

INTERIM REPORT

GLOBAL GRAPHICS PLC

Unaudited condensed consolidated interim financial statements
for the six months ended 30 June 2021



2021

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STRATEGY AND BUSINESS MODEL

Through our operating subsidiaries, Global Graphics is a leading developer of integrated hardware and software platforms for digital printing and industrial inkjet applications. Our principal customers are Original Equipment Manufacturers ("OEMs") of digital printing equipment and end users, primarily printers, packaging converters, and trade shops which serve the label & packaging industries.

We are at the forefront of technology developments used for printing and manufacturing an increasingly diverse range of goods, from product labelling and packaging, to textiles, floor tiles, and wall coverings, and even additive manufacturing and 3-D printing applications. Our strategic focus is to provide all critical core technologies for industrial print manufacturing and be the go-to supplier of choice for OEMs for their turnkey solutions or for individual components to enable them to build their own solutions.

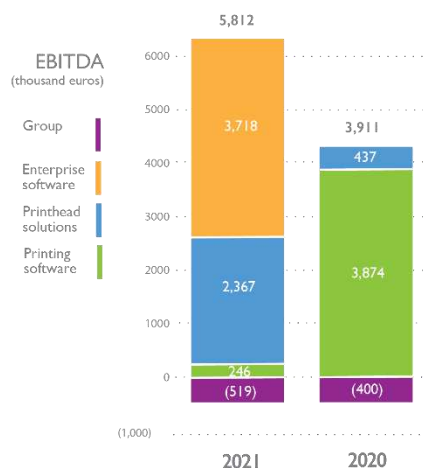
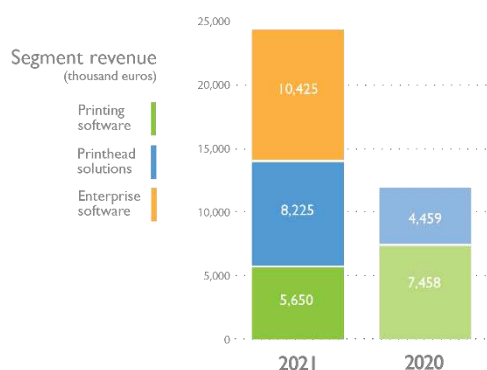
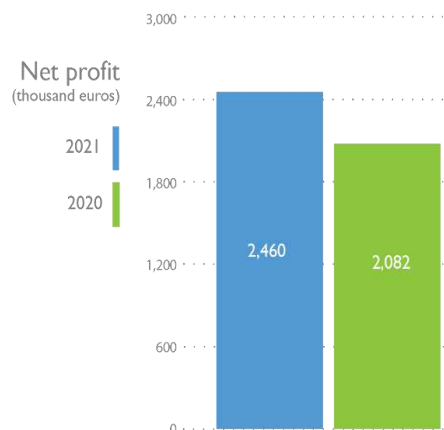
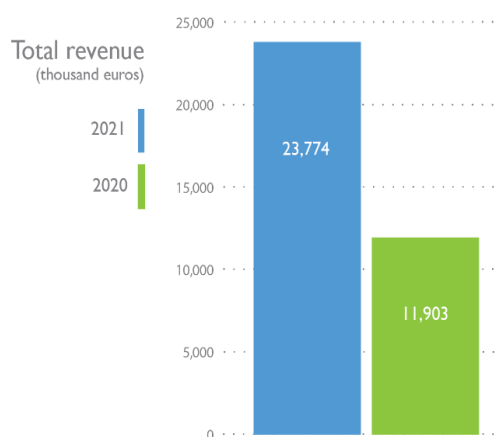
Global Graphics PLC is headquartered near Cambridge, UK. Our operating subsidiaries are:

- Global Graphics Software: developers of software for digital printing, used by press manufacturers (OEMs);
- HYBRID Software: developers of editing and workflow automation software for labels and packaging, used by brand service companies and packaging printers & converters (acquired in January 2021, refer to note 19 of the unaudited condensed consolidated interim financial statements);
- Meteor Inkjet: specialists in industrial printhead driver solutions, used by inkjet press manufacturers (OEMs); and
- Xitron: the largest distribution channel for Global Graphics Software's Harlequin® RIP and developer of production digital front ends ("DFEs") and workflow solutions.

Our business model is to license software technology directly to OEMs and system integrators of digital printing equipment, to developers of applications that create, manipulate and manage electronic documents, and to end users who print and convert labels and packaging materials. Meteor's printhead driver solutions can drive the leading inkjet heads currently on the market and are sold direct to manufacturers of printing devices. Consequently, Global Graphics' printing technology lies at the heart of industry leading brands of digital pre-press systems, high-speed digital production presses, professional colour proofing devices, wide-format colour printers, and industrial inkjet systems for ceramic tiles, packaging, product decoration and textiles.

GROUP HIGHLIGHTS

From continuing operations for the 6 months ending 30 June (unaudited).



INTERIM MANAGEMENT REPORT (CONTINUED)

CHAIRMAN'S LETTER



I'm pleased to announce the first public financial results from the newly-expanded Global Graphics group, which has included HYBRID Software since early January of this year. Although the management team has been working diligently to publish the prospectus for the HYBRID Software acquisition, it has been delayed by an unforeseen consequence of the UK leaving the EU. Financial information in the prospectus must be audited, however, following the UK's exit from the EU, the Group's auditor, KPMG UK, is no longer considered as a valid auditor under Belgian law. So even though we are eager to release the prospectus, we are currently facing two undesirable choices: either repeat the 2020 audits of Global Graphics and HYBRID Software with an auditor that is recognised by Belgian law, a huge and expensive task with no tangible benefit to any shareholder other than Congra Software, or wait until Belgium passes the necessary laws for UK auditors to

once again be recognized in Belgium. Although this change in regulations will undoubtedly impact many companies, it is unfortunate that it has delayed the release of our prospectus to the investor community, so I am excited to present this interim report to all of you.

The combination of HYBRID Software and Global Graphics has created a company unique in the industry: a single provider of all core technologies, both hardware and software, required to drive digital printing equipment. I have been very pleased to see the smooth integration of these businesses and the acceptance of the combined product offering by OEMs and end users. HYBRID Software has already made a significant contribution to the operating results of Global Graphics, and I fully expect that contribution to increase in the future.

When we announced the acquisition of HYBRID Software, I stated publicly that the 2019 takeover attempt by Congra Software was over and that Congra's interests were aligned with all shareholders, with no plans to squeeze out other shareholders of Global Graphics. Since then, we have delivered on this commitment: increasing transparency and shareholder communications, adding a second independent director, and focusing on running the company to better serve our customers and to maximize value for all stakeholders.

