HYBRID SOFTWARE GROUP

INTERIM **REPORT**

Unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023

2023

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Interim Management Report

Strategy and Business Model

Hybrid Software Group PLC is a public limited-liability company registered in England and Wales with its shares traded on Euronext Brussels under stock code HYSG. It is headquartered near Cambridge, UK.

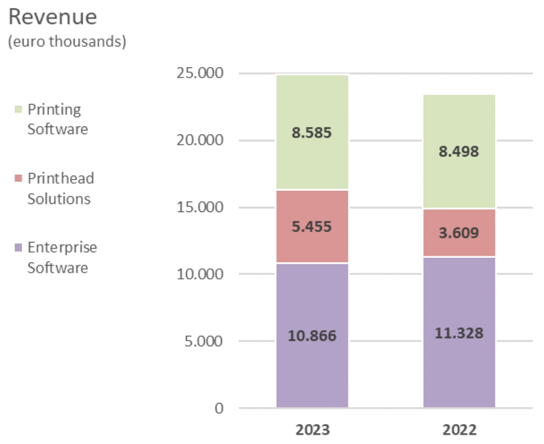
Hybrid Software Group PLC is a software company which develops enterprise software for industrial print manufacturing processes which use inket and other printing techniques, with 280 employees worldwide and a pedigree stretching back more than 30 years. The Company's products are critical because efficiency and sustainability concerns are driving the conversion of manufacturing processes from traditional analogue methods to just-in-time digital production using inkjet printing. Applications for inkjet printing include a diverse range of goods, from labels and packaging, to textiles, tiles, laminates, wall coverings, additive manufacturing and 3D printing applications.

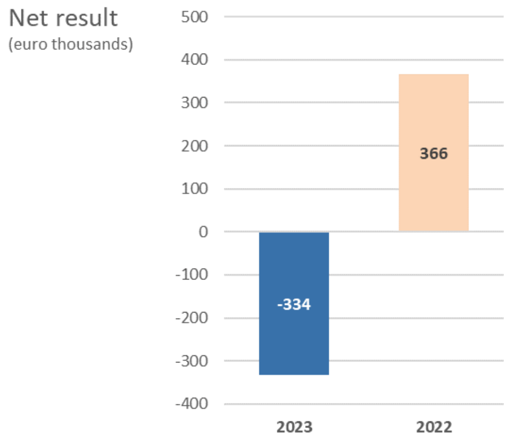
The Company is the only full stack supplier of all the critical core technologies needed for inkjet printing. Our principal customers are Original Equipment Manufacturers (OEMs) of digital printing equipment, including high-speed digital production presses, professional colour proofing devices, wide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

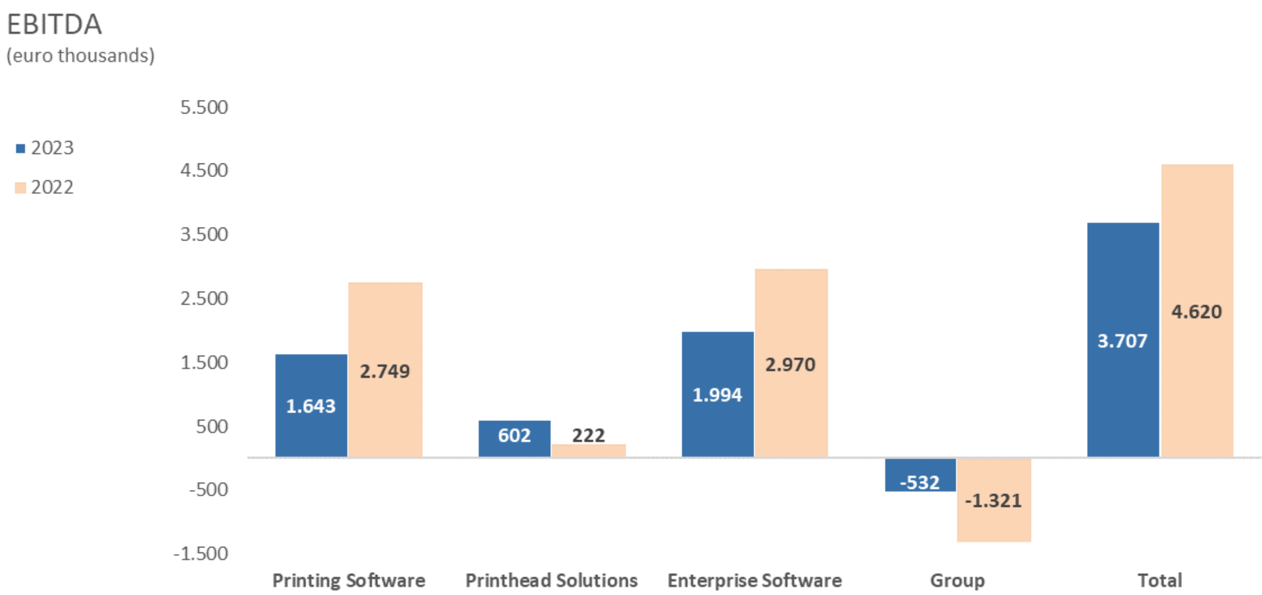
Hybrid Software Group has traditionally provided software components and printhead drive electronics to OEMs to enable them to build their own solutions. However, the strategic acquisitions made over the last several years now enable the Company to provide full turnkey solutions for OEMs which enable them to bring new digital printing devices to market faster and with higher quality. These solutions are higher value and provide more revenue to the Company per device installed. Furthermore, the OEM business is synergistic with the Company's end-user products, accelerating revenue growth and increasing the Company's market share in the inkjet space.

