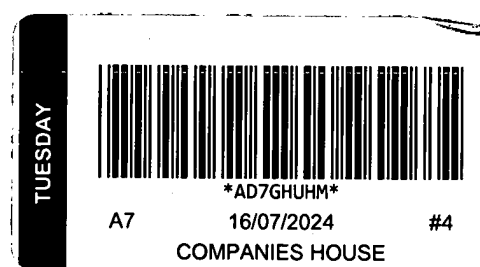


Registration number: 03783939

IDEMIA UK Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2023



Company Information

Directors	L Cassey H Mallet
Registered office	Alexandra Way Ashchurch Business Centre Tewkesbury Gloucestershire GL20 8GA
Auditor	Forvis Mazars LLP Chartered Accountants and Statutory Auditor Two Chamberlain Square Birmingham United Kingdom B3 3AX

Strategic Report

for the year ended 31 December 2023

The directors present their strategic report for the year ended 31 December 2023.

Principal activity

The Company is a wholly owned subsidiary of IDEMIA UK Holding Limited, part of the IDEMIA group of companies.

The principal activity of the Company is the sale of augmented identification products and services for financial institutions, mobile operators, governments and other organisations that need to guarantee secure, authenticated and verifiable transactions for their clients.

Fair review of the business

The Company's key performance indicators during the year were as follows:

	Unit	2023	2022	Change
Turnover	£000	72,977	81,424	(8,447)
Gross profit	%	10	9	1
Operating profit	£000	2,321	3,137	(816)
Profit before taxation	£000	4,147	4,002	145
Shareholders' funds	£000	43,228	38,962	4,266
Current assets as a % of current liabilities	%	284	184	100
Average number of employees	No.	315	320	(5)

Turnover decreased by £9m. This is in line with expectations considering the exceptional program in 2022 driving an additional £8m. Digital products stable. SIM card business has seen a significant increase as demand seems to be returning along with transition onto 5G products.

The business made a profit after tax of £4,161,000, which was increased by actuarial gains after tax of £105,000 and therefore shareholders' funds have increased.

The defined benefit pension plan has a surplus of £6,560,000 at the end of 2023, compared to a surplus of £5,720,000 at the end of 2022. The Plan's assets increased to £46,690,000 (2022, £46,650,000). The Plan's liabilities increased to £40,130,000 (2022, £39,930,000).

Future developments

The Company has a stable customer base consisting largely of major banks, building societies and mobile network operators. The products and services of the Company are continuing to evolve in line with customer requirements for secure authentication and associated services. Sales growth and profitability in the coming years is likely to be steady, as the markets for the Company's products and services become increasingly mature.

Strategic Report

for the year ended 31 December 2023 (continued)

Statement by the directors in performance of their statutory duties in accordance with s172(1) of Companies Act 2006

Guided by the Company's strategic drivers, the Company continues to create value for customers, employees, suppliers and shareholders.

We recognise the importance of our wider stakeholders in delivering our strategy and business sustainability. We are conscientious about our responsibilities and duties to our stakeholders under section 172 of the Companies Act 2006. We adopt and apply the Company's 5 core values to all our responsibilities; Together, Curious, Caring, Daring and Trusted.

The customers

Our customers are the reason we exist. We continue to focus on providing customers with quality products at competitive prices.

The employees

We want the Company to be a great place to work, where employees are empowered to make decisions and can develop their skills and capabilities to serve our customers' needs. We also consider the interests of former employees who are members of a group pension scheme. Our colleagues rely on us to provide stable employment and opportunities to realise their potential in a working environment where they can be at their best.

The communities

Our products, services and people are beneficial to the communities in which we operate. High standards of ethics and business conduct is an important part of being a responsible part of the communities in which we operate.

The environment

Our products, supply chain and operations all have an impact on the environment. We believe that, as a general matter, our policies, practices and procedures are properly designed to prevent unreasonable risk of environmental damage, and of resulting financial liability, in connection with our business. We continually seek out opportunities to improve our environmental performance and to contribute to the well-being and sustainability of the areas in which we operate.

The shareholders

We continue to create long-term, sustainable value for our shareholders, by investing in our competitiveness in our chosen markets.

The suppliers

We continue to strengthen the partnerships we have with our suppliers to deliver great quality products to our customers, at great value.

Principal risks and uncertainties

Russian/Ukraine Conflict

The prior years' conflict in Ukraine had limited direct impact on the business, as demand was significant enough to be redistributed within the current customer base. Trade debt balances and cash movements with both Russia and Ukraine are not material to the Company's performance. Indirect effects are primarily cost increases from energy and freight and underlying inflationary pressures.

Strategic Report

for the year ended 31 December 2023 (continued)

Financial Risk Management

The Company's operations expose it to a variety of financial risks as detailed below. The Company seeks to limit the impacts of these risks by monitoring their impact and addressing each accordingly.

Foreign exchange risk

A small proportion of the Company's purchases and sales transaction are denominated in a foreign currency. The Company does not enter into forward contracts to hedge these transactions. Therefore, the Company is exposed to some foreign exchange risk.

Interest rate risk

The Company's net cash and certain of its group indebtedness attract interest at variable rates. The Company does not hedge its interest exposure and is therefore exposed to interest rate risk.

Counterparty risk

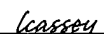
The Company has a largely 'blue chip' customer base of UK banks and mobile network operators, and therefore it considers that it has a limited exposure to possible bad debts. The overall market for its products and services, whilst competitive, is stable and unlikely to reduce in terms of overall demand. Significant barriers to entry make it difficult for a new competitor to enter these markets without large scale investment, in products, equipment and security.

Defined benefit pension risk

The Company continues to operate a defined benefit pension plan, however, following a consultation period with affected members, the Company made the decision to close the Plan to future accrual with effect from 30 June 2023. From this date, all remaining active members became deferred pensioners. The Company and trustees agreed on a funding plan following triennial valuations in prior years to ensure that the Plan was sufficiently funded to meet current and future obligations.

There are no other material exposures of the Company relating to credit, liquidity risk or cash flow risk which is material for the assessment of the assets, liabilities, financial position and profit of the Company.