We certainly have challenges ahead. The COVID-19 pandemic continues to affect companies worldwide, and the pace of recovery has been slower than expected in many parts of the world. It has also delayed the full integration of HYBRID Software and Global Graphics. But we have the right companies in place to deliver ever-more powerful solutions to our customers, and a management team and workforce that are aligned with this objective. I am pleased with the performance of the Group in the first half of 2021 and look forward to even better results in the future.

BUSINESS REVIEW

CEO'S REVIEW



Global Graphics entered the COVID-19 pandemic last year with three major advantages: a distributed global workforce with the infrastructure already in place to rapidly shift to remote working, a willing buyer for our URW Type Foundry business, and strong demand for Meteor Inkjet's printhead electronics from ceramics OEMs in China. We finished 2020 with a strong cash position and revenues well above the industry average, but our revenues were heavily dependent on a small number of OEM customers.

In 2021, we have continued to build on this position and are now even stronger. We started 2021 with the acquisition of HYBRID Software, a strategic technology partner which effectively doubled our headcount and revenue. With HYBRID Software on board, the group generated revenues for the first half of 2021 of €23.8 million and dramatically improved our cash flow from operations, from negative €0.2 million in the first half of 2020, to a positive €7.5 million for the first half of 2021.

The acquisition of HYBRID Software brought extensive expertise in labels and packaging, a worldwide sales and technical organization, a growing recurring revenue component, and most importantly, a very profitable end-user sales presence to the group. Given the strong migration of labels and packaging to digital printing, HYBRID Software's domain expertise will benefit all group companies in the future, but they have also had an immediate impact on our operating results. HYBRID Software's revenue for the first half of 2021 was €10.4 million, an increase of more than 30% from 2020, and its EBITDA of 35% of revenue provides a leadership position for the other group companies to follow.

Meteor Inkjet once again outperformed its revenue targets, with continued strong sales in the Chinese ceramics market. They expertly forecast demand and worked with manufacturing partners to source critical integrated circuits and other components to mitigate the impact of the worldwide component shortage on their customers. Meteor's sales outside of China continue to grow, both due to increased orders from existing customers worldwide and from many new customers, especially in the 3-D printing and additive manufacturing segment.

Xitron has recovered nicely from the pandemic, exceeding its revenue targets in every month of 2021. Their sales have been bolstered both by increased OEM business and by end users upgrading older Navigator RIPs to the newest version built on Harlequin V13. As the industry resumes physical, in-person trade shows in the US later this quarter, we expect Xitron's revenues to continue to increase.

Global Graphics Software (GGS) has started to see an uptick in the royalties from key OEM customers as the pandemic recedes, although this is a lagging indicator of the recovery since royalties are not reported until printing devices are installed and signed off by customers. None of Global Graphics Software's OEM customers has a major contract renewal coming due in 2021, and the cancellation of the Drupa trade show earlier this year postponed some new product announcements by OEM customers. But just as with Xitron, the acquisition of HYBRID Software has brought another key OEM customer into the group and allowed the

INTERIM MANAGEMENT REPORT (CONTINUED)

Group to retain all revenues from HYBRID Software sales at the group level, rather than just the royalties from the Harlequin RIP licensed to HYBRID Software.

Global Graphics PLC is much more than a holding company: it's a collection of 4 interrelated businesses with many common customers. And the needs of these customers are changing as the inkjet industry matures. Many OEMs have asked us to provide solutions to help them launch products faster, instead of individual hardware and software components that must be integrated. The launch of SmartDFE in the second quarter of this year was the first product co-developed by all four group companies, a turnkey Digital Front End for inkjet printers of labels and product packaging. Of course our core Harlequin RIP, Meteor electronics, and other components are available individually for OEM customers who prefer to do their own integration, but I believe that delivering turnkey products unlocks more value for many OEM customers and allows Global Graphics to charge higher prices that reflect this value.

There is also synergy between the end-user sales made by HYBRID Software and Xitron and the OEM sales made by GGS and Meteor: when the products are properly designed and integrated, each sales channel supports the other. Although it's too early to see this reflected in the group revenue figures, the strong interest we have received from OEM suppliers after the acquisition of HYBRID Software bears this out.

In conclusion, we've had a strong start to 2021 despite the major changes to the group and the prolonged recovery from the COVID-19 pandemic. Barring any unforeseen setbacks in the recovery, I fully expect the remainder of 2021 to be even stronger and to set a course of strong future growth for the company.

Outcome of the Annual General Meeting

All of the proposed resolutions were passed by the shareholders at the Company's Annual General Meeting ("AGM") on 6 May 2021.

At the AGM, the Company's board of directors was appointed as follows:

- Guido Van der Schueren, Chairman
- Michael Rottenborn, Chief Executive Officer
- Graeme Huttley, Chief Financial Officer
- Clare Findlay, Non-Executive Director
- Luc De Vos, Non-Executive Director

Under the Company's articles of association, all directors must retire at every AGM, but are entitled to stand for re-election at that AGM. More information about the resolutions passed at the AGM can be found in the investor's section of the Company's website at <https://investor.globalgraphics.com/investors/shareholders-annual-general-meeting>.

CFO's REVIEW



The following information relates to continuing operations and is unaudited.

Financial highlights

- Revenue for the period was €23.77 million (2020: €11.90 million)
- Gross profit for the period was €19.65 million or 82.6% of revenue (2020: €9.50 million or 79.8%)
- Pre-tax profit for the period was €1.98 million (2020: €1.91 million)
- EBITDA for the period was €5.81 million (2020: €3.91 million)
- Cash at 30 June 2021 was €13.61 million (at 31 December 2020: €6.86 million)

Revenue

Revenue for the period was €23.77 million, compared with €11.90 million for the same period in 2020, an increase of 99.7%, primarily due to the acquisition of HYBRID Software Group S.à r.l. on 12 January 2021 (see note 19 to the unaudited condensed consolidated interim financial statements).

In 2020 a customer in the Printing Software (previously named Software) segment exercised an option in their contract, which extended the term of the contract and resulted in €2.30 million of revenue being recognised in the period. There was no similar event in the current period, resulting in a significant decline in revenue in that segment when compared to the prior year.

The Printhead Solutions segment had a very strong start to the year with revenue up by 84.5% over the same period in 2020.

For the Group as a whole, royalties and software license fees accounted for 44.1% (2020: 53.4%) of revenue, driver electronics accounted for 31.3% (2020: 34.4%), maintenance and after-sale support accounted for 14.5% (2020: 8.4%), engineering/design services accounted for 7.6% (2020: 1.2%), printer hardware and consumables accounted for 1.5% (2020: 2.2%) and other items accounted for 1.0% (2020: 0.4%). Customer concentration and the reliance on a small number of customers for a high proportion of the Group's revenue has improved year on year. The top 5 customers accounted for 33.4% of revenue in the period (2020: 50.8%) and the top 10 customers accounted for 39.5% (2020: 57.3%). The single largest customer represented 18.0% (2020: 19.6%) of revenue in the period.

