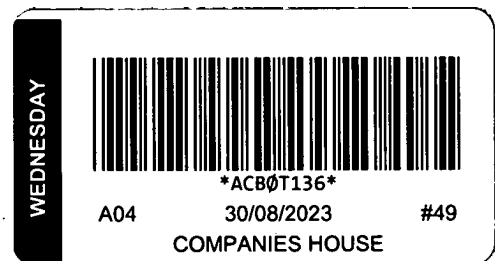


Company Registration Number: 03951260

Inca Digital Printers Limited
Annual Report and Financial Statements
For the year ended
31 March 2022



Inca Digital Printers Limited

Financial Statements

Year ended 31 March 2022

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Inca Digital Printers Limited

Officers and Professional Advisers

DIRECTORS

Mr R Van Kerckhoven (appointed 31/05/2022)
Mr V Wille (appointed 31/05/2022)
Mr S G Tunncliffe Wilson (resigned 31/12/2022)
Mr S Hirose (resigned 31/12/2021)
Mr T Kakita (resigned 31/05/2022)
Mr A Omoto (resigned 31/05/2022)
Mr D Tanaka (resigned 31/05/2022)
Mr M Takeuchi (resigned 31/05/2022)

REGISTERED OFFICE

515 Coldhams Lane
Cambridge
CB1 3JS

AUDITOR

KPMG LLP
20 Station Road
Cambridge
CB1 2JD

BANKER

Barclays Bank Plc
9/11 St. Andrews Street
Cambridge
CB2 3AA

Inca Digital Printers Limited

Strategic Report

Year ended 31 March 2022

The directors present their Strategic report, Directors' report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company during the year continued to be that of the development, manufacture and sale of inkjet printers and of components, consumables and subsystems of inkjet printers, and the provision of related technical expertise.

Business review and financial key performance indicators

As the financial year began in April 2021, the economies in Inca's major markets saw improvements as lockdowns related to the COVID-19 pandemic ended. The re-opening of retail led to a resurgence in demand for print and restored confidence in Inca's customer base. By the end of 2021, print activity and ink consumption had matched 2019 pre-pandemic levels.

Fujifilm's inventory of the Onset X series products had been dramatically reduced through the previous winter, so they re-started production orders. Onset shipments began in the summer and led to consistent monthly profits. The return of the typical autumn/winter sales surge, combined with the new, higher-value Onset X1HS printer and 'DualFlex' automation improved equipment revenues substantially over the previous year.

Customer support continued their successful after-market services strategy, converting customers' older machines to new specifications. Good revenue from spares and contracts combined to deliver a strong contribution to the bottom line.

All of the factors above contributed to the 47.1% increase in turnover and 69.2% increase in absolute gross margin as seen in the table below, as well as an overall increase the gross margin percentage.

Support from the Government's Furlough scheme was discontinued early in the year as all staff became fully utilised due to increased business activity.

Early in the year, a project began to develop a new integrated Enterprise Resource Planning (ERP) system, which involved all departments working to document their business processes for implementation within the new ERP. This project was ultimately stopped as per details disclosed in note 7 to the financial statements.

As at year end the Company had net assets amounting to £16,220,000 (2021: £15,921,000) and this uplift was primarily attributed to increased operational output and performance.

In 2021 Inca's sole shareholder, SCREEN of Kyoto Japan assigned a small team within Inca to work on divesting Inca's business in the UK and USA. Several potential acquirers were identified, leading to due diligence early in 2022. Shortly after the financial year ended, Agfa NV of Mortsel, Belgium agreed to purchase Inca's UK business and USA assets as per details disclosed in note 27 to the financial statements

Renewal of Heads of Terms for distribution through Fujifilm was not progressed due to knowledge of the ongoing M&A process, but Agfa's acquisition of Inca's business provides an excellent replacement for Fujifilm's sales channel.

