. r.l..*

The information provided in the following sub-sections of the Directors' remuneration report are not subject to audit.

CEO remuneration table

The following table shows the CEO's remuneration and percentage achievement of annual bonuses and long-term incentives over the past 5 years:

	2020	2021	2022	2023	2024
Total CEO remuneration (in thousands of euros)	325	458	358	346	337
Annual bonus pay-out against maximum opportunity	88%	100%	44%	20%	68%
Long term incentive vesting rates against maximum opportunity	n/a	n/a	n/a	n/a	n/a

Percentage change in remuneration of directors

The table below shows the percentage change over the preceding year, in the base payment currency of remuneration for the directors and for all employees of the Group:

	Salary and fees		Benefits		Bonus	
Director	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**
Guido Van der Schueren	(2.1%)	(7.4%)	177.4%	(3.9%)	(10.0%)	34.1%
Michael Rottenborn[3]	(1.2%)	(4.2%)	29.6%	(4.8%)	(10.0%)	17.0%
Joachim Van Hemelen[4]	5.0%	(1.0%)	0.0%	0.0%	(15.6%)	30.1%
Clare Findlay[5]	20.1%	47.6%	0.0%	0.0%	0.0%	0.0%
Luc De Vos[6]	0.0%	55.0%	0.0%	0.0%	0.0%	0.0%
All employees average	4.4%	3.7%	0.0%	0.0%	0.0%	0.0%

For further information with regards to the changes in 2022 and 2023, please refer to the annual report for the relevant financial year.

Relative importance of spend on pay

The main operating expense of the Group is the cost of its employees due to the nature of the work of the Group. In order to attract and retain staff, pay and reward levels need to be competitive and commensurate with the highly technical skills that are required.

The table below shows the amounts paid to employees (for continuing operations) and the amounts distributed to shareholders.

In thousands of euros	2024	2023	% change
Staff expenses (see note 12 to the consolidated financial statements)	28,335	28,084	0.9%
Dividends paid to shareholders	-	-	0%

Statement of implementation of remuneration policy in the following financial year

There are no significant changes in the way that the remuneration policy will be implemented in the next financial year compared to how it was implemented during this financial year.

The remuneration policy will be voted upon during the next AGM to be held during 2025.

[3] Michael Rottenborn joined the Group in January 2020
[4] Joachim Van Hemelen was appointed a Director in September 2022
[5] Clare Findlay joined the Group in March 2019
[6] Luc de Vos joined the Group in February 2021

Remuneration policy

The information provided in this part of the Directors' remuneration report is not subject to audit.

The board determines the Group's policy for employee, executive and non-executive remuneration and the individual remuneration packages for executive directors. In setting the remuneration packages, the board considers the pay and benefits that are offered to existing Group employees and the salaries, bonuses and benefits available to directors of comparable companies and the continued commitment to the Group through appropriate long-term incentive schemes, such as the award of shares and share options.

The board did not consult with employees when drawing up the remuneration policy set out in this part of the report and no views about the policy have been expressed by shareholders of the Company to the board.

Remuneration of executive directors

Consistent with this policy, remuneration packages awarded to executive directors include a mix of basic salary and performance related remuneration that is designed to incentivise the director to achieve the Group's strategic objectives. The remuneration packages usually include some or all of the following elements:

- base salary, as agreed by the board;
- bonus scheme, with performance measured against annually set targets and personal objectives all reviewed and approved by the board;
- profit share bonus scheme based on component and group performance
- equity, by way of shares and share options;
- other benefits, such as car allowance, company contribution into a personal pension scheme, private medical insurance, life assurance and long-term sickness insurance; and
- recruitment fee, notice period for termination of contract or payments for loss of office.

All of the above elements are negotiable between the board and the prospective director.

There are no fixed term contracts and each director must resign and be reappointed at each AGM.

The executive directors' total bonus available for the year will be structured as follows:

In the forthcoming year the above policy will be applied. The bonus payment for the Chairman, CEO and CFO is divided into 3 elements and weighted dependant on individual role and responsibility:

- achievement of the board-approved group adjusted operating profit target,
- achievement of the board-approved group's components adjusted operating profit targets, and
- achievement of the individual KPIs as agreed and signed off by the Remuneration Committee.

Remuneration of non-executive directors

The fees paid to non-executive directors are determined by the board. The non-executive directors do not receive any other fixed forms of remuneration or benefits.

Future policy table

The information provided in this part of the Directors' remuneration report is not subject to audit.

The following table provides a summary of the key components of the remuneration package for executive directors:

Salary and fees	
Purpose	Rewards skills and experience and provides the basis for a competitive remuneration package.
Operation	Salaries and fees, including recruitment and loss of office payments, are agreed with the director with reference to the role, the individual's experience, and market practice and market data.
Opportunity	100% of contractual salary and fees are paid for services rendered to the Group.
Performance measures	Reviewed annually and executive directors' salaries are generally increased in line with company-wide pay increases. Exceptional changes are tied to significant changes in the Group or exceptional performance.
Recovery	No provision for recovery or withholding of payments unless breach of contract.

Taxable benefits	
Purpose	Protects against risks and provides other benefits.
Operation	The provision of benefits to executive directors includes private medical cover, life insurance and ill-health income protection.
Opportunity	100% of the premiums due are paid on behalf of the executive director.
Performance measures	There are no performance measures associated with the benefits other than being a current executive director.
Recovery	No provision for recovery or withholding of payments unless breach of contract.

Bonuses	
Purpose	Rewards delivery of the near-term business targets set each year, the individual performance of the executive directors in achieving those targets, and contribution to delivering the Group's strategic objectives.
Operation	Bonuses are agreed in the employment contract with the executive director. The level of bonus payable is determined based on the role, the individual's experience, and market practice and market data.
Opportunity	Generally 50% to 100% of the annual bonus is achievable on meeting the revenue and expense targets as set by the Board. Adjustments can be made to the plan for specific, strategic objectives.
Performance measures	The performance objectives include only financial measures. The financial measures are generally related to revenue and controlling expenses.
Recovery	Payment of annual bonuses is usually withheld until the Group's auditors have cleared the audit and the Board have approved payment of the bonuses.

Pension	
Purpose	Enables executive directors to build long term retirement savings.
Operation	The Group pays defined contributions into a pension plan on behalf of the executive director.
Opportunity	100% of the contributions due are paid directly to the pension company on behalf of the executive director.
Performance measures	There are no performance measures associated with the benefits other than being a current executive director.
Recovery	No provision for recovery or withholding of payments unless breach of contract.

The following table provides a summary of the key components of the remuneration package for non-executive directors:

Board fees	
Purpose	Attract and retain individuals with the required skills, experience and knowledge so that the Board is able to effectively carry out its duties.
Operation	Fees are paid monthly or quarterly.
Opportunity	100% of contractual fees are paid for services rendered to the Group.
Performance measures	Reviewed annually and increased only in exceptional circumstances.
Recovery	No provision for recovery or withholding of payments if performance obligations have been fulfilled.

→ Recruitment remuneration

For the appointment of a new director, the aforementioned components will be included in their remuneration package and negotiated with consideration of the role, their experience and market data. The fees that may be agreed may include sign-on payments to incentivise the director to take the appointment. These sign-on fees will be negotiated taking into consideration the role, their experience and market data.

→ Pay policy for other employees

The Company values its total workforce and aims to provide remuneration packages that are geographically competitive, comply with any local statutory requirements and are applied fairly and equitably across the Group. Where remuneration is not determined by statutory regulation, the following key principles are applied:

- to reward in a manner that allows for stability in the business and for sustainable long-term growth
- to reward fairly and consistently for each role with due regard to peers, the economy, the marketplace and the technical skills required

→ Service contracts

It is the Group's policy that executive directors should have contracts with an indefinite term. Non-executive directors are appointed for an initial six-year term, with provisions for extension, subject to mutual agreement.

All Directors offer themselves for annual re-election at each AGM in accordance with the UK Corporate Governance Code. Service agreements and letters of appointment are available for inspection at the registered office address of the Company.

None of the directors are entitled to any specific indemnity which would be due or liable to be due on termination of their appointment.

	Date of contract	Date of appointment	Notice from the Company	Notice from the director	Unexpired term on 31 December 2024
Guido Van der Schueren	4 April 2017	16 May 2014	12 months	12 months	-
Michael Rottenborn	1 January 2020	2 January 2020	12 months	12 months	-
Joachim Van Hemelen	1 January 2021	1 September 2022	12 months	12 months	-
Clare Findlay	1 March 2019	1 March 2019	-	-	2 months
Luc De Vos	4 February 2021	15 February 2021	-	-	25 months

Application of the policy

The table below shows the level of remuneration that would be received by the directors in accordance with the directors’ remuneration policy.

Euro 000s	Minimum performance	Medium performance	Maximum performance	2024 actual
Guido Van der Schueren	491	541	566	551
Michael Rottenborn	322	365	390	364
Joachim Van Hemelen	267	303	322	311
Clare Findlay	39	39	39	39
Luc De Vos	31	31	31	31

The scenarios have been illustrated for each executive director based on the following:

Minimum performance	- Base salary/fee, taxable benefits and pension - No bonus pay-out - No long term incentive plan
Medium performance:	- Base salary/fee, taxable benefits and pension - 50% bonus pay-out - 50% long term incentive plan
Maximum performance:	- Base salary/fee, taxable benefits and pension - 100% bonus pay-out - 100% long term incentive plan

The report was approved by the board of directors on 19 March 2025 and signed on its behalf by:

Clare Findlay
Chair of the Remuneration Committee

C. Findlay

Independent auditor's report

We have audited the financial statements of Hybrid Software Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with UK Generally Accepted Accounting Practice ('UK GAAP') and the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK GAAP, including FRS 101 *Reduced Disclosure Framework,* and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as adopted by the European Union

As explained in note 2 to the group financial statements, the group, in addition to complying with its legal obligation to apply UK-adopted International Accounting Standards, has also applied International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies to the European Union (EU-endorsed IFRSs).

In our opinion, the group financial statements give a true and fair view of the consolidated financial position of the group as at 31 December 2024 and of its consolidated financial performance and its cash flows for the year then ended in accordance with EU-endorsed IFRSs.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included the following audit procedures:

- Obtaining an understanding of the controls in place around the preparation of the going concern forecast and future plans for the group through discussions with management;
- Obtaining management's assessment for the going concern period to 31 March 2026 and checking the mathematical accuracy of the cash flow forecasts and budgets prepared;
- Comparing budgeted performance for the year ended 31 December 2024 against actual to assess management's historical forecasting accuracy;
- Challenging management where appropriate on the reasonableness of key inputs and assumptions underpinning the going concern model. These challenges included but not limited to:
    - Performing sensitivity analysis on key inputs and assumptions to assess the headroom across the going concern period. Key inputs and assumptions included: (i) sales growth rates, (ii) loss of key customers and (iii) levels of operating expenditure;
    - Assessing management's stress testing performed;
    - Assessing the prospective accuracy of management's forecast in 2025 against post year-end bank statements and management financial reports;
- Reviewing the terms of loan facilities within the group to confirm their availability across the forecast period and to ensuring compliance with any conditions attached;
- Undertaking a review of subsequent events on matters impacting the going concern assessment; and
- Considering the adequacy of the disclosures and accounting policies in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of audit procedures on the individual financial statement line items and disclosures in evaluating the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

	Financial statements - group	**Financial statements – parent company**
Overall materiality	€641,000 (2023: €480,000)	€320,000 (2023: €400,000)
Basis for determining overall materiality	1.25% of revenue (2023: 1% of revenue)	2% of net assets as constrained by the allocation of overall group materiality (2023: Same)
Rationale for the benchmark applied	The group derives the majority of its revenue from software licensing, subscription sales and service contracts. While revenue is not the sole financial metric with which management and stakeholders measure and assess financial performance, the nature of the business activities and operations result in the group being highly revenue driven. We consider total revenue to be the most appropriate basis for determining overall materiality for the group as it provides users of the financial statements with a more stable measure year-on-year of financial performance, compared to profit before tax which has historically been volatile. On this basis, revenue was determined to be an appropriate basis for determining overall materiality.	We considered the nature of the parent company, being a holding company for the investment activities of the group, and determined that net assets was an appropriate basis for the calculation of the overall materiality given the significant asset base as at 31 December 2024.

	Financial statements - group	Financial statements – parent company
Performance materiality	€448,000 (2023: €312,000)	€224,000 (2023: €260,000)
Basis for determining performance materiality	70% of the group overall materiality (2023: 65%)	70% of the parent company overall materiality (2023: 65%)
Rationale for the benchmark applied	In determining the performance materiality, we have considered the following factors: • The level of significant judgements and estimates; • The risk assessment and aggregation of risk and the effectiveness of controls; • The control environment and the group's financial reporting controls and processes; • It is the second year of our appointment as group auditor; and • The stability of key management personnel.	

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €32,000 (2023: €24,000) for the audit of the consolidated financial statements and €16,000 (2023: €20,000) for the parent company financial statements as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

For each component in the scope of the group audit, we allocated a materiality that was less than the overall group materiality. The range of overall materiality allocated across the components was between €224,000 (2023: €117,000) and €313,600 (2023: €312,000).

Our approach to the audit

In designing our audit approach, we determined materiality and assessed risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgements by the directors, including the recognition of revenue, the impairment of goodwill and other identifiable intangible assets and the capitalisation of development costs. Procedures were then performed to address the risk identified and for the most significant assessed risks of misstatement, the procedures performed are outlined below in the key audit matters section of this report. We re-assessed the risks throughout the audit process and concluded that the scope remained in line with that determined at the planning stage of the audit.

An audit was performed on the financial information of the group's significant operating components which, for the year ended 31 December 2024, were located in the United Kingdom (UK), the United States of America (USA) and Belgium. The audit of the group and parent company financial statements was undertaken by the group audit team based in London, with meetings being held with group management over video-link or in person, in Belgium and the UK. The component in Belgium was audited by a component auditor operating under our instruction. We communicated regularly with the component audit team during all stages of the audit and we were responsible for the scope and oversight of the audit process, which included an onsite review of the work conducted at the component auditor's office in Belgium. This, in conjunction with additional procedures performed by the group audit team, provided sufficient appropriate audit evidence for our opinion on the group and parent company financial statements.

As a result of our materiality and risk assessments, we determined which components required a full scope audit of their financial information, with consideration of their significance to the group based on their contribution to overall revenue and their risk characteristics. On this basis. we scoped in four components requiring a full scope audit of their financial information for group purposes and three components which were subjected to specified audit procedures due to specific risk characteristics and due to the presence of material classes of transactions and account balances.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Revenue recognition (note 7)	
Under ISA (UK) 240, there is a rebuttable presumption that revenue recognition is a significant fraud risk. **The Group earns revenue from contracts with customers which are required to be recognised under IFRS 15 – 'Revenue from Contracts with Customers'.** **The complexity arises due to differing contractual performance obligations, depending on the revenue stream. For example:** • **Software licences are recognised at a point in time, when the license has been delivered to the customer and all performance obligations are complete.** • **Multi-year licence and distribution agreements come with licence royalties which are recognised upon receiving confirmations from customers.** • **Support and Maintenance are both recognised over the duration of the contractually agreed period.** • **Physical good sales are recorded when control of the item has passed on to the customer.** **A material error in this balance could affect the decision making of users of the financial statements.** **As a result, there is a risk of fraud or error in revenue recognition due to the potential to inappropriately recognise revenue, and therefore revenue recognition is a key audit matter.**	In addition to the procedures required by ISA (UK) 240, our work on this key audit matter included: • Documenting our understanding of the information system and related controls relevant to each material revenue stream; • Evaluating the appropriateness of the information system and the effectiveness of the design and implementation of the related controls; • Substantive transactional testing of income recognised in the financial statements, including deferred and accrued income balances recognised at the year-end. This included selecting a sample of sales from the ledger and vouching to customer order, invoice and delivery information; • Verifying the recognition of revenue through review of supporting information regarding the satisfaction of performance obligations; and • Reviewing revenue contracts active during the current year and particularly around the year end to ensure revenue had been recognised in the correct period and that performance obligations had been met.

Impairment of goodwill (note 16)	

Goodwill on consolidation arises from the acquisitions of multiple subsidiaries throughout the Group's history.
 	
In line with the requirements of IAS 36 Impairment of Assets, goodwill is tested annually for impairment by management for each Cash Generating Unit (CGU) identified, as per the below:
 	
Cash Generating Unit — €'000
Global Graphics Software — 7,157
Meteor Inkjet — 2,341
Xitron — 1,902
HYBRID Software Labels and Packaging — 44,782
HYBRID Software Brandz — 668
ColorLogic — 582
 	
Management determine the recoverable amount of each CGU by calculating a value-in-use (VIU) which is based on financial forecasts for five years to 31 December 2029 and then into perpetuity using a terminal growth rate. Impairment is recognised thereon where the carrying amount of the CGU exceeds the recoverable amount calculated by management.
 	
Significant judgement is required from management in the determination of the carrying amounts of each CGU with respect to the allocation of only those assets and liabilities that can be directly attributed, or assigned on a reasonable and consistent basis, to the CGU and that will generate future cash inflows used in arriving at the VIU of the CGU. The calculation of the VIU of each CGU is based on significant assumptions and estimations by management.
 	
The calculation of the VIU of each CGU is based on significant assumptions and estimations by management. Such key areas of subjectivity and uncertainty include revenue growth rates, gross margins, pre-tax discount rates, terminal growth rates and forecasted cash flows incorporated by management.
 	