INTERIM MANAGEMENT REPORT (CONTINUED)

Gross profit

Gross profit for the period was 82.6% of sales. For the same period in the prior year it was 79.8% of sales.

The increase in margin percentage is due to the higher mix of software related sales during the period, particularly higher margin sales to end-users by HYBRID Software.

Pre-tax result

The pre-tax result for continuing operations was a profit of €1.98 million for the period, compared with a profit of €1.91 million for the same period in 2020.

The increase in profitability of €0.07 million is due to:

- the increase in revenue of €11.87 million;
- a higher cost of sales of €1.72 million;
- an increase in selling, general and administrative expenses of €8.52 million;
- an increase in research and development expenses of €0.61 million;
- an increase in other operating expenses of €0.04 million;
- an increase in other income of €0.40 million;
- an increase in finance expenses of: €0.14 million ; and
- a movement in foreign exchange gains/(losses) of €1.17 million.

The significant increase in revenue and expenses is due to the acquisition of HYBRID Software Group S.à r.l. on 12 January 2021 (see note 19 to the unaudited condensed consolidated interim financial statements). The increase in expenses due to this acquisition includes €1.77 million of amortisation of the acquired intangible assets.

The foreign exchange gains are primarily due to the revaluation of currency balances held at the balance sheet date and the change in exchange rates during the period.

EBITDA

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

EBITDA from continuing operations for the period was €5.81 million (2020: €3.91 million) and is reconciled to net profit as follows:

In thousands of euros (unaudited)	2021	2020
Profit from continuing operations	2,460	2,082
Interest expense	243	106
Tax benefit	(483)	(174)
Depreciation	594	403
Amortisation	2,998	1,494
EBITDA from continuing operations	5,812	3,911

Cash

Cash balances were valued at €13.61 million on 30 June 2021 (31 December 2020: €6.86 million).

During the period, the second instalment of €2.0 million was received for the deferred consideration in respect of the disposal of URW Type Foundry GmbH in May 2020.

Loan repayments of €1.84 million were made to Congra Software SARL, consisting of €1.68 million in principal repayments and €0.16 million of interest (see note 18 to the unaudited condensed consolidated interim financial statements).

The Group continues to generate sufficient cash to fund its day to day operational expenditure and capital expenditure on property, plant and equipment.

Adjusted financial results

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

Management does not suggest that investors should consider these adjusted financial results in isolation from, or as a substitute for, financial information prepared in accordance with IFRS. The Group presents adjusted financial results in reporting its financial results to provide investors with an additional tool to evaluate the Group's results in a manner that focuses on what the Group believes to be its underlying business operations. The Group's management believes that the inclusion of adjusted financial results provides consistency and comparability with past reports and comparability to similar companies in the Group's industry, many of which present the same or similar adjusted financial information to investors. As a result, investors are encouraged to review the related IFRS financial measures and the reconciliation of these adjusted results.

INTERIM MANAGEMENT REPORT (CONTINUED)

Reported operating profit is adjusted as follows:

In thousands of euros (<i>unaudited</i>)	For the six months ended 30 June	
	2021	2020
Reported operating profit from continuing operations	2,672	1,301
Add share-based remuneration expense	9	66
Deduct capitalised development expense	(1,493)	(649)
Add amortisation and impairment of capitalised development	632	748
Add amortisation of acquired intangible assets	2,362	739
Add other operating expenses	43	5
Deduct other income	(398)	(1)
Total adjustments to reported operating profit from continuing operations	1,155	908
Adjusted operating profit from continuing operations	3,827	2,209

Reported net profit is adjusted as follows:

In thousands of euros, except per share data in euro (<i>unaudited</i>)	For the six months ended 30 June	
	2021	2020
Reported profit after tax from continuing operations	2,460	2,082
Adjustments to operating result above	1,155	908
Tax effect of abovementioned adjustments	(495)	(188)
Total adjustments to reported net profit	660	720
Adjusted net profit from continuing operations	3,120	2,802

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties to the Group can be found on pages 9 to 11 of the Company's annual report for the year ended 31 December 2020.

For the remaining six months of this financial year, management's view of the principal risks are credit risk from trade receivables and the disruption to the supply of electronic components used in some of the Group's products.

The coronavirus pandemic has impacted some of the Group's revenue during the period, but not to the extent that many other companies in our industry have been impacted. As many countries have eased lockdown measures the pressure on revenue should ease, however, if there are further lockdowns at the levels previously experienced it could put further pressure on revenue. The Group has not seen any impact on its supply chain due to the pandemic and most staff have been able to continue working remotely due to the investments in IT infrastructure and contingency planning that the Group has made during previous years.

RESPONSIBILITY STATEMENTS UNDER THE DISCLOSURE AND TRANSPARENCY RULES

Each of the appointed directors listed on page 3 of this report confirm that to the best of their knowledge that:

- the unaudited condensed consolidated interim financial statements, prepared in accordance with IAS 34 Interim Financial Reporting and applicable law, give a true and fair view of the assets, liabilities, financial position and results of the Company and the undertakings included in the consolidation taken as a whole; and
- the interim management report contains a fair review of the important events and major transactions between affiliated parties which have occurred during the first six months of the current financial year and of their impact on the summary of the financial statements as well as a description of the principal risks and uncertainties for the remaining six months of the current financial year.

By order of the board,

Michael Rottenborn
Director

2030 Cambourne Business Park
Cambourne, CB23 6DW, UK
27 July 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June

In thousands of euros (<i>unaudited</i>)	Note	2021	2020
Continuing operations			
Revenue	4	23,774	11,903
Cost of sales		(4,129)	(2,404)
Gross profit		19,645	9,499
Selling, general and administrative expenses		(13,287)	(4,767)
Research and development expenses		(4,041)	(3,427)
Other operating expenses	19	(43)	(5)
Other income	5	398	1
Operating profit		2,672	1,301
Finance income	6	-	2
Finance expenses	6	(243)	(108)
Net finance expenses		(243)	(106)
Foreign currency exchange (losses)/gains	6	(452)	713
Profit before tax		1,977	1,908
Tax	10	483	174
Profit from continuing operations		2,460	2,082
Discontinued operation			
Profit from discontinued operation, net of tax		-	4,125
Profit for the period		2,460	6,207
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		1,279	(1,277)
Other comprehensive income/(loss) for the period, net of tax		1,279	(1,277)
Total comprehensive income attributable to equity holders		3,739	4,930
Earnings per share			
Basic earnings per share (euro)	17	0.08	0.53
Diluted earnings per share (euro)	17	0.08	0.53
Earnings per share – Continuing operations			
Basic earnings per share (euro)		0.08	0.18
Diluted earnings per share (euro)		0.08	0.18