Approved by the Board on Jul 1, 2024 and signed on its behalf by:


.....
lcassey (Jul 1, 2024 13:53 GMT+1)
.....
L Cassey
Director

Directors' Report

for the year ended 31 December 2023

The directors present their Directors' Report and the audited financial statements for the year ended 31 December 2023.

Results and dividend

The results for the Company are set out in the financial statements. The directors do not recommend the payment of a final dividend (2022 - £Nil)

Directors of the company

The directors who held office during the year, and up to the date of signing these financial statements, were as follows:

L Cassey

H Mallet

Future developments

Details of future developments are shown in the Strategic report.

Financial risk management

Financial risk management details are shown in the Strategic report.

Going concern

The Company's business activities, together with the factors likely to affect its future development and principle risks and uncertainties, are set out in the Strategic Report. The directors are confident that the underlying business remains strong and will generate positive cash flows for the foreseeable future. The Company participates in the IDEMIA group centralised treasury arrangements, and so shares banking arrangements with its parent and fellow subsidiaries. The Company's detailed financial plans, together with its financial resources, contracts and diverse customers together with risk mitigation processes lead the directors to conclude that the Company will continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

As a result, the directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the IDEMIA group to continue as a going concern, and have therefore prepared the accounts on a going concern basis.

Research and development

The Company carries out a limited amount of development in card personalisation systems. All costs incurred are charged to the income statement.

Employee engagement

The Company has a policy of delivering briefing sessions to all employees on a regular basis. These briefing sessions cover the ongoing financial performance of the business, as well as the future outlook and other matters that may be relevant or of interest to employees.

There is also an employee consultative forum consisting of elected representatives from all parts of the Company that meets monthly with management to discuss topical issues. At these meetings a free flow of information and ideas is expected and encouraged.

Directors' Report

for the year ended 31 December 2023 (continued)

Employment of disabled persons

The Company offers equal opportunities in recruitment, training and promotion, and in terms and conditions of employment, without discriminating on grounds of sex, sexual orientation, religious belief, age, colour, ethnic or racial origin, nationality or disability.

Business relationships

The Company's business relationships with its key stakeholders are discussed in the *Statement by the directors in performance of their statutory duties in accordance with s172(1) of Companies Act 2006* in the Strategic report.

Environmental matters

All of the management and staff are proactive in reducing the environmental impact of the Company. The Company is committed to complying with all relevant environmental legislation and actively seeks to prevent pollution by a process of continual improvement. It operates a successful recycling policy with the principles of reduction, reuse and recycling of all waste streams. It also has an energy monitoring system designed to identify usage; enabling it to implement and review energy reduction programmes. The Company is certified to ISO 14001:2015 environmental management standard. All employees are made aware of the Company's commitment to protecting the environment through training and regular communications.

Streamlined energy and carbon reporting

IDEMIA UK Limited aims to improve environmental performance and drive the reduction of energy use, emissions, and waste. The figures published below on energy performance meet the SECR (Streamline Energy Carbon Reporting) requirements.

	FY 2023	FY 2022
Total Scope 1 Emissions (tCO ₂ e)	120	162
Total Scope 2 Emissions (tCO ₂ e)	349	422
Total Emissions (tCO ₂ e)	<u>469</u>	<u>584</u>
Intensity ratio (tCO ₂ e) per £m of turnover	6.47	7.16

The directors believe the most relevant Intensity factor is CO₂ emissions per £1m of revenue: in the year to 31 December 2023 revenue was £73.0m (2022 - £81.4m) and this ratio was 6.47 (2022 - 7.16) tonnes.

The figures used in collating this report were calculated and analysed by Catalyst Commercial Services Limited.

We have measured our scope 1 (directly controlled), 2 (indirect emissions) and scope 3 (business travel) emissions, indicating any exclusions, as appropriate. All our office operations and supporting sites have been included in the scopes. The 2022 data has been included and will be the allocated baseline.

The energy focus in 2023 was the commission of data collection across all office location to provide visibility and track energy performance across the business. The objective for 2023, continued from 2022, was to develop a long-term carbon reduction plan by identifying opportunity for energy reduction.

Directors' Report

for the year ended 31 December 2023 (continued)

Streamlined energy and carbon reporting (continued)

During the year, the Company undertook the following energy efficiency actions:

- track energy performance across the business;
- encourage electric vehicle use;
- EV charge points; and
- Landfill / recycle.

In FY24 we plan to develop a long-term energy reduction plan that aligns with the long-term Government ambitious target of 68% reduction by 2030 and carbon neutral by 2050.

Human Rights and Modern Slavery

The IDEMIA group is a signatory to the Ten Principles of the UN Global Compact, the world's largest voluntary corporate citizenship initiative, embracing and enacting a set of core values in respect of human rights, labour practices, anti-corruption and the environment. In accordance with its pledge to the UN Global Compact, IDEMIA supports and respects the protection of internationally proclaimed human rights and is committed to ensuring that through its own operations, its products and its supply chain it avoids complicity in human rights abuses. IDEMIA promotes the respect of human rights throughout its sphere of influence.

The IDEMIA group Modern Slavery Statement outlines the steps that IDEMIA has taken to minimize the risks of modern slavery in its operations and supply chains in 2023.

Political and Charitable donations

The Company made no political contributions during the year. Donations to UK schools and charities amounted to £17,649 (2022: £16,545).

Directors' liabilities

The Company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Appointment of auditor

Mazars LLP have confirmed their willingness to continue in office as auditor and will be re-appointed accordingly, in accordance with s485 of the Companies Act 2006.

Directors' Report

for the year ended 31 December 2023 (continued)

Disclosure requirements

In accordance with the Companies Act 2006, section 414C(11), the Company's Strategic Report contains certain disclosures required in the Directors' Report.

Approved by the Board on Jul 1, 2024 and signed on its behalf by:



lcassey (Jul 1, 2024 13:53 GMT+1)

L Cassey
Director

Statement of Directors' Responsibilities

for the year ended 31 December 2023

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report, that comply 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.

Independent Auditor's Report

to the Members of IDEMIA UK Limited

Opinion

We have audited the financial statements of Idemia UK Limited (the 'Company') for the year ended 31 December 2023 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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 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, 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.