Inca Digital Printers Limited

Strategic Report

Year ended 31 March 2022

Below are the headline figures that the directors consider are the financial key performance indicators for the company:

	2022 £000	2021 £000
Turnover	27,239	18,515
Gross profit	11,115	6,569
Gross profit margin	40.8%	35.5%
Operating profit/(loss)	416	(52)
Operating profit (excluding non-recurring costs)	1,910	192
Return on capital employed	2.5%	0.7%
Stock turnover days	222	281
Gross research and development expenditure	6,535	5,914
Net research and development expenditure (net of intercompany recharges)	4,521	2,723
Average number of employees	144	156

Non-financial key performance indicators

Given the straight-forward nature of the business, the company directors are of the opinion that analysis of non-financial performance indicators is not necessary to understand the performance, position or development of the company.

Note that net research and development expenditure represents the gross spend incurred by the company net of amounts recharged on to fellow subsidiaries.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks as follows:

Sales channel risks:

The company sells its printers through distributor channels rather than directly to end users and therefore the business is reliant on these channels to bring new products to the market and to offer competitively priced and financed deals.

Competitive risks:

The company has seen sustained aggressive pricing from competitors that have continued to put pressure on gross margin. However, the company's reputation and platform productivity levels help to mitigate this. In addition to this, the company continues to develop its after-market support team to further differentiate the brand.

Foreign exchange risks:

Whilst the company purchases a significant proportion of its component parts in USD from North America, the currency risk is mostly offset through revenues from North America also being denominated in USD. The company is in a net receiving position of Euros from its European customer base, periodically converting Euros back into GBP or USD depending on requirements.

Inca Digital Printers Limited

Strategic Report

Year ended 31 March 2022

Principal risks and uncertainties (continued)

Macroeconomic factors:

The direct effects of the COVID-19 pandemic on Inca's business reduced significantly during the year as the economy recovered, retail re-opened and business travel to customers and exhibitions returned to normal.

Global supply chains began to struggle in Autumn 2021, leading to challenges in obtaining components for production and R&D. Following significant effort from Engineering and Operations, Inca was able to sustain shipments of Onset printers despite this.

The UK's withdrawal from the EU continued to create additional work related to importing equipment from the UK for sale in the EU. Inca's Finance and Logistics teams worked together to minimise any delays to customers' installations.

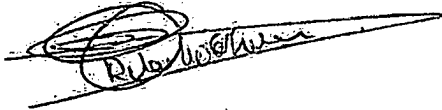
Strategy and future developments

The company continued to implement the same strategy, developing the SpeedSet product for the packaging market, while sustaining the competitiveness of Onset X product family in the wide-format graphics market.

The roll-to-roll print-engine developed for BHS successfully ran production at Schumacher in Germany throughout the year. The build of the first full-size SpeedSet sheet-fed inkjet printer also progressed, and successful preliminary customer demonstrations have been held since the year end.

The long-term strategic goal continues to be sustaining our revenues from the mature wide-format graphics market while building a business in the emerging inkjet packaging markets. With Agfa NV, we have now found a new owner to enable scaling in both markets while adding increased value through their own expertise and network, providing a "full solution."

This report was approved by the board of directors on 25 August 2023 and signed on behalf of the board by:



Mr R Van Kerckhoven
Director

For and on behalf of
Inca Digital Printers Limited
515 Coldhams Lane
Cambridge
CB1 3JS

Inca Digital Printers Limited

Directors' Report

Year ended 31 March 2022

The directors present their report and the financial statements of the company for the year ended 31 March 2022.

Directors

The directors who served the company during the year and subsequent to the year were as follows:

Mr R Van Kerckhoven (appointed 31/05/2022)
Mr V Wille (appointed 31/05/2022)
Mr S G Tunnicliffe Wilson (resigned 31/12/2022)
Mr S Hirose (resigned 31/12/2021)
Mr T Kakita (resigned 31/05/2022)
Mr A Omoto (resigned 31/05/2022)
Mr D Tanaka (resigned 31/05/2022)
Mr M Takeuchi (resigned 31/05/2022)

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2021: Nil).