Given the inherent uncertainty and subjectivity of key inputs and assumptions within the impairment assessment, there is a significant risk of material misstatement that the goodwill balances are not recoverable and require impairment. On this basis, we have determined that the carrying value of goodwill as at 31 December 2024 is a key audit matter.
	Our work in this key audit matter included the following:
	
	• Understanding the design and implementation of the group's controls over the impairment assessment process;
	• Evaluating the appropriateness of management's identification of the Group's CGUs in line with the requirements of IAS 36;
	• Challenging management on the appropriateness of the impairment models and the reasonableness of the assumptions used through performance of the following:
	  ○ Reviewing the group's key market-related assumptions in the impairment models, including discount rates, long-term growth rates and cash flows against external data;
	  ○ Assessing the reliability of management's forecasts by comparing historical budgets against actual performance;
	  ○ Testing the mathematical accuracy of management's impairment models;
	  ○ Performing a range of sensitivity analysis on key assumptions;
	  ○ Obtaining an understanding of the commercial viability of projects and assets; and
	  ○ Using a PKF internal valuation specialist to test the appropriateness of the key inputs and assumptions within the determination of the discount rates for each CGU.
	• Assessing the disclosures made in the financial statements for their adequacy and appropriateness.

Capitalisation of development costs (note 15)	
Software development costs are recorded as assets on the balance sheet if they meet certain criteria to be capitalised in line with IAS 38 Intangible Assets. **Management make the following considerations during the course of capitalising costs in respect of internally generated intangible assets:** • **Technical feasibility of completing the asset** • **Intention to complete and use/sell the asset** • **Ability to use or sell the asset** • **How the asset will generate future economic benefit** • **Availability of sufficient resources to complete the development and use/sell the asset** • **Ability to measure reliably the expenditure incurred on the development.** **During the financial year a total of €3.4m of development costs were capitalised to Intangible assets.** **Management exercises significant judgement in determining whether projects, and subsequently development costs, meet the qualifying criteria set out under IAS 38.** **Incorrect application of the accounting standard could result in a material misstatement to expenses and assets. On this basis, we have determined the capitalisation of development costs as a key audit matter.**	Our work in respect of this key audit matter included the following: • Obtaining an understanding of the group's process for capitalising development costs, including the criteria used to determine whether development costs meet the definition of an internally generated intangible asset under IAS 38. This included the group's procedures for identifying, measuring and recording development costs; • Substantively testing the accuracy and classification of a sample of employee and contractor time capitalised as internally generated development costs by vouching to the timesheets and pay rates and ensuring the project met the criteria for capitalisation as per IAS 38; and • Reviewing the associated disclosures in the financial statements and assessing the appropriateness of such disclosures.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

European Single Electronic Format (ESEF)

Hybrid Software Group plc has prepared consolidated financial statements in the form of an electronic file in the European Single Electronic Format (ESEF), which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes. The requirements for this format are set out in the regulatory technical standards as laid down in the EU Delegated Regulation.

The Board of directors are responsible for the preparation, in accordance with the ESEF requirements in the EU Delegated Regulation, of the digital consolidated financial statements identified.

We were engaged by Hybrid Software Group plc to report on whether the digital consolidated financial statements are prepared, in all material respects, in compliance with the ESEF regulation under the Delegated Regulation. Our responsibility, under the terms of our engagement, is to obtain sufficient and appropriate information to conclude whether the format and the tagging of the digital consolidated financial statements complies, in all material respects, with the ESEF requirements under the Delegated Regulation.

In our opinion, based on our work performed, the format and the tagging of information in the digital consolidated financial statements as per 31 December 2024, complies in all material respects, with the ESEF requirements under the EU Delegated Regulation.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and experience of the sector.

- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from:
    - The Companies Act 2006;
    - UK-adopted International Accounting Standards;
    - EU-endorsed International Financial Reporting Standards (EU-endorsed IFRSs)
    - United Kingdom Generally Accepted Accounting Practice (UK GAAP);
    - The UK Corporate Governance Code;
    - General Data Protection Regulation;
    - The Bribery Act 2010;
    - Serious Organised Crime and Police Act 2005;
    - Proceeds of Crime Act 2002;
    - Euronext Listing Rules;
    - UK tax legislation; and
    - Tax legislation applicable in other jurisdictions.

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
    - Making enquiries of management;
    - Reviewing Board minutes;
    - Reviewing legal expenditure nominal ledger accounts; and
    - Reviewing Regulatory News Services announcements.

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to revenue recognition, the impairment of goodwill and other intangible assets and the capitalisation of development costs. We addressed this by challenging the assumptions and judgements made by management when auditing these significant accounting estimates. Please refer to the Key audit matters section of our report for further information.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

- As part of the group audit, we have communicated with the component auditor the risks associated with the components of the group, including the risk of fraud as a result of management override of controls. To ensure that this has been completed, we reviewed the component auditor working papers in this area and obtained responses to our group instructions from the component auditors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: *www.frc.org.uk/auditorsresponsibilities*. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joseph Archer

Joseph Archer (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
19 March 2025

15 Westferry Circus
Canary Wharf
London E14 4HD

FINANCIAL STATEMENTS

The following pages contain the detailed audited financial statements for Hybrid Software Group PLC and its subsidiary companies.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros	Note	For the year ended 31 December 2024	2023
Continuing operations			
Revenue	7	**51,501**	48,043
Cost of sales		**(8,078)**	(8,671)
Gross profit		**43,423**	**39,372**
Selling, general and administrative expenses		**(26,989)**	(27,569)
Impairment of goodwill	16	**(6,280)**	-
Research and development expenses		**(13,324)**	(13,149)
Other operating expenses	8	**(70)**	(11)
Other income	9	**150**	196
Operating loss		**(3,090)**	**(1,161)**
Finance income	13	**232**	174
Finance expenses	13	**(493)**	(414)
Net finance expenses		**(261)**	**(240)**
Foreign currency exchange losses		**(10)**	(266)
Loss before tax		**(3,361)**	**(1,667)**
Tax credit	18	**653**	2,986
(Loss)/Profit from continuing operations		**(2,708)**	**1,319**
Loss on sale of discontinued operation, net of tax	34	**(120)**	-
(Loss)/Profit for the period		**(2,828)**	**1,319**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**1,162**	241
Other comprehensive income for the year		**1,162**	**241**
Total comprehensive (loss)/income attributable to equity holders		**(1,666)**	**1,560**
Earnings per ordinary share			
Basic earnings per share (euro)	28	**(0.09)**	0.04
Diluted earnings per share (euro)	28	**(0.09)**	0.04

The notes on pages 98 to 136 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros	Note	For the year ended 31 December 2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	14	**1,324**	1,547
Right-of-use assets	24	**1,591**	2,201
Other intangible assets	15	**36,752**	40,607
Goodwill	16	**57,432**	63,127
Financial assets	17	**1,020**	947
Deferred tax assets	18	**1,307**	1,633
Trade and other receivables due after more than one year	7, 20	**-**	22
Contract assets due after more than one year	7	**5,599**	4,408
Other assets due after more than one year		**17**	18
Total non-current assets		**105,042**	**114,510**
Current assets			
Inventories	19	**3,448**	3,912
Current tax assets		**370**	174
Trade and other receivables	7, 20	**6,045**	5,409
Contract assets	7	**4,416**	4,185
Other current assets	21	**468**	375
Prepayments		**1,725**	1,827
Cash and cash equivalents	22	**9,513**	7,079
Total current assets		**25,985**	**22,961**
TOTAL ASSETS		**131,027**	**137,471**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital	23	**13,164**	13,164
Share premium	23	**1,979**	1,979
Merger reserve	23	**67,015**	67,015
Treasury shares	23	**(193)**	(179)
Retained earnings		**37,770**	40,638
Foreign currency translation reserve		**(9,508)**	(10,670)
Total equity		**110,227**	**111,947**
Non-current liabilities			
Deferred tax liabilities	18	**1,512**	2,401
Lease liabilities	24	**1,051**	1,777
Retirement benefit obligations		**1,068**	982
Accrued liabilities		**36**	52
Loans & borrowings	26	**4,000**	7,800
Other liabilities	25	**112**	352
Contract liabilities	7, 27	**377**	477
Total non-current liabilities		**8,156**	**13,841**
Current liabilities			
Current tax liabilities		**66**	506
Trade and other payables		**3,882**	3,502
Lease liabilities	24	**940**	824
Accrued liabilities		**1,410**	1,940
Loans & borrowings	26	**2,500**	-
Other liabilities	25	**369**	543
Contract liabilities	7,27	**3,477**	4,368
Total current liabilities		**12,644**	**11,683**
Total liabilities		**20,800**	**25,524**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**131,027**	**137,471**

The notes on pages 98 to 136 are an integral part of these consolidated financial statements.

These financial statements on pages 98 to 101 were approved and authorised for issue by the Board of Directors on 19 March 2025 and were signed on its behalf by:

Michael Rottenborn
Director
Company registered number: 10872426

Michael A. Rottenborn

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of euros	Note	Share capital	Share premium	Merger reserve	Treasury shares	Retained earnings	Foreign currency translation reserve	Total equity
Balance at 31 December 2022		**13,164**	**1,979**	**67,015**	**(161)**	**39,373**	**(10,911)**	**110,459**
Total comprehensive income for the year								
Net profit for the year		-	-	-	-	1,319	-	1,319
Foreign currency translation differences		-	-	-	-	-	241	241
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**1,319**	**241**	**1,560**
Transactions with owners								
Share-based payment transactions	23	-	-	-	54	(54)	-	-
Own shares re-purchased	23	-	-	-	(72)	-	-	(72)
Total transactions with owners		**-**	**-**	**-**	**(18)**	**(54)**	**-**	**(72)**
Balance at 31 December 2023		**13,164**	**1,979**	**67,015**	**(179)**	**40,638**	**(10,670)**	**111,947**
Total comprehensive loss for the year								
Net loss for the year		-	-	-	-	(2,828)	-	(2,828)
Foreign currency translation differences		-	-	-	-		1,162	1,162
Total comprehensive loss for the year		**-**	**-**	**-**	**-**	**(2,828)**	**1,162**	**(1,666)**
Transactions with owners								
Share-based payment transactions	23	-	-	-	40	(40)	-	-
Own shares re-purchased	23	-	-	-	(54)	-	-	(54)
Total transactions with owners		**-**	**-**	**-**	**(14)**	**(40)**	**-**	**(54)**
Balance at 31 December 2024		**13,164**	**1,979**	**67,015**	**(193)**	**37,770**	**(9,508)**	**110,227**

The notes on pages 98 to 136 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

		For the year ended 31 December	
In thousands of euros	**Note**	**2024**	**2023**
Cash flows from operating activities:			
Net (loss)/profit for the year		**(2,828)**	**1,319**
Adjustments to reconcile net profit to net cash:			
- Impairment of goodwill	16	**6,280**	**-**
- Amortisation and impairment of intangible fixed assets	15	**7,502**	**7,204**
- Depreciation of right-of-use-assets	24	**740**	**763**
- Depreciation and impairment of property, plant & equipment	14	**687**	**769**
- Loss/(Gain) on disposal of tangible fixed assets		**41**	**(11)**
- Net finance expense	13	**261**	**240**
- Net foreign currency exchange losses		**10**	**266**
- Tax credit	18	**(653)**	**(2,986)**
- Loss on sale of discontinued operation, net of tax	34	**120**	**-**
- Other items		**(20)**	**36**
Total adjustments to net profit		**14,968**	**6,281**
Change in operating assets and liabilities:			
- Financial assets	17	**(73)**	**82**
- Inventories	19	**463**	**(17)**
- Trade and other receivables	20	**(614)**	**854**
- Contract assets		**(1,289)**	**140**
- Other current assets	21	**(90)**	**476**
- Prepayments		**104**	**(102)**
- Retirement benefit obligations		**86**	**120**
- Trade and other payables		**381**	**(551)**
- Accrued liabilities		**(546)**	**(238)**
- Contract liabilities	27	**(853)**	**464**
Total change in operating assets and liabilities		**(2,431)**	**1,228**
Cash generated from operating activities		**9,709**	**8,828**
Interest received	13	**152**	**59**
Interest paid	13	**(493)**	**(414)**
Taxes paid		**(553)**	**(1,385)**
Net cash flow from operating activities		**8,815**	**7,088**
Cash flows from investing activities:			
Capital expenditures on property, plant & equipment	14	**(529)**	**(635)**
Capital expenditures on other intangible assets	15	**-**	**(5)**
Capitalisation of development expenses	15	**(3,451)**	**(3,824)**
Proceeds on disposal of property, plant & equipment		**38**	**-**
Proceeds on disposal of discontinued operations	34	**20**	**-**
Net cash flow used in investing activities		**(3,922)**	**(4,464)**
Cash flows from financing activities:			
Repayment against loans and borrowings	26	**(1,300)**	**(293)**
Deferred consideration paid	25	**(310)**	**(310)**
Contingent consideration paid	25	**(236)**	**(367)**
Net payments on lease liabilities		**(787)**	**(880)**
Own shares re-purchased	23	**(54)**	**(72)**
Net cash flow used in financing activities		**(2,687)**	**(1,922)**
Net increase in cash		**2,206**	**702**
Cash and cash equivalents at 1 January		**7,079**	**6,317**
Effect of exchange rate fluctuations on cash at 1 January		**228**	**60**
Cash and cash equivalents at 31 December		**9,513**	**7,079**

The notes on pages 98 to 136 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

Hybrid Software Group PLC (the "Company") and its subsidiaries (together the "Group") is a leading developer of software solutions for pre-press, printing and packaging conversion. It is also a leading supplier of printhead drive electronics for industrial inkjet printing.

The Company is a public limited company, registered in England and Wales, domiciled in the United Kingdom and is quoted on Euronext in Brussels. The Company's registered office address is 2030, Cambourne Business Park, Cambourne, Cambridge, CB23 6DW.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

These consolidated financial statements were authorised for issue by the Company's Board of Directors on 19 March 2025. As defined in article 4 of the Transparency Directive (2004/109/EC), the official version of the annual financial report is the ESEF version.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis. Non-current assets are stated at the lower of amortised cost and fair value less disposal costs when applicable. The methods used to measure fair value are discussed in Note 4 'Determination of fair values'.

Functional and presentation currency

The amounts included in the financial statements for each of the Group's entities are measured using their respective functional currency, which is then translated to euro using appropriate exchange rates. The functional currency is determined for each of the Group's entities based on the primary economic environment in which each of the Group's entities operates and the primary currency used for transactions in those entities. The functional currency for each of the entities in the Group is shown in the table below.

Company name	Functional currency
Hybrid Software Group PLC	Euro (EUR)
Global Graphics (UK) Limited	Pound sterling (GBP)
Global Graphics Software Limited	Pound sterling (GBP)
Global Graphics Software Incorporated	United States dollar (USD)
Global Graphics Kabushiki Kaisha	Japanese yen (JPY)
Meteor Inkjet Limited	Pound sterling (GBP)
Xitron, LLC	United States dollar (USD)
HYBRID Software Group S.à r.l.	Euro (EUR)
HYBRID Software Development NV	Euro (EUR)
HYBRID Integration LLC	United States dollar (USD)
HYBRID Software UK Limited	Pound sterling (GBP)
HYBRID Software NV	Euro (EUR)
HYBRID Software France SAS	Euro (EUR)
HYRBID Software Iberia S.L.U.	Euro (EUR)
HYBRID Software Italy SRL	Euro (EUR)
HYBRID Software GmbH	Euro (EUR)
HYBRID Software China Co. Limited	Chinese yuan (CNY)
HYBRID Software Australia Pty Limited	Australian dollar (AUD)

These consolidated financial statements are presented in euros and all information which is presented in the following notes has been rounded to the nearest thousand, unless otherwise specified.

Use of accounting estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in Note 5 'Critical accounting estimates and judgements'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The Directors' report further describes the financial position of the Group; its cash flows and liquidity position; the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk.

As a result of the multiple factors playing out at the same time, restrictive monetary policy by central banks in the Western world, a near deflationary economic situation in China, wars in Ukraine & Israel there is more uncertainty across the global economy. The Group has considerable financial resources, together with long-standing relationships with customers through its licence and support sales model. The Group's forecasts and projections, taking account of potential and realistic changes in trading performance, and also including worst case, severe, yet plausible downside scenarios, continue to indicate that the Group is able to operate within the level of existing cash resources.

The Directors have considered the impact of a significant reduction in sales against forecasts, which may arise if the economic conditions further worsen in the company's main markets, being the United States, Europe & Asia. This impact has been considered against a backdrop of rising employment and operating costs due to inflation and increases in cost of living. The Directors have prepared Group cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Group will have sufficient funds to meet its liabilities as they fall due for that period.

The Group is diversified in terms of products, customers and geographies served. Any reductions in revenue in one segment have generally been offset by increased revenue in another segment. Across the Group, there have been no contract cancellations and to the Directors' knowledge none of the Group's significant customers have failed.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and therefore have prepared these financial statements on a going concern basis.

Alternative performance measures

The Strategic Report includes IFRS revenue and profit, constant exchange rate ("CER") revenue, adjusted profit and EBITDA. See page 47 for further details.

CER revenue eliminates the impact of currency movements when comparing the current year to the comparative year. The current year is restated at the comparative year's actual exchange rates.

Adjusted profit, in management's view, reflects the underlying operating performance of the business and provides a more meaningful comparison of how the business is managed and measured from year to year by adjusting for non-recurring or uncontrollable factors which affect the IFRS reported amounts.

EBITDA is also reported as an alternative measure of profit and is calculated by adding back interest, tax, depreciation and amortisation to net profit. EBITDA is a common measure used by investors and analysts to comparatively evaluate the financial performance of companies.

The Board believes that evaluating the Group's ongoing results may not be as useful if it is limited to reviewing only IFRS financial measures, particularly because management uses adjusted financial information to evaluate its ongoing operations, for internal planning and forecasting purposes and for the measurement of performance related bonuses.