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 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.

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 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.

Independent Auditor's Report

to the Members of IDEMIA UK Limited (continued)

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 light of the knowledge and understanding of the Company and its 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, 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the directors are responsible for the preparation of the 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 financial statements, the directors are responsible for 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 the directors either intend to liquidate the 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment laws and regulations (including health and safety) and laws and regulations relating to unethical and prohibited business practices.

Independent Auditor's Report

to the Members of IDEMIA UK Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the Directors' Report and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off risk), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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.

Independent Auditor's Report

to the Members of IDEMIA UK Limited (continued)

Use of the audit 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.

Jennifer Birch

.....
Jennifer Birch (Senior Statutory Auditor)
For and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
Two Chamberlain Square
Birmingham
B3 3AX
United Kingdom

Date: Jul 1, 2024

Profit and Loss Account
for the year ended 31 December 2023

	Note	2023 £ 000	2022 £ 000
Turnover	4	72,977	81,424
Cost of sales		<u>(65,542)</u>	<u>(73,896)</u>
Gross profit		7,435	7,528
Distribution costs		(786)	(674)
Administrative expenses		<u>(4,328)</u>	<u>(3,717)</u>
Operating profit	5	2,321	3,137
Interest receivable	9	2,480	1,392
Interest payable	10	<u>(654)</u>	<u>(527)</u>
Profit before tax		4,147	4,002
Tax on profit	11	<u>14</u>	<u>(658)</u>
Profit for the year		<u><u>4,161</u></u>	<u><u>3,344</u></u>

The above results were derived from continuing operations.

Statement of Comprehensive Income
for the year ended 31 December 2023

	Note	2023 £ 000	2022 £ 000
Profit for the year		<u>4,161</u>	<u>3,344</u>
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) on pension fund	23	140	(9,730)
Deferred tax on actuarial gain/(loss)	11	<u>(35)</u>	<u>2,433</u>
		<u>105</u>	<u>(7,297)</u>
Total comprehensive income for the year		<u><u>4,266</u></u>	<u><u>(3,953)</u></u>

Balance Sheet

as at 31 December 2023

	Note	2023 £ 000	2022 £ 000
Fixed assets			
Intangible assets	12	5,092	5,135
Tangible assets	13	3,709	4,019
Right of use assets	14	1,814	2,110
Investments	15	5	5
		<u>10,620</u>	<u>11,269</u>
Current assets			
Stocks	16	4,630	6,208
Debtors	17	41,950	51,596
Cash at bank and in hand		312	302
		<u>46,892</u>	<u>58,106</u>
Creditors: Amounts falling due within one year	18	<u>(16,486)</u>	<u>(31,550)</u>
Net current assets		<u>30,406</u>	<u>26,556</u>
Total assets less current liabilities		41,026	37,825
Creditors: Amounts falling due after more than one year	19	(1,826)	(2,101)
Provisions for liabilities	22	<u>(2,532)</u>	<u>(2,482)</u>
Net assets excluding pension asset		36,668	33,242
Net pension asset	23	<u>6,560</u>	<u>5,720</u>
Net assets		<u>43,228</u>	<u>38,962</u>
Capital and reserves			
Called up share capital	24	21,605	21,605
Profit and loss account		<u>21,623</u>	<u>17,357</u>
Shareholders' funds		<u>43,228</u>	<u>38,962</u>

The financial statements were approved and authorised for issue by the Board on Jul 1, 2024 and signed on its behalf by:

L Cassey
(Lcassey (Jul 1, 2024 13:53 GMT+1).....)

L Cassey
Director

Statement of Changes in Equity
for the year ended 31 December 2023

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2023	21,605	17,357	38,962
Profit for the year	-	4,161	4,161
Other comprehensive income	-	105	105
Total comprehensive income	-	4,266	4,266
At 31 December 2023	21,605	21,623	43,228

Statement of Changes in Equity for the Year Ended 31 December 2022

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2022	21,605	21,310	42,915
Profit for the year	-	3,344	3,344
Other comprehensive income	-	(7,297)	(7,297)
Total comprehensive income	-	(3,953)	(3,953)
At 31 December 2022	21,605	17,357	38,962

Notes to the Financial Statements

for the year ended 31 December 2023

1 General information

The Company is a private company limited by share capital, incorporated in England and Wales and domiciled in England.

The address of its registered office is:

Alexandra Way
Ashchurch Business Centre
Tewkesbury
Gloucestershire
GL20 8GA

The financial statements of IDEMIA UK Limited for the year ended 31 December 2023 were authorised for issue by the Board of directors on Jul 1, 2024 and the balance sheet was signed on the Board's behalf by L.Cassey.

2 Accounting policies

Summary of material accounting policies and key accounting estimates

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

Basis of preparation and Statement of Compliance with FRS 101

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The financial statements have been prepared under the historical cost convention, and in accordance with, the Companies Act 2006.

The Company's financial statements are presented in pounds Sterling and all values are rounded to the nearest thousand pounds except where otherwise indicated.

Departures from Companies Act requirements

Under IFRS 3 Business Combinations, goodwill is not amortised, but is reviewed for impairment on an annual basis. This is a departure from the requirements of the Companies Act 2006, which requires goodwill to be amortised over its useful economic life. However, the departure is necessary in order to comply with the requirements of IFRS 3. The Company has therefore invoked a 'true and fair view' override to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. Had the Company amortised goodwill from October 1999, a period of 20 years would have been chosen as its useful economic life. Without this change of policy retained earnings would be £5,015,000 (2022: £5,015,000) lower than reported in the balance sheet.

Exemption from preparing group accounts

The financial statements contain information about IDEMIA UK Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, IDEMIA France SAS, a company incorporated in France.

Notes to the Financial Statements

for the year ended 31 December 2023 (continued)

2 Accounting policies (continued)

Going concern

The Company's business activities, together with the factors likely to affect its future development and principle risks and uncertainties, are set out in the Strategic Report. The directors are confident that the underlying business remains strong and will generate positive cash flows for the foreseeable future. The Company participates in the IDEMIA group centralised treasury arrangements, and so shares banking arrangements with its parent and fellow subsidiaries. The Company's detailed financial plans, together with its financial resources, contracts and diverse customers together with risk mitigation processes lead the directors to conclude that the Company will continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

As a result, the directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the IDEMIA group to continue as a going concern, and have therefore prepared the accounts on a going concern basis.