Financial instruments

The financial instruments used by the company arise wholly and directly from its trading activities. The financial instruments comprise trade debtors, cash at bank and trade creditors. The company has put in place the following measures to manage the financial risk arising from these financial instruments:

1. The company regularly monitors the level of debtors to ensure that they are kept at reasonable levels and within a predetermined strict credit limit.
2. The company carefully manages its cash position by regularly reviewing its cash flow using cash flow forecasting.
3. The company regularly monitors the trade balance and credit terms for all suppliers.

Research and development

The company continues to carry out research and development in areas it considers of benefit to the company and the Group to maintain its competitive position.

Disclosure of information in the Strategic Report

Information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the Strategic Report.

Auditor

Each of the persons who is a director at the date of the approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all of the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Inca Digital Printers Limited

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

Year ended 31 March 2022

Under section 487 of the Companies Act 2006, the auditor will be deemed to have been reappointed and KPMG LLP will therefore continue in office.

The Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

This report was approved by the board of directors on 25 August 2023 and signed on behalf of the board by:



Mr R Van Kerckhoven
Director

For and on behalf of
Inca Digital Printers Limited
515 Coldhams Lane
Cambridge
CB1 3JS

Inca Digital Printers Limited

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

Year ended 31 March 2022

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the 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 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the 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 company and to prevent and detect fraud and other irregularities.

KPMG LLP

Independent Auditor's Report to the members of Inca Digital Printers Limited

Opinion

We have audited the financial statements of Inca Digital Printers Limited ("the Company") for the year ended 31 March 2022 which comprise the statement of income and retained earnings, statement of financial position and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

KPMG LLP

Independent Auditor's Report to the members of Inca Digital Printers Limited

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company’s high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and our overall knowledge of the control environment we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue from sale of goods and provision of services is overstated through recording revenues in the wrong period. Other revenue streams were considered to be straightforward and have a remote possibility of risk of material misstatement due to fraud.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation of design and implementation of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to revenue accounts with corresponding unrelated accounts and those posted to cash accounts with corresponding unrelated accounts.
- Inspection of post year end credit notes.
- Inspection of sample of invoices and related delivery documentation around the year end to assess whether revenue has been recorded in the appropriate period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our

KPMG LLP

Independent Auditor's Report to the members of Inca Digital Printers Limited

procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect health and safety, anti-bribery, employment law, foreign corrupt practices, GDPR compliance and certain aspects of company legislation recognizing the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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

We have nothing to report in these respects.

KPMG LLP

Independent Auditor's Report to the members of Inca Digital Printers Limited

Directors' responsibilities

As explained more fully in their statement set out on pages 5-7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Michael Scrivener (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
20 Station Road
Cambridge
CB1 2JD
United Kingdom

Date: 25 August 2023

Inca Digital Printers Limited

Statement of Income and Retained Earnings

Year ended 31 March 2022

	Note	2022 £000	2021 £000
Turnover	3	27,239	18,515
Cost of sales		(16,124)	(11,946)
Gross Profit		11,115	6,569
Administrative expenses		(5,654)	(4,703)
Research and development costs		(6,535)	(2,723)
Non-recurring costs	7	(1,494)	(244)
Other operating income	4	2,984	1,049
Operating Profit / (Loss)	4	416	(52)
Other interest receivable and similar income	9	7	8
Interest payable and similar charges	10	(12)	(26)
Profit / (Loss) before taxation		411	(70)
Tax on (profit) / loss on activities	11	(13)	179
Profit for the financial year and total comprehensive income		398	109
Dividends paid and payable	12	(99)	(557)
Retained earnings at the start of the year		6,660	7,108
Retained earnings at the end of the year		6,959	6,660

All the activities of the company are from continuing operations.

A statement of total comprehensive income has not been prepared as all income and losses are included within the above statement of income and retained earnings.

The notes on page 14 to 27 form part of these financial statements.