The Board does not suggest that investors should consider these adjusted financial results in isolation from, or as a substitute for, financial information prepared in accordance with IFRS. The Board presents EBITDA and adjusted financial results when reporting its financial results to provide investors with additional tools to evaluate the Group's results in a manner that focuses on what the Board believes to be its underlying business operations. The Board believes that the inclusion of adjusted financial results provides consistency and comparability with past reports.

Parent Company financial statements

The parent Company financial statements present information about the Company as a separate entity and not about its group. The Company has elected to prepare its parent company financial statements in accordance with FRS 101. These are presented on pages 138 to 144.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

In addition, the Group adopted *Presentation of Financial Statements (Amendments to IAS 1)* from 1 January 2024. The amendments require the classification of liabilities as current or non-current and non-current liabilities with covenants. The amendments did not result in any changes to the accounting policies or financial statement disclosures. There are no other new or amended interpretations or standards effective for the financial year commencing 1 January 2024 that have had a material impact on the Group.

Basis of consolidation

Subsidiaries
Subsidiaries are all entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation
Inter-company balances and transactions, and any unrealised income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Business combinations
Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

For business combinations with acquisition dates on or after 1 January 2024, the Group has determined whether a particular set of activities and assets is a business by assessing whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. This election can be applied on a transaction by transaction basis. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identified asset or group of similar identifiable assets.

Foreign currency translation

Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are generally recognised in profit or loss.

Translation of financial statements of foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated on a monthly basis to euro at average exchange rates for each month. Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

Financial instruments

Non-derivative financial instruments
Non-derivative financial instruments comprise trade and other receivables, other current assets, cash, trade payables, and other liabilities. Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. After initial recognition, non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments
The Group only uses derivative financial instruments (notably foreign currency forward and option contracts) to manage exposure to foreign exchange risk. In accordance with guidelines established by the board, the Group does not permit the use of derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recognised at fair value at the date the derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the income statement immediately. At 31 December 2024 the Group had no derivative financial instrument contracts in place (2023: none).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment in value. Ongoing repairs and maintenance are expensed as incurred. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected economic useful life. Depreciation is recognised within operating expenses within the consolidated income statement.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

• leasehold improvements	3 to 10 years, or the remaining lease term
• computer equipment and office equipment	3 to 5 years
• motor vehicles	5 years

Right-of-use assets

Right-of-use assets are stated at cost, net of depreciation, any provision for impairment in value and any remeasurement of the associated lease liability. Depreciation is provided on all right-of-use assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over the earlier of its expected useful life or the term of the lease. Depreciation is recognised within operating expenses within the consolidated income statement.

Group as lessor
The Group only acts as a lessor in the context of sub-lease arrangements. When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease as being either a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. To classify each sub-lease, an overall assessment is made as to whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the right-of-use asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of selling, general and administrative expenses within the consolidated income statement.

Goodwill and intangible assets

Goodwill
The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange of control. For acquisitions before IFRS 3 (revised) became effective, costs directly attributable to the acquisition are also included. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, thus giving rise to negative goodwill (a bargain purchase), the difference is recognised directly in the income statement within other income. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units for the purposes of impairment testing. Goodwill is not amortised but is tested annually for impairment or more frequently if facts and circumstances warrant a review. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity, if any.

Other intangible assets
Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. The amortisation of patents is included in cost of sales, the amortisation charge for software technology and driver electronics is included in research and development expenses and amortisation charges related to any other intangible assets acquired through business combinations are included in selling, general and administrative expenses.

Trademarks, know-how, patents and patent applications
Trademarks, know-how, as well as patent and patent applications are carried at historical cost (which was estimated to be their fair value on the purchase date by the Group) less accumulated amortisation. Amortisation is calculated over their useful estimated lives from respective acquisition dates, as follows:

• trademarks	10 years
• patents and patent applications	3 to 10 years
• know-how	1 year

Customer relationships
Customer relationships are carried at historical cost (which was estimated to be their fair value on the acquisition date by the Group) less accumulated amortisation. Amortisation is calculated over the estimated useful lives of the respective relationships, over periods ranging from five to ten years from respective acquisition dates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Goodwill and intangible assets *(continued)*

Computer software technology
Computer software technology is capitalised on the basis of the costs directly incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives from respective acquisition dates over periods ranging from three to twelve years. Costs associated with maintaining existing computer software technology and programmes are recognised as an expense when incurred.

Driver electronics
Driver electronics technology is capitalised on the basis of the costs incurred to acquire and bring to use the specific technology. These costs are amortised over their estimated useful lives from respective acquisition dates, currently a period of five years. Costs associated with maintaining the existing driver electronics are recognised as an expense when incurred.

Capitalised development costs
Direct costs incurred on development projects relating to the design and testing of new or improved products and technology are recognised as intangible assets when all of the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset, and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development may be reliably measured.

Capitalised development costs recognised as intangible assets are amortised from the point the asset is ready for use on a straight-line basis over its estimated useful life, over periods ranging from three (Printing Software segment) to twelve (Enterprise Software segment) years. Printing Software technology has existed for a longer period of time than Enterprise Software technology, therefore any development costs are deemed to have a shorter useful life. The amortisation charge is included in research and development expenses in the income statement.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred.

Impairment of non-current assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered any impairment. If any such indication exists, the recoverable amount of the asset (being the higher of fair value less costs to sell and value in use) is estimated in order to determine the extent of any impairment. Any impairment loss is recognised as an expense in the income statement in the period in which it was identified. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised through the income statement.

Impairment of financial assets

Financial assets and contract assets are assessed at each reporting date to determine whether there is any objective evidence that an asset is impaired. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. A financial asset is impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between the carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets ("cash-generating unit"). An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of the other assets in the unit on a pro rata basis. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss had decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the standard costing principle, and includes expenditures incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs expected to be incurred to complete the sale.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently held at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are first assessed individually for impairment, or collectively where the receivables are not individually significant. Where there is no objective evidence of impairment for an individual receivable, it is included in a group of receivables with similar credit risk characteristics and these are collectively assessed for impairment. Movements in the provision for doubtful debts are recorded in the statement of comprehensive income within selling, general and administrative expenses.

Cash

Cash comprises cash in hand and deposits held at call with banks at each reporting date.

Share capital

Ordinary shares
Ordinary shares, which are the only class of shares issued by the Company, are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares (whether they are resulting from the exercise of share options or the acquisition of a business) are recognised as a deduction from equity, net of any tax effects.

Own shares re-purchased
When share capital recognised in equity is re-purchased, the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity. Any resulting surplus over the purchase price is transferred to share premium and any deficit is transferred to retained earnings.

Current liabilities

Trade payables and accrued liabilities are recognised initially at fair value and are subsequently measured at amortised cost, using the effective interest method. Trade payables and accrued liabilities with a short duration are not discounted, as the carrying amount is a reasonable approximation of fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Pension obligations
Contributions to the Group's defined contribution pension schemes and employees' personal pension plans are charged to the income statement as employee benefit expenses when they are due. The Group has no further payment obligation once the contributions have been paid.

Termination benefits
Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal, detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be measured reliably.

Other short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount to be paid under short-term cash bonus or commission plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be measured reliably.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

Revenue recognition

Software
The Group typically licenses its software to equipment manufacturers through multi-year license and distribution agreements, or direct to end users by a mix of perpetual and subscription-based licences.

Multi-year license and distribution agreements generally provide for the periodic payment of licence royalties, the unit value of which has been contractually agreed at the outset of the agreement, and which is typically based upon either the volume sold by the customer or the sale value of those products into which the Group's software has been integrated. These agreements also include specific provisions with respect to the delivery of maintenance and after-sale support services over the duration of the agreement. Such services are rendered against the payment of a fixed fee, which has been contractually agreed at the outset of the agreement and is typically charged on the anniversary date of the agreement. These agreements may also provide for the delivery of engineering services to ensure a seamless integration of the Group's software into the customer's products.

End user licences are typically accompanied by annual support and maintenance agreements, which are usually renewed annually by customers. The annual support and maintenance agreements provide technical support and bug fixes.

Fees from arrangements involving licences, after-sale customer support, and other related services such as training, are allocated to the performance obligations identified in the contract. The stand-alone selling price of each of the elements of the arrangement is typically established by the contract or the price charged when the same element is sold separately. Where there is no stand-alone selling price, a percentage estimation of the total licence value is performed to identify the stand-alone price.

The Group's performance obligations under software contracts with customers are to deliver a distribution licence, deliver a master copy of the software, at times provide licence keys to enable the use of software and to provide ongoing support and maintenance services. The Group also provides engineering and consulting services under some contracts to enhance functionality or assist with integration.

Revenues from software licences or non-refundable minimum royalty agreements are recognised upon satisfaction of all the following criteria:

- signing of the license agreement
- no additional significant production, modification or customisation of the software is required
- performance obligations are complete
- the fee is fixed or determinable

Fees from perpetual licences relating to software are recognised in the period in which the delivery to the end-customer takes place and based on customer-usage reports, at which point there is no further performance obligation of the Group. Revenue from time-limited licences to use the software is recognised rateably over the period of the licence only if there is an ongoing performance obligation for that licence on the Group during the licence period. If there are no ongoing performance obligations, the licence revenue is recognised when the Group's performance obligation to deliver the software has been fulfilled. All licence fees are non-refundable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition *(continued)*

Software (continued)
Software support and maintenance revenue is recognised over the duration of the support and maintenance period. Engineering and consultancy services revenue is recognised upon satisfaction of the relevant performance obligation where the customer substantially obtains the benefit of the engineering or consultancy work and usually makes a payment for those services rendered. Amounts received in advance of the related services being performed are included in deferred revenue and recognised in revenue based on hours delivered only when the services are provided.

Fees are non-refundable and are generally on payment terms of 30 days from date of invoice. For long-term engineering services, payments will be due on the achievement of the performance obligation. License agreements may have extended payment terms and support and maintenance is payable in advance of the period of coverage.

Physical goods
The Group's performance obligations with respect to physical goods (principally the Printhead solutions segment) is to deliver a finished product to a customer. Control of the goods transfers to the customer at the point of despatch and revenue is recognised at that point in time.

Payment for physical goods is generally received in advance of despatch and is non-refundable. If any item is found to be faulty it will either be returned by the customer for repair or replaced with a new item.

Contract assets and contract liabilities
Contract assets and liabilities will arise from scheduled payments specified in the contracts when measured against the recognition of revenue under the respective performance obligations.

Cost of sales

Cost of sales includes the costs of goods sold and services rendered. This includes finished goods, product packaging, royalties paid to third parties, excess and obsolete inventory, amortisation of patents acquired through acquisition, amortisation of purchased software, and employee costs associated with the direct manufacturing and shipping of the Group's products or rendering of services provided.

Tax

Tax expense comprises current and deferred tax. Current tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous tax years.

Deferred tax is recognised using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, or differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to apply to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, they relate to income taxes levied by the same tax authority on the same taxable entity, and they have similar maturities.

Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period. Diluted EPS is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all potential dilutive ordinary shares.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. All such grants relate to expense items. The grant is recognised as other income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. The grant income is disclosed in Other Income in the Consolidated Statement of Comprehensive Income.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker has been identified as the Group's Chief Executive Officer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Effect of interpretations and amendments to existing and new standards

For the purposes of the preparation of these consolidated financial statements, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 January 2024.

New standards which were not adopted by the Group in 2024

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements for the year ended 31 December 2024 and they are not expected to have a significant impact on the Group's consolidated financial statements:

- IAS 1 *Presentation of Financial Statements* – classification of liabilities
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 *Leases*
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures – Supplier Finance Arrangements*

4. DETERMINATION OF FAIR VALUES

Several of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Other intangible assets
The fair value of other intangible assets which were acquired in business combinations is based on either the discounted cash flows expected to be derived from the use of these intangible assets, or the average of the discounted cash flows and the total replacement cost of these intangible assets.

Non-derivative financial instruments
The carrying values less impairment provision of trade and other receivables, current tax assets, other current assets, cash, trade payables, current tax liabilities, accrued liabilities, are assumed to approximate their fair values at each of the balance sheet dates presented herein.

Share-based payments
The fair value of share options which are granted are valued by using a Black-Scholes valuation model. Measurement inputs include the share price on the measurement date, the exercise price of the share option, the expected volatility, the weighted average expected life of the option, the expected absence of dividends, and a risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value of the options.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial information in conformity with IFRS requires the Directors to make critical accounting estimates and judgements that affect the application of policies and reported amounts of assets and liabilities, income and expenses. An assessment of the impact of these estimates and judgements on the financial statements is set out below.

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information is available.

Estimates

Identification and valuation of separately identifiable intangibles related to acquisitions (see note 15)
Where a business combination is considered significant, the Group commissions and relies upon independent valuation reports to identify and value the intangible assets related to that acquisition. For less significant business combinations, internal estimates to calculate a discount rate are determined by the Directors to apply a consistent approach with previous acquisitions.

Assessing whether goodwill and acquisition-related intangibles have been impaired (see note 15 and 16)
The Group tests annually whether the goodwill has been impaired and assesses acquisition-related intangible assets for indicators of impairment by reference to expected future generation of cash from the relevant intangible assets. In estimating the cash flow, the Directors make estimates, based on forecasts, about the amount of future profits from the relevant products that will be generated and the timing of when these will be realised. See Note 16 'Goodwill' for further details.

Deferred tax recognition (see note 18)
Deferred tax assets are reviewed at each reporting date and are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The Directors make estimates about future sales and expenses, and the timing of their realisation, to derive an estimate of the future profits. The Directors have recognised an amount that they expect to recover in the foreseeable future of €2.90 million (2023: €2.84 million) and if there was a reduction in this period by 2 years the impact would be to reduce the asset by €1.2 million (2023: €0.86 million). See Note 18 'Tax' for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimates *(continued)*

Provisions for obsolete inventory (see note 19)
Inventory items are reviewed at each reporting date for possible obsolescence. Estimates are made in respect of the future demand and net realisable value of items that are deemed to be slow moving. The estimates of demand are based on a variety of factors, including the number of customers for that have purchased that item and historical transactions. As at 31 December the total gross inventory balance is €3,818,000 (2023: €4,237,000) and the provision against slow moving and obsolete inventory is €370,000 (2023: €325,000).

Judgements

Assessing whether development costs meet the criteria for capitalisation (see note 15)
The point at which development costs meet the criteria for capitalisation is critically dependent on management's judgement of the point at which technical feasibility is demonstrable, that the asset will probably generate future economic benefit, the intention to complete the asset and that the expenditure can be reliably measured.

Furthermore, the useful economic lives of capitalised development costs are based on management's knowledge of the life cycle of the Group's products and technology.

The carrying value of development assets also depends on management's ability to demonstrate the future economic benefits they will deliver. This judgement requires assumptions about factors outside the business's control such as medium-term economic conditions, technological developments, and market changes.

The Directors have made a judgement that €3,451,000 (2023: €3,824,000) has been capitalised as eligible, qualifying expenditure for the purposes of IAS 38. There is judgement in determining whether development activity constitutes a substantial enhancement to the underlying assets, and in quantifying the time spent on these substantial enhancements. The Group utilise a timesheet tracking system to monitor the nature of development being undertaken and the time spent on this activity.

Allocation of value to performance obligations in contracts with customers (see note 7)
The Group enters into contracts with customers, some of which include multiple performance obligations. The allocation of the transaction price to the performance obligations is subject to management's judgement of the performance obligations that are both explicit and implied in the contract and the subsequent stand-alone selling price of each of those performance obligations.

6. OPERATING SEGMENTS

Identification of reportable segments

Management has determined the operating segments based on the reports reviewed by the Group's Chief Executive Officer ("CEO") that are used for deciding how to allocate resources and also in assessing both operating and financial performance of each segment. The Group's CEO is considered as the Group's chief operating decision maker ("CODM").

The Group's segments are:

- Enterprise Software, for enterprise workflow software used primarily for the production of labels & packaging;
- Printhead Solutions, for electronics and software developed for industrial inkjet printing;
- Printing Software, for digital printing and colour management software; and
- Group, for group related expenses that are not allocated to another segment.

Measurement of the operating segments' profit is assessed against revenue forecasts and expense budgets, excluding non-operating IFRS items such as the amortisation of intangible assets acquired through acquisition.

The following tables provide information on revenue, operating profit, interest, depreciation and amortisation and tax as reported to the CODM for each of the Group's operating segments for the years ended 31 December 2023 and 31 December 2024. The Group has disclosed these amounts for each reportable segment because they are regularly provided to the CODM or are required to be disclosed by IFRS 8. Assets and liabilities by segment are not regularly reported to the CODM, hence are not disclosed within this note.

Inter-segment revenues are included in cost of sales for the reciprocal segment and are eliminated on consolidation. Unallocated amounts relate to expenses incurred by the Group's parent company (HYBRID Software Group PLC) and exchange gains and losses that are not attributable to a particular operating segment.

Segment EBITDA is calculated by adding back interest, depreciation, amortisation and tax to segment operating profit/(loss) after tax.

