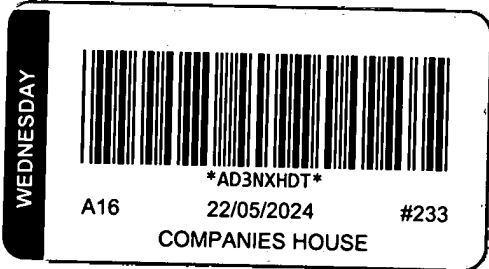


**Graphic plc**  
**Annual report and financial statements**  
**for the year ended 31 December 2023**

Registered number: 1036230



# Graphic plc

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# Graphic plc

## Strategic Report

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

### Review of the business

The principal activity of the Company comprises the manufacture and supply of professional printed circuit boards for the aerospace, defence, telecommunications and industrial sectors.

These financial statements reflect 12 months trading. Turnover has increased by 16% on 2022 levels and total gross margin has increased to 43%.

It is very pleasing to report another year with operating profits of £8,837,000. This shows that our core business is sound and that we continue to have the support of our major customers.

On the 28 December 2023 there was a restructuring to 3 Italian registered companies in the group. Somacis S.p.A, Fine PCB S.p.A and Conero Holding S.p.A are a 100% owning chain. A reverse merger under Italian law was completed resulting in Somacis S.p.A being the sole remaining company in this chain.

In order for the company to maintain its competitiveness within our industry, it needs to continually look to improve manufacturing processes and to develop new technical capabilities. This has been achieved with an extensive Research and Development program and the directors will be maintaining these activities into future periods.

Cash generation has been good and following on from last year we have continued to pay off leasing debt and follow our programme of scaling up the quality of our equipment. We believe that Graphic plc will continue to lead the way in technologic development and we can only do this by investing in our people and equipment.

### Key performance indicators

The key performance indicators are turnover and gross profit which can be seen in the profit and loss account.

The operations of the business are complex and involved and the company uses a number of other operating performance measures including:

- OTIF (On time in full) which measures delivery performance of full quantity shipped and delivered on time.
- External quality performance KPIs are monitored through our Non Conformance Reporting systems.
- Internal yield is measured in each department against target KPIs. Also raw material loaded is measured against total delivered goods.
- Health and safety KPIs measure absenteeism and accidents.

### Principal risks and uncertainties

The company's main overall risks are economic, currency, Brexit legacy and world wide events. Economic conditions can affect a particular sector more than another, hence it is important for the Company to target many sectors within our industry. The recent exchange rate fluctuations have had a negative impact on the cost of raw materials. These increasing costs have been minimised through careful and efficient negotiation. Our raw material pricing is driven by the underlying commodity costs. Hence commodity costs are constantly monitored and we will often forward buy to reduce these potential price hikes.

The geopolitical situation (including Russia's war with Ukraine and the Israeli/Gaza conflict) continue to affect the risks related to customers' global supply chains. During this reporting period, the geopolitical situation has had no indirect or direct impact on the company's business. Weak economic development, inflation and rising interest rates cause uncertainty in the operating environment and may affect customer demand. Cyber risks and disruptions in information systems can affect production. Disturbances in the labour market can also affect production and delivery capacity.

### Future developments

The directors expect the general level of activity to grow by 6% in the forthcoming year. It is important that we continue our sound financial base. We are confident that our management and staff are capable of keeping Graphic at the forefront of our industry's technology with its excellent customer service producing high reliability quality product.

We are committed to keep driving our business forward by developing our capability through investment in capital equipment and training and development of our employees.

# Graphic plc

## Strategic Report

### Section 172 Statement

#### Introduction

The s172 report provides narrative about how the board has sought to promote the success of the Company for the benefit of shareholders and details key decisions during the year.