Summary of disclosure exemptions

In these financial statements, the Company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 7 - 'Financial instruments: Disclosures'.
- Paragraph 38 of IAS 1 - 'Presentation of financial statements' (comparative information requirements).
 - paragraph 79(a)(iv) of IAS 1
(reconciliation of number of shares at the beginning and end of the period)
 - paragraph 73(e) of IAS 16, 'Property, plant and equipment'
(reconciliations between the carrying amount at the beginning and end of the period)
 - paragraph 118(e) of IAS 38, 'Intangible assets'
(reconciliations between the carrying amount at the beginning and end of the period)
- IAS 7 - 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24 - 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' (to disclose related party transactions entered into between two or more members of a group).
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 - 'Revenue from Contracts with Customers'.
- The requirements of paragraph 52 of IFRS 16 'Leases', the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 'Leases'.

Notes to the Financial Statements

for the year ended 31 December 2023 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

- The following paragraphs of IAS 1 - 'Presentation of financial statements' (removing the requirement to present):
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (cash flow statement information);
 - 134-136 (capital management disclosures)
- Paragraphs 91 to 99 of IFRS 13 - 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).

Changes in accounting policy

There are no standards, interpretations and amendments effective for the first time from 1 January 2023 which have had a material effect on the financial statements.

Revenue recognition

Recognition

The Company earns revenue from the sale of augmented identification products, including payment, SIM and ID cards. This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers. The Company also earns revenue from the provision of services relating to card personalisation. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers. The Company does not provide extended warranties for its goods and services. Any obligation for customer returns or refunds are recognised immediately. Payments are normally received 30-60 days after the performance obligation has been recognised.

The principles in IFRS 15 are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Notes to the Financial Statements

for the year ended 31 December 2023 (continued)

2 Accounting policies (continued)

Revenue recognition (continued)

Performance obligations

Revenue from the sale of payment cards: The main performance obligations to customers consist of the despatch of product. For specific payment card contracts the customers acknowledge deferred delivery on a bill and hold basis. For these contracts revenue is recognised when the payment cards are on hand and ready for personalisation. This is when the cards have been delivered from the group's overseas manufacturing sites and received into the secure vault at the Company's personalisation centre in the UK.

Revenue from personalisation services: The main performance obligations in contracts consist of the personalisation of payment cards.

Transaction price

The transaction price of fixed fee payment card contracts is determined by the fee specified in contract. The transaction price for personalisation service contracts is at rates specified in the contract.

Finance income and costs policy

Finance income consists of income from cash investments and equivalents. Interest income is recognised in the profit and loss account when earned, using the effective interest method.

Finance costs consist of interest payable on borrowings calculated using the effective interest method. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currency transactions and balances

The Company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Notes to the Financial Statements

for the year ended 31 December 2023 (continued)

2 Accounting policies (continued)

Tax (continued)

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Fixed assets

Fixed assets are stated at historical cost in the balance sheet, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of fixed assets includes directly attributable incremental costs incurred in their acquisition and installation. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and they are recognised within administrative expenses in the income statement.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than assets under construction, over their estimated useful lives on a straight line basis. Estimated useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Asset class	Depreciation method and rate
Improvements to leasehold property	remaining life of the lease
Plant, machinery vehicles and computers	3 to 10 years
Fixtures, fittings and equipment	2 to 10 years

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Computer software licences are shown at historical cost. Computer software licences have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation in the year is largely declared within Cost of Sales.

Notes to the Financial Statements

for the year ended 31 December 2023 (continued)

2 Accounting policies (continued)

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Software licences	3 to 5 years straight line basis

Investments

Investments in subsidiaries and associated undertakings are held at cost less accumulated impairment losses.

Impairment of non-financial assets, including assets in the course of construction

The carrying values of non-financial assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any impairment loss arises, the asset value is adjusted to its estimated recoverable amount and the difference is recognised in the profit and loss account.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial asset – recognition and measurement

Financial assets, largely consisting of trade and intercompany receivables, are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash.

All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at amortised cost

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

The Company has no financial assets measured at fair value through profit or loss.

Notes to the Financial Statements

for the year ended 31 December 2023 (continued)

2 Accounting policies (continued)

Impairment of financial assets

In accordance with IFRS 9, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- b) Debtors or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15.

For debtors, the Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all debtors. To measure the expected credit losses and trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Financial liabilities - recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities comprise of trade creditors, amounts owed to group undertakings and bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification as either financial liabilities at fair value through profit or loss, loans and borrowings or derivative financial instruments. The Company does not have any financial liabilities which are subsequently re-measured at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Notes to the Financial Statements

for the year ended 31 December 2023 (continued)

2 Accounting policies (continued)

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets as described in the financial instruments policy above.

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks.

The cost of finished goods comprises the costs incurred in bringing the stocks to their present location and condition. At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in the profit or loss account.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to the Financial Statements

for the year ended 31 December 2023 (continued)

2 Accounting policies (continued)

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the Company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used).

Initial recognition and measurement

The Company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the Company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

After the commencement date, the Company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Interest charges are included in finance costs in the profit and loss account, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

Notes to the Financial Statements

for the year ended 31 December 2023 (continued)

2 Accounting policies (continued)

Leases (continued)

Subsequent measurement (continued)

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Fixed assets. Adjustments are made to the carrying value of the right-of-use asset where the lease liability is re-measured in accordance with the above. Right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Short term and low value leases

The Company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The Company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value. Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the Profit and Loss Account.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Defined benefit pension obligation

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The defined benefit pension asset or liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. The value of a net pension benefit asset is restricted to the present value of any amount the company expects to recover by way of refunds from the plan or reductions in the future contributions.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit or liability or asset. Past-service costs are recognised immediately in profit or loss.