The operating segments are unchanged from the previous year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. OPERATING SEGMENTS (CONTINUED)

Year ended 31 December 2024:

In thousands of euros	Printing Software	Printhead Solutions	Enterprise Software	Group	Total
Revenue from external customers	16,666	11,593	23,242	-	51,501
Inter-segment revenue	418	-	381	-	799
Segment revenue	**17,084**	**11,593**	**23,623**	**-**	**52,300**
Segment operating profit/(loss) after tax	**4,336**	**1,176**	**3,441**	**(1,446)**	**7,507**
Included in the operating profit/(loss) after tax are:					
Interest income	114	53	37	28	232
Interest expense	(302)	(25)	(101)	(65)	(493)
Depreciation and amortisation	(2,572)	(798)	(990)	-	(4,360)
Tax credit/(charge)	282	-	(143)	-	139
Segment EBITDA	**6,814**	**1,946**	**4,638**	**(1,409)**	**11,989**

Year ended 31 December 2023:

In thousands of euros	Printing Software	Printhead Solutions	Enterprise Software	Group	Total
Revenue from external customers	14,937	11,293	21,813	-	48,043
Inter-segment revenue	322	-	1,012	-	1,334
Segment revenue	**15,259**	**11,293**	**22,825**	**-**	**49,377**
Segment operating profit/(loss) after tax	**158**	**753**	**5,416**	**(1,126)**	**5,201**
Included in the operating profit/(loss) after tax are:					
Interest income	140	23	11	-	174
Interest expense	(59)	(20)	(294)	(41)	(414)
Depreciation and amortisation	(2,398)	(703)	(873)	-	(3,974)
Tax (charge)/credit	(257)	43	2,323	-	2,109
Segment EBITDA	**2,732**	**1,410**	**4,249**	**(1,085)**	**7,306**

Reconciliation of reportable segments' operating profit after tax to consolidated profit after tax:

In thousands of euros	2024	2023
Segment total operating profit after tax	7,507	5,201
Impairment of goodwill	(6,280)	-
Amortisation of acquired intangible assets	(4,569)	(4,760)
Tax effect of above-mentioned items	514	878
Consolidated (loss)/profit after tax	**(2,828)**	**1,319**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. REVENUE

Printing Software segment

The segment licenses its software directly to end users as a standalone software licence and directly to equipment manufacturers through multi-year license and distribution agreements, some of which provide for the periodic payment of license royalties, the unit value of which has been contractually agreed at the outset of the agreement, and which is typically based upon either the volume sold by the customer or the sale value of those products into which the Group's software has been integrated. These multi-year agreements also include specific provisions with respect to the delivery of maintenance and after-sale support services over the duration of the agreement. Such services are rendered against the payment of a fixed fee, which has been contractually agreed at the outset of the agreement and is typically charged on the anniversary date of the agreement. These agreements may also provide for the delivery of engineering services to ensure a seamless integration of the Group's software into the customer's products.

Printhead Solutions segment

Driver electronics and accompanying software are initially sold as a development kit to a new customer. Once the customer has completed their design process and their product is put into production, they will typically issue a purchase order for a quantity of products and will draw-down from that order as they require the inventory.

Enterprise Software segment

Enterprise workflow software is licensed primarily to end users by way of a perpetual software licence. Accompanying training and implementation services are often sold with the licences and customers increasingly purchase ongoing after-sale support services. Training and implementation services are rendered against the payment of a fixed fee, which has been contractually agreed in advance. On-going support and maintenance agreements are annual agreements that renew automatically unless cancelled by the customer within the terms of the cancellation provisions.

An analysis of external revenue by revenue type, primary geographical market and timing of recognition is shown below. The table also provides a reconciliation of disaggregated revenue with the Group's reportable segments.

In thousands of euros	Printing Software 2024	Printing Software 2023	Printhead Solutions 2024	Printhead Solutions 2023	Enterprise Software 2024	Enterprise Software 2023	Total 2024	Total 2023
Revenue type								
Licence royalties	13,349	11,514	899	872	9,412	8,582	23,660	20,968
Maintenance and after-sale support	1,945	1,903	61	66	9,237	8,817	11,243	10,786
Services	453	488	276	383	4,479	4,266	5,208	5,137
Printer hardware and consumables	893	984	126	146	51	59	1,070	1,189
Driver electronics	-	-	10,204	9,809	-	-	10,204	9,809
Other items	26	48	27	17	63	89	116	154
Total revenue	**16,666**	**14,937**	**11,593**	**11,293**	**23,242**	**21,813**	**51,501**	**48,043**
Primary geographical markets								
United Kingdom	330	499	304	495	1,483	1,400	2,117	2,394
Europe, excluding United Kingdom	2,268	4,939	2,408	2,306	11,765	10,684	16,441	17,929
North & South America	5,671	6,177	2,583	2,318	8,550	8,296	16,804	16,791
Asia	8,397	3,322	6,298	6,174	1,444	1,433	16,139	10,929
Total revenue	**16,666**	**14,937**	**11,593**	**11,293**	**23,242**	**21,813**	**51,501**	**48,043**
Timing of revenue recognition								
Recognised at a point in time	14,720	13,032	11,532	11,227	11,801	11,666	38,053	35,925
Recognised over time	1,946	1,905	61	66	11,441	10,147	13,448	12,118
Total revenue	**16,666**	**14,937**	**11,593**	**11,293**	**23,242**	**21,813**	**51,501**	**48,043**

Revenue recognised over time is for performance obligations that are performed over time and include maintenance and after-sale support, some services and some licence royalties that are not perpetual licences. All other revenue is recognised as a point in time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. REVENUE (CONTINUED)

For continuing operations, the ten largest customers represented 32.3% (2023: 28.5%) of the Group's revenue, the five largest customers represented 22.0% (2023: 21.4%) of the Group's revenue and the single largest customer represented 6.5% (2023: 5.9%) of the Group's revenue. There was no customer (2023: nil) during the year that represented 10% or more of total revenue.

Within the North & South America geographical market, €15.38 million of revenue was generated in the United States of America (2023: €16.01 million).

During 2024 new contracts were agreed with two existing customers which resulted in €4.3 million of revenue being recognised. In 2023 a new contract was agreed with an existing customer which resulted in €2.6 million of revenue being recognised in that year.

The following table shows revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as at 31 December 2024.

In thousands of euros	next 12 months	12-24 months	after 24 months	Total
After-sale support	1,863	197	169	2,229
Products and services	1,702	10	2	1,714
Total	**3,565**	**207**	**171**	**3,943**

The Group applies the practical expedient in paragraph 63 of IFRS 15 and does not adjust the promised amount of consideration for the effects of a significant financing component for contracts where payments are due within one year.

Contract balances
The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

In thousands of euros	2024	2023
Trade receivables (see note 20)	6,045	5,431
Contract assets	10,015	8,593
Contract liabilities (see note 27)	(3,854)	(4,845)

Under some licensing arrangements, the Group recognises revenue at the commencement of the contract and payments become due during the term of the agreement.

The movement in the Group's provision for impairment of trade receivables and accrued revenue was a decrease of €137,000 (2023: an increase of €257,000).

Revenue recognised in the year that was included in the contract liability balance at the beginning of the year was €1.60 million (2023: €0.85 million).

8. OTHER OPERATING EXPENSES

Other operating expenses incurred during the year were:

In thousands of euros	2024	2023
Loss on disposal of tangible fixed assets	70	5
Other operating expenses	-	6
Total other operating expenses	**70**	**11**

9. OTHER INCOME

In thousands of euros	2024	2023
Gain on disposal of tangible fixed assets	28	18
Government grants	23	63
Other income	99	115
Total other income	**150**	**196**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. EXPENSES BY NATURE

In thousands of euros	2024	2023
Employee benefit expense	26,426	26,473
Depreciation of property, plant & equipment (see note 14)	687	769
Depreciation of right-of-use assets (see note 24)	740	763
Impairment of goodwill (see note 16)	6,280	-
Capitalisation of R&D expenses (see note 15)	(3,451)	(3,824)
Amortisation of intangible assets (see note 15)	7,492	7,194
Auditor's remuneration	387	402
Other operating expenses, net of other operating income	8,032	8,756
Total operating expenses, net of other operating income	**46,593**	**40,533**

11. REMUNERATION OF DIRECTORS

The aggregate amount of remuneration (all salary, fees and bonuses, sums paid by way of expense allowance and money value of other non-cash benefits) paid or receivable by the five Directors for the year was €1,285,000 (2023: €1,280,000).

The aggregate value of gains made by Directors during the year on the exercise of share options was €nil (2023: €nil).

The Group only operates defined contribution pension schemes for the Directors. During the year, for two Directors (2023: two), €11,000 (2023: €11,000) of pension contributions were paid.

Further information is available in the Directors' remuneration report on pages 77 to 85.

12. EMPLOYEE INFORMATION

The average number of people, including executive Directors, employed by the Group during the year was:

	2024	2023
By activity		
Research and development	93	99
Sales, maintenance and support	142	139
General and administrative	36	39
Total average number of people employed	**271**	**277**

Employee benefit expenses were made up of:

In thousands of euros	2024	2023
Wages and salaries	23,606	22,970
Social security contributions	2,758	2,856
Medical insurance contributions	423	437
Pension contributions to defined contribution plans	771	773
Other employee related expenses	777	1,048
Total employee benefit expenses	**28,335**	**28,084**

Of the total employee benefit expenses, €1,909,000 (2023: €1,611,000) was recognised in cost of sales and €26,426,000 (2023: €26,473,000) was recognised in operating expenses within Selling, general and administrative expenses and Research and development expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. FINANCE INCOME AND FINANCE EXPENSES

In thousands of euros	2024	2023
Interest income	127	41
Finance income on net investment in leases	25	18
Total interest income	**152**	**59**
Other financial income	80	115
Total finance income	**232**	**174**
Interest expense	(1)	(1)
Interest expense on loan from related undertaking (see note 31)	(207)	(235)
Interest on lease liabilities (see note 24)	(120)	(127)
Remeasurement of deferred consideration on ColorLogic GmbH acquisition	(65)	(41)
Other financial charges	(100)	(10)
Total finance expenses	**(493)**	**(414)**
Net finance expenses	**(261)**	**(240)**

14. PROPERTY, PLANT AND EQUIPMENT

In thousands of euros	Leasehold improvements	Computer equipment	Office equipment	Motor vehicles	Total
Cost					
At 31 December 2022	1,014	2,142	1,510	765	5,431
Additions	9	272	-	354	635
Transfers	-	678	(678)	-	-
Disposals	-	(97)	(36)	(84)	(217)
Effect of movement in exchange rates	17	46	(6)	3	60
At 31 December 2023	**1,040**	**3,041**	**790**	**1,038**	**5,909**
Additions	-	222	1	306	529
Transfers	-	17	(17)	-	-
Disposals	(19)	(795)	(50)	(86)	(950)
Effect of movement in exchange rates	42	146	25	9	222
At 31 December 2024	**1,063**	**2,631**	**749**	**1,267**	**5,710**
Depreciation					
At 31 December 2022	807	1,687	1,147	88	3,729
Charge for the year	83	376	95	215	769
Transfers	-	656	(656)	-	-
Disposals	-	(92)	(32)	(43)	(167)
Effect of movement in exchange rates	15	20	(5)	1	31
At 31 December 2023	**905**	**2,647**	**549**	**261**	**4,362**
Charge for the year	52	331	65	239	687
Transfers	-	7	(7)	-	-
Disposals	(19)	(786)	(50)	(16)	(871)
Effect of movement in exchange rates	41	141	21	5	208
At 31 December 2024	**979**	**2,340**	**578**	**489**	**4,386**
Net book value					
At 31 December 2023	135	394	241	777	1,547
At 31 December 2024	**84**	**291**	**171**	**778**	**1,324**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. OTHER INTANGIBLE ASSETS

In thousands of euros	Software technology	Customer relation-ships	Patents	Trade-marks	Know-how	Driver electronics	Total
Cost							
At 31 December 2022	85,951	20,782	2,735	586	1,404	4,133	115,591
Additions – purchased	5	-	-	-	-	-	5
Additions – internally developed	3,301	-	-	-	-	523	3,824
Effect of movement in exchange rates	1,761	256	54	12	(3)	90	2,170
At 31 December 2023	**91,018**	**21,038**	**2,789**	**598**	**1,401**	**4,746**	**121,590**
Additions – internally developed	2,820	-	-	-	-	631	3,451
Effect of movement in exchange rates	2,361	663	128	28	42	233	3,455
At 31 December 2024	**96,199**	**21,701**	**2,917**	**626**	**1,443**	**5,610**	**128,496**
At 31 December 2022	48,205	15,536	2,608	586	1,309	3,388	71,632
Charge for the year	5,875	871	10	-	95	353	7,204
Effect of movement in exchange rates	1,751	259	59	12	(3)	69	2,147
At 31 December 2023	**55,831**	**16,666**	**2,677**	**598**	**1,401**	**3,810**	**80,983**
Charge for the year	6,091	889	11	-	-	511	7,502
Effect of movement in exchange rates	2,218	661	124	28	42	186	3,259
At 31 December 2024	**64,140**	**18,216**	**2,812**	**626**	**1,443**	**4,507**	**91,744**
Net book value							
At 31 December 2023	35,187	4,372	112	-	-	936	40,607
At 31 December 2024	**32,059**	**3,485**	**105**	**-**	**-**	**1,103**	**36,752**

The amortisation of patents is included in cost of sales, the amortisation charge for software technology and driver electronics is included in research and development expenses, and amortisation charges related to any other intangible assets acquired through business combinations are included in selling, general and administrative expenses.

The amortisation charge is recognised in the following line items in the consolidated statement of comprehensive income:

In thousands of euros	2024	2023
Cost of sales	10	10
Selling, general and administrative expenses	889	966
Research and development expenses	6,603	6,228
Total amortisation charge	**7,502**	**7,204**

Intangible assets that are subject to amortisation are reviewed annually for indicators of impairment or whenever events or changes in accounting estimates indicate that the carrying amount may not be recoverable. If an indicator of impairment is identified, a full impairment review is performed with the calculations being based on the discounted cash flows over the remaining period of amortisation of the capitalised development expense and use the same discount rate and exchange rates that were used for the impairment review of Goodwill (see Note 16 'Goodwill'). These intangible assets are also allocated to a CGU containing goodwill and are tested annually for impairment as part of the goodwill impairment review (see Note 16 'Goodwill').

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. OTHER INTANGIBLE ASSETS (CONTINUED)

There was no significant change during the year to the indicators that were used at 31 December 2023 to identify the requirement to impair any of these intangible assets. It was concluded that no impairment was required hence the Directors' have assessed that full recoverability is expected for all other intangible assets for the year ended 31 December 2024 (2023: €nil).

For individual intangible assets material to the financial statements, the following table shows the remaining amortisation periods and the carrying amounts:

In thousands of euros	Remaining amortisation period	2024	2023
Cloudflow	8 to 11.5 years	15,243	16,342
ColorLogic	0.3 to 6.8 years	2,148	2,439
EDL	0.3 to 2.7 years	196	252
Harlequin RIP	0.2 to 2.7 years	1,654	1,927
iC3D	7.25 to 9.5 years	1,258	1,300
Other software	1 to 5 years	86	120
Packz	8 to 11.5 years	10,877	11,826
Xitron	0.2 to 2.8 years	597	981
Total software technology		**32,059**	**35,187**
Customer relationships	2 to 6.8 years	**3,485**	**4,372**
Patents	10 years	**105**	**112**
Driver electronics	0.2 to 4.8 years	**1,103**	**936**

16. GOODWILL

Cash generating units ['CGU']

The cash generating units can be described as follows:

Global Graphics Software CGU ['GGS'], part of Printing Software segment
Provides award-winning digital front end, core SDKs and technologies to Print OEMs and Independent Software Vendors.

Meteor Inkjet CGU ['MET']], part of Printhead Solutions segment
Leading independent supplier of industrial inkjet electronics, software, tools and services to industrial inkjet OEM's.

Xitron CGU ['XIT']], part of Printing Software segment
Xitron provides Harlequin based RIP's to drive almost every output device in the market.

Hybrid Software Labels & Packaging ['L&P']], part of Enterprise Software segment
Provides leading native PDF prepress editing software and workflow software to labels & packaging OEM's, premedia service agencies and labels and packaging converters.

Hybrid Software Brandz CGU ['Brandz']], part of Enterprise Software segment
Provides artwork management software and 3D rendering software solutions to brand owners. This CGU has been formed in 2024 as a consequence of setting up dedicated business unit within Hybrid Software oriented at brand owners.

ColorLogic CGU ['Color']], part of Printing Software segment
Provides color measurement, color profiling and color management solutions to Print OEMs and Independent Software Vendors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. GOODWILL (CONTINUED)

Carrying amounts of goodwill

The carrying amount of goodwill per CGU is summarised below:

In thousands of euros	GGS	MET	XIT	L&P	Brandz	Color	Total
Cost							
At 31 December 2022	12,472	2,195	1,857	51,110	-	1,202	68,835
Effect of movement in exchange rates	117	43	(64)	-	-	-	97
At 31 December 2023	**12,589**	**2,238**	**1,793**	**51,110**	**-**	**1,202**	**68,932**
Transfers	-	-	-	(1,578)	1,578	-	-
Effect of movement in exchange rates	702	103	109	-	-	-	914
At 31 December 2024	**13,291**	**2,341**	**1,902**	**49,532**	**1,578**	**1,202**	**69,846**
Amortisation or impairment							
At 31 December 2022	**5,750**	**-**	**-**	**-**	**-**	**-**	**5,750**
Effect of movement in exchange rates	55	-	-	-	-	-	55
At 31 December 2023	**5,805**	**-**	**-**	**-**	**-**	**-**	**5,805**
Impairment	-	-	-	4,750	910	620	6,280
Effect of movement in exchange rates	329	-	-	-	-	-	329
At 31 December 2024	**6,134**	**-**	**-**	**4,750**	**910**	**620**	**12,414**
Net book value							
At 31 December 2023	**6,784**	**2,238**	**1,793**	**49,532**	**1,578**	**1,202**	**63,127**
At 31 December 2024	7,157	2,341	1,902	44,782	668	582	57,432

The Brandz goodwill position mainly relates to the in 2022 acquired IC3D intellectual property rights and related commercial activities. With the formation of a dedicated business unit within Hybrid Software catering to brand owners in 2024, management assessed it being appropriate to disaggregate the former Hybrid Software CGU into a Labels & Packaging CGU and Brandz CGU.