#### Duty to promote the success of the company

A Director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of the members as a whole, and in doing so have regard (among other matters) to:

- The likely consequences of any decision in the long-term,
- The interests of the company's employees,
- The need to foster the company's business relationships with suppliers, customers, and others,
- The impact of the company's operations on the community and the environment,
- The desirability of the company maintaining a reputation for high standard of business conduct, and
- The need to act fairly between members of the company.

#### How these requirements are met

The primary objective of Graphic plc is to provide an interconnection manufacturing service for high quality, technically demanding product that contributes positively to the customer's business and acknowledges the needs of all stakeholders by employing best practice and business excellence principles. This objective is to be achieved with commercial awareness that ensures sustainability while meeting all necessary regulatory and legal requirements relevant to the business activities.

The company is a leading provider of employment within its local area and actively supports local charity events and family activities. Most of the employees have been with Graphic for a number of years and between them have an endless supply of product and technical knowledge. Further details on employee consultation are provided in the Directors report. The company is a member of the Investors in People organisation and is reviewed regularly.

Graphic is constantly striving to improve performance and increase its knowledge within the industry. Therefore the company is a proud member of various industrial bodies such as Institute of Circuit Technology, IPC and West of England Aerospace Federation. Graphic has a very strong partnership with the University of Exeter and works with their academic team in a number of research areas to enhance innovation and technology transfer. Graphic also works with the local colleges and schools in order to encourage new employees and interest within the industry.

The company has carefully selected global distributors and agents based upon their local and technical knowledge in order to provide the best possible service. Graphic also has a manufacturing facility China. This facility allows the company to be competitive in price sensitive markets without compromising on quality or service.

The company has introduced several initiatives in order to ensure high reliability of complex high technology boards because of our involvement in high reliability requirement markets. As part of its commitment to quality the company maintains a number of approvals and certificates including ISO 14001, NADCAP and Cyber Essentials.

The company has an environmental policy which seeks to manage buildings, equipment, processes and substances in an environmentally sensitive manner to protect the environment, prevent pollution and reduce carbon emissions.

# Graphic plc

## Strategic Report

### Section 172 Statement

#### Engaging with stakeholders

The Board engages with shareholders and debt providers on a regular and ad-hoc basis around the time of year end and interim results as well as at any time during the year as questions may arise.

The Board engages with employees via a system of internal KPI feedback, along with a quarterly general meeting focusing on the business results. All employees are part of a company wide performance related bonus incentive scheme. Employees are encouraged to make suggestions on any aspect of the company via a suggestions box.

The Board has a sales team which comprises of external and internal customer account managers. This team is tasked with promoting good, long-term customer relations. The whole team and board members meet on a quarterly basis to ensure customers need are being met and to discuss future strategies.

Some of the key decisions made during the year for the benefit of the long term success of the company are described below.

| Principal decision   | Impact on long term success of business  | Stakeholder considerations  |
|--|--|---|
| To maintain our competitive advantage it is essential that the Company invests in the latest printed circuit board manufacturing technology. In 2023 we invested £631k in new software, plant and machinery. | This will greatly support our technical roadmap and continued long term growth in high reliable leading edge printed circuit board technology.   | We have included company management team, group finance, customers and suppliers.   |
| To maintain our competitive advantage it is essential that the Company continues to train and develop our staff.   | We are carrying out continuous internal and external training programs. Furthermore we are developing our apprenticeship scheme, which we consider essential for our future growth.                                  | We are in continuous consultation with local colleges, universities and training providers to help us develop and choose the most suitable courses for our needs. |
| To drive our Environmental Social Governance, we will implement a full ESG framework.  | This will ensure our ability to manage the impact of our carbon footprint. How we treat employees, suppliers and stakeholders and overall business sustainability. We will work towards making the company Net Zero. | We have included all company employees, group finance, customers and suppliers and local community.   |
| As part of our continuous improvement program, we decided to focus on Lean Manufacturing principles.   | Looking at improving efficiencies throughout the facility, reducing waste and improving workplace organisation. We have seen margins and OTD improvements