Notes to the Financial Statements

for the year ended 31 December 2023 (continued)

2 Accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires judgements, estimations and assumptions to be made that affect the reported values of assets, liabilities, revenues and expenses. The nature of estimation means that the actual outcomes could differ from those estimates.

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Recognition of the defined benefit pension surplus

The value of a net pension benefit asset recognised in the balance sheet is restricted to the present value of any amount the Company expects to recover by way of refunds from the plan or reductions in the future contributions. Judgement is required to be exercised by management to assess the economic benefit available to the Company as a result of the pension surplus. The directors consider whether the Company has an unconditional right to the surplus taking into consideration if contributions are already being met from the scheme's excess assets and a whether a repayment to the Company is likely to be agreed in the future.

Key sources of estimation uncertainty

The directors have identified the following assumptions and estimates at the end of the current reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Defined benefit pension obligations

The Company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management, together with the independent actuary, estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Please refer to note 23.

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2023	2022
	£ 000	£ 000
Sale of goods	49,986	55,939
Rendering of services	22,991	25,485
	<u>72,977</u>	<u>81,424</u>

Notes to the Financial Statements
for the year ended 31 December 2023 (continued)

4 Turnover (continued)

The analysis of the company's turnover for the year by market is as follows:

	2023	2022
	£ 000	£ 000
UK	70,574	77,052
Europe	2,403	4,372
	<u>72,977</u>	<u>81,424</u>

5 Operating profit

Arrived at after charging/(crediting):

	2023	2022
	£ 000	£ 000
Depreciation on fixed assets	990	897
Depreciation on right of use assets	453	497
Amortisation expense	86	97
Foreign exchange (gains)/losses	(117)	355
Lease expenses - short term and low value	66	75
Loss on disposal of tangible fixed assets	31	136
	<u>31</u>	<u>136</u>

6 Auditor's remuneration

	2023	2022
	£ 000	£ 000
Audit of the financial statements	98	74
	<u>98</u>	<u>74</u>

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2023	2022
	£ 000	£ 000
Wages and salaries	14,884	14,415
Social security costs	1,557	1,612
Pension costs	1,320	1,434
	<u>17,761</u>	<u>17,461</u>

Notes to the Financial Statements
for the year ended 31 December 2023 (continued)

7 Staff costs (continued)

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2023	2022
	No.	No.
Production	185	164
Others	130	156
	<u>315</u>	<u>320</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023	2022
	£ 000	£ 000
Remuneration	99	99
Benefits in kind	10	1
Contributions paid to defined benefit schemes	5	5
	<u>114</u>	<u>105</u>

During the year the number of Directors who were receiving benefits and share incentives was as follows:

	2023	2022
	No.	No.
Accruing benefits under defined benefit pension scheme	<u>1</u>	<u>1</u>

9 Interest receivable

	2023	2022
	£ 000	£ 000
Interest received from group undertakings	2,200	1,122
Net interest income on post employment benefits	23	270
	<u>2,480</u>	<u>1,392</u>

10 Interest payable

	2023	2022
	£ 000	£ 000
Interest on bank overdrafts and borrowings	532	399
Interest expense on leases	20	128
	<u>654</u>	<u>527</u>

Notes to the Financial Statements
for the year ended 31 December 2023 (continued)

11 Taxation

Tax charged/(credited) in the profit and loss account

	2023	2022
	£ 000	£ 000
Current taxation		
UK corporation tax	-	-
Deferred taxation		
Arising from origination and reversal of temporary differences	(189)	118
Arising from pension scheme deficit	175	540
Total deferred taxation	(14)	658
Tax (receipt)/expense in the profit and loss account	(14)	658

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2022 - lower than the standard rate of corporation tax in the UK) of 23.5% (2022 - 19%).

The differences are reconciled below:

	2023	2022
	£ 000	£ 000
Profit before tax	4,147	4,002
Corporation tax at standard rate	975	760
Expenses not deductible	16	12
Group relief received for nil consideration	(1,109)	(234)
Pension plan	10	130
Other temporary differences	94	(10)
Total tax (credit)/charge	(14)	658

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. For the financial year ended 31 December 2023, the current weighted averaged tax rate was 23.5%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the Financial Statements
for the year ended 31 December 2023 (continued)

11 Taxation (continued)

Deferred Tax

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
2023			
Accelerated tax depreciation	-	(584)	(584)
Pension benefit obligations	-	(1,640)	(1,640)
Other items	-	103	103
	<u>-</u>	<u>(2,121)</u>	<u>(2,121)</u>

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
2022			
Accelerated tax depreciation	-	(766)	(766)
Pension benefit obligations	-	(1,430)	(1,430)
Other items	-	96	96
	<u>-</u>	<u>(2,100)</u>	<u>(2,100)</u>

Deferred tax movement during the year:

	At 1 January 2023 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2023 £ 000
Accelerated tax depreciation	(766)	182	-	(584)
Pension benefit obligations	(1,430)	(175)	(35)	(1,640)
Other items	96	7	-	103
	<u>(2,100)</u>	<u>14</u>	<u>(35)</u>	<u>(2,121)</u>

Deferred tax movement during the prior year:

	At 1 January 2022 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2022 £ 000
Accelerated tax depreciation	(632)	(134)	-	(766)
Pension benefit obligations	(3,323)	(540)	2,433	(1,430)
Other items	80	16	-	96
	<u>(3,875)</u>	<u>(658)</u>	<u>2,433</u>	<u>(2,100)</u>

Notes to the Financial Statements
for the year ended 31 December 2023 (continued)

11 Taxation (continued)

Amounts recognised in other comprehensive income

	2023 £ 000	2022 £ 000
Deferred tax on remeasurement of net defined benefit liability	<u>35</u>	<u>(2,433)</u>

12 Intangible assets

	Goodwill £ 000	Software £ 000	Total £ 000
Cost			
At 1 January 2023	26,441	798	27,239
Additions	<u>-</u>	<u>43</u>	<u>43</u>
At 31 December 2023	<u>26,441</u>	<u>841</u>	<u>27,282</u>
Amortisation			
At 1 January 2023	(21,426)	(678)	(22,104)
Amortisation charge	<u>-</u>	<u>(86)</u>	<u>(86)</u>
At 31 December 2023	<u>(21,426)</u>	<u>(764)</u>	<u>(22,190)</u>
Carrying amount			
At 31 December 2023	<u>5,015</u>	<u>77</u>	<u>5,092</u>
At 31 December 2022	<u>5,015</u>	<u>120</u>	<u>5,135</u>

Goodwill relates to the purchase of the trade and assets of the UK part of the De La Rue Card Systems Division from De La Rue PLC on 15 October 1999.