Weighted cost of capital

The applied weighted cost of capital ("WACC") 2024 and 2023 are:

In thousands of euros	GGS	MET	XIT	L&P	Brandz	Color
WACC 2023 pre tax	19.64%	19.60%	19.30%	11.44%	11.44%	20.30%
WACC 2024 pre tax	17.82%	17.93%	17.18%	10.30%	10.30%	17.74%

In general, it is noted that the WACC has been on an downward trend, given that interest rates have decreased over the past year and this has a direct impact on risk premiums.

The L&P and Brandz CGU's enjoy a significantly lower discount rate than the other group CGU's due to the following elements: (I) an optimized capital structure, and (II) a lower effective tax rate due to a preferential tax regime obtained in 2023 by the intellectual property owner of the CGU: Hybrid Software Development NV.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. GOODWILL (CONTINUED)

Impairment testing

The Group is required to test annually whether goodwill and other intangible assets with indefinite useful lives have suffered any impairment during the year in accordance with the policy set out in Note 3 'Material accounting policies'.

The recoverable amounts of the CGUs are assessed using a value-in-use model. The value-in-use is calculated using a discounted cash flow approach, discounted with a pretax discount rate applied to the projected pre-tax cash flows and terminal value.

The current exercise is executed in the period December 2024 – January 2025. The plan was built, starting from the approved budget 2025, and extended with a business plan for another 4 years per CGU specific growth expectations.

The recoverable amount of the CGUs has been determined using an estimate of their value in use as at 31 December 2024. These calculations employed cash flow projections based on financial forecasts approved by management and the company directors covering a five-year period ending 31 December 2029 and then into perpetuity using a terminal growth rate. The financial forecasts are most sensitive to changes in the customer base and associated revenues and to changes in staff costs. Revenues were forecasted based on historical trends and anticipated growth. Staffing levels were reviewed against revenue projections and an average increase in staff costs was applied to account for future potential pay increases that could be awarded to employees.

Projected cash flows were converted into euros based on the rates used for preparing the Group's budget for the year ending 31 December 2024. The exchange rates were determined with reference to market forecasts and were 1.1764 euros for 1 pound sterling, 0.9091 US dollars for 1 euro, 7.7 Chinese renminbi for 1 euro and 140 Japanese yen for 1 euro.

Management considers that the use of a five-year forecast and then into perpetuity is justified because the core of the products and technology that make up the CGUs have been generating revenue for between 10 and 25 years. The Group's technology has evolved to meet the changing requirements of the industries in which it operates, and it continues to do so. Combining acquisitions with the continual shift to digital printing and manufacturers looking to differentiate their products, new opportunities continue to be created for the Group and its products.

Global Graphics Software CGU

Key assumptions

The following key assumptions have been adopted in the calculations:

- The pre-tax discount rate used was 17.82% (2023: 19.64%);
- Revenue growth rates used in the estimation process are consistent with the approved budget for 2025, compound annual growth rate for the next 4 years is projected at 8.2% (2023: 5%);
- Gross margin was increased to 95% compared to recent actual gross margins (2023: 93%), mainly due to a decrease in intercompany sourcing of software components;
- The staff costs growth rates used in the estimation process are consistent with the approved budget for 2025, compound annual growth rate for the next 4 years is projected at 7.08% (2023: 3%); and
- The terminal growth rate used was 2% (2023: 2%).

Results

The impairment test indicates headroom of €4,060,000.

Sensitivity

The Directors have identified that a reasonably possible change in key assumptions could cause the carrying amount to match the recoverable amount. The following table shows the amount by which these assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

The Directors believe there were no reasonably possible changes in the other key assumptions that could cause impairment.

	Change required for carrying amount to equal recoverable	
	2024	**2023**
Revenue growth rate	(124bps)	(44bps)
Discount rate	642bps	41bps

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. GOODWILL (CONTINUED)

Meteor Inkjet CGU

Key assumptions

The following key assumptions have been adopted in the calculations:

- The pre-tax discount rate used was 17.93% (2023: 19.6%);
- Revenue growth rates used in the estimation process are consistent with the approved budget for 2025, compound annual growth rate for the next 4 years is projected at 8.26% (2023: 7.5%);
- Gross margin was increased to 60% compared to recent actual gross margins of 58% (2023: 58%);
- The staff costs growth rates used in the estimation process are consistent with the approved budget for 2025, compound annual growth rate for the next 4 years is projected at 8.97% (2023: 4.5%); and
- The terminal growth rate used was 2% (2023: 2%).

Results

The impairment test indicates headroom of €8,230,000.

Sensitivity

The Directors believe there were no reasonably possible changes in the other key assumptions that could cause impairment.

Xitron CGU

Key assumptions

The following key assumptions have been adopted in the calculations:

- The pre-tax discount rate used was 17.18% (2023: 19.3%);
- Revenue growth rates used in the estimation process are consistent with the approved budget for 2025, compound annual growth rate for the next 4 years is projected at 3.0% (2023: 5%);
- Gross margin was aligned to recent actual gross margins of 65% (2023: 65%);
- The staff costs growth rates used in the estimation process are consistent with the approved budget for 2025, compound annual growth rate for the next 4 years is projected at 3.34% (2023: 4.5%); and
- The terminal growth rate used was 2% (2023: 2%).

Results

The impairment test indicates headroom of €1,050,000.

Sensitivity

The Directors believe there were no reasonably possible changes in the other key assumptions that could cause impairment.

Hybrid Software Labels & Packaging CGU

Key assumptions

The following key assumptions have been adopted in the calculations:

- The pre-tax discount rate used was 10.30% (2023: 11.44%).
- Revenue growth rates used in the estimation process are consistent with the approved budget for 2025, compound annual growth rate for the next 4 years is projected at 9.26% (2023: 8.71%);
- Gross margin was reduced to 96.6% compared to recent actual gross margins (2023: 96.8%);
- The staff costs growth rates used in the estimation process are consistent with the approved budget for 2025, compound annual growth rate for the next 4 years is projected at 7.32% (2023: 8.71%); and
- The terminal growth rate used was 2.25% (2023: 3%). HYBRID Software enjoys significant competitive advantages in the markets it is active providing for above average pricing power hence the ability to grow its income more than the long term inflation rates of the countries in which it is active.

Results

The impairment test indicates negative headroom of €4,750,000.

An impairment of €4,750,000 was recorded. Despite having demonstrated consistent growth since the CGU has been acquired by the group in 2021, it has fallen short of its growth forecasts as estimated at moment of acquisition. Consequently, to account for lower growth future growth, the perpetual growth rate has been revised downward from 3% in 2023 to 2.25% in 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. GOODWILL (CONTINUED)

Hybrid Software Labels & Packaging CGU (continued)

Sensitivity

The Directors have identified that each additional shortage of headroom of 1% represents a value of €448,000 on the impaired carrying value.

Any further change in the key assumptions would result in a following effect on the residual carrying value:

	Update parameter	Headroom %-change
Revenue growth rate lowered with 1%	8.26%	(21.13%)
Discount rate increased with 1%	11.30%	(20.19%)

Hybrid Software Brandz CGU

Key assumptions

The following key assumptions have been adopted in the calculations:
- The pre-tax discount rate used was 10.30%;
- Revenue growth rates used in the estimation process are consistent with the approved budget for 2025, compound annual growth rate for the next 4 years is projected at 11.10%;
- Gross margin was aligned to recent actual gross margins of 100%;
- The staff costs growth rates used in the estimation process are consistent with the approved budget for 2025, compound annual growth rate for the next 4 years is projected at 10.03%; and
- The terminal growth rate used was 2%.

Results

The impairment test indicates negative headroom of €910,000.

An impairment of €910,000 was recorded, mainly due to the CGU having fallen significantly short of its growth forecasts as estimated at moment of acquisition.

Sensitivity to changes in assumptions

The Directors have identified that each additional shortage of headroom of 1% represents a value of €6,680 on the impaired carrying value.

Any further change in the key assumptions would result in a following effect on the residual carrying value:

	Update parameter	Headroom %-change
Revenue growth rate lowered with 1%	10.10%	(76.41%)
Discount rate increased with 1%	11.30%	(31.55%)

ColorLogic CGU

Key assumptions

The following key assumptions have been adopted in the calculations:

- The pre-tax discount rate used was 17.74% (2023: 20.3%);
- Revenue growth rates used in the estimation process are consistent with the approved budget for 2025, compound annual growth rate for the next 4 years is projected at 10.77% (2023: 5%);
- Gross margin was aligned to recent actual gross margins of 99% (2023: 90%);
- The staff costs growth rates used in the estimation process are consistent with the approved budget for 2025, compound annual growth rate for the next 4 years is projected at 9.81% (2023: 2%); and
- The terminal growth rate used was 2% (2023: 2%).

Results

The impairment test indicates negative headroom of €620,000 .

An impairment of €620,000 was recorded, mainly due to the CGU having fallen significantly short of its growth forecasts as estimated at moment of acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. GOODWILL (CONTINUED)

ColorLogic CGU (continued)

Sensitivity to changes in assumptions

The Directors have identified that each additional shortage of headroom of 1% represents a value of €5,820 on the impaired carrying value.

Any further change in the key assumptions would result in a following effect on the residual carrying value:

	Update parameter	Headroom %-change
Revenue growth rate lowered with 1%	9.77%	(51.42%)
Discount rate increased with 1%	18.74%	(26.71%)

17. FINANCIAL ASSETS

Financial assets measured at amortised cost.

In thousands of euros	2024	2023
Rent and other deposits	30	32
Financial assets not classified as cash or cash equivalent	900	803
Non-current finance lease receivables (see note 24)	90	112
Total financial assets	**1,020**	**947**

18. TAX

Corporation tax

Analysis of the tax credit in the year:

In thousands of euros	2024	2023
Current tax		
Current year charge	(152)	(500)
Withholding tax	-	-
Credit related to previous periods	237	49
Total current tax	**85**	**(451)**
Deferred tax		
Arising from amortization of acquired intangibles	486	3,510
Arising from the capitalisation and amortisation of development expenses	66	(47)
Recognition of previously unrecognised tax losses	16	(26)
Total deferred tax	**568**	**3,437**
Total tax credit	**653**	**2,986**

The tax credit for the year differs from that calculated by applying the standard rate of corporation tax of the Company to profit or loss before taxation. The differences are as follows:

In thousands of euros	2024	2023
Loss before tax on continuing and discontinued operations	(3,481)	(1,667)
Expected tax credit at the Company's tax rate of 25% (2023: 23.5%)	870	392
Effect of differences in tax rates in foreign jurisdictions	49	200
Effect of expenses not deductible and items not taxable	677	1,156
Deferred tax not recognised	(1,397)	(1,713)
Impact of rate change	-	2,445
Effect of R&D enhanced expenditure	455	498
Effect of withholding tax	(16)	(16)
Recognition of previously unrecognised tax asset	15	24
Total tax credit recognised	**653**	**2,986**

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. TAX (CONTINUED)

Deferred tax

The Group had recognised deferred tax as follows:

In thousands of euros	2024	2023
Deferred tax assets		
Capital allowances	1,827	1,756
Unused tax losses	1,072	1,085
Total recognised deferred tax assets before set-off	**2,899**	**2,841**
Deferred tax set-off	(1,592)	(1,208)
Net deferred tax assets	**1,307**	**1,633**
Deferred tax liabilities		
Capitalised development expenses	941	966
As a result of business combinations	2,163	2,643
Total recognised deferred tax liabilities before set-off	**3,104**	**3,609**
Deferred tax set-off	(1,592)	(1,208)
Net deferred tax liabilities	**1,512**	**2,401**

Deferred tax assets are recognised for tax losses available for carrying forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax is measured at the tax rates that are expected to apply to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The deferred tax asset at 31 December 2024 has been calculated based on the rates expected to be in force at the time of utilisation. The deferred tax liability at 31 December 2024 has been recognised as a result of acquisitions in different tax jurisdictions at the rates prevailing in those jurisdictions. The rates range from 21% to 25%.

Deferred tax assets on trading losses of €17.61 million (2023: €25.96 million) and fixed asset temporary differences of €3.94 million (2023: €4.04 million) have not been recognised.

The movement in deferred tax is as follows:

In thousands of euros	2024	2023
Deferred tax assets		
Balance as at 1 January	2,841	2,786
Amounts credited/(charged) to profit & loss	16	(26)
Foreign currency translation differences recognised in other comprehensive income	42	81
Total recognised deferred tax assets before set-off as at 31 December	**2,899**	**2,841**
Deferred tax liabilities		
Balance as at 1 January as previously reported	3,609	9,381
Prior year adjustment	-	(2,368)
Balance as at 1 January as restated	3,609	7,013
Amounts credited to profit & loss	(552)	(3,463)
Foreign currency translation differences recognised in other comprehensive income	47	59
Total recognised deferred tax liabilities before set-off as at 31 December	**3,104**	**3,609**

19. INVENTORIES

In thousands of euros	2024	2023
Finished goods	1,838	1,823
Components	1,610	2,089
Total inventories	**3,448**	**3,912**

20. TRADE AND OTHER RECEIVABLES

In thousands of euros	2024	2023
Trade receivables	6,501	6,024
Allowance for doubtful debts	(456)	(593)
Total trade and other receivables	**6,045**	**5,431**

Trade receivables less than 90 days past due are not considered impaired. The ageing analysis of total trade receivables is as follows:

In thousands of euros	2024	2023
Under 90 days	5,283	4,970
Over 90 days and provided for	456	461
Over 90 days but not provided for	306	-
Total trade receivables	**6,045**	**5,431**

Impairment losses during the year were €nil (2023: €nil).

Movements in the Group's provision for impairment of trade receivables are as follows:

In thousands of euros	2024	2023
At 1 January	593	336
(Credit) / Charge during the year	(137)	257
At 31 December	**456**	**593**

The Directors have considered the nature of the customers, the historic levels of bad debts and the payment profile of customer contracts in reaching the value of the expected credit losses above. See Note 30 'Financial risk management' for further disclosure regarding the credit quality of the Group's trade debtors.

21. OTHER CURRENT ASSETS

In thousands of euros	2024	2023
VAT receivable	283	260
Current finance lease receivables (see note 24)	123	60
Other items	62	55
Total other current assets	**468**	**375**

22. CASH AND CASH EQUIVALENTS

In thousands of euros	2024	2023
Cash at bank and in hand	9,513	7,079
Total cash and cash equivalents	**9,513**	**7,079**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. CAPITAL AND RESERVES

Ordinary shares of €0.40 allotted, called up and fully paid:

	2024		2023	
In thousands of euros, except number of shares	**Number**	**Value**	**Number**	**Value**
As at 31 December	**32,909,737**	**13,164**	**32,909,737**	**13,164**

Share premium:

In thousands of euros	2024	2023
As at 31 December	**1,979**	**1,979**

Merger reserve:

In thousands of euros	2024	2023
As at 31 December	**67,015**	**67,015**

Treasury shares:

The Company's investment in its own shares in treasury is as follows:

	2024		2023	
In thousands of euros, except number of shares	**Number**	**Value**	**Number**	**Value**
As at 1 January	58,584	179	58,996	161
Disbursement of shares to employees	(9,106)	(40)	(19,000)	(54)
Own shares re-purchased	14,344	54	18,588	72
As at 31 December	**63,822**	**193**	**58,584**	**179**

24. LEASES

Group as lessee

The Group leases office facilities and motor vehicles. The office leases typically run for a period of 6 years with an option to renew the lease at the end of the term and motor vehicle leases typically run for 3 years. Lease payments are agreed at the inception of the lease and at any subsequent renewal.

Right-of-use assets

In thousands of euros	Land and buildings	Motor vehicles	Total
Balance at 31 December 2022	2,834	78	2,912
Additions	-	45	45
Depreciation charge for the year	(694)	(69)	(763)
Effect of movement in exchange rates	8	(1)	7
Balance at 31 December 2023	**2,148**	**53**	**2,201**
Additions	-	85	85
Depreciation charge for the year	(701)	(39)	(740)
Effect of movement in exchange rates	45	-	45
Balance at 31 December 2024	**1,492**	**99**	**1,591**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. LEASES (CONTINUED)

Group as lessee (continued)

These right-of-use assets are depreciated on a straight-line basis over the remaining term of the rental agreement. As at the date of these financial statements, the remaining terms range from 1 month to 6 years. Remeasurements are the result of an extension to the term of an existing lease.

Lease liabilities

In thousands of euros	2024	2023
Current	940	824
Non-current	1,051	1,777
Total lease liabilities	**1,991**	**2,601**

It is expected that as a lease matures it will either be extended or replaced by a new lease on similar terms. There are no variable lease payments, all lease payments are for fixed amounts agreed at the outset of the lease.

Amounts recognised in the Consolidated Statement of Comprehensive Income:

In thousands of euros	2024	2023
Interest on lease liabilities	120	127
Expenses relating to short-term leases	50	93
Total recognised in profit or loss	**170**	**220**

A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less. The Group has elected to apply the recognition exemption under paragraph 5 of IFRS 16 and recognise the associated payments in profit or loss. The short-term leases are leases for office space with a duration of 12 months or less.