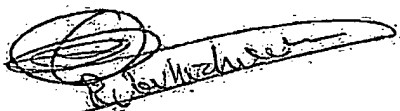
Inca Digital Printers Limited

Statement of Financial Position

Year ended 31 March 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	13	-	-
Tangible assets	14	676	258
		<u>676</u>	<u>258</u>
Current assets			
Stocks	15	9,806	9,190
Debtors	16	7,046	6,128
Cash at bank and in hand		9,523	12,802
		<u>26,375</u>	<u>28,120</u>
Creditors: amounts falling due within one year	17	<u>(10,661)</u>	<u>(12,282)</u>
Net current assets		<u>15,714</u>	<u>15,838</u>
Total assets less current liabilities		<u>16,390</u>	<u>16,096</u>
Provisions	19	<u>(170)</u>	<u>(175)</u>
Net assets		<u>16,220</u>	<u>15,921</u>
Capital and reserves			
Called up share capital	21	604	604
Share premium account	22	8,657	8,657
Profit and loss account	22	6,959	6,660
Shareholder funds		<u>16,220</u>	<u>15,921</u>

These financial statements were approved by the board of directors and authorised for issue on 25 August 2023 and are signed on behalf of the board by:



Mr R Van Kerckhoven
Director

Company registration number: 03951260

The notes on page 14 to 27 form part of these financial statements.

Inca Digital Printers Limited

Notes to the Financial Statements

Year ended 31 March 2022

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

2. Accounting policies

Basis of preparation

Inca Digital Printers Limited is a private company limited by shares. The company is incorporated in England and Wales and has its registered office at 515 Coldhams Lane, Cambridge, CB1 3JS.

The financial statements have been prepared for the company on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the company.

Going concern

The directors acknowledge their responsibility with respect to going concern and have appropriately considered the Company's risks and uncertainties, as fully described in the Strategic Report. The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

On 30 May 2022 Agfa NV, a company incorporated in Belgium, completed the acquisition of 100% of the shareholding of Inca Digital Printers Limited. From this date Inca Digital Printers Limited became a consolidated subsidiary of Agfa NV. Agfa NV had no transactions with Inca Digital Printers Limited prior to the date of acquisition.

Agfa NV operates in the same key markets as Inca Digital Printers Limited and expects to realise future growth through the current Inca product portfolio and future technologies being advanced by the research and development team. This coupled with Agfa NV's expertise and established channels, enable the "full solution" to be offered which represents a highly competitive cost of ownership position to the customer.

The Cambridge site will continue to play an important role in the research and development, manufacture and support of the group product portfolio. As part of the integration the Cambridge site will take the opportunity to align with Agfa's global compliance model, with Supply and Service agreements and recharges underpinning this. Therefore, the company will meet its day to day working capital requirements from operational cash flows and trading balances with the group headed by Agfa NV, the ultimate parent company

Agfa NV has indicated its intention to continue to make available such funds as are needed by the company during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue at the date of approval of these financial statements but remain confident that the Company 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 the financial statements and therefore have prepared the financial statements on a going concern basis.

Inca Digital Printers Limited

Notes to the Financial Statements

Year ended 31 March 2022

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company recognises turnover on long term contracts using the Percentage of Completion method. Margins recognised in profit and loss are a function of both the state of progress on contracts and the margins that are expected to be recognised for the completed contract. Accordingly, recognition of amounts due from customers, deferred income and margins on contracts that have not yet been completed requires management to make a careful estimate of the final costs and expected increases as well as delays, extra costs and penalties that could reduce the expected margin. The amounts recognised in the financial statements represent management's best estimate at the reporting date using these procedures.

The directors estimate a provision against the carrying value of stock based on historical stock movements. The estimate is applied based on prescription of the Group policy which takes a cautious approach to overall stock valuation. That said, changes in this estimate could result in a change in cost of sales and the carrying value of stock at the year end.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Screen Holdings Co. Limited (see further details in note 25 and 26 to the financial statements). As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company;
- (b) Disclosures in respect of financial instruments have not been presented;
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

Turnover recognition

Turnover is measured at the fair value of the consideration received or receivable for products sold or services provided during the year, net of discounts and VAT.