Key Figures

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

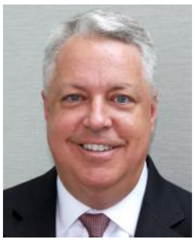






BUSINESS REVIEW

CEO'S REVIEW



The difficult economic conditions which we faced in 2022 continued throughout the first half of 2023, bringing challenges for Hybrid Software Group as they have for many companies. But our guiding principles—a commitment to profitable growth and to continuous innovation on behalf of our customers—never wavered.

With the acquisitions of ColorLogic in late 2021 and iC3D in the second quarter of 2022, we have all the technology needed to accomplish our mission as the only full-stack technology provider for digital inkjet printing. Our focus has shifted from operating six companies to integrating one company, a powerhouse of products both for OEM printer manufacturers and for end users, typically printing companies that manufacture packaging and other products using digital inkjet technology.

Hybrid Software Group is fortunate to generate revenue both from OEMs and from end users. Sometimes strengths in one segment can compensate for weaknesses in another. This was the case in 2022: chip shortages severely impacted Printhead Solutions revenue from OEM customers, but our Enterprise Software segment pitched in with strong revenues from end users who print labels and packaging. The chip shortage is over now, but in 2023 we've seen weakness in both OEM revenues and sales to end users. Higher costs for paper, ink, and electricity have been challenging for printing companies, and interest rate hikes to dampen inflation have also tightened credit and made it harder for those same companies to make capital investments in enterprise software and new digital presses, which lowers both OEM and end user revenues.

There are certainly exceptions to this scenario. Our Enterprise Software sales in most parts of western Europe are very strong, and Printhead Solutions has recovered nicely from 2022's shortfall, with strong sales in Europe, North America, and China. In the Printing Software segment, several major new product introductions for Digital Front Ends (DFEs) are gaining traction with OEMs who manufacture digital inkjet presses.

Our commitment to innovation and strong investments in R&D are also paying off. In the first half of 2023, four US patents were granted for innovative inventions in the areas of additive manufacturing, image rendering, and artificial intelligence. Three of these patents are already embodied in new products that we have launched, giving us a competitive advantage in the market.

We have a small, nimble management team with the ability to quickly reallocate resources to opportunities with higher growth potential, which has helped us to control our costs without sacrificing growth. In a difficult market, it's easier to control costs than revenue, so we watch our costs carefully and keep a close eye on cash.

With inflation now trending downward in many key markets, it is possible that the worst is behind us. But we must expect difficult market conditions to continue through the second half of 2023. Our costs are under control and our cutting edge products are what the market needs, so we will profit from the recovery as it comes. While the timing of the recovery is uncertain, three things are not:

- Consumer product companies will continue to print labels and packaging
- Manufacturing processes will continue moving to inkjet
- Hybrid Software Group will be here at the heart of inkjet printing to serve the needs of the market

All of us at Hybrid Software Group come to work every day to execute our growth strategy on behalf of our customers and stakeholders, and I would like to personally thank our dedicated employees as well as all shareholders for your continued support.

Outcome of the Annual General Meeting

All except one of the proposed resolutions were passed by the shareholders at the Company's Annual General Meeting ("AGM") on 24 May 2023. The resolution to reappoint KPMG LLP as auditor for 2023 has not been adopted.

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

- Guido Van der Schueren, Chairman
- Michael Rottenborn, Chief Executive Officer
- Joachim Van Hemelen, 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://www.hybridsoftware.group/investors/shareholders-annual-general-meeting.

CFO'S REVIEW

The following information is unaudited.

Financial highlights

- Revenue for the period was €24.91 million (2022: €23.44 million)
- Gross profit for the period was €20.51 million or 82.3% of revenue (2022: €19.86 million or 84.7%)
- Pre-tax loss for the period was €0.92 million (2022: €0.25 million profit)
- EBITDA for the period was €3.71 million (2022: €4.62 million)
- Cash at 30 June 2022 was €5.23 million (at 31 December 2022: €6.32 million)

Revenue

Revenue for the period was €24.91 million, compared with €23.44 million for the same period in 2022, an increase of 6.3%. At constant exchange rates (2023 restated at 2022 exchange rates), revenue would have been €25.30 million.

Printing Software segment revenue increased by 1.2% when compared to the prior period. During the period a first marquee sale of our new Digital Front End, SmartDFE closed which resulted in the recognition of €2.61 million in license revenue. There was no similar event in the prior period. Conversely, during the first half of 2022, a customer in this segment exercised an option in their contract, which extended the term of the contract and resulted in €1.64 million of revenue being recognised in the period.

Revenue in the Printhead Solutions segment increased by 51.2% when compared to the prior period. This increase was mainly due to the recovery from the shortages in certain electronic components the segment incurred during the first half of 2022, which resulted in the re-design of some products and has caused delayed order fulfilment.

Enterprise Software segment revenue decreased by 4.08% when compared to the prior period.

For the Group as a whole, licence royalties accounted for 44.6% (2022: 59.9%) of revenue, maintenance and after-sale support accounted for 21.6% (2022: 14.5%), driver electronics accounted for 19.2% (2022: 12.8%), services accounted for 12.3% (2022: 10.7%), printer hardware and consumables accounted for 2.1% (2022: 2.0%) and other items accounted for 0.2% (2022: 0.1%).

Customer concentration and the reliance on a small number of customers for a high proportion of the Group's revenue has increased year on year. The ten largest customers represented 33.0% (2022: 30.1%) of the Group's revenue, the five largest customers represented 26.2% (2022: 24.8%) of the Group's revenue and the single largest customer represented 10.9% (2022: 8.4%) of the Group's revenue. There was one customer (2022: none) during the period that represented 10% or more of total revenue.

Pre-tax result

The pre-tax result was a loss of €0.92 million for the period, compared with a profit of €0.25 million for the same period in 2022.