Goodwill is assessed annually at a local level to determine if there is any indication that it may be impaired, which considers the relationship between the carrying value and the recoverable amount. The recoverable amount was determined based on a value-in-use calculation which requires the use of several assumptions. The calculation of the recoverable amount includes the cash flow projections for the next 5 year period, which has been based on financial budgets that have been approved at both a local and a group level. Cash flows beyond the detailed projections have been extrapolated using an estimated rate of growth of 2%. The other assumptions, including a discount rate of 9.1%, remain consistent with those disclosed within the Annual Report and financial statements of the ultimate parent entity. The Directors and management have considered and reasonably assessed any possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the goodwill to exceed their recoverable amount.

Notes to the Financial Statements
for the year ended 31 December 2023 (continued)

13 Tangible assets

	Improvements to leasehold property £ 000	Furniture, fittings and equipment £ 000	Assets in the course of construction £ 000	Plant, machinery and vehicles £ 000	Total £ 000
Cost					
At 1 January 2023	2,125	1,863	594	9,872	14,454
Additions	-	-	721	-	721
Disposals	-	-	(11)	(1,753)	(1,764)
Transfers between categories	-	141	(845)	704	-
At 31 December 2023	<u>2,125</u>	<u>2,004</u>	<u>459</u>	<u>8,823</u>	<u>13,411</u>
Depreciation					
At 1 January 2023	(1,879)	(1,776)	-	(6,780)	(10,435)
Charge for the year	(29)	(38)	-	(923)	(990)
Eliminated on disposal	-	-	-	1,723	1,723
At 31 December 2023	<u>(1,908)</u>	<u>(1,814)</u>	<u>-</u>	<u>(5,980)</u>	<u>(9,702)</u>
Carrying amount					
At 31 December 2023	<u>217</u>	<u>190</u>	<u>459</u>	<u>2,843</u>	<u>3,709</u>
At 31 December 2022	<u>246</u>	<u>87</u>	<u>594</u>	<u>3,092</u>	<u>4,019</u>

Contractual commitments for the acquisition of property, plant and equipment

Contractual commitments for the acquisition of Fixed assets were as follows:

	2023 £ 000	2022 £ 000
Plant, machinery, vehicles and equipment	<u>34</u>	<u>173</u>

Notes to the Financial Statements
for the year ended 31 December 2023 (continued)

14 Right of use assets

	Machinery £ 000	Property £ 000	Vehicles £ 000	Total £ 000
Cost				
At 1 January 2023	949	2,279	160	3,388
Additions	183	-	143	326
Disposals	(722)	-	(31)	(753)
At 31 December 2023	<u>410</u>	<u>2,279</u>	<u>272</u>	<u>2,961</u>
Depreciation				
At 1 January 2023	(561)	(671)	(46)	(1,278)
Charge for the year	(149)	(253)	(51)	(453)
Eliminated on disposal	553	-	31	584
At 31 December 2023	<u>(157)</u>	<u>(924)</u>	<u>(66)</u>	<u>(1,147)</u>
Carrying amount				
At 31 December 2023	<u>253</u>	<u>1,355</u>	<u>206</u>	<u>1,814</u>
At 31 December 2022	<u>388</u>	<u>1,608</u>	<u>114</u>	<u>2,110</u>

15 Investments

	2023 £ 000	2022 £ 000
Investments in subsidiaries	-	-
Other investments	5	5
	<u>5</u>	<u>5</u>

Details of the subsidiaries as at 31 December 2023 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and registered office address	Proportion of ownership interest and voting rights held	
			2023	2022
IDEMIA UK Pension Trustee Limited	Dormant	England and Wales Alexandra Way, Ashchurch Business Centre, Tewkesbury, Gloucestershire, GL20 8GA	100%	100%

Notes to the Financial Statements

for the year ended 31 December 2023 (continued)

15 Investments (continued)

Other investments

Details of the other investments as at 31 December 2023 are as follows:

Name	Principal activity	Country of incorporation and registered office address	Proportion of ownership interest and voting rights held	
			2023	2022
Oberthur Technologies India Private Limited	Non-trading	India Khasra No:605, Behind Tata Telco Service Station, Rangpuri, Mahipalpur Extension, New Delhi-110037, India	0.28%	0.28%
PT. IDEMIA Technologies Indonesia (formerly PT. Oberthur Technologies Indonesia)	Non-trading	Indonesia The Landmark Center I Lantai 18, Tower A, Jl. Jenderal Sudirman No.1, South Jakarta Selatan 12910, Indonesia	1%	1%

16 Stocks

	2023 £ 000	2022 £ 000
Raw materials and consumables	827	1,026
Finished goods and goods for resale	3,803	5,182
	<u>4,630</u>	<u>6,208</u>

The cost of Stocks recognised as an expense in the year amounted to £53,677,000 (2022 - £55,431,000). This is included within cost of sales.

During 2023 £38,000 (2022 - £Nil) was charged to cost of sales in the profit and loss account for damaged, obsolete and lost stocks.

The amount of write-down of stock reversed through expenses in the year is £78,000 (2022 - £Nil). This is included within cost of sales.

Stocks are stated after provisions for impairment of £431,000 (2022 - £470,000). There is no significant difference between the replacement cost of finished goods and goods for resale and their carrying value.

Notes to the Financial Statements
for the year ended 31 December 2023 (continued)

17 Debtors

	2023	2022
	£ 000	£ 000
Trade debtors	2,816	2,597
Amounts receivable from group undertakings	38,850	48,386
Prepayments	273	391
Other debtors	11	222
	<u>41,950</u>	<u>51,596</u>

Amounts receivable from group undertakings for the supply of goods and services are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Amounts receivable from group undertakings for short term temporary loans are also unsecured and repayable on demand but receive interest at the monthly SONIA or EURIBOR rate +1.95%.