Turnover from the sales of goods is recognised upon despatch for spare parts and consumables or in accordance with the performance of contractual obligations upon delivery equipment, which is when the risks and rewards of ownership are deemed to have transferred. This results in the deferral of certain revenues where the company has an ongoing liability to install a machine. Provisions for the estimated future cost of warranty, product return and training costs are accrued upon machine recognition.

Turnover from services is recognised over time when the conditions in the contract for services have been satisfied over time and no further obligations remain. Service revenue billed, or collected, but unearned is included on the balance sheet as deferred income.

Turnover from the long-term R&D contracts is recognised on the basis of progress, using the Percentage of Completion method, over the period of that project. Under this method, costs, turnover and margins are recognised based on the progress of production. The stage of completion is the ratio between costs incurred at the measurement date and the total expected costs for the programme. The valuations reflect the best estimate prepared at the reporting date. The assumptions upon which the valuations are made are periodically updated. Any impact on profit or loss is recognised in the period in which the updates are made.

In the event the completion of a contract is expected to result in a loss at the gross margin level, the loss is recognised in its entirety in the period in which it becomes reasonably foreseeable. Other income relates to ink royalty for which revenue is recognised when the conditions in the contract for services have been satisfied over time and no further obligations remain.

Inca Digital Printers Limited

Notes to the Financial Statements

Year ended 31 March 2022

Government Grants

Grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of income and retained earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the statement of income and retained earnings.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Research and development expenditure

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Intangible assets

Intangible fixed assets purchased separately from a business are capitalised at their cost.

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably.

Concessions, patents, licences and trademarks purchased by the company are amortised to nil by equal annual instalments over their useful economic lives, generally their respective unexpired periods.

Inca Digital Printers Limited

Notes to the Financial Statements

Year ended 31 March 2022

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Licences - 5 years straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and equipment - 5 years straight line
Fixtures and fittings - 3 years straight line
Motor vehicles - 5 years straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Debtors

Short term trade debtors, amounts owed by group undertakings and other financial assets are measured at transaction price less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

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Year ended 31 March 2022

Creditors

Short term trade creditors, amounts owed to group undertakings and other financial liabilities are measured at transaction price.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in the statement of income and retained earnings unless the provision was recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as interest payable and similar charges in the statement of income and retained earnings in the year it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors

Other financial instruments are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the year in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

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Notes to the Financial Statements

Year ended 31 March 2022

3. Turnover

Turnover arises from:

	2022 £000	2021 £000
Sale of goods	20,360	13,511
Provision of services	2,519	2,282
Long-term R&D contracts	3,842	1,835
Other	518	887
	<u>27,239</u>	<u>18,515</u>

An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2022 £000	2021 £000
United Kingdom	4,138	2,851
European Union	8,636	5,376
North America	8,387	8,289
Rest of World	6,078	1,999
	<u>27,239</u>	<u>18,515</u>

4. Income and expenses

4.1 Other income

	2022 £000	2021 £000
Government grants – Job Retention Scheme	-	1,049
Intercompany recharges for R&D and administrative services	2,984	-
	<u>2,984</u>	<u>1,049</u>

In the current year, the directors have re-evaluated the classification of amounts marked-up and recharged on to a fellow subsidiary undertaking and consider that these amounts are more relevantly reflected as other operating income in the current year rather than being netted against research and development and administrative expenses as they were in prior years. The directors do not consider the impact on the prior year to be qualitatively material and so accordingly have not reclassified the prior year income of £3,934,000 (£3,190,000 relating to R&D and £744,000 relating to administrative expenses).