Gross profit for the period was 82.3% of revenue. For the same period in the prior year, it was 84.7% of revenue.

The decrease in margin percentage is primarily due to the revenue increase in driver electronics versus software related revenue during the period.

Total operating expenses increased by €1.36 million, or 6.95% compared to the same period in the prior year. This was due to the acquisition of iC3D in March 2022, higher payroll expenses to retain staff, investment in additional staff in the Enterprise Software segment and higher amortization charges on intangible assets.

The foreign exchange losses 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 for the period was €3.71 million (2022: €4.62 million) and is reconciled to net profit as follows:

In thousands of euros *(unaudited)*	**2023**	**2022**
IFRS reported net profit from continuing operations	(334)	366
Net finance expenses	124	199
Tax credit	(588)	(118)
Depreciation	760	769
Amortisation	3,745	3,404
EBITDA from continuing operations	**3,707**	**4,620**

Cash

Cash balances were valued at €5.23 million on 30 June 2023 (31 December 2022: €6.32 million).

During the period, €0.73 million of cash was used to fund the payment of corporate income taxes in the United Stated of America following the sale of a block off IPv4 addresses in July 2022 for €3.3 million.

Loan repayments of €0.14 million were made to Congra Software SARL, consisting of €0.02 million in principal repayments and €0.12 million of interest (see note 17).

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

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.

Reported operating profit is adjusted as follows:

	For the six months ended 30 June	
In thousands of euros *(unaudited)*	**2023**	**2022**
Reported operating (loss)/profit	(521)	248
Severance fees	364	-
Deduct capitalised development expense	(2,065)	(2,152)
Add amortisation and impairment of capitalised development	1,365	870
Add amortisation of acquired intangible assets	2,380	2,493
Add other operating expenses	3	-
Deduct other income	(8)	(20)
Total adjustments to reported operating profit	2,039	1,191
Adjusted operating profit	**1,518**	**1,439**

Reported net profit is adjusted as follows:

	For the six months ended 30 June	
In thousands of euros, except per share data in euro *(unaudited)*	**2023**	**2022**
Reported profit after tax	(334)	366
Adjustments to operating result above	2,039	1,191
Tax effect of abovementioned adjustments	(346)	(599)
Total adjustments to reported net profit	1,693	592
Adjusted net profit	**1,359**	**958**

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties to the Group can be found on pages 32 to 38 of the Company's annual report for the year ended 31 December 2022.

For the remaining six months of this financial year, management's view is that the principal risks are credit risk from trade receivables and the economic slowdown of the world economy due to inflationary pressures and monetary tightening imposed by the World's most important central banks.

In 2022 and 2023, the most important central banks in the Western world started imposing historically large and rapid increases in interest rates and monetary tightening that was among the most aggressive in history. The goods & manufacturing sectors have already begun to experience the impact of these higher interest rates. The effect of further tightening could expectedly result in a decrease in aggregate demand and credit availability, which would be unfavourable to overall business conditions.

The Group does not have any operations in Ukraine and does not generate any revenue from either Russia or Ukraine, thus is not directly affected by the current situation. However, the Group sells to customers which are experiencing the effects of this on their businesses.

The slowdown of economic activity in many markets where the Group operates is a concern for the Board of Directors, which continues to monitor the situation closely. If it were to worsen and spread to other countries, there could be a negative impact on the demand for the Group's products and services, which could impact the Group's revenue and profitability.

RESPONSIBILITY STATEMENTS UNDER THE DISCLOSURE AND TRANSPARENCY RULES

Each of the appointed directors listed on page 2 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 A. Rottenborn

Michael Rottenborn
Director

2030 Cambourne Business Park
Cambourne, CB23 6DW, UK
27 July 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
In thousands of euros *(unaudited)*	**Note**	**2023**	2022
Continuing operations			
Revenue	4	**24,906**	23,435
Cost of sales		**(4,398)**	(3,577)
Gross profit		**20,508**	19,858
Selling, general and administrative expenses		**(14,608)**	(13,700)
Research and development expenses		**(6,426)**	(5,930)
Other operating expenses		**(3)**	-
Other income		**8**	20
Operating (loss)/profit		**(521)**	248
Finance income	5	**61**	4
Finance expenses	5	**(185)**	(203)
Net finance expenses		**(124)**	(199)
Foreign currency exchange (losses)/gains		**(277)**	199
(Loss)/Profit before tax		**(922)**	248
Tax credit	9	**588**	118
(Loss)/Profit for the period		**(334)**	366
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**456**	163
Other comprehensive income for the period, net of tax		**456**	163
Total comprehensive income attributable to equity holders		**122**	529
Earnings per share			
Basic earnings per share (euro)	16	**(0.01)**	0.01
Diluted earnings per share (euro)	16	**(0.01)**	0.01

The notes on pages 10 to 21 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 2023 *(unaudited)*	31 December 2022 *(audited)*
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1,723**	1,702
Right-of-use assets	12	**2,552**	2,912
Other intangible assets	7	**42,326**	43,959
Goodwill	8	**66,046**	65,927
Financial assets		**989**	99
Deferred tax assets	9	**2,093**	2,069
Trade and other receivables due after more than one year	10	**5,017**	3,718
Total non-current assets		**120,746**	121,242
Current assets			
Inventories		**4,154**	3,913
Current tax assets		**142**	-
Trade and other receivables	10	**10,919**	10,893
Other current assets		**629**	425
Prepayments		**2,425**	1,611
Cash and cash equivalents		**5,225**	6,317
Total current assets		**23,494**	23,159
TOTAL ASSETS		**144,240**	144,401
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital	11	**13,164**	13,164
Share premium	11	**1,979**	1,979
Merger reserve	11	**67,015**	67,015
Treasury shares	11	**(178)**	(161)
Retained earnings		**39,502**	39,847
Foreign currency translation reserve		**(10,455)**	(10,911)
Total equity		**111,027**	110,933
Liabilities			
Deferred tax liabilities	9	**8,179**	8,664
Lease liabilities	12	**2,143**	2,560
Accrued liabilities		**964**	1,147
Other liabilities	13	**8,597**	3,931
Contract liabilities	4, 14	**634**	44
Total non-current liabilities		**20,517**	16,346
Current liabilities			
Current tax liabilities		**454**	1,366
Trade and other payables		**3,250**	2,919
Lease liabilities	12	**804**	834
Accrued liabilities		**1,646**	2,287
Other liabilities	13	**544**	5,881
Contract liabilities	4,14	**5,998**	3,835
Total current liabilities		**12,696**	17,122
Total liabilities		**33,213**	33,468
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**144,240**	144,401