Cash out flow for leases:

In thousands of euros	2024	2023
Lease liability interest	120	127
Principal payments	883	753
Additions	(216)	(84)
Disposals	-	59
Effect of movement in exchange rates	(56)	65
Total cash outflow for leases	**731**	**920**

Maturity analysis of contractual undiscounted cash flows for lease payments:

In thousands of euros	2024	2023
Within 1 year	1,014	953
Between 1 and 2 years	606	911
Between 2 and 3 years	208	547
Between 3 and 4 years	161	164
Between 4 and 5 years	160	160
After 5 years	-	160
Total undiscounted lease liabilities at 31 December	**2,149**	**2,895**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. LEASES (CONTINUED)

Group as lessor – finance leases

The Group has cancellable leases, as intermediate lessor, of motor vehicles. The terms of these leases vary. The following amounts are recognised in the Consolidated Statement of Comprehensive Income:

In thousands of euros	2024	2023
Income received from subleasing right-of-use assets	120	96
Finance income on net investment in leases	(25)	(18)
Total amount recognised in profit or loss	**95**	**78**

Future minimum lease payments receivable for motor vehicles under cancellable finance leases are set out below:

In thousands of euros	2024	2023
Within 1 year	138	72
Between 1 and 2 years	80	72
Between 2 and 3 years	17	52
Between 3 and 4 years	2	-
Between 4 and 5 years	-	-
After 5 years	-	-
Total undiscounted lease payments receivable	**237**	**196**
Unearned finance income	(25)	(24)
Net investment in the lease	**232**	**172**

In thousands of euros	2024	2023
Current (see note 21)	123	60
Non-current (see note 17)	90	112
Total finance lease receivable	**213**	**172**

25. OTHER LIABILITIES

Financial liabilities measured at fair value.

In thousands of euros	2024	2023
Contingent consideration	-	233
Deferred consideration	417	662
Other liabilities	64	-
Total other liabilities	**481**	**895**

In thousands of euros	2024	2023
Current	369	543
Non-current	112	352
Total other liabilities	**481**	**895**

Contingent consideration

Certain assumptions about revenue growth were used when calculating the acquisition date fair value of contingent consideration for the acquisition of TTP Meteor Limited (now Meteor Inkjet Limited) in the year ending 31 December 2016. During the year, cash payments of €236,000 (2023: €367,000) were paid against the contingent consideration due for the acquisition of Meteor Inkjet Limited. The underlying liability is denominated in pounds sterling, thus there is a movement due to changes in exchange rates used to convert to Euros at the reporting date. In 2024 the last and final payment against the contingent consideration has been made.

Deferred consideration

Deferred consideration primarily relates to the acquisition of ColorLogic GmbH and Hybrid Software Group Iberia SLU. During the year, cash payments of €310,000 (2023: €310,000) were paid against the deferred considerations, of which €300,000 (2023: €300,000) in relation of ColorLogic GmbH and 10,000 (2023: €10,000) in relation of Hybrid Software Group Iberia SLU.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. LOANS AND BORROWINGS

In thousands of euros	2024	2023
Current	2,500	-
Non-current	4,000	7,800
Total loans and borrowings	**6,500**	**7,800**

Unsecured loan from related party

An unsecured loan has been granted by Congra Software S.à.r.l. ("Congra") to HYBRID Software Development NV. ("HYBRID"). During the year, payments totalling €1,507,000 (2023: €528,000) have been made to Congra in respect of the loan. €1,300,000 (2023: €293,000) has been paid as a repayment against the principal and €207,000 (2023: €235,000) has been paid for interest. Interest is calculated and payable at a fixed rate of 3% per annum on the outstanding balance. The balance of the loan outstanding at 31 December 2024 was €6,500,000 (2023: €7,800,000).

On 16 February 2023, an addendum to the loan agreement was executed in which an adjustment to the repayment scheme has been agreed to. Subject to the amended repayment scheme, €93,000 was to be repaid in 2023 and the balance in 8 equal quarterly instalments of €1,000,000 each of which the first in the 1st quarter of 2025 and the last in the 4th quarter of 2026. The loan is due to be fully repaid on 31 December 2026.
It has been contractually agreed that HYBRID is entitled to accelerate repayments by making any additional repayments without any additional cost. In 2024 advance payments for the total amount of €1,300,000 have been made (2023: €200,000).

27. CONTRACT LIABILITIES

In thousands of euros	2024	2023
Customer advances	579	1,477
Deferred revenue	3,275	3,368
Total contract liabilities	**3,854**	**4,845**

In thousands of euros	2024	2023
Current	3,477	4,368
Non-current	377	477
Total contract liabilities	**3,854**	**4,845**

The contract liabilities relate to consideration received in advance of the provision of goods and services. Customer advances relate to consideration received in advance of the provision of physical goods, engineering and consultancy services. Deferred revenue relates to the consideration received for support and maintenance performance obligations that will be recognised as revenue over a period of time. Movements in the balance are driven by individual contracts and are not expected to necessarily be consistent year on year.

28. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding those held in treasury. For diluted earnings per share, the weighted average number of ordinary shares in issue during the year, excluding those held in treasury, is adjusted to assume conversion of all dilutive potential ordinary shares. At the year end, those share options where the exercise price is less than the average market price of the Company's ordinary shares were the only dilutive potential ordinary shares.

In thousands of euros unless otherwise stated	2024	2023
Weighted average number of shares (basic), in thousands of shares	32,851	32,852
(Loss)/Profit for the period	(2,828)	1,319
Basic earnings per share, in euros	**(0.09)**	**0.04**
Diluted earnings per share, in euros	**(0.09)**	**0.04**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. SHARE BASED PAYMENTS

At 31 December 2023, the Group has the following shared based payment arrangements.

Free shares

On 24 April 2009 the Group established an HMRC approved Share Incentive Plan ("SIP") in the UK and also operates an Enterprise Management Incentive Scheme ("EMI") to enable its UK employees and Directors to participate in a tax efficient manner in the ownership of the Company's shares. Under these schemes, free shares can be granted by the board to eligible employees and Directors. For non-UK employees and Directors, free shares can be granted directly to the employee. Free shares granted by the board to employees and Directors, either directly or through the SIP or EMI, have a 3 or 4 year vesting period and free shares granted outside of the SIP or EMI have vesting periods of either 12 or 24 months.

Employees participating in the SIP are also granted free matching shares in proportion to the partnership shares that they purchased through a deduction from their gross pay before tax, subject to current HMRC limits. The matching shares have a vesting period of 3 years.

The number of free shares granted, exercised, lapsed or withdrawn during the year was as follows:

	As at 31 December 2023 Number	Granted Number	Exercised Number	Withdrawn Number	Lapsed Number	As at 31 December 2024 Number
SIP matching shares	15,274	-	(1,991)	-	-	13,283
Free shares granted	20,000	-	(6,045)	(4,955)	-	9,000
	35,274	**-**	**(8,036)**	**(4,955)**	**-**	**22,283**

Measurement of fair value

The fair value of free shares granted as matching shares under the SIP was assumed to be equal to the purchase price of corresponding partnership shares which were acquired by participants in the SIP.

The fair value of free shares granted was assumed to be the closing price reported for the Company's shares on the last trading day immediately preceding the date when the shares were granted. It was also considered that all of the grantees would be in employment at the date of vesting.

During the year the Group recognised €nil (2023: €nil) of share-based payment expense in these financial statements.

30. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market (notably foreign exchange risk), credit risk and liquidity risk. The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Financial risk management is overseen by the Chief Financial Officer (CFO) under policies approved by the board which has overall responsibility for the establishment and oversight of the Group's risk management framework

The board provides principles for overall risk management, covering specific areas such as foreign exchange risk and the use of derivative financial instruments, whereas the CFO identifies, evaluates, and manages financial risks in close co-operation with the Group's operating units. The Group does not permit the use of derivative financial instruments for speculative purposes.

Market risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the British pound. Foreign exchange risk arises from future commercial transactions, recognised assets (notably trade receivables) and liabilities, as well as net investments in foreign operations.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters. To help manage these foreign exchange risks the Group may utilise foreign currency option or forward contracts transacted with high-credit-quality financial institutions, after review and approval by the Group's CFO. There were no such contracts outstanding as at 31 December 2024 (2023: none).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

The Group had the following current assets and liabilities denominated in currencies:

In thousands of euros	Euros	US dollars	Pounds sterling	Japanese yen	Canadian dollars	Chinese yuan	Australian dollars
At 31 December 2024							
Trade and other receivables	2,051	2,740	1,013	170	-	14	57
Contract assets	1,318	1,215	678	1,039	31	109	26
Other current assets	98	-	306	7	-	57	-
Loans & borrowings	(2,500)	-	-	-	-	-	-
Trade and other payables	(2,169)	(397)	(1,231)	(31)	-	(30)	(24)
Accrued liabilities	(483)	(65)	(833)	-	-	(26)	(3)
Other liabilities	(346)	(20)	(3)	-	-	-	-
Net exposure	**(2,031)**	**3,473**	**(70)**	**1,185**	**31**	**124**	**56**
At 31 December 2023							
Trade and other receivables	1,688	2,664	836	160	-	45	16
Contract assets	1,646	1,415	899	56	40	121	8
Other current assets	171	-	161	9	-	34	-
Trade and other payables	(1,904)	(636)	(924)	(31)	-	-	(7)
Accrued liabilities	(925)	(76)	(894)	(19)	-	(24)	(2)
Other liabilities	(276)	(34)	(233)	-	-	-	-
Net exposure	**400**	**3,333**	**(155)**	**175**	**40**	**176**	**15**

The Group had the following non-current assets and liabilities denominated in currencies:

In thousands of euros	Euros	US dollars	Pounds sterling	Japanese yen	Canadian dollars	Chinese yuan	Australian dollars
At 31 December 2024							
Trade and other receivables	-	-	-	-	-	-	-
Contract assets	1,080	607	1,820	1,976	52	64	-
Other non-current assets	9	6	-	-	-	-	2
Retirement benefit obligations	(1,068)	-	-	-	-	-	-
Loans & borrowings	(4,000)	-	-	-	-	-	-
Accrued liabilities	(36)	-	-	-	-	-	-
Other liabilities	(112)	-	-	-	-	-	-
Net exposure	**(4,127)**	**613**	**1,820**	**1,976**	**52**	**64**	**2**
At 31 December 2023							
Trade and other receivables	-	22	-	-	-	-	-
Contract assets	1,930	1,052	1,309	13	104	-	-
Other non-current assets	8	8	-	-	-	-	2
Retirement benefit obligations	(982)	-	-	-	-	-	-
Loans & borrowings	(7,800)	-	-	-	-	-	-
Accrued liabilities	(52)	-	-	-	-	-	-
Other liabilities	(352)	-	-	-	-	-	-
Net exposure	**(7,248)**	**1,082**	**1,309**	**13**	**104**	**-**	**2**

The average and year end exchange rates applied during the year to convert currencies to Euros are as follows:

	Average rate for		Rate at 31 December	
	2024	**2023**	**2024**	**2023**
US dollar	0.9236	0.9261	0.9611	0.9060
Pound sterling	1.1791	1.1497	1.2058	1.1527
Japanese yen	0.0061	0.0066	0.0062	0.0064
Canadian dollar	0.6313	0.5934	0.6698	0.5928
Chinese yuan	0.1293	0.1316	0.1317	0.1279
Australian dollar	0.6100	0.6156	0.5975	0.6165

If sales and results for the year had been converted using the exchange rates prevailing in the prior year, the Group's 2024 sales would have decreased by approximately €0.61 million and the operating result for the year would have decreased by approximately €0.12 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group is mainly exposed to credit risk from sales to customers. It is Group policy to assess the credit risk of new customers before entering contracts and to have a frequent and proactive collections process. Historically, bad debts across the Group have been extremely low and full or part payment in advance by some customers helps to reduce the overall risk. Credit risk also arises from cash deposits held at banks. At the year-end, the Group's cash deposits were held with major banks such as HSBC (UK, United States & Australia), PNC Financial Services Group (United States), KBC Bank (Europe), CREDEM (Italy), Bank of China (China), Sumitomo Mitsui Banking Corporation (Japan).

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date. These are summarised within Note 20 'Trade and other receivables' and Note 22 'Cash and cash equivalents'. The Group's management considers that all the above financial assets that are not impaired at the balance sheet date under review are of good credit quality, including those that are past due.

The exposure to credit risk for trade receivables by type of counterparty was as follows:

In thousands of euros	2024	2023
Equipment manufacturers	1,873	1,891
Resellers and end users	4,172	3,540
Total trade receivables	**6,045**	**5,431**

At 31 December 2024, the ten largest accounts receivable represented 30.3% (2023: 36.6%) of the Group's accounts receivables and the single largest accounts receivable represented 6.8% (2023: 9.9%) of the Group's accounts receivables.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and adjusted for factors that are specific to the debtor and general economic conditions of the industry in which the Group operates.

The Group has recognised a loss allowance of €456,000 (2023: €593,000) against trade receivables. The loss allowance applies to debt over 90 days and relates to a small number of customers where none of the debt is expected to be recovered through normal trading. A provision is made against trade receivables until such time as the Group believes the amount to be irrecoverable, after which the trade receivable balance is written off. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Liquidity risk
Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The board reviews an annual 12-month financial projection and the CFO and CEO review cash balances and cash flow forecasts regularly. At the balance sheet date liquidity risk was considered to be low, given the fact that the Group is expected to be cash generative and cash and cash equivalents are thought to be at acceptable levels. While the board considers there to be no current need for additional borrowing facilities, it continually monitors the Group's cash requirements.

The Group's financial liabilities have contractual maturities as summarised below:

In thousands of euros	Within 1 year	Between 1 and 10 years	Total
At 31 December 2024			
Retirement benefit obligations	-	1,068	1,068
Loans & borrowings	2,500	4,000	6,500
Trade payables	3,882	-	3,882
Other liabilities	369	112	481
Accrued liabilities	1,410	36	1,446
Total	**8,161**	**5,216**	**13,377**
At 31 December 2023			
Retirement benefit obligations	-	982	982
Loans & borrowings	-	7,800	7,800
Trade payables	3,502	-	3,502
Other liabilities	543	352	895
Accrued liabilities	1,940	52	1,992
Total	**5,985**	**9,186**	**15,171**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk
The Group has no variable interest rate debt, therefore the Group currently has no interest rate risk.

Capital risk
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns for shareholders, maintain investor, creditor and market confidence, and sustain future development of the business. There were no changes in the Group's approach to capital risk management during the year ended 31 December 2024.

In thousands of euros	2024	2023
Capital		
Total equity	116,507	111,947
Less cash and cash equivalents	9,513	7,079
	106,994	**104,868**
Overall financing		
Total equity	116,507	111,947
Plus borrowings	6,500	7,800
	123,007	**119,747**
Capital to overall financing ratio	**1:1.15**	**1:1.14**

Accounting classifications and fair values
The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount				Fair value
In thousands of euros	FVTPL	Financial assets at amortised cost	Other financial liabilities	Total	Level 2
At 31 December 2024					
Financial assets not measured at fair value					
Financial assets (see note 17)	-	1,020	-	1,020	1,020
Trade and other receivables (see notes 20)	-	6,045	-	6,045	6,045
Cash and cash equivalents (see note 22)	-	9,513	-	9,513	9,513
	-	**16,578**	**-**	**16,578**	**16,578**
Financial liabilities measured at fair value					
Deferred consideration (see note 25)	417	-	-	417	417
Unsecured loan from related party (see note 26)	6,500	-	-	6,500	6,500
	6,917	**-**	**-**	**6,917**	**6,917**
Financial assets not measured at fair value					
Trade and other payables	-	-	3,882	3,882	3,882
	-	**-**	**3,882**	**3,882**	**3,882**
At 31 December 2023					
Financial assets not measured at fair value					
Financial assets (see note 17)	-	947	-	947	947
Trade and other receivables (see notes 20)	-	5,431	-	5,431	5,431
Cash and cash equivalents (see note 22)	-	7,079	-	7,079	7,079
	-	**13,457**	**-**	**13,457**	**13,457**
Financial liabilities measured at fair value					
Contingent consideration (see note 25)	233	-	-	233	233
Deferred consideration (see note 25)	662	-	-	662	662
Unsecured loan from related party (see note 26)	7,800	-	-	7,800	7,800
	8,695	**-**	**-**	**8,695**	**8,695**
Financial assets not measured at fair value					
Trade and other payables	-	-	3,502	3,502	3,502
	-	**-**	**3,502**	**3,502**	**3,502**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. RELATED PARTIES

The controlling party is Congra Software S.à r.l. ("Congra"), which owns the majority of the voting rights of the Company. Congra is controlled by Powergraph BV "(Powergraph") and Powergraph BV is controlled by the Group's chairman, Guido Van der Schueren. Congra and Powergraph do not produce consolidated financial statements that are publicly available.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

Remuneration of key management personnel
The remuneration paid to the Directors, who are key management personnel of the Group, is detailed in the Directors' remuneration report on pages 77 to 85.

A service agreement between Hybrid Software Group PLC and Powergraph BV provides an arrangement for the remuneration of Guido Van der Schueren.

Michael Rottenborn has an employment contract with Global Graphics Software Inc. that entitles him to salary, bonus and other benefits in addition to board fees. A service agreement between Hybrid Software Group PLC and Bellevarde Financial BV provides an arrangement for the remuneration of Joachim Van Hemelen.

Remuneration of key management personnel, which includes the Directors, was as follows:

In thousands of euros	2024	2023
Short-term employee benefits	3,578	3,089
Post-employment benefits	107	136
Termination payments	-	115
Shares sold to Hybrid Software Group PLC	11	22
Total key management personnel expenses	**3,696**	**3,362**

Unsecured loan from related party
An unsecured loan has been granted by Congra Software S.à.r.l. ("Congra") to HYBRID Software Development NV. ("HYBRID"). During the year, payments totalling €1,507,000 (2023: €528,000) have been made to Congra in respect of the loan. €1,300,000 (2023: €293,000) has been paid as a repayment against the principal and €207,000 (2023: €235,000) has been paid for interest. Interest is calculated and payable at a fixed rate of 3% per annum on the outstanding balance. The balance of the loan outstanding at 31 December 2024 was €6,500,000 (2023: €7,800,000).