18 Creditors: amounts falling due within one year

	Note	2023	2022
		£ 000	£ 000
Loans and borrowings	21	1,577	6,545
Trade creditors		988	3,701
Amounts due to group undertakings		6,315	9,511
Other creditors		2,112	3,904
Social security and other taxes		1,721	3,041
Accrued expenses		2,187	2,761
Deferred income		1,462	2,006
Current portion of long term lease liabilities	20	<u>124</u>	<u>81</u>
		<u>16,486</u>	<u>31,550</u>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

19 Creditors: amounts falling due after one year

	Note	2023	2022
		£ 000	£ 000
Long term lease liabilities	20	<u>1,826</u>	<u>2,101</u>

Notes to the Financial Statements
for the year ended 31 December 2023 (continued)

20 Leases

Leases included in creditors

	Note	2023 £ 000	2022 £ 000
Current portion of long term lease liabilities	18	124	81
Long term lease liabilities	21	1,826	2,101
		<u>1,950</u>	<u>2,182</u>

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2023 £ 000	2022 £ 000
Less than one year	490	499
2 to 5 years	1,198	1,148
After 5 years	563	852
Total lease liabilities (undiscounted)	2,251	2,499
Future lease interest	301	317
Discounted lease liability at 31 December	<u>1,950</u>	<u>2,182</u>

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	2023 £ 000	2022 £ 000
Payment		
Right of use assets	1,114	394
Interest	122	128
Short term leases	66	75
Total cash outflow	<u>1,302</u>	<u>597</u>

21 Loans and borrowings

	2023 £ 000	2022 £ 000
Current loans and borrowings		
Bank borrowings	<u>1,577</u>	<u>6,545</u>

The bank loan is a revolving credit agreement commenced in December 2019. Interest is levied at a rate equal to the Sterling Overnight Index Average (SONIA) + 2.5% p.a. Security for the loan was provided by a parent company guarantee from IDEMIA France SAS.

Notes to the Financial Statements
for the year ended 31 December 2023 (continued)

22 Provisions

	Employee benefits £ 000	Deferred tax £ 000	Total £ 000
At 1 January 2023	382	2,100	2,482
Credited to profit and loss account	29	(14)	15
Charged to other comprehensive income	-	35	35
At 31 December 2023	<u>411</u>	<u>2,121</u>	<u>2,532</u>
Non-current liabilities	<u>411</u>	<u>2,121</u>	<u>2,532</u>

The employee benefits provision relates to additional holidays provided to employee as they achieve long service milestones with the Company. The provision is expected to be utilised as employees take the additional holidays that they have earned.

Further details of the deferred tax liability are given in note 11.

23 Pension and other schemes

The Company operates 2 pensions schemes as detailed below:

Defined contribution pension scheme

The Company operates a defined contribution Self Invested Personal Pension Plan (SIPP), whose assets are held separately from the assets of the Company. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £684,000 (2022 - £624,000). There are no amounts outstanding at the balance sheet date.

Defined benefit pension schemes

IDEMIA UK Pension Plan

IDEMIA UK Limited (the Company) operates a defined benefit pension arrangement called the IDEMIA UK Pension Plan (the Plan). The Plan provides benefits based on final salary and length of service on retirement, leaving service or death.

The Plan is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Plan is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Company must agree with the Trustee of the Plan the contributions to be paid to meet the Statutory Funding Objective. The future contributions required to meet the Statutory Funding Objective do not currently affect the balance sheet of the Plan in these financial statements.

The most recent comprehensive actuarial valuation of the Plan was carried out as at 1 April 2022 and the next valuation of the Plan is due as at 1 April 2025.

Notes to the Financial Statements

for the year ended 31 December 2023 (continued)

23 Pension and other schemes (continued)

Defined benefit pension schemes (continued)

IDEMIA UK Pension Plan (continued)

In the event that the next valuation reveals a larger deficit than expected the Company may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected, it is possible that contributions may be reduced.

In the prior year's financial statements, it was noted that the most recent actuarial valuation of the Plan, dated 1 April 2022, was in progress and, if the valuation revealed a larger (or smaller) deficit than expected the Company may have been required to increase (or decrease) contributions above those set out in the existing Schedule of Contributions. The expected contributions for 2023 were £2,650,000, however, on conclusion of the actuarial valuation it was agreed that the scheme would close to future accrual from 30 June 2023 and no further deficit contributions would be required for 2023.

The Company does not currently expect to pay any contributions in the year to 31 December 2024.

The Plan is managed by a trustee company, IDEMIA UK Pension Trustee Limited (the Trustee). The Directors of this trustee company are appointed in part by the Company and part from elections by members of the Plan. The Trustee has responsibility for obtaining valuations of the fund, administering benefit payments and investing the Plan's assets. The Trustee delegates some of these functions to its professional advisers where appropriate.

There were no plan amendments, curtailments or settlements during the period that impacted the liabilities at the Review Date. Following consultation with members, the Plan was closed to future accrual of benefits with effect from 30 June 2023 but, due to assumptions made around future discretionary benefits for closure members, the closure has not impacted the liabilities at the Review Date.

Contributions payable to the pension scheme at the end of the year are £Nil (2022 - £Nil). The expected contributions to the plan for 2024 are £Nil.

The valuation used for FRS 101 disclosures has been based on the 1 April 2022 funding valuation and rolled forward to 31 December 2023. The present values of the defined benefit obligation and the related current service cost as at 31 December 2023 were measured using the projected unit credit method.

Risks

Investment risk

The Plan holds investments in asset classes, such as equities, which have volatile market values and, while these assets are expected to provide real returns over the long term, the short-term volatility can cause additional funding to be required if deficits emerge.

Interest rate risk

The Plan's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Plan holds assets such as equities, the value of the assets and liabilities may not move in the same way.

Notes to the Financial Statements
for the year ended 31 December 2023 (continued)

23 Pension and other schemes (continued)

Inflation risk

A significant proportion of the benefits under the Plan are linked to inflation. Although the Plan's assets are expected to provide a good hedge against inflation over the long term, movements over the short term could lead to deficits emerging.