The notes on pages 10 to 21 are an integral part of these unaudited condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of euros *(unaudited)*	Note	Share capital	Share premium	Merger reserve	Treasury shares	Retained earnings	Foreign currency translation reserve	Total equity
Balance at 1 January 2022			**13,164**	**1,979**	**67,015**	**(202)**	**38,624**	**(10,629)**
Total comprehensive income								
Net profit for the period		-	-	-	-	366	-	366
Total other comprehensive income		-	-	-	-	-	163	163
Total comprehensive income		**-**	**-**	**-**	**-**	**366**	**163**	**529**
Balance at 30 June 2022		**13,164**	**1,979**	**67,015**	**(202)**	**38,990**	**(10,466)**	**110,480**
Balance at 1 January 2023		**13,164**	**1,979**	**67,015**	**(161)**	**39,847**	**(10,911)**	**110,933**
Total comprehensive income								
Net loss for the period		-	-	-	-	(334)	-	(334)
Total other comprehensive income		-	-	-	-	-	456	456
Total comprehensive income		**-**	**-**	**-**	**-**	**(334)**	**456**	**122**
Transactions with owners								
Share-based payment transactions		-	-	-	11	(11)	-	-
Own share repurchased	11	-	-	-	(28)	-	-	(28)
Total transactions with owners		-	**-**	**-**	**(17)**	**(11)**	**-**	**(28)**
Balance at 30 June 2023		**13,164**	**1,979**	**67,015**	**(178)**	**39,502**	**(10,455)**	**111,027**

The notes on pages 10 to 21 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 2023	2022
Cash flows from operating activities			
Net (loss) / profit for the period		**(334)**	**366**
Adjustments to reconcile net profit to net cash:			
- Depreciation of property, plant, equipment and right-of-use assets	6,12	**760**	**769**
- Amortisation and impairment of other intangible assets	7	**3,746**	**3,404**
- Loss on disposal of tangible fixed assets		**4**	**-**
- Net finance expense	5	**124**	**199**
- Net foreign currency exchange losses/(gains)		**276**	**(199)**
- Tax credit	9	**(588)**	**(118)**
- Change in fair value of contingent consideration		**7**	**(3)**
- Other items		**(199)**	**72**
Total adjustments to net profit		**4,130**	**4,124**
Change in operating assets and liabilities:			
- Financial assets		**(34)**	**99**
- Inventories		**(241)**	**(1,250)**
- Trade and other receivables		**(1,416)**	**(3,727)**
- Other current assets		**(204)**	**(145)**
- Prepayments		**(814)**	**(158)**
- Trade and other payables		**331**	**1,124**
- Accrued liabilities		**(824)**	**(1,987)**
- Contract liabilities		**2,753**	**3,044**
Total change in operating assets and liabilities		**(449)**	**(3,000)**
Cash generated from operating activities		**3,347**	**1,490**
Interest received	5	**19**	**4**
Interest paid	5	**(185)**	**(203)**
Taxes paid		**(850)**	**(358)**
Net cash flow from operating activities		**2,331**	**933**
Cash flows from investing activities			
Capital expenditures on property, plant & equipment	6	**(428)**	**(547)**
Capitalisation of development expenses	7	**(2,064)**	**(2,152)**
Deferred consideration received		**-**	**500**
Acquisition, net of cash acquired		**-**	**(3,664)**
Net cash flow from investing activities		**(2,492)**	**(5,863)**
Cash flows from financing activities			
Repayment against loans and borrowings	17	**(25)**	**(100)**
Contingent consideration paid		**(416)**	**(715)**
Principal payments on lease liabilities	12	**(437)**	**(480)**
Own shares repurchased	11	**(28)**	**-**
Net cash flow used in financing activities		**(906)**	**(1,295)**
Net (decrease)/increase in cash		**(1,067)**	**(6,225)**
Cash and cash equivalents at 1 January		**6,317**	**9,234**
Effect of exchange rate fluctuations on cash held at 1 January		**(25)**	**5**
Cash and cash equivalents at 30 June		**5,225**	**3,014**

The notes on pages 10 to 21 are an integral part of these unaudited condensed consolidated interim financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. REPORTING ENTITY

Hybrid Software Group PLC (the "Company") and its subsidiaries (together the "Group") is a leading developer of integrated software platforms on which our partners create solutions for digital printing, digital document and PDF applications. It is also a leading supplier of drive electronics for industrial inkjet printing.

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

2. BASIS OF PREPARATION

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 2022.

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 2022.

There are no new or amended interpretations or standards effective for the financial year commencing 1 January 2023 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 2023.

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 2022.

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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. 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 2022.

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 2023 and 2024, 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 €5.23 million as at 30 June 2023 (31 December 2021: €6.32 million), and the only committed, interest bearing debt is to the Company's major shareholder.