On 16 February 2023, an addendum to the loan agreement was executed in which an adjustment to the repayment scheme has been agreed to. Subject to the amended repayment scheme, €93,000 was to be repaid in 2023 and the balance in 8 equal quarterly instalments of €1,000,000 each of which the first in the 1st quarter of 2025 and the last in the 4th quarter of 2026. The loan is due to be fully repaid on 31 December 2026.

It has been contractually agreed that HYBRID is entitled to accelerate repayments by making any additional repayments without any additional cost. In 2024 advance payments for the total amount of €1,300,000 have been made (2023: €200,000).

Additionally, Congra recharges some minor expenses to HYBRID and HYBRID was liable for some additional consideration that was payable in respect of a transfer of the Cloudflow intangible assets prior to joining the Group. The minor expenses totalled €nil (2023: €15,000) and the additional consideration was €200,000 (2023: €200,000). At 31 December 2023, €200,000 (2022: €200,000) was owed to Congra in respect of these items.

Powergraph
A total of €446,000 (2023: €542,000) was paid during the year by HYBRID to Powergraph in respect of the aforementioned service agreement for Guido Van der Schueren. This amount is included in the amounts presented in the Directors' remuneration report on pages 77 to 85. €60,000 (2023: €145,000) was owed at the 31 December 2024.

Other related parties
Powergraph and Congra have interests in other companies, namely Hybrid Software Brandz NV. During the year, HYBRID Software NV made sales of €100,800 (2023: €25,022) to this company and at 31 December 2024 €nil (2023: €nil) was owed to HYBRID.

A total of €267,000 (2023: €270,000) was paid during the year by HYBRID to Bellevarde Financial BV in respect of the aforementioned service agreement for Joachim Van Hemelen. This amount is included in the amounts presented in the Directors' remuneration report on pages 77 to 85. €64,000 (2023: €54,000) was owed as per 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. GROUP ENTITIES

Company name	Registered office address	Country of incorporation	Ownership interest % 2024	Ownership interest % 2023
Global Graphics (UK) Limited	2030 Cambourne Business Park, Cambourne, CB23 6DW, UK	United Kingdom	100%	100%
Global Graphics Software Limited*	2030 Cambourne Business Park, Cambourne, CB23 6DW, UK	United Kingdom	100%	100%
Global Graphics Software Incorporated*	6601 S.Tamiami Trail, Suite 176, Sarasota, FL 34231, USA	United States of America	100%	100%
Global Graphics Kabushiki Kaisha*	610 AIOS Nagatacho Bldg, 2-17-17 Nagatacho, Chiyoda-ku, Tokyo 100-0014, Japan	Japan	100%	100%
Meteor Inkjet Limited	Harston Mill, Royston Road, Harston, Cambridge, CB22 7GG, UK	United Kingdom	100%	100%
Xitron, LLC*	4750 Venture Drive, Suite 200A, Ann Arbor, Michigan 48108, USA	United States of America	100%	100%
HYBRID Software Group S.à r.l.	19-21 route d'Arlon, LU-8009 Strassen, Luxembourg	Luxembourg	100%	100%
eXplio NV*"	Guldensporenpark 18, Block B, 9820 Merelbeke, Belgium	Belgium	-	100%
HYBRID Software Development NV*	Guldensporenpark 18, Block B, 9820 Merelbeke, Belgium	Belgium	100%	100%
HYBRID Integration LLC*	One South State Street, Newtown, Pennsylvania 18940, USA	United States of America	100%	100%
HYBRID Software NV*	Guldensporenpark 18, Block B, 9820 Merelbeke, Belgium	Belgium	100%	100%
HYBRID Software China Co. Limited*	Room 2504, 25th Floor, Building 2, No. 900 Yishan Road, Xuhui District, Shanghai, China	China	100%	100%
HYBRID Software GmbH*	Uhlandstrabe 9, 79102 Freiburg, Germany	Germany	100%	100%
HYBRID Software Italy SRL*	Viale Sondrio 2, IT-20124 Milano, Italy	Italy	100%	100%
HYBRID Software France SAS*	15 Rue Marsollier, F-75002 Paris, France	France	100%	100%
HYBRID Software UK Limited*	2030 Cambourne Business Park, Cambourne, CB23 6DW, UK	United Kingdom	100%	100%
HYBRID Software Australia Pty Limited*	Suite 2, Level 14, 9 Castlereagh Street, Sydney, NSW 2000, Australia	Australia	100%	100%
HYBRID Software Iberia S.L.U.*	Riera dels Frares, 8 – E08907 L'Hospitalet, Barcelona, Spain	Spain	100%	100%
ColorLogic GmbH ~	Landersumer Weg 40, D-48431 Rheine	Germany	-	100%

See Note 3 'Investments' of the company financial statements for the principal activities of each company.

* indirectly held by the Company.
~ ColorLogic GmbH legally merged into HYBRID Software GmbH on 14 May 2024
" eXplio NV was sold on 2 December 2024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. MOVEMENTS IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

In thousands of euros	Lease liabilities	Other liabilities	Total
Balance at 31 December 2023	**2,601**	**8,695**	**11,296**
Loan repayment	-	(1,300)	**(1,300)**
Deferred consideration paid	-	(310)	**(310)**
Contingent consideration paid	-	(236)	**(236)**
Principal payments of lease liabilities	(1,003)	-	**(1,003)**
Other debts	-	64	**64**
Total cashflows	**(1,003)**	**(1,782)**	**(2,785)**
Deferred consideration fair value adjustment	-	65	**65**
Contingent consideration fair value adjustment	-	3	**3**
Recognition of new lease liabilities	216	-	**216**
Other non-cash items*	120	-	**120**
Exchange rate effects	57	-	**57**
Total non-cash items	**393**	**68**	**461**
Balance at 31 December 2024	**1,991**	**6,981**	**8,972**

In thousands of euros	Lease liabilities	Other liabilities	Total
Balance at 31 December 2022	**3,394**	**9,812**	**13,206**
Loan repayment	-	(293)	(293)
Deferred consideration paid	-	(310)	(310)
Contingent consideration paid	-	(367)	(367)
Principal payments of lease liabilities	(880)	-	(880)
Total cashflows	**(880)**	**(970)**	**(1,850)**
Contingent consideration fair value adjustment	-	41	41
Recognition of new lease liabilities	84	-	84
Disposal of expired lease liabilities	(59)	-	(59)
Other non-cash items*	127	(235)	(108)
Exchange rate effects	(65)	47	(18)
Total non-cash items	**87**	**(147)**	**(60)**
Balance at 31 December 2023	**2,601**	**8,695**	**11,296**

*Other non-cash items include the unwinding of discounts on lease liabilities and interest on loans and borrowings.

34. DISCONTINUED OPERATIONS

On 2 December 2024, (I) Hybrid Software Development NV sold the shares it held in eXplio NV ('eXplio'), against a cash consideration of €1, and (II) Hybrid Software Group PLC sold a receivable it held on eXplio, against a cash consideration of €20,000.

The aggregate loss of the sale of the discontinued operation, net of tax, amounts to €120,000.

The subsidiary was not previously classified as held-for-sale or as a discontinued operation. Given the immaterial nature of eXplio's financial result, the relevant accounting standard IFRS 5 has not been applied as the Consolidated Statement of Comprehensive Income has not been re-presented to show the discontinued operation separately from continuing operations.

As per 30 November 2024, eXplio had a total asset value of €193,000 and net asset value of €140,000.
In the first 11 months of 2024, eXplio achieved revenue of €168,000 and had a net loss of €9,000. In 2023, over a 12 month period, eXplio achieved revenue of €284,000 and had a net loss of €78,000.

35. SUBSEQUENT EVENTS

There are no post balance sheet events requiring disclosure in the financial statements for the year ended 31 December 2024.

COMPANY STATEMENT OF FINANCIAL POSITION

In thousands of euros	Note	For the year ended 31 December 2024	2023
Non-current assets			
Investments	3	90,460	101,121
Trade and other receivables	4	9,889	10,000
Total non-current assets		100,349	111,121
Current assets			
Trade and other receivables	4	1,734	289
Cash and cash equivalents		3,608	420
Total current assets		5,342	709
Current Liabilities			
Creditors: Amounts falling due within one year	5	(1,287)	(1,847)
Net current assets/(liabilities)		4,055	(1,138)
Creditors: Amounts falling due in more than one year	6	(107)	(343)
Net assets		104,297	109,640
Capital and reserves			
Called up share capital	8	13,164	13,164
Share premium account	8	1,979	1,979
Merger reserve	8	67,015	67,015
Treasury shares	8	(193)	(179)
Profit and loss account		22,332	27,661
Total shareholders' funds		104,297	109,640

The notes on pages 138 to 144 form part of these financial statements.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement and related notes. The result for the year ended 31 December 2024 was a loss of €5,289,000 (2023: profit of €18,874,000).

There are no recognised gains or losses for the current year or preceding year other than those disclosed above.

These financial statements were approved and authorised for issue by the board of Directors on 19 March 2025 and were signed on its behalf by:

Michael Rottenborn
Director
Company registered number: 10872426

Michael A. Rottenborn

COMPANY STATEMENT OF CHANGES IN EQUITY

In thousands of euros	Note	Called up share capital	Share premium account	Merger reserve	Treasury shares	Profit and loss account	Total equity
Balance at 31 December 2022		13,164	1,979	67,015	(161)	8,841	90,838
Total comprehensive income for the year							
Net profit for the year		-	-	-	-	18,874	18,874
Total comprehensive income for the year		-	-	-	-	18,874	18,874
Transactions with owners							
Share-based payment transactions	9	-	-	-	54	(54)	-
Own shares re-purchased	8	-	-	-	(72)	-	(72)
Total transactions with owners		-	-	-	(18)	(54)	(72)
Balance at 31 December 2023		13,164	1,979	67,015	(179)	27,661	109,640
Total comprehensive income for the year							
Net loss for the year		-	-	-	-	(5,289)	(5,289)
Total comprehensive loss for the year		-	-	-	-	(5,289)	(5,289)
Transactions with owners							
Share-based payment transactions	9	-	-	-	40	(40)	-
Own shares re-purchased	8	-	-	-	(54)	-	(54)
Total transactions with owners		-	-	-	(14)	(40)	(54)
Balance at 31 December 2024		13,164	1,979	67,015	(193)	22,332	104,297

The notes on pages 138 to 144 form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Hybrid Software Group PLC is a company incorporated and domiciled in the United Kingdom.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 - Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards but makes amendments where necessary to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is an ultimate parent undertaking and is included in the Company's consolidated financial statements. The consolidated financial statements are prepared in accordance with IFRS and are available to the public and may be obtained from 2030 Cambourne Business Park, Cambourne, CB23 6DW.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capitals;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRS; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of the Company include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company; and
- Financial instruments.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. Group accounting policies also apply to the Company, in addition to those stated below.

Investments

Investments in subsidiary undertakings are stated at cost, less provision for any impairment in value.

Foreign currencies

The functional and presentation currency of the Company is euro.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date or at a contracted rate if applicable and any exchange differences arising are taken to the profit and loss account.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as required by IAS 12.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Share based payments

The share option programme allows employees of the Group to acquire shares of the Company. The fair value of the options and shares granted is recognised as an employee expense, with a corresponding increase in equity, and is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options or shares. The fair value of the options granted is measured using an appropriate valuation model, taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognised as an expense is adjusted to reflect the actual number of share options or shares for which the related service and non-market conditions are met. The proceeds received, net of any directly attributable transaction costs, are credited to share capital for the par value of the shares issued and to share premium for the balance, when the share options are exercised.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements and have no reason to believe that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern, notably because of a cash position of €9.51 million as at 31 December 2024 (2023: €7.08 million). Those forecasts take into account multiple reasonably possible downsides. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Refer to Note 2 'Basis of preparation' of the consolidated financial statements for further details.

Estimates and Judgements

Investments (see note 3) are assessed at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

Amounts owed by group undertakings (see note 4) are assessed for impairment but are deemed by the Directors to be recoverable in more than 12 months.

2. EMPLOYEES AND REMUNERATION OF DIRECTORS

The Company employed an average of nil employees (including executive Directors) during the year (2023: nil). Directors' emoluments are disclosed in the Directors' remuneration report on pages 77 to 85 and in Note 12 'Remuneration of Directors' of the consolidated financial statements.

3. INVESTMENTS

In thousands of euros	Shares in subsidiary undertakings
Cost	
At 31 December 2023	158,879
Disposals	(4,381)
At 31 December 2024	**154,498**
Provision or impairment	
At 31 December 2023	57,758
Impairment	6,280
At 31 December 2024	**64,038**
Net book value	
At 31 December 2023	**101,121**
At 31 December 2024	**90,460**

The investment of €4,381,000 in ColorLogic GmbH was transferred during the year to HYBRID Software GmbH (a fellow subsidiary undertaking) on 14 May 2024.

Investments are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. An investment is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that investment. An impairment loss in respect of an investment is measured as the difference between its carrying amount and the present value of the estimated future cash flows.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

3. INVESTMENTS (CONTINUED)

The estimated fair value of the investments has been determined by the present value of future cash flows over a five-year period from 2025 to 2029 using the same discount rate and exchange rates that were used for the impairment review of Goodwill in the consolidated financial statements (see Note 16 'Goodwill' of the consolidated financial statements). Management considers the use of a five-year period is justified because the underlying businesses have been established for between 10 and 25 years, have recurring revenues and continue to develop new products and gain new customers. An impairment of €6,280,000 (2023: €nil) has been recognised against the investment in HYBRID Software Group S.à r.l.

At 31 December 2024 the Company had the following interests in the ordinary share capital of group undertakings:

Company name	Registered office address	Principal Activities	Class of shares held	Ownership interest 2024	2023
Global Graphics (UK) Limited	2030 Cambourne Business Park, Cambourne, CB23 6DW, UK	Dormant holding company.	Ordinary	100%	100%
Global Graphics Software Limited*	2030 Cambourne Business Park, Cambourne, CB23 6DW, UK	Computer software development, sales and technical support.	Ordinary	100%	100%
Global Graphics Software Incorporated*	6601 S.Tamiami Trail, Suite 176, Sarasota, FL 34231, USA	Computer software development, sales and technical support.	Ordinary	100%	100%
Global Graphics Kabushiki Kaisha*	610 AIOS Nagatacho Bldg, 2-17-17 Nagatacho, Chiyoda-ku, Tokyo 100-0014, Japan	Technical support of computer software.	Ordinary	100%	100%
Meteor Inkjet Limited	Harston Mill, Royston Road, Harston, Cambridge, CB22 7GG, UK	Design and supply of technology for digital inkjet printing.	Ordinary	100%	100%
Xitron, LLC*	4750 Venture Drive, Suite 200A, Ann Arbor, Michigan 48108, USA	Computer software development, sales and technical support.	n/a	100%	100%
HYBRID Software Group S.à r.l.	19-21 route d'Arlon, LU-8009 Strassen, Luxembourg	Holding company.	Ordinary	100%	100%
eXplio NV*"	Guldensporenpark 18, Block B, 9820 Merelbeke, Belgium	Computer software development, sales and technical support.	Ordinary	-	100%
HYBRID Software Development NV*	Guldensporenpark 18, Block B, 9820 Merelbeke, Belgium	Computer software development, sales and technical support.	Ordinary	100%	100%
HYBRID Integration LLC*	One South State Street, Newtown, Pennsylvania 18940, USA	Computer software sales and technical support.	Ordinary	100%	100%
HYBRID Software NV*	Guldensporenpark 18, Block B, 9820 Merelbeke, Belgium	Computer software sales and technical support.	Ordinary	100%	100%
HYBRID Software China Co. Limited*	Room 2504, 25th Floor, Building 2, No. 900 Yishan Road, Xuhui District, Shanghai, China	Computer software sales and technical support.	Ordinary	100%	100%
HYBRID Software GmbH*	Uhlandstrabe 9, 79102 Freiburg, Germany	Computer software sales and technical support.	Ordinary	100%	100%
HYBRID Software Italy SRL*	Viale Sondrio 2, IT-20124 Milano, Italy	Computer software sales and technical support.	Ordinary	100%	100%
HYBRID Software France SAS*	15 Rue Marsollier, F-75002 Paris, France	Computer software sales and technical support.	Ordinary	100%	100%
HYBRID Software UK Limited*	2030 Cambourne Business Park, Cambourne, CB23 6DW, UK	Computer software sales and technical support.	Ordinary	100%	100%
HYBRID Software Australia Pty Limited*	Suite 2, Level 14, 9 Castlereagh Street, Sydney, NSW 2000, Australia	Computer software sales and technical support.	Ordinary	100%	100%
HYBRID Software Iberia S.L.U.*	Riera dels Frares, 8 – E08907 L'Hospitalet, Barcelona, Spain	Computer software sales and technical support.	Ordinary	100%	100%
ColorLogic GmbH ~	Landersumer Weg 40, D-48431 Rheine, Germany	Computer software development, sales and technical support.	Ordinary	-	100%

* indirectly held by the Company.
~ ColorLogic GmbH legally merged into HYBRID Software GmbH on 14 May 2024
" eXplio NV was sold on 2 December 2024

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

4. TRADE AND OTHER RECEIVABLES

In thousands of euros	2024	2023
Amounts owed by group undertakings	11,379	10,000
Other receivables	244	289
Total trade and other receivables	**11,623**	**10,289**

In thousands of euros	2024	2023
Current	1,734	289
Non-current	9,889	10,000
Total trade and other receivables	**11,623**	**10,000**

There are formal intercompany agreements in place, which incur interest charges at 6% per annum and have a fixed repayment schedule. Other amounts owed by group undertakings are interest free and would be repayable on demand.