The notes on pages 10 to 20 are an integral part of these unaudited condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros	Note	30 June 2021 (unaudited)	31 December 2020 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,085	574
Right-of-use assets	13	3,010	1,279
Other intangible assets	8	41,815	3,574
Goodwill	9	63,038	10,340
Financial assets		40	25
Deferred tax assets	10	2,215	664
Trade and other receivables due after more than one year		2,130	4,328
Total non-current assets		113,333	20,784
Current assets			
Inventories		1,529	1,191
Current tax assets		72	70
Trade and other receivables		10,503	6,153
Other current assets		372	219
Prepayments		1,631	1,055
Cash and cash equivalents		13,612	6,855
Total current assets		27,719	15,543
TOTAL ASSETS		141,052	36,327
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	11	13,164	4,734
Share premium		1,979	1,979
Merger reserve	12	67,015	-
Treasury shares	11	(202)	(309)
Retained earnings		36,184	33,891
Foreign currency translation reserve		(11,458)	(12,737)
Total equity		106,682	27,558
Liabilities			
Deferred tax liabilities	10	8,862	445
Lease liabilities	13	2,475	1,062
Other liabilities	14	11,057	2,214
Total non-current liabilities		22,394	3,721
Current liabilities			
Current tax liabilities		344	145
Trade and other payables		3,253	764
Lease liabilities	13	640	286
Accrued liabilities		2,581	2,284
Contract liabilities	4,15	5,158	1,569
Total current liabilities		11,976	5,048
Total liabilities		34,370	8,769
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		141,052	36,327

The notes on pages 10 to 20 are an integral part of these unaudited condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of euros (<i>unaudited</i>)	Note	Share capital	Share premium	Merger reserve	Treasury shares	Retained earnings	Foreign currency translation reserve	Total equity
Balance at 1 January 2020		4,734	1,979	-	(309)	27,970	(10,914)	23,460
Total comprehensive income								
Net profit for the period		-	-	-	-	6,207	-	6,207
Total other comprehensive loss		-	-	-	-	-	(1,277)	(1,277)
Total comprehensive income		-	-	-	-	6,207	(1,277)	4,930
Transactions with owners								
Share-based payment transactions	16	-	-	-	-	66	-	66
Total transactions with owners		-	-	-	-	66	-	66
Balance at 30 June 2020		4,734	1,979	-	(309)	34,243	(12,191)	28,456
Balance at 1 January 2021		4,734	1,979	-	(309)	33,891	(12,737)	27,558
Total comprehensive income								
Net profit for the period		-	-	-	-	2,460	-	2,460
Total other comprehensive income		-	-	-	-	-	1,279	1,279
Total comprehensive income		-	-	-	-	2,460	1,279	3,739
Transactions with owners								
Share-based payment transactions	11,16	-	-	-	107	(97)	-	10
Acquisition - newly issued shares	11,12,19	8,430	-	67,015	-	(70)	-	75,375
Total transactions with owners		8,430	-	67,015	107	(167)	-	75,385
Balance at 30 June 2021		13,164	1,979	67,015	(202)	36,184	(11,458)	106,682

The notes on pages 10 to 20 are an integral part of these unaudited condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros (unaudited)	Note	For the six months ended 30 June	
		2021	2020
Cash flows from operating activities			
Net profit for the period		2,460	6,207
<i>Adjustments to reconcile net profit to net cash:</i>			
- Depreciation of property, plant, equipment and right-of-use assets	7,13	594	432
- Amortisation and impairment of other intangible assets	8	2,998	1,681
- Share-based remuneration expenses	16	9	66
- Gain on sale of discontinued operation, net of tax		-	(5,360)
- Interest expense	6	243	108
- Net foreign currency exchange losses/(gains)		452	(773)
- Tax benefit		(483)	(204)
- Other items		132	(78)
Total adjustments to net profit		3,945	(4,128)
<i>Change in operating assets and liabilities:</i>			
- Financial assets		(15)	(21)
- Inventories		(338)	244
- Trade and other receivables		(4,152)	(1,942)
- Other current assets		(153)	(45)
- Prepayments		(576)	202
- Trade and other payables		2,489	(21)
- Other current liabilities		297	(318)
- Contract liabilities		3,589	(390)
Total change in operating assets and liabilities		1,141	(2,291)
Cash generated from/(used in) operating activities		7,546	(212)
Interest received		-	2
Interest paid		(243)	(110)
Taxes paid		(122)	(483)
Net cash flow from operating activities		7,181	(803)
Cash flows from investing activities			
Capital expenditures on property, plant & equipment	7	(370)	(70)
Capitalisation of development expenses	8	(1,493)	(649)
Deferred consideration received		2,000	4,406
Acquisition, net cash acquired	19	2,142	-
Net cash flow from investing activities		2,279	3,687
Cash flows from financing activities			
Proceeds from loans and borrowings		-	433
Repayment against loans and borrowings	18	(1,675)	(2,000)
Contingent consideration paid		(492)	(529)
Principal payments on lease liabilities	13	(311)	(237)
Net cash flow used in financing activities		(2,478)	(2,333)
Net increase in cash		6,982	551
Cash and cash equivalents at 1 January		6,855	4,995
Effect of exchange rate fluctuations on cash held at 1 January		(225)	(176)
Cash and cash equivalents at 30 June		13,612	5,370

The notes on pages 10 to 20 are an integral part of these unaudited condensed consolidated interim financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. REPORTING ENTITY

Global Graphics PLC (the "Company") and its subsidiaries (together the "Group") is a leading developer of integrated software and hardware solutions for graphics and industrial inkjet printing.

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

2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRS"). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2020.

The accounting policies and methods of computation adopted are consistent with those as described in the Company's consolidated financial statements for the year ended 31 December 2020.

There are no new or amended interpretations or standards effective for the financial year commencing 1 January 2021 that have had a material impact on the Group.

These unaudited condensed consolidated interim financial statements were authorised for issue by the Company's board of directors on 27 July 2021.

Basis of measurement

These unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis, except, if applicable, for the revaluation of derivative instruments at fair value through profit or loss.

Non-current assets are stated at the lower of amortized cost and fair value less disposal costs when applicable. The methods used to measure fair value are discussed in note 4 of the Company's annual report for the year ended 31 December 2020.

Functional and presentation currency

These unaudited condensed consolidated interim financial statements are presented in euros, which is the Company's functional and presentation currency.