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:

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

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

The following tables provide information on revenue, 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 2022 and 30 June 2023. 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. Group amounts relate to expenses incurred by the Group's parent company (Hybrid Software Group PLC) and exchange gains and losses that are not attributable to a particular operating segment.

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

Six months ended 30 June 2023:

In thousands of euros *(unaudited)*	**Printing Software**	**Printhead Solutions**	**Enterprise Software**	**Group**	**Total**
Revenue from external customers	8,585	5,455	10,866	-	24,906
Inter-segment revenue	128	-	852	-	980
Segment revenue	**8,713**	**5,455**	**11,718**	**-**	**25,886**
Segment operating profit/(loss) after tax	**459**	**389**	**1,385**	**(532)**	**1,701**
Included in the operating profit/(loss) are:					
Finance income	(47)	(9)	(5)	-	(61)
Finance expense	28	10	147	-	185
Depreciation and amortisation	1,349	309	467	-	2,125
Tax credit	(146)	(97)	-	-	(243)
Segment EBITDA	**1,643**	**602**	**1,994**	**(532)**	**3,707**

Six months ended 30 June 2022:

In thousands of euros *(unaudited)*	**Printing Software**	**Printhead Solutions**	**Enterprise Software**	**Group**	**Total**
Revenue from external customers	8,498	3,609	11,328	-	23,435
Inter-segment revenue	124	-	71	-	195
Segment revenue	**8,622**	**3,609**	**11,399**	**-**	**23,630**
Segment operating profit/(loss) after tax	**1,546**	**(111)**	**2,146**	**(1,321)**	**2,260**
Included in the operating profit/(loss) are:					
Finance income	(4)	-	-	-	(4)
Finance expense	39	14	150	-	203
Depreciation and amortisation	1,049	265	366	-	1,680
Tax charge	119	54	308	-	481
Segment EBITDA	**2,749**	**222**	**2,970**	**(1,321)**	**4,620**

3. OPERATING SEGMENTS (CONTINUED)

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

In thousands of euros *(unaudited)*	**2023**	**2022**
Segment total operating profit after tax	1,701	2,260
Amortisation of acquired intangible assets	(2,380)	(2,493)
Tax effect of above-mentioned items	345	599
Consolidated profit after tax	**(334)**	**366**

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 'Operating Segments').

For the six months ending 30 June:

	Printing Software		**Printhead Solutions**		**Enterprise Software**		**Total**	
In thousands of euros *(unaudited)*	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Revenue type								
Licence royalties	**6,842**	6,731	**345**	393	**3,923**	6,910	**11,110**	14,034
Maintenance and after-sale support	**966**	1,112	**29**	34	**4,387**	2,247	**5,382**	3,393
Services	**293**	151	**265**	180	**2,495**	2,171	**3,053**	2,502
Printer hardware and consumables	**470**	468	**38**	-	**15**	-	**523**	468
Driver electronics	**-**	-	**4,771**	3,002	**-**	-	**4,771**	3,002
Other items	**14**	36	**7**	-	**46**	-	**67**	36
Total sales	**8,585**	8,498	**5,455**	3,609	**10,866**	11,328	**24,906**	23,435
Primary geographical markets								
United Kingdom	**2,908**	950	**327**	329	**697**	623	**3,932**	1,902
Europe, excluding United Kingdom	**985**	1,417	**1,146**	942	**5,715**	5,452	**7,846**	7,811
North America	**3,682**	5,444	**1,146**	1,192	**3,887**	4,592	**8,715**	11,228
Asia	**1,010**	687	**2,836**	1,146	**567**	661	**4,413**	2,494
Total sales	**8,585**	8,498	**5,455**	3,609	**10,866**	11,328	**24,906**	23,435
Timing of revenue recognition								
Recognised at a point in time	**7,618**	7,235	**5,426**	3,395	**5,878**	7,058	**18,922**	13,461
Recognised over time	**967**	1,263	**29**	214	**4,988**	4,340	**5,984**	9,974
Total sales	**8,585**	8,498	**5,455**	3,609	**10,866**	11,328	**24,906**	23,435

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

The ten largest customers represented 33.0% (2022: 30.1%) of the Group's revenue, the five largest customers represented 26.2% (2022: 24.8%) of the Group's revenue and the single largest customer represented 10.9% (2022: 8.4%) of the Group's revenue. There was one customer (2022: 0) during the year that represented 10% or more of total revenue.

During the period a first marquee sale of our new Digital Front End, SmartDFE closed in the Printing Software segment which resulted in the recognition of €2.61 million in license revenue. There was no similar event in the prior period. Conversely, during the first half of 2022, a customer in this segment exercised an option in their contract, which extended the term of the contract and resulted in €1.64 million of revenue being recognised 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 of 30 June 2023.

In thousands of euros *(unaudited)*	**0 to 12 months**	**12 to 24 months**	**after 24 months**	**Total**
After-sale support services	4,200	303	257	4,760
Product and consultancy	1,798	74	-	1,872
Total	**5,998**	**377**	**257**	**6,632**

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. FINANCE INCOME AND FINANCE EXPENSES

	For the six months ended 30 June	
In thousands of euros *(unaudited)*	**2023**	**2022**
Interest income	12	2
Finance income on net investment in leases (see note 12)	7	2
Other financial income	41	-
Government grants	1	-
Total finance income	**61**	**4**
Interest expense	-	(2)
Interest expenses on loan from related undertaking (see note 17)	(118)	(124)
Lease liability interest (see note 12)	(60)	(77)
Other financial charges	(7)	-
Total finance expenses	**(185)**	**(203)**
Net finance expenses	**(124)**	**(199)**