4.2 Operating (loss)/profit

Operating profit or loss is stated after charging/(crediting):

	2022 £000	2021 £000
Depreciation of tangible assets	186	221
Loss on disposal of fixed assets	36	-
Gross research and development expensed as incurred (see note 4.1)	6,535	5,914
Net research and development expensed as incurred (net on intercompany recharges – see note 4.1)	4,521	2,723
Foreign exchange (gain)/loss	(45)	487
Defined contribution plans expense	619	624
Lease payments recognised as an expense	494	978
	<u> </u>	<u> </u>

Inca Digital Printers Limited

Notes to the Financial Statements

Year ended 31 March 2022

5. Auditor's remuneration

	2022 £000	2021 £000
Fees payable for the audit of the financial statements	<u>85</u>	<u>32</u>
Fees payable to the company's auditor and its associates for other services: Taxation compliance services and other	<u>78</u>	<u>33</u>

6. Directors remuneration

	2022 £000	2021 £000
Remuneration receivable	374	287
Value of company contributions to money purchase schemes	19	19
Employer's NIC contribution	<u>155</u>	<u>147</u>
	<u>548</u>	<u>453</u>

The aggregate of emoluments and other amounts receivable of the highest paid director were £299,000 (2021: £220,000), and company pension contributions of £19,000 (2021: £19,000) were made to a money purchase scheme on their behalf.

The number of directors who accrued benefits under company pension schemes was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

In the current year, 4 (2021: 4) directors received no remuneration for their services as directors of the company. The emoluments of these directors are disclosed in the financial statements of Screen Holdings Co. Limited (see note 26 to the financial statements) and any allocation to this company is considered to be £nil (2021: £nil).

7. Non-recurring costs

The Directors believe it necessary to show non-recurring costs separately to assess the financial performance of the business and these fall into three main categories across recent financial years.

During the current financial year, the company undertook a significant project to replace the existing MRP system with a full Enterprise Resource Planning (ERP) system, integrating operations and processes across the business into a single, unified system. The platform was to be cloud-hosted by a third-party provider, so the implementation costs were not eligible for capitalisation as the company is not deemed to directly control and thus are shown separately in the statement of income. Following the post year end acquisition by Agfa NV, as disclosed in note 27 to the financial statements, this project was stopped to allow future alignment and integration with Agfa NV's systems and providers.

Agfa NV also completed a strategic review of the product portfolio, and it was decided to focus solely on the established Onset X series and future SpeedSet platform. This resulted in a rationalisation of stock lines and a provision against older items. Part of this provision was reflected in the acquisition agreement between Agfa NV and Screen Graphic Solutions Co. Limited and therefore included in these results as below. The remainder of the stock provision is £807,000 and will be included in the accounts for the year ended 31 March 2023.

Inca Digital Printers Limited

Notes to the Financial Statements

Year ended 31 March 2022

7. Non-recurring costs (continued)

During the previous financial year, because of reduced business activity, the company's previous immediate parent company, Screen Graphic Solutions Co. Limited, mandated that cost savings must be achieved and several roles were made redundant as a result.

A breakdown is as follows:

	2022	2021
	£000	£000
ERP project implementation costs	657	-
Stock rationalisation	878	-
Strategic restructuring costs	(41)	244
	<u>1,494</u>	<u>244</u>

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2022	2021
	No.	No.
Research and development staff	46	50
Administrative staff	39	38
Production staff	23	31
Customer support staff	36	37
	<u>144</u>	<u>156</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2022	2021
	£000	£000
Wages and salaries	8,173	7,513
Social security costs	701	649
Other pension costs	619	624
	<u>9,493</u>	<u>8,786</u>

9. Other interest receivable and similar income

	2022	2021
	£000	£000
Bank interest receivable	7	8
	<u>7</u>	<u>8</u>

10. Interest payable and similar charges

	2022	2021
	£000	£000
Intercompany loan interest payable	12	26
	<u>12</u>	<u>26</u>

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Notes to the Financial Statements