Mortality risk

In the event that members live longer than assumed deficits may emerge in the Plan.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2023 £ 000	2022 £ 000
Fair value of scheme assets	46,690	45,650
Present value of scheme liabilities	(40,130)	(39,930)
Defined benefit pension scheme surplus	<u>6,560</u>	<u>5,720</u>

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2023 £ 000	2022 £ 000
Fair value at start of year	45,650	74,880
Interest income	2,150	1,430
Return on plan assets, excluding amounts included in interest income/(expense)	(520)	(31,870)
Employer contributions	960	2,640
Contributions by scheme participants	40	70
Benefits paid	(1,160)	(1,190)
Administrative expenses paid	(430)	(310)
Fair value at end of year	<u>46,690</u>	<u>45,650</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2023 £ 000	2022 £ 000
Cash and cash equivalents	2,540	4,700
Equity instruments	6,880	17,590
Debt instruments	36,160	21,860
Property	1,110	1,500
	<u>46,690</u>	<u>45,650</u>

Notes to the Financial Statements
for the year ended 31 December 2023 (continued)

23 Pension and other schemes (continued)

Actual return on scheme's assets

	2023	2022
	£ 000	£ 000
Actual return on scheme assets	<u>1,630</u>	<u>(30,440)</u>

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2023	2022
	£ 000	£ 000
Present value at start of year	39,930	61,590
Current service cost	110	440
Actuarial gains and losses arising from changes in demographic assumptions	(1,350)	310
Actuarial gains and losses arising from changes in financial assumptions	(350)	(25,190)
Actuarial gains and losses arising from experience adjustments	1,040	2,740
Interest cost	1,870	1,160
Benefits paid	(1,160)	(1,190)
Contributions by scheme participants	<u>40</u>	<u>70</u>
Present value at end of year	<u>40,130</u>	<u>39,930</u>

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the balance sheet date are as follows:

	2023	2022
	%	%
Discount rate for plan liabilities	4.75	4.75
Pension increases (post June 2005)	3.10	3.20
Pension increases (pre June 2005)	3.75	3.80
RPI Inflation	<u>3.30</u>	<u>3.40</u>

Notes to the Financial Statements
for the year ended 31 December 2023 (continued)

23 Pension and other schemes (continued)

Post retirement mortality assumptions

	2023	2022
	Years	Years
Current UK pensioners at retirement age - male	22	22
Current UK pensioners at retirement age - female	25	25
Future UK pensioners at retirement age - male	23	24
Future UK pensioners at retirement age - female	<u>26</u>	<u>26</u>

Amounts recognised in the profit and loss account

	2023	2022
	£ 000	£ 000
Amounts recognised in operating profit		
Current service cost	110	440
Administrative expenses paid	<u>430</u>	<u>310</u>
Recognised in arriving at operating profit	<u>540</u>	<u>750</u>
Amounts recognised in finance income or costs		
Net interest	<u>(280)</u>	<u>(270)</u>
Total recognised in the profit and loss account	<u>260</u>	<u>480</u>

Amounts taken to the Statement of Comprehensive Income

	2023	2022
	£ 000	£ 000
Losses from changes to demographic assumptions	(1,350)	310
Gains from changes to financial assumptions	(350)	(25,190)
Experience losses/(gains) on liabilities	1,040	2,740
Loss/(gain) on assets in excess of interest	<u>520</u>	<u>31,870</u>
Amounts recognised in the Statement of Comprehensive Income	<u>(140)</u>	<u>9,730</u>

Sensitivity analysis

The table below provides information on the sensitivity of the defined benefit obligation to changes to the most significant actuarial assumptions. The table shows the impact of changes to each assumption in isolation although, in practice, changes to assumptions may occur at the same time and can either offset or compound the overall impact on the defined benefit obligation. These sensitivities have been calculated using the same methodology as used for the main calculations, and there has been no change since the previous period to the method and assumptions used in preparing the sensitivity analysis:

Notes to the Financial Statements
for the year ended 31 December 2023 (continued)

23 Pension and other schemes (continued)

Assumption	Change to assumptions	
	Increase by 0.5%	Decrease by 0.5%
Discount rate	-7%	+8%
Inflation	-5%	+4%

An increase/(decrease) of one year in the assumed life expectancy for both males and females would increase/(decrease) the Defined Benefit Obligation by 3%.

Note that the above sensitivities are approximate and only show the effect of an assumption being adjusted whilst all other assumptions remain the same.

The weighted average duration of the defined benefit obligation is 16 years.

24 Share capital

Authorised, allotted, called up and fully paid shares

	No. 000	2023 £ 000	No. 000	2022 £ 000
Ordinary shares of £1 each	<u>21,605</u>	<u>21,605</u>	<u>21,605</u>	<u>21,605</u>

25 Reserves

Share capital

The balance classified as equity share capital includes the total net proceeds on issue of the company's equity shares.

Profit and loss account

The profit and loss account reserve includes all current and prior period retained profits and losses.

26 Commitments

The Company has granted a fixed and floating charge over its assets to Natixis Corporate and Investment Bank.

27 Related party transactions

The Company has taken advantage of the exemption under 8(k) of FRS 101 not to disclose transactions with fellow group wholly owned subsidiaries.

Notes to the Financial Statements

for the year ended 31 December 2023 (continued)

28 Parent of group in whose consolidated financial statements the Company is consolidated

The name of the parent of the group in whose consolidated financial statements the Company's financial statements are consolidated is IDEMIA Group SAS.

These financial statements are available upon request from 2 Place Samuel de Champlain, 92400 Courbevoie Cedex, France.

29 Parent and ultimate parent undertaking

The Company's immediate parent is IDEMIA UK Holding Limited. The ultimate parent and controlling party is Advent International Corporation, whose registered office is 75 State Street, Boston, MA 02109, USA.

The most senior parent entity producing publicly available financial statements is IDEMIA Group SAS. No other group financial statements include the results of the Company. These financial statements are available upon request from 2 Place Samuel de Champlain, 92400 Courbevoie Cedex, France.