6. PROPERTY, PLANT AND EQUIPMENT

In thousands of euros	Leasehold improvements	Computer equipment	Office equipment	Motor vehicles	Total
Cost					
At 31 December 2021	1,025	1,983	1,515	483	5,006
Additions	35	230	177	363	805
Additions – business combinations	-	16	-	-	16
Disposals	-	(9)	(117)	(72)	(198)
Effect of movement in exchange rates	(46)	(78)	(65)	(9)	(198)
At 31 December 2022 *(audited)*	**1,014**	**2,142**	**1,510**	**765**	**5,431**
Additions	9	108	58	253	428
Disposals	-	(13)	(3)	(44)	(60)
Effect of movement in exchange rates	23	66	(8)	6	87
At 30 June 2023 *(unaudited)*	**1,046**	**2,303**	**1,557**	**980**	**5,886**
Accumulated depreciation					
At 31 December 2021	762	1,483	1,081	18	3,344
Charge for the year	84	278	232	144	738
Disposals	-	(6)	(111)	(72)	(189)
Effect of movement in exchange rates	(39)	(68)	(55)	(2)	(164)
At 31 December 2022 *(audited)*	**807**	**1,687**	**1,147**	**88**	**3,729**
Charge for the period	42	140	95	98	375
Disposals	-	(11)	-	(10)	(21)
Effect of movement in exchange rates	20	63	(7)	4	80
At 30 June 2023 *(unaudited)*	**869**	**1,879**	**1,235**	**180**	**4,163**
Net book value					
At 31 December 2022 *(audited)*	207	455	363	677	1,702
At 30 June 2023 *(unaudited)*	**177**	**424**	**322**	**800**	**1,723**

7. OTHER INTANGIBLE ASSETS

In thousands of euros	Software technology	Customer relationships	Patents	Trade-marks	Know-how	Driver electronics	Total
Cost							
At 31 December 2021	83,089	21,476	2,879	617	1,032	3,712	112,805
Additions – purchased	75	-	-	-	-	-	75
Additions – internally developed	3,349	-	-	-	-	632	3,981
Additions – business combinations	1,458	-	-	-	378	-	1,836
Effect of movement in exchange rates	(2,020)	(694)	(144)	(31)	(6)	(211)	(3,106)
At 31 December 2022 *(audited)*	**85,951**	**20,782**	**2,735**	**586**	**1,404**	**4,133**	**115,591**
Additions – internally developed	1,833	-	-	-	-	232	2,065
Effect of movement in exchange rates	1,111	359	74	16	7	115	1,682
At 30 June 2023 *(unaudited)*	**88,895**	**21,141**	**2,809**	**602**	**1,411**	**4,480**	**119,338**
At 31 December 2021	44,718	15,333	2,735	617	857	3,340	67,600
Charge for the year	5,512	908	10	-	458	223	7,111
Effect of movement in exchange rates	(2,025)	(705)	(137)	(31)	(6)	(175)	(3,079)
At 31 December 2022 *(audited)*	**48,205**	**15,536**	**2,608**	**586**	**1,309**	**3,388**	**71,632**
Charge for the period	3,074	422	-	-	95	154	3,745
Effect of movement in exchange rates	1,082	361	75	16	7	94	1,635
At 30 June 2023 *(unaudited)*	**52,361**	**16,319**	**2,683**	**602**	**1,411**	**3,636**	**77,012**
Net book value							
At 31 December 2022 *(audited)*	37,746	5,246	127	-	95	745	43,959
At 30 June 2023 *(unaudited)*	**36,534**	**4,822**	**126**	**-**	**-**	**844**	**42,326**

7. OTHER INTANGIBLE ASSETS (CONTINUED)

Intangible assets that are subject to amortisation are reviewed annually for indicators of impairment or whenever events or changes in accounting estimates indicate that the carrying amount may not be recoverable. If an indicator of impairment is identified, a full impairment review is performed with the calculations being based on the discounted cash flows over the remaining period of amortisation of the capitalised development expense and use the same discount rate and exchange rates that were used for the impairment review of Goodwill (see Note 8 'Goodwill'). These intangible assets are also allocated to a CGU containing goodwill and are tested annually for impairment as part of the goodwill impairment review (see Note 8 'Goodwill').

There was no significant change during the period to the calculations and assumptions used at 31 December 2022 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 2023 (2022: €nil).

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

In thousands of euros	**Remaining amortisation period**	**30 June 2023** *(unaudited)*	31 December 2022 *(audited)*
Cloudflow	9.5 to 11.5 years	16,923	17,480
ColorLogic	1.5 to 8.3 years	2,553	2,647
EDL	1.5 years	312	418
Harlequin RIP	1.7 years	1,825	1,649
iC3D	8 to 10 years	1,369	1,385
Other software	0.7 years	139	125
Packz	9.5 to 11.5 years	12,224	12,652
Xitron	0.5 to 1.3 years	1,189	1,390
Total software technology		**36,534**	**37,746**
Customer relationships	1.3 to 9.5 years	**4,822**	**5,246**
Patents	11.4 years	**126**	**127**
Driver electronics	0.7 to 3.75 years	**844**	**745**

8. GOODWILL

In thousands of euros	**Total Goodwill**
Cost	
At 31 December 2021	70,729
Additions – business combinations	1,578
Effect of movement in exchange rates	(630)
At 31 December 2022 *(audited)*	**71,677**
Effect of movement in exchange rates	194
At 30 June 2023 *(unaudited)*	**71,871**
Accumulated amortisation or impairment	
At 31 December 2021	6,051
Effect of movement in exchange rates	(301)
At 31 December 2022 *(audited)*	**5,750**
Effect of movement in exchange rates	75
At 30 June 2023 *(unaudited)*	**5,825**
Net book value	
At 31 December 2022 *(audited)*	65,927
At 30 June 2023 *(unaudited)*	**66,046**

8. GOODWILL (CONTINUED)

The Group is required to test annually, or more frequently if facts and circumstances justify 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 2023 against the forecast used for the impairment review at 31 December 2022, it was concluded that there were no indicators of impairment and no impairment was required for the six months ended 30 June 2023 (2022: €nil).