Year ended 31 March 2022

11. Tax on profit on activities

Major components of tax credit

	2022 £000	2021 £000
Current tax:		
UK current tax expense/(credit)	(23)	(163)
Adjustments in respect of prior periods	1	(16)
Total current tax	<u>(22)</u>	<u>(179)</u>
Deferred tax:		
Origination and reversal of timing differences (note 18)	35	-
Tax on profit/(loss) on activities	<u>13</u>	<u>(179)</u>

Reconciliation of tax credit

The tax assessed on the profit on activities for the year is lower than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022 £000	2021 £000
Profit / (Loss) on activities before taxation	411	(70)
Profit / (Loss) on activities by rate of tax	78	(13)
Adjustment to tax charge in respect of prior periods	1	(16)
Other tax adjustments	(66)	(150)
Total current tax	<u>13</u>	<u>(179)</u>

Factors that may affect future tax expense

The current UK corporate tax rate that has been used for the period is 19% (2021: 19%). The UK Government announced an increase in the corporation tax rate from 19% to 25% (effective from 1 April 2023), which was substantively enacted on 24 May 2021. Temporary differences measured using the enacted tax rates that are expected to apply when the liability is settled, or the asset realised gives rise to an increase in the deferred tax rate of £14,000.

12. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2022 £000	2021 £000
Equity dividends on ordinary shares	<u>99</u>	<u>557</u>

Dividends paid during the current and previous year were to the immediate parent company, Screen Graphic Solutions Co. Limited.

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Notes to the Financial Statements

Year ended 31 March 2022

13. Intangible assets

	Concessions, patents, licences, trademarks and similar rights and assets £000
Cost	
At 1 April 2021	1,572
Disposals	(1,572)
At 31 March 2022	<u>-</u>
Amortisation	
At 1 April 2021	1,572
Disposals	(1,572)
At 31 March 2022	<u>-</u>
Carrying amount	
At 31 March 2022	<u>-</u>
At 31 March 2021	<u>-</u>

14. Tangible assets

	Plant & equipment £000	Fixtures & fittings £000	Total £000
Cost			
At 1 April 2021	5,659	461	6,120
Additions	566	74	640
Disposals	(671)	(26)	(697)
At 31 March 2022	<u>5,554</u>	<u>509</u>	<u>6,063</u>
Depreciation			
At 1 April 2021	5,420	442	5,862
Charge for the year	160	26	186
Disposals	(641)	(20)	(661)
At 31 March 2022	<u>4,939</u>	<u>448</u>	<u>5,387</u>
Carrying amount			
At 31 March 2022	<u>615</u>	<u>61</u>	<u>676</u>
At 31 March 2021	<u>239</u>	<u>19</u>	<u>258</u>

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Notes to the Financial Statements

Year ended 31 March 2022

15. Stocks

	2022	2021
	£000	£000
Raw materials and consumables	3,130	3,026
Work in progress	1,713	15
Finished goods and goods for resale	4,963	6,149
	<u>9,806</u>	<u>9,190</u>

Stock recognised in cost of sales for the year as an expense was £11,845,000 (2021: £10,006,000).

16. Debtors

	2022	2021
	£000	£000
Trade debtors	4,014	3,013
Amounts owed by group undertakings	944	1,216
Prepayments and accrued income	1,163	950
Other debtors	517	536
Corporation tax receivable	408	413
	<u>7,046</u>	<u>6,128</u>

Amounts owed by group undertakings are interest free and repayable on demand, which is expected to be within the next 12 months.

17. Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	4,114	6,253
Amounts owed to group undertakings	2,162	3,988
Accruals and deferred income	4,385	2,041
	<u>10,661</u>	<u>12,282</u>

Amounts owed to group undertakings include £162,000 (2021: £988,000) which is interest free and repayable on demand, and £2,000,000 (2021: £3,000,000) which incurs interest at a rate of 0.53% (2021: 0.53%) and was repaid in full on 25 May 2022.