All information which is presented in the following notes has been rounded to the nearest thousand, unless otherwise specified.

Use of accounting estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020. Additionally, certain assumptions and judgements in respect of the acquisition of HYBRID Software Group S.à r.l. (see note 19) have been made based on future forecasts over a number of years and the acquisition date fair value of the consideration which in turn affects the value of the intangible assets and goodwill acquired.

Going concern

On the date these unaudited condensed consolidated interim financial statements were approved, based on their review of cash flow projections prepared by management for the years ending 31 December 2021 and 2022, the members of the Company's board of directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern, primarily because of the cash position of €13.61 million as at 30 June 2021 (31 December 2020: €6.86 million) and the only interest bearing debt is to the Company's major shareholder.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. OPERATING SEGMENTS

Identification of reportable segments

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

The Group's segments are:

- Printing Software (previously named Software), for digital printing software;
- Printhead Solutions, for electronics and software developed for industrial inkjet printing;
- Enterprise Software, for enterprise workflow software used primarily for the production of labels & packaging (new segment in the period, see note 19); and
- Group (previously named Unallocated), for group related expenses that are not allocated to another segment.

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

The following tables provide information on revenue, profit, interest, depreciation and amortisation, tax and EBITDA as reported to the CODM for each of the Group's operating segments for the 6 months ended 30 June 2020 and 30 June 2021. The comparative figures for 2020 have been represented to match the current reporting format. The Group has disclosed these amounts for each reportable segment because they are regularly provided to the CODM or are required to be disclosed by IFRS 8. Assets and liabilities by segment are not regularly reported to the CODM.

Inter-segment revenues are included in cost of sales for the reciprocal segment and are eliminated on consolidation.

Six months ended 30 June 2021:

In thousands of euros (unaudited)	Printing Software	Printhead Solutions	Enterprise Software	Group	Total
Revenue from external customers	5,171	8,225	10,378	-	23,774
Inter-segment revenue	479	-	47	-	526
Segment revenue	5,650	8,225	10,425	-	24,300
Segment operating profit/(loss) after tax	(685)	2,237	3,263	(519)	4,296
Included in the operating profit/(loss) are:					
Interest income	-	-	-	-	-
Interest expense	33	13	197	-	243
Depreciation and amortisation	855	117	258	-	1,230
Tax expense	43	-	-	-	43
Segment EBITDA	246	2,367	3,718	(519)	5,812

Six months ended 30 June 2020 (represented):

In thousands of euros (unaudited)	Printing Software	Printhead Solutions	Fonts (Discontinued)	Group	Total
Revenue from external customers	7,444	4,459	615	-	12,518
Inter-segment revenue	14	-	-	-	14
Segment revenue	7,458	4,459	615	-	12,532
Segment operating profit/(loss) after tax	2,770	344	(1,104)	(465)	1,545
Included in the operating profit/(loss) are:					
Interest income	1	1	-	-	2
Interest expense	41	2	2	65	110
Depreciation and amortisation	1,068	90	29	-	1,187
Tax (benefit)/expense	(4)	-	24	-	20
Segment EBITDA	3,874	437	(1,049)	(400)	2,862

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

In thousands of euros (unaudited)	2021	2020 (represented)
Segment total operating profit after tax	4,296	1,545
Amortisation of acquired intangible assets - continuing operations	(2,362)	(739)
Amortisation of acquired intangible assets - discontinued operations	-	(183)
Disposal of subsidiary	-	5,360
Tax effect of above-mentioned items	526	224
Consolidated profit after tax	2,460	6,207

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

4. REVENUE

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

An analysis of external sales by revenue type and primary geographical market is shown below. The table also provides a reconciliation of disaggregated revenue with the Group's reportable segments (see note 3).

For the six months ending 30 June:

In thousands of euros (unaudited)	Printing Software		Printhead Solutions		Enterprise Software		Fonts (Discontinued)		Total	
	2021	2020	2021	2019	2021	2020	2021	2020	2021	2020
Revenue type										
Royalties and software licences	3,831	6,038	469	319	6,177	-	-	547	10,477	6,904
Maintenance and after-sale support	839	960	40	45	2,572	-	-	15	3,451	1,020
Engineering/design services	151	145	154	-	1,501	-	-	53	1,806	198
Printer hardware and consumables	321	256	-	-	39	-	-	-	360	256
Driver electronics	-	-	7,446	4,095	-	-	-	-	7,446	4,095
Other items	29	45	116	-	89	-	-	-	234	45
Total sales	5,171	7,444	8,225	4,459	10,378	-	-	615	23,774	12,518
Primary geographical markets										
United Kingdom	212	227	159	52	619	-	-	19	990	298
Europe, excluding United Kingdom	1,577	1,401	1,317	820	4,950	-	-	207	7,844	2,428
North America	2,659	2,649	1,405	526	4,332	-	-	317	8,396	3,492
Asia	723	3,167	5,344	3,061	477	-	-	72	6,544	6,300
Total sales	5,171	7,444	8,225	4,459	10,378	-	-	615	23,774	12,518

In 2020 a customer in the Printing Software segment exercised an option in their contract, which extended the term of the contract and resulted in €2.30 million of revenue being recognised in the period. There was no similar event in the current period, resulting in a significant decline in revenue in that segment when compared to the prior year.

With the addition of HYBRID Software (see note 19) to the Group, customer concentration and the reliance on a small number of customers for a high proportion of the Group's revenue has improved year on year. The top 5 customers accounted for 33.4% of revenue in the period (2020: 50.8%) and the top 10 customers accounted for 39.5% (2020: 57.3%). The single largest customer represented 18.0% (2020: 19.6%) of revenue in the period.

The following table shows revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as at 30 June 2021.

In thousands of euros (unaudited)	0 to 12 months	12 to 24 months	after 24 months	Total
After-sale support services	3,376	185	145	3,706
Product and consultancy	962	490	-	1,452
Total	4,338	675	145	5,158

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

5. OTHER INCOME

Other income of €398,282 in the period resulted from the forgiveness of government-backed COVID support loans in the United States.

6. FINANCE INCOME AND FINANCE EXPENSES

In thousands of euros (unaudited)	For the six months ended 30 June	
	2021	2020
Interest income	-	2
Interest expense	(177)	(65)
Lease liability interest	(66)	(43)
Net finance expenses	(243)	(106)
Foreign currency exchange (losses)/gains on transactions and revaluations	(452)	713
Foreign currency exchange (losses)/gains	(452)	713

Interest expenses of €160,321 relate to an unsecured loan provided by Congra Software S.à r.l. and the remaining amount relates to bank interest due to negative interest rates on credit balances denominated in euros.