Goodwill is allocated to cash-generating units (CGUs) for the purposes of impairment testing. The CGUs identified were Global Graphics Software, Meteor Inkjet, Xitron, HYBRID Software and ColorLogic.

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

In thousands of euros	**30 June 2023** *(unaudited)*	31 December 2022 *(audited)*
Global Graphics Software	6,819	6,721
Meteor Inkjet	2,254	2,195
Xitron	1,819	1,857
HYBRID Software	53,952	53,952
ColorLogic	1,202	1,202
Total goodwill	**66,046**	**65,927**

9. TAX

Corporation tax

Analysis of the tax credit in the period:

In thousands of euros *(unaudited)*	**For the six months ended 30 June** 2023	**2022**
Current tax		
Charge during the period	(22)	(349)
Credit related to previous periods	123	-
Total current tax credit/(charge)	**101**	**(349)**
Deferred tax		
Arising from the capitalisation and amortisation of development expenses	(39)	(132)
Arising from the amortisation of acquired intangibles	526	599
Total deferred tax credit	**487**	**467**
Total tax credit	**588**	**118**

Deferred tax

The Group had recognised deferred tax as follows:

In thousands of euros	**30 June 2023** *(unaudited)*	31 December 2022 *(audited)*
Deferred tax assets		
Capital allowances	1,729	1,677
Unused tax losses	1,109	1,109
Total recognised deferred tax assets before set-off	**2,838**	**2,786**
Set-off of tax	(745)	(717)
Net deferred tax assets	**2,093**	**2,069**
Deferred tax liabilities		
Capitalised development expenses	930	834
As a result of intangible assets arising from business combinations	7,994	8,547
Total recognised deferred tax liabilities	**8,924**	**9,381**
Set-off of tax	(745)	(717)
Net deferred tax liabilities	**8,179**	**8,664**

9. TAX (CONTINUED)

Deferred tax (continued)

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. On 24 May 2021 the UK tax rate increase from 19% to 25% from 1 April 2023 was substantively enacted. This will have a consequential effect on the group's future tax charge, but no estimates of the potential effect have been made. Notes to the unaudited condensed consolidated interim financial statements (continued)

The deferred tax asset at 30 June 2023 has been calculated based on the rates expected to be in force at the time of utilisation. The deferred tax liability at 30 June 2023 has been recognised as a result of acquisitions in different tax jurisdictions at the rates prevailing in those jurisdictions. The rates range from 17% to 30%.

10. TRADE AND OTHER RECEIVABLES

In thousands of euros	**30 June 2023** *(unaudited)*	31 December 2022 *(audited)*
Trade receivables	7,874	6,563
Accrued revenue	8,841	8,384
Allowance for doubtful debts	(779)	(336)
Total trade and other receivables	**15,936**	**14,611**

In thousands of euros	**30 June 2023** *(unaudited)*	31 December 2022 *(audited)*
Current	10,919	10,893
Non-current	5,017	3,718
Total trade and other receivables	**15,936**	**14,611**

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

11. CAPITAL AND RESERVES

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

	For the six months ended 30 June 2023 *(unaudited)*		For the year ended 31 December 2022 *(audited)*	
In thousands of euros, except number of shares	**Number**	**Value**	**Number**	**Value**
At the end of the period	**32,909,737**	**13,164**	**32,909,737**	**13,164**

Share premium:

In thousands of euros	**30 June 2023** *(unaudited)*	31 December 2022 *(audited)*
At the end of the period	**1,979**	**1,979**

Merger reserve:

In thousands of euros	**30 June 2023** *(unaudited)*	31 December 2022 *(audited)*
At the end of the period	**67,015**	**67,015**

Treasury shares:

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

	For the six months ended 30 June 2023 *(unaudited)*		For the year ended 31 December 2022 *(audited)*	
In thousands of euros, except number of shares	**Number**	**Value**	**Number**	**Value**
At the start of the period	58,996	161	73,996	202
Disbursement of shares to employees	(4,000)	(11)	(15,000)	(41)
Own shares repurchased	6,662	28	-	-
At the end of the period	**61,658**	**178**	**58,996**	**161**

12. LEASES

Group as lessee

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

Right-of-use assets

In thousands of euros	Land and buildings	Motor vehicles	Total
Balance at 31 December 2021	3,469	137	3,606
Additions	-	67	67
Remeasurements	123	-	123
Depreciation charge for the year	(722)	(99)	(821)
Effect of movement in exchange rates	(36)	(16)	(52)
Balance at 31 December 2022 *(audited)*	**2,834**	**78**	**2,912**
Depreciation charge for the period	(346)	(39)	(385)
Effect of movement in exchange rates	18	7	25
Balance at 30 June 2023 *(unaudited)*	**2,506**	**46**	**2,552**

These right-of-use assets are depreciated on a straight-line basis over the remaining term of the rental agreement. As at the date of these financial statements, the remaining terms range from 3 months to 6.5 years. Remeasurements are the result of an extension to the term of an existing lease.