Inca Digital Printers Limited

Notes to the Financial Statements

Year ended 31 March 2022

18. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2022	2021
	£000	£000
Included in provisions (note 19)	<u>45</u>	<u>10</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2022	2021
	£000	£000
Accelerated capital allowances	62	26
Pension benefit obligations	(17)	(16)
	<u>45</u>	<u>10</u>

The company does not have any unrecognised losses in the current or previous year.

19. Provisions

	Warranty provision	Deferred tax provision	Total
	£000	£000	£000
At 1 April 2021	165	10	175
Movements in the year – (released)/additional provision	(40)	35	(5)
At 31 March 2022	<u>125</u>	<u>45</u>	<u>170</u>

20. Employee benefits

Defined contribution plans

The amount recognised in the statement of income and retained earnings as an expense in relation to defined contribution plans was £619,000 (2021: £624,000).

An amount of £89,000 (2021: £85,000) is included in accruals at the end of the financial year in respect of outstanding contributions to the scheme.

21. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary shares of £0.01 each	<u>60,431,665</u>	<u>604,317</u>	<u>60,431,665</u>	<u>604,317</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

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Notes to the Financial Statements

Year ended 31 March 2022

22. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

23. Capital commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	2022	2021
	£000	£000
Tangible and Intangible assets	-	682

Included in the above balance is £nil (2021: £nil) of committed expenditure that will be recharged at cost to another group company.

24. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£000	£000
Not later than 1 year	801	865
Later than 1 year and not later than 5 years	4,007	815
Later than 5 years	3,053	1,010
	<u>7,861</u>	<u>2,690</u>

The amount recognised in the statement of income and retained earnings as an expense in relation to operating leases was £494,000 (2021: £978,000).

25. Related party transactions

As the company is a wholly owned subsidiary of Screen Graphic Solutions Co. Limited, the company has taken advantage of the exemptions contained in FRS 102 and has therefore not disclosed transactions with wholly owned subsidiaries which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Screen Holdings Co. Limited can be obtained from the address given in note 26.

Inca Digital Printers Limited

Notes to the Financial Statements

Year ended 31 March 2022

25. Related party transactions (continued)

As at the year end balances with related party as disclosed where as follows:

As disclosed in Amounts owed by group undertakings in debtors note 16.

	2022	2021
	£000	£000
Screen GP Americas, LLC	876	910
Agfa IJC Ltd (formerly Screen GPIJC Ltd)	55	302
Screen GB Europe BV	7	-
Screen Graphic Solutions Co. Ltd	6	3
Screen GP Australia PTY Ltd	-	1
	<u>944</u>	<u>1,216</u>

As disclosed in Amounts owed to group undertakings in creditors note 17.

	2022	2021
	£000	£000
Screen Holdings Co. Ltd	2,001	3,704
Screen GP Americas, LLC	158	267
Screen HD Singapore PTE. Ltd	3	3
Screen Graphic Solutions Co. Ltd	-	14
	<u>2,162</u>	<u>3,988</u>

26. Controlling party

During the year the company was immediately controlled by Screen Graphic Solutions Co. Limited, a company incorporated in Japan. The ultimate controlling party was Screen Holdings Co. Limited which heads the largest group in which the results of the company are consolidated. No other group accounts include the results of the company. Screen Holdings Co. Limited is a publicly traded company and therefore does not have an ultimate, individual controlling party.

The consolidated accounts of this group are available to the public and may be obtained from Investor Relations Department, Screen Holdings Co. Limited, Tenjinkita-machi 1-1, Teranouchi-agaru 4-chome, Horikawa-dori, Kamigyo-ku, Kyoto 602-8585, Japan.

27. Subsequent events

On 30 May 2022 Agfa NV, a company incorporated in Belgium, completed the acquisition of 100% of the shareholding of Inca Digital Printers Limited. From this date Inca Digital Printers Limited became a consolidated subsidiary of Agfa NV. Agfa NV had no transactions with Inca Digital Printers Limited prior to the date of acquisition.