Foreign exchange gains and losses are primarily due to the revaluation of currency balances at the period end and the movement in exchange rates during the reporting period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

7. PROPERTY, PLANT AND EQUIPMENT

In thousands of euros	Leasehold improvements	Computer equipment	Office equipment	Office furniture	Other items	Total
Cost						
At 31 December 2019	765	1,706	104	291	662	3,528
Additions	2	135	13	6	39	195
Disposals – discontinued operation	-	(23)	-	(84)	-	(107)
Effect of movement in exchange rates	(48)	(103)	(7)	(13)	(43)	(214)
At 31 December 2020 (audited)	719	1,715	110	200	658	3,402
Additions	69	93	105	4	99	370
Additions – business combinations (see note 19)	25	34	86	29	189	363
Effect of movement in exchange rates	35	77	10	10	31	163
At 30 June 2021 (unaudited)	848	1,919	311	243	977	4,298
Accumulated depreciation						
At 31 December 2019	650	1,201	53	193	587	2,684
Charge for the year	43	216	28	17	44	348
Disposals – discontinued operation	-	(19)	-	(18)	-	(37)
Effect of movement in exchange rates	(41)	(73)	(4)	(11)	(38)	(167)
At 31 December 2020 (audited)	652	1,325	77	181	593	2,828
Charge for the period	20	115	49	9	62	255
Effect of movement in exchange rates	32	56	4	9	29	130
At 30 June 2021 (unaudited)	704	1,496	130	199	684	3,213
Net book value						
At 31 December 2020 (audited)	67	390	33	19	65	574
At 30 June 2021 (unaudited)	144	423	181	44	293	1,085

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

8. OTHER INTANGIBLE ASSETS

In thousands of euros	Software technology	Customer contracts	Patents	Trade-marks	Know-how	Font library	Driver electronics	Total
Cost								
At 31 December 2019	41,678	14,626	2,866	613	1,217	2,465	3,296	66,761
Additions – purchased	134	-	-	-	-	-	-	134
Additions – internally developed	1,371	-	-	-	-	-	-	1,371
Disposals – discontinued operation	(211)	-	-	-	(388)	(2,465)	-	(3,064)
Effect of movement in exchange rates	(2,658)	(916)	(177)	(38)	(65)	-	(241)	(4,095)
At 31 December 2020 (audited)	40,314	13,710	2,689	575	764	-	3,055	61,107
Additions – internally developed	1,493	-	-	-	-	-	-	1,493
Additions – business combinations (see note 19)	33,758	5,841	-	-	-	-	-	39,599
Effect of movement in exchange rates	1,930	660	130	28	33	-	148	2,929
At 30 June 2021 (unaudited)	77,495	20,211	2,819	603	797	-	3,203	105,128
Accumulated amortisation and impairment								
At 31 December 2019	39,154	14,377	2,695	613	927	2,136	2,032	61,934
Charge for the year	1,192	58	13	-	324	183	611	2,381
Disposals – discontinued operation	(211)	-	-	-	(388)	(2,319)	-	(2,918)
Effect of movement in exchange rates	(2,502)	(905)	(171)	(38)	(99)	-	(149)	(3,864)
At 31 December 2020 (audited)	37,633	13,530	2,537	575	764	-	2,494	57,533
Charge for the period	2,282	389	7	-	-	-	320	2,998
Effect of movement in exchange rates	1,824	655	121	28	33	-	121	2,782
At 30 June 2021 (unaudited)	41,739	14,574	2,665	603	797	-	2,935	63,313
Net book value								
At 31 December 2020 (audited)	2,681	180	152	-	-	-	561	3,574
At 30 June 2021 (unaudited)	35,756	5,637	154	-	-	-	268	41,815

The amortisation of patents is included in cost of sales and the amortisation charge for software technology which has been capitalised in accordance with IAS 38 is included in research and development expenses. The amortisation charges related to intangible assets acquired through business combinations are included in selling, general and administrative expenses.

Intangible assets that are subject to amortisation (i.e. those arising from the capitalisation of development costs in accordance with criteria set in IAS 38, Intangible Assets) are reviewed annually for impairment or whenever events or changes in accounting estimates indicate that the carrying amount may not be recoverable.

There was no significant change during the period to the calculations and assumptions used at 31 December 2020 to identify any requirement to impair any of these intangible assets. It was concluded that there were no indicators of impairment and no impairment was required for the six months ended 30 June 2021 (2020: €nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

8. OTHER INTANGIBLE ASSETS (CONTINUED)

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

In thousands of euros	Remaining amortisation period	30 June 2021 (unaudited)	31 December 2020 (audited)
Harlequin	1.5 to 2.5 years	853	686
Mako	1.5 years	302	257
Other software	1.25 to 9.0 years	185	123
Cloudflow	11.5 years	19,064	-
Packz	11.5 years	13,899	-
Xitron	3.3 years	1,453	1,615
Total software technology		35,756	2,681
Customer contracts	3.3 years to 7.5 years	5,637	180
Driver Electronics	0.4 years	268	561

9. GOODWILL

In thousands of euros	Total Goodwill
Cost	
At 31 December 2019	18,670
Effect of discontinued operations	(1,555)
Effect of movement in exchange rates	(1,137)
At 31 December 2020 (audited)	15,978
Additions – business combinations (see note 19)	52,226
Effect of movement in exchange rates	745
At 30 June 2021 (unaudited)	68,949
Accumulated amortisation or impairment	
At 31 December 2019	6,011
Effect of movement in exchange rates	(373)
At 31 December 2020 (audited)	5,638
Effect of movement in exchange rates	273
At 30 June 2021 (unaudited)	5,911
Net book value	
At 31 December 2020 (audited)	10,340
At 30 June 2021 (unaudited)	63,038

The Group is required to test annually, or more frequently if facts and circumstances warrant a review, if goodwill and other intangible assets with indefinite useful lives have suffered any impairment during the year.

Having reviewed the revenue and operating result for the six months ended 30 June 2021 against the forecast used for the impairment review at 31 December 2020, it was concluded that there were no indicators of impairment and no impairment was required for the six months ended 30 June 2021 (2020: €nil).

Goodwill is allocated to cash-generating units (CGUs) for the purposes of impairment testing. The CGUs identified were Enterprise Software, Printhead Solutions, Printing Software and Xitron.

Printing Software was previously known as Software and Enterprise Software is new in the year as a result of the acquisition of HYBRID Software Group S.à r.l. (see note 19).

The table below shows the allocation of goodwill to the CGUs.