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

In thousands of euros	2024	2023
Trade and other payables	85	154
Amounts owed to group undertakings	442	582
Accruals	460	578
Contingent consideration (see note 6)	-	233
Deferred consideration (see note 6)	300	300
Total creditors due within one year	**1,287**	**1,847**

There are formal intercompany agreements in place, which incur interest charges at 6% per annum and have a fixed repayment schedule. Other amounts owed by group undertakings are interest free and would be repayable on demand.

6. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

In thousands of euros	2024	2023
Deferred consideration	107	343
Total other liabilities	**107**	**343**

Fair value adjustment to contingent consideration
Certain assumptions about revenue growth were used when calculating the acquisition date fair value of contingent consideration for the acquisition of TTP Meteor Limited (now Meteor Inkjet Limited) in the year ending 31 December 2016.
During the year, cash payments of €236,000 (2023: €367,000) were paid against the contingent consideration due for the acquisition of Meteor Inkjet Limited. The underlying liability is denominated in pounds sterling, thus there is a movement due to changes in exchange rates used to convert to Euros at the reporting date.

Deferred consideration
Deferred consideration relates to the acquisition of ColorLogic GmbH. During the year, cash payments of €300,000 (2023: €300,000) were paid against the deferred consideration.

7. TAX

Deferred tax assets are recognised for tax losses available for carrying forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Company had no recognised or unrecognised deferred tax assets as at 31 December 2024 (2023: €nil).

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

8. SHARE CAPITAL AND RESERVES

Ordinary shares of €0.40 allotted, called up and fully paid:

	2024		2023	
In thousands of euros, except number of shares	**Number**	**Value**	**Number**	**Value**
As at 31 December	**32,909,737**	**13,164**	**32,909,737**	**13,164**

Share premium:

In thousands of euros	**2024**	**2023**
As at 31 December	**1,979**	**1,979**

Merger reserve:

The movement during the year is as follows:

In thousands of euros	**2024**	**2023**
As at 31 December	**67,015**	**67,015**

Treasury shares:

The Company's investment in its own shares in treasury is as follows:

	2024		2023	
In thousands of euros, except number of shares	**Number**	**Value**	**Number**	**Value**
As at 1 January	58,584	179	58,996	161
Disbursement of shares to employees	(9,106)	(40)	(19,000)	(54)
Own shares re-purchased	14,344	54	18,588	72
As at 31 December	**63,822**	**193**	**58,584**	**179**

9. SHARE BASED PAYMENTS

Information about share based payments for Directors and employees is detailed in Note 29 'Share based payments' of the consolidated financial statements.

10. RELATED PARTY TRANSACTIONS

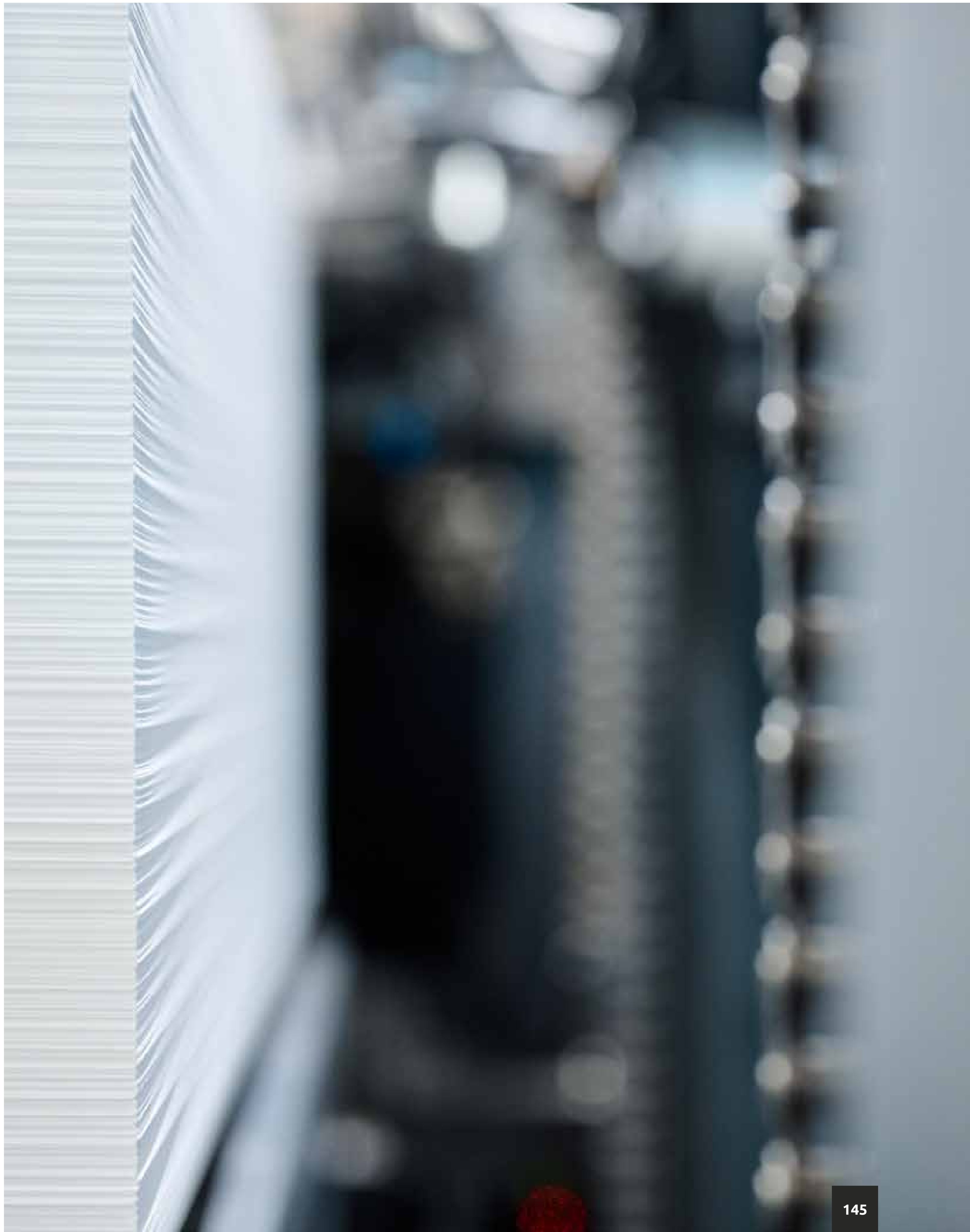
The controlling party is Congra Software S.à r.l. ("Congra"), which owns the majority of the voting rights of the Company. Congra is controlled by Powergraph BV and Powergraph BV is controlled by the Group's chairman, Guido Van der Schueren.

The remuneration paid to the Directors is detailed in the Directors' remuneration report on pages 77 to 85. Other related party relationships are detailed in Note 31 'Related parties' of the consolidated financial statements.

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 for transactions with wholly owned group companies.

11. SUBSEQUENT EVENTS

Details of post balance sheet events requiring disclosure in the financial statements for the year ended 31 December 2024 are in Note 35 'Subsequent events' of the consolidated financial statements.



OTHER INFORMATION

Glossary

Additive manufacturing
Building physical product by digitally 'printing' it, often with technology similar to the inkjet heads used for 2D printing. The term "3D printing" is often used for home and small-scale additive manufacturing.

Binder jetting
A class of additive manufacturing in which the solid form is created by jetting a binder fluid into a bed of powder. This technique can be used for metals, polymers and glass.

CAGR
Compound Annual Growth Rate.

Colour separation
Colour can be specified in many different ways in the digital world, but printing uses only a small set of inks. All colours in the source document must be transformed into a set of separations, one for each of the inks to be used. Most commonly in commercial print, labels and packaging this means Cyan, Magenta, Yellow and Black (see also "Extended Gamut").

Converting
The design for a label or package is converted from a primary copy, such as a PDF file, through printing on a substrate and then one or more processes such as cutting, folding and gluing to create a label that can be applied or a carton that can be filled.

CTP
Computer to Plate – imaging a printing plate directly from digital data rather than imaging a film and using that to image the plate.

Digital Front End (DFE)
The controller that manages and drives a digital press, consuming source files such as PDF, processing them as necessary and sending colour separations to the printhead.

Enterprise software
Computer programs that have common business applications. In relation to printing these typically manage customer relationships, estimation, billing, production management and shipping.

EPS
Encapsulated PostScript; a subset of the PostScript PDL with extra commenting rules designed to allow graphics to be placed within a larger page in a design application.

Extended gamut
Printing in the commercial, labels and packaging sectors is often done using four inks: Cyan, Magenta, Yellow and Black (CMYK). Together these can deliver good approximations of most colours. An extended gamut ink set can be used to reproduce more vibrant colours, including some brand colours. This is often achieved by adding one or more of Orange, Green and Violet inks to the CMYK set.

Flexo/Flexography
A conventional printing technology in which flexible plates with raised areas are used to transfer ink onto the substrate. Widely used in labels and packaging.

Functional printing
Applying substances to a substrate that do more than represent colour or some other aspect of appearance such as gloss, using a process that's normally used for printing. Examples include conductive tracks for printed electronics, or materials that change colour in the presence of certain gases for food safety, etc.

Gravure
Conventional print technology in which a cylinder is engraved with cells which carry ink to transfer it to the substrate. Very expensive to prepare cylinders for each job, so it's most used for jobs with extremely long run lengths (millions of copies), such as long-run magazines and wall-coverings.

Image setter
Machine for imaging from digital data to film or photographic paper. The result would then be used to image a plate. Obsolete for offset lithography and increasingly so for other conventional press technologies; replaced by plate setters.

Imposition
Laying out multiple pages or multiple jobs together to maximise usage of the area of a printing press.

Industrial inkjet
A term that is used with various different meanings, but is best applied to printing where the substance being printed is a part of the final product, as opposed to carrying information (e.g. in commercial print) orto protect a product (e.g. in packaging). Examples of industrial print include applications of colour and functional coatings to textiles, ceramics and other décor.

Industry 4.0
A term for fully automated production, where equipment performing different processes are interconnected and share information.

Inkjet printing
Application of coloured or functional fluids to a substrate by jetting as drops.

JPEG
Joint Photographic Experts Company'; a committee (ISO/IEC JTC1/SC29) and the format that they defined for storing images in a very compact way using (mainly) compression. There are now variants such as JPEG 2000 and JPEG-XR that use rather different and incompatible techniques.

Litho
Offset lithography – conventional printing press technology using plates treated to make some areas hydrophilic and others hydrophobic (attracting and rejecting water) to control where ink will adhere to them. 'Offset' here means that the ink is transferred from the plate to a blanket before then being applied to the media being printed on.

Mass customisation
Mass produced products where every item is unique. Examples include personalized labels, tee-shirts, phone cases and the like.

OEM
OEM, or original equipment manufacturer, is an organisation that makes devices from component parts bought from other organisations.

Piezoelectric
Electricity resulting from pressure and latent heat. Piezo printheads are all based on the principle that a particular type of crystal expands or contracts when an electric current is passed though it and switched off again. This expansion/contraction is used as the basis of a pump in the ink chamber.

PDF
Portable Document Format, a universal file format that is maintained by the International Standards Organisation. In printing it can contain all the information required to produce an item that matches exactly what the graphic designer intended in terms of fonts, colour specifications etc.

PostScript
Page description language (PDL) created in the mid 1980s by Adobe Systems; the first general PDL to be widely adopted for both office and production printing, replacing proprietary languages from each vendor. Still used for office printing, but largely replaced by PDF for production printing.

Pre-press
A department or series of software processes that prepare files for printing.

Printhead driver solutions
Our software and proprietary driver electronics send data to printheads inside inkjet devices to control the printing process.

Printheads
Printheads are a component of an inkjet press and generally contain multiple nozzles for jetting ink or other fluids onto substrates.

Proofer
Device used to make colour-managed prints configured to match the appearance of the same job on a production printing press for use in approval workflows. Increasingly replaced by “soft proofing”, using a calibrated computer display for approval rather than creating printed copy

Rasterisation
The process of transforming a page description language (see PostScript), comprising text, vector graphics, images and other complex constructs, into a rectangular grid of pixels that is suitable for delivering to an inkjet head, plate setter or other imaging device. Often equated to ‘rendering’.

RIP/ RIPping
A Raster Image Processor converts graphic designs into raster data (image pixels) for onward processing by the printing device.

Screening
Screening (sometimes called halftone screening) converts graphical designs from raster data (such as that delivered by a RIP) into a slightly different format. The process compensates for the fact that most printing technology cannot represent more than a very small number of different tints of each ink. Screening places very small and carefully structured collections of areas of ink in such a way that the human eye is fooled into seeing additional tints from the intended viewing distance.

Screen printing
In screen printing ink is applied to a surface through a stencil held on a mesh attached to a frame.

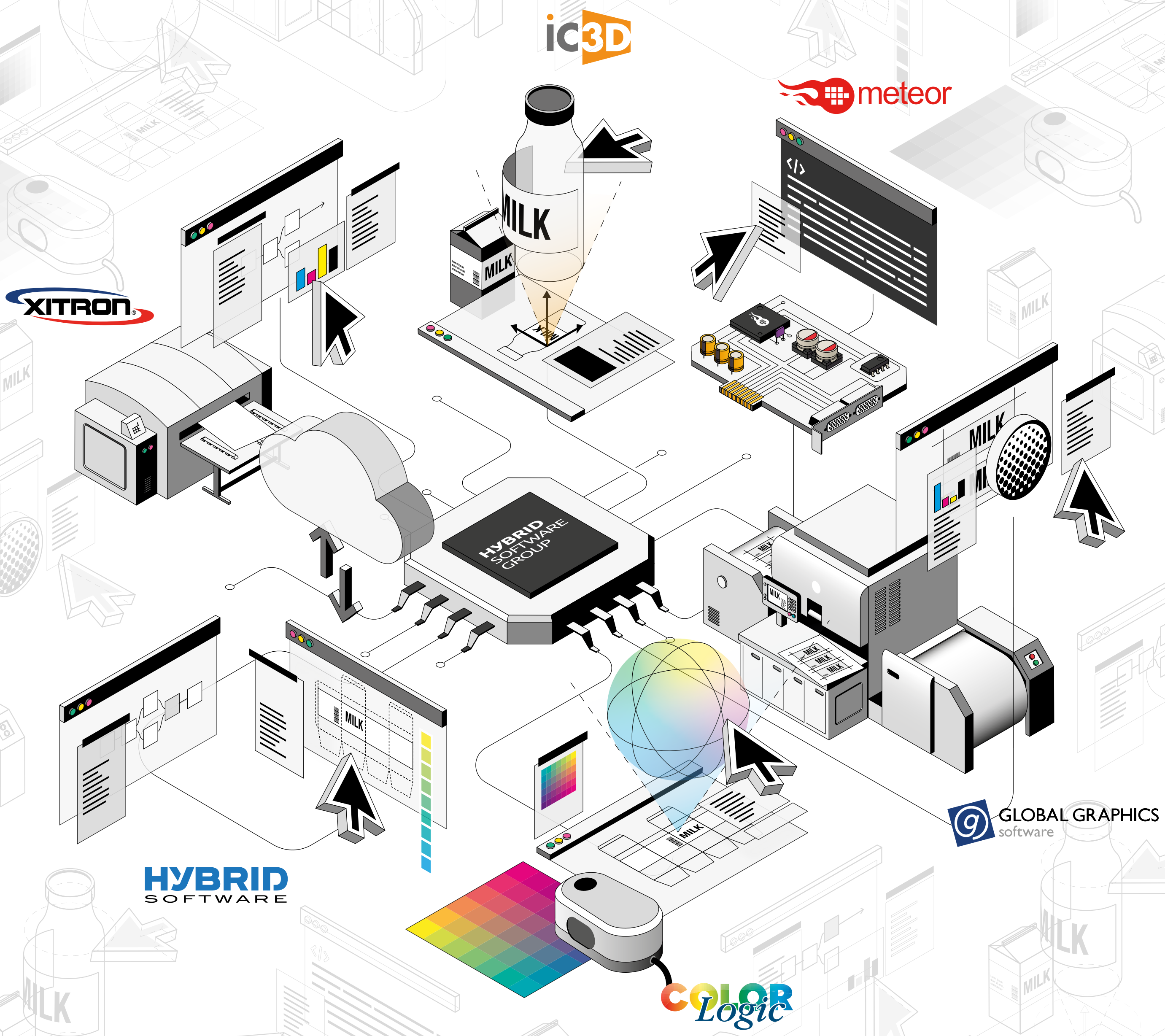
Smart factory
Smart factories are designed to autonomously run the entire production process and this will include the print subsystems.

Trapping
A process to avoid unpleasant visible effects when the colour separations being printed are not perfectly aligned with each other (in register). It typically works by enlarging some objects slightly, and contracting others.

Variable data processing or VDP
Printing items where every instance varies at least slightly from the others, often with some graphics in common as well. Examples range from adding serial numbers to labels, through direct mail and variations designed to ensure that packaging has more shelf appeal.

Waveform
The way in which the voltage applied to an inkjet head is varied over time in order to deliver well-formed ink drops of the desired size and at the desired speed.

Wide format
Printing on devices with a width that’s usually more than 50cm, usually using inkjet and often related in some way to marketing or photo finishing, including banners, stickers, soft signage and sportswear.



HYBRID SOFTWARE GROUP

Country of incorporation: England and Wales

Legal form: Public limited company

Company number: 10872426

Directors

- Guido Van der Schueren
- Michael Rottenborn
- Joachim Van Hemelen
- Clare Findlay
- Luc De Vos

Secretary
Peter Goodwin

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Stock ticker: HYSG

Legal Entity Identifier (LEI): 213800ZFW446QIHAB654

Shares ISIN: GB00BYN5BY03