Lease liabilities

In thousands of euros	**30 June 2023** *(unaudited)*	31 December 2022 *(audited)*
Current	804	834
Non-current	2,143	2,560
Total lease liabilities	**2,947**	**3,394**

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

Amounts recognised in the Consolidated Statement of Comprehensive Income:

	For the six months ended 30 June	
In thousands of euros *(unaudited)*	**2023**	**2022**
Interest on lease liabilities (see note 5)	60	77
Expenses relating to short-term leases	38	43
Total amount recognised in profit or loss	**98**	**120**

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

Cash out flow for leases:

	For the six months ended 30 June	
In thousands of euros *(unaudited)*	**2023**	**2022**
Lease liability interest (see note 5)	60	77
Principal payments	437	480
Total cash outflow for leases	**497**	**557**

12. LEASES (CONTINUED)

Group as lessor – finance leases

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

	For the six months ended 30 June	
In thousands of euros *(unaudited)*	**2023**	**2022**
Income received from subleasing right-of-use assets	46	24
Finance income on net investment in leases	(7)	(2)
Total amount recognised in profit or loss	**39**	**22**

In thousands of euros	**30 June 2023** *(unaudited)*	31 December 2022 *(audited)*
Current	47	85
Non-current	92	180
Total finance lease receivable	**139**	**265**

13. OTHER LIABILITIES

Financial liabilities measured at fair value.

In thousands of euros	**30 June 2023** *(unaudited)*	31 December 2022 *(audited)*
Contingent consideration	234	635
Deferred consideration	932	932
Other liabilities	-	152
Unsecured loan from related party	7,975	8,093
Total other liabilities	**9,141**	**9,812**

In thousands of euros	**30 June 2023** *(unaudited)*	31 December 2022 *(audited)*
Current	544	5,881
Non-current	8,597	3,931
Total other liabilities	**9,141**	**9,812**

Contingent consideration is the balance of the amount that is expected to be paid for the 2016 acquisition of TTP Meteor Ltd (now Meteor Inkjet Ltd).

Deferred consideration primarily relates to the 2021 acquisition of ColorLogic GmbH.

An unsecured loan has been granted by Congra Software S.à r.l. ("Congra") to HYBRID Software Development NV. During the year, payments totalling €143,000 have been made to Congra in respect of the loan. €25,000 has been paid as a repayment against the principal and €118,000 has been paid for interest. Interest is calculated and payable at a fixed rate of 3% per annum on the outstanding balance and, as per the loan agreement, capital repayments of €93,000 are to be repaid in 2023 and the balance in 8 quarterly instalments of €1,000,000 each in the years ending 31 December 2025 and 2026. The balance of the loan outstanding at 30 June 2023 was €7,975,000 (2022: €8,093,000).

14. CONTRACT LIABILITIES

In thousands of euros	**30 June 2023** *(unaudited)*	31 December 2022 *(audited)*
Customer advances	763	1,015
Deferred revenue	5,869	2,864
Total contract liabilities	**6,632**	**3,879**

In thousands of euros	**30 June 2023** *(unaudited)*	31 December 2022 *(audited)*
Current	5,998	3,835
Non-current	634	44
Total contract liabilities	**6,632**	**3,879**

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. Movements in the balance are driven by individual contracts and are not expected to necessarily be consistent year on year.

15. SHARE BASED PAYMENTS

Share option plan *(unaudited)*

No new options have been granted since 31 December 2022 and there are no share options outstanding as at 30 June 2023.

Free shares *(unaudited)*

No free shares have been awarded since 31 December 2022.

Share-based payment expense *(unaudited)*

For the six months ended 30 June 2023, the Group has recognised €nil (2022: €nil) of share-based payment expense in these financial statements in relation to free shares previously issued.

16. EARNINGS PER SHARE

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

	As at 30 June	
In thousands of euros unless otherwise stated *(unaudited)*	**2023**	2022
Weighted average number of shares (basic), in thousands of shares	32,852	32,836
(Loss)/Profit from continuing operations	(334)	366
Basic earnings per share, in euros	**(0.01)**	**0.01**
Diluted earnings per share, in euros	**(0.01)**	**0.01**

17. RELATED PARTY TRANSACTIONS

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

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

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

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

Congra
An unsecured loan has been granted by Congra Software S.à r.l. ("Congra") to HYBRID Software Development NV. During the year, payments totalling €143,000 have been made to Congra in respect of the loan. €25,000 has been paid as a repayment against the principal and €118,000 has been paid for interest. Interest is calculated and payable at a fixed rate of 3% per annum on the outstanding balance and, as per the loan agreement, capital repayments of €93,000 are to be repaid in 2023 and the balance in 8 quarterly instalments of €1,000,000 each in the years ending 31 December 2025 and 2026. The balance of the loan outstanding at 30 June 2023 was €7,975,000 (2022: €8,093,000).

Additionally, Congra recharges some minor expenses to HYBRID and HYBRID was liable for some additional consideration that was payable in respect of a transfer of intangible assets prior to joining the Group. The minor expenses totalled €11,000 (2022: €8,000) and the additional consideration was €nil. At 30 June 2023, €nil (2022: €nil) was owed to Congra in respect of these items.

Powergraph
In accordance with the aforementioned service agreement for Guido Van der Schueren, a total of €274,000 (2022: €216,000) was paid during the period by HYBRID to Powergraph and €35,700 (2022: €270,000) was payable to Powergraph as at 30 June 2023.

Other related parties
Powergraph and Congra have interests in other businesses. During the year, HYBRID Software NV made sales of €9,000 (2023: €34,000) to those entities and at 30 June 2023 €nil (2022: €62,000) was owed to HYBRID Software NV by them.

18. SUBSEQUENT EVENTS

There are no post balance sheet events requiring disclosure in these interim financial statements for the period ended 30 June 2023.

COUNTRY OF INCORPORATION: England and Wales

LEGAL FORM: Public limited company

COMPANY NUMBER: 10872426

DIRECTORS

Guido Van der Schueren

Michael Rottenborn

Joachim Van Hemelen

Clare Findlay

Luc De Vos

SECRETARY

Peter Goodwin

STOCK MARKET: Euronext Brussels

STOCK TICKER: HYSG

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