In thousands of euros	30 June 2021 (unaudited)	31 December 2020 (audited)
Enterprise Software	52,226	-
Printhead Solutions	2,257	2,152
Printing Software	6,890	6,579
Xitron	1,665	1,609
Total goodwill	63,038	10,340

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

10. TAX

Corporation tax

Analysis of the tax benefit in the period:

In thousands of euros (<i>unaudited</i>)	For the six months ended 30 June	
	2021	2020
Current tax		
Expense during the period	(12)	(14)
Total current tax expense	(12)	(14)
Deferred tax		
Arising from the capitalisation and amortisation of development expenses	(31)	21
Arising from the amortisation of acquired intangibles	526	167
Total deferred tax benefit	495	188
Total tax benefit on continuing operations	483	174

Deferred tax

The Group had recognised deferred tax as follows:

In thousands of euros	30 June 2021 (<i>unaudited</i>)	31 December 2020 (<i>audited</i>)
Capital allowances and trading losses	2,417	942
Other items	18	17
Capitalised development expenses	(220)	(179)
Total recognised deferred tax assets	2,215	780
Deferred tax liabilities		
As a result of intangible assets arising from business combinations	8,862	561
Total recognised deferred tax liabilities	8,862	561

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

The deferred tax asset at 30 June 2021 has been calculated based on the rate applicable in the relevant tax jurisdiction. This ranges from 19% to 27%.

The deferred tax liability at 30 June 2021 has been recognised from the acquisition of TTP Meteor Limited ("Meteor"), Cambridge Grey Bit Limited ("CGB"), Xitron, LLC ("Xitron") and HYBRID Software Group S.à r.l. ("Hybrid"). For Meteor and CGB it has been calculated based on the enacted tax rate of 19%, for Xitron it has been calculated on the expected combined United States federal and Michigan state tax rate of 27% and for Hybrid at rates ranging between 17% and 30%.

11. SHARE CAPITAL AND TREASURY SHARES

Ordinary shares of €0.40 issued:

In thousands of euros, except number of shares (<i>unaudited</i>)	Number	Value
At 31 December 2020	11,835,707	4,734
Issued in business combination (see note 19)	21,074,030	8,430
As at 30 June 2021	32,909,737	13,164

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

In thousands of euros, except number of shares	For the six months ended 30 June 2021 (<i>unaudited</i>)		For the year ended 31 December 2020 (<i>audited</i>)	
	Number	Value	Number	Value
At the start of the period	112,996	309	112,996	309
Disbursement of shares to employees	(39,000)	(107)	-	-
At the end of the period	73,996	202	112,996	309

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12. MERGER RESERVE

Pursuant to the acquisition of HYBRID Software Group S.à r.l. ("HYBRID Software") (see note 19), in accordance with section 612 of the Companies Act 2006, the premium over the par value of the consideration shares issued in exchange for 100% of the issued share capital of HYBRID Software has been credited to a merger reserve instead of share premium.

The premium over par value is calculated as follows:

In thousands of euros (unaudited)	
Contractual consideration (see note 19)	80,000
Par value of 21,074,030 shares issued (see note 11)	(8,430)
Premium over par value credited to merger reserve	71,570

The movement during the period is as follows:

In thousands of euros (unaudited)	
At 31 December 2020	-
Premium over par value of 21,074,030 newly issued shares	71,570
Fair value adjustment for consideration shares	(4,555)
As at 30 June 2021	67,015

The fair value adjustment for the consideration shares is an adjustment to reflect the acquisition date fair value of the shares (see note 19).

13. LEASES

Agreements for the rental of office space and motor vehicles are recognised as right-of-use assets with a corresponding lease liability.

Right-of-use assets

In thousands of euros	Land and buildings	Motor vehicles	Total
Balance at 31 December 2019	1,838	-	1,838
Disposal – discontinued operation	(150)	-	(150)
Depreciation charge for the year	(409)	-	(409)
Balance at 31 December 2020 (audited)	1,279	-	1,279
Additions	695	-	695
Additions – business combinations (see note 19)	1,256	119	1,375
Depreciation charge for the period	(319)	(20)	(339)
Balance at 30 June 2021 (unaudited)	2,911	99	3,010

Right-of-use assets are depreciated on a straight-line basis over the remaining term of the rental agreement.

Lease liabilities

In thousands of euros	30 June 2021 (unaudited)	31 December 2020 (audited)
Current	640	286
Non-current	2,475	1,062
Total lease liabilities	3,115	1,348

Amounts recognised in profit or loss:

In thousands of euros (unaudited)	For the six months ended 30 June	
	2021	2020
Interest on lease liabilities – continuing operations	66	43
Interest on lease liabilities – discontinued operations	-	2
Expenses relating to short-term leases	23	9
Total recognised in profit or loss	89	54

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

Cash out flow for leases:

In thousands of euros (unaudited)	For the six months ended 30 June	
	2021	2020
Lease liability interest	66	45
Principal payments	311	237
Total cash outflow for leases	377	282

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

13. LEASES (CONTINUED)

Maturity analysis of contractual undiscounted cash flows:

In thousands of euros	30 June 2021 <i>(unaudited)</i>	31 December 2020 <i>(audited)</i>
Less than one year	627	351
One to two years	564	260
Two to three years	561	260
Three to four years	567	260
Four to five years	501	260
More than five years	559	130
Total undiscounted lease liabilities	3,379	1,521

14. OTHER LIABILITIES

Financial liabilities measured at fair value.

In thousands of euros	30 June 2021 <i>(unaudited)</i>	31 December 2020 <i>(audited)</i>
Contingent consideration	1,404	1,823
Unsecured loan	9,425	-
Other loans	-	391
Other provisions	228	-
Total other liabilities	11,057	2,214

Contingent consideration is the balance of the amount that is expected to be paid for the acquisition of TTP Meteor Ltd in 2016.

The Unsecured loan is a loan granted by Congra Software S.à r.l. to HYBRID Software Group S.à r.l.. Payments totalling €1,835,321 have been made against the loan during the period. €1,675,000 has been paid as a repayment against the principal and €160,321 has been paid for interest. Interest is charged at 3% per annum on the outstanding balance.

Other provisions are provisions for statutory long-term staff benefits that are payable in Italy and Germany.

15. CONTRACT LIABILITIES

In thousands of euros	30 June 2021 <i>(unaudited)</i>	31 December 2020 <i>(audited)</i>
Customer advances	1,452	583
Deferred revenue	3,706	986
Total contract liabilities	5,158	1,569

The contract liabilities primarily relate to consideration received in advance of the provision of services. Customer advances relate to consideration received in advance of the provision of engineering and consultancy services and delivery of product. Deferred revenue relates to the consideration received for support and maintenance performance obligations that will be recognised as revenue over a period of time.

16. SHARE BASED PAYMENTS

Share option plan *(unaudited)*

No new options have been granted since 31 December 2020 and there are no share options outstanding as at 30 June 2021.

Free shares *(unaudited)*

No free shares have been awarded since 31 December 2020.

Share-based payment expense *(unaudited)*

For the six months ended 30 June 20, the Group has recognised €9,201 (2020: €65,626) of share-based payment expense in these financial statements in relation to free shares previously issued.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

17. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding those held in treasury.

For diluted earnings per share, the weighted average number of ordinary shares in issue during the year, excluding those held in treasury, is adjusted to assume conversion of all dilutive potential ordinary shares.

In thousands of euros unless otherwise stated (unaudited)	As at 30 June	
	2021	2020
Weighted average number of shares (basic), in thousands of shares	31,524	11,723
Add the effect of dilutive potential ordinary shares, in thousands of shares	-	-
Weighted average number of shares (diluted), in thousands of shares	31,524	11,723
Profit attributable to ordinary shareholders	2,460	6,207
Basic earnings per share, in euros	0.08	0.53
Diluted earnings per share, in euros	0.08	0.53

18. RELATED PARTY TRANSACTIONS

The controlling party is Congra Software Sarl ("Congra"), which owns 81.88% of the voting rights of the Company.

Key personnel

All directors continue to receive board fees. Guido Van der Schueren, Michael Rottenborn and Graeme Huttley have employment contracts that entitles them to salary, bonus and other benefits in addition to the board fees. The salaries and bonuses are determined by the Remuneration Committee, which consists of the independent non-executive directors.

Congra

An unsecured loan arrangement is in place between Congra and HYBRID Software Group S.à r.l. ("Hybrid") following a restructuring during 2020 and prior to the acquisition of Hybrid by the Group (see note 19). Payments totalling €1,835,321 have been made to Congra in relation to the loan during the period. €1,675,000 has been paid as a repayment against the principal and €160,321 has been paid for interest. Interest is charged at 3% per annum on the outstanding balance.

At the date of these financial statements the Group owed €9,425,000 to Congra.

19. ACQUISITION

Acquisition of HYBRID Software Group S.à r.l.

On 12 January 2021, the Group acquired the entire issued share capital of HYBRID Software Group S.à r.l. ("HYBRID Software") from Congra Software S.à r.l. ("Congra"). An independent valuation report was commissioned by the directors to enable them to negotiate the contractual acquisition price of €80 million. The consideration was satisfied in full by issuing 21,074,030 ordinary shares in the Company to Congra. The number of shares was calculated by reference to a trailing 30 trading-day volume weighted average price of the Company's shares as traded on Euronext Brussels.

Founded in 2007, headquartered in Luxembourg and with subsidiaries in Belgium, Germany, Italy, France, the UK and the USA, HYBRID Software is a software development company focused on innovative productivity tools for the graphic arts industry, predominantly print service providers and converters in the labels and packaging segments. HYBRID Software's workflow software, editing software, and integration products offer a unique set of advantages that include native PDF workflows, vendor-independent solutions based on industry standards, scalable technology and low total cost of ownership. These products are used worldwide by customers in all areas of pre-press and printing, including labels and packaging, folding cartons, corrugated, wide format and digital printing.

This acquisition is strategically important for the Group because HYBRID Software has a large end-user customer base supported by a worldwide sales and service organization in the growing labels and packaging market and brings enterprise software technology and solutions to the Group. The acquisition allows the Group to further develop its digital print strategy with a more complete offering of products to open up new markets and potential customers. The Group is an important partner to the industry's leading manufacturers and HYBRID Software adds to this capability, making a very compelling proposition in the market.

The acquisition date fair value of the consideration was made up of:

In thousands of euros (unaudited)	
Acquisition date market value of new shares issued as consideration	75,445
Total consideration	75,445

In accordance with IFRS 3, the consideration is valued at the acquisition date. The value of the shares issued is the market price as at acquisition date, which was different to the 30 trading-day volume weighted average price used to calculate the number of shares to be issued.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

19. ACQUISITION (CONTINUED)

The directors have considered the facts concerning a potential marketability discount and the relevant criteria in IFRS 13 and concluded that a fair value adjustment for marketability is not appropriate in this situation. This judgement is highly sensitive; a 0.5% discount would equate to a discount of €377,000 and a material reduction in the goodwill at the acquisition date.

The identifiable assets acquired and liabilities assumed were:

In thousands of euros (unaudited)	Book value	Fair value adjustment	Total
Property, plant and equipment (see note 7)	363	-	363
Right-of-use assets (see note 13)	1,375	-	1,375
Intangible assets (see note 8)	5,114	34,485	39,599
Financial assets	6	-	6
Deferred tax assets	1,430	-	1,430
Inventories	5	-	5
Trade and other receivables	4,160	-	4,160
Prepayments	110	-	110
Cash and cash equivalents	2,142	-	2,142
Deferred tax liabilities	-	(8,824)	(8,824)
Trade and other payables	(1,715)	-	(1,715)
Accrued liabilities	(665)	-	(665)
Lease liabilities	(1,380)	-	(1,380)
Contract liabilities	(2,183)	-	(2,183)
Other liabilities	(11,204)	-	(11,204)
Total identifiable net (liabilities)/assets acquired	(2,442)	25,661	23,219

The trade receivables comprised of contractual amounts due, all of which was expected to be collected at the date of acquisition.

The intangible assets recognised have been valued as follows:

Intangible asset	Valuation method
Technology	The present value of cashflows from operating activities in relation to owned technology over a 12 year period, using an historical profit % level and an assumption that revenue will grow year-on-year during the valuation period.
Customer relationships	The present value of cashflows from operating activities in relation to third party products over an 8 year period, using an historical profit % level and an assumption that revenue will grow year-on-year during the valuation period.

Goodwill was recognised as a result of the acquisition as follows:

In thousands of euros (unaudited)	
Total consideration payable	75,445
Fair value of identifiable net assets	(23,219)
Total Goodwill (see note 9)	52,226

The goodwill represents the ability to develop new technology, opportunities expected from access to potential new customers, any value of intangible assets into perpetuity over their limited useful lives and the assembled workforce that does not meet separate recognition criteria. None of the goodwill recognised is expected to be deductible for tax purposes.

During the period, the Group incurred acquisition-related costs of €43,275 in respect of this acquisition, which have been included in 'Other operating expenses' in the consolidated statement of comprehensive income.

Costs of €70,623 related to the issue of the new shares were recognised directly in retained earnings. The costs incurred are in respect of a prospectus that is required to admit the new shares to trading on Euronext. It is expected that additional costs will be incurred until the prospectus is published.

20. SUBSEQUENT EVENTS

There are no post balance sheet events requiring disclosure in these interim financial statements for the period ended 30 June 2021.

Operating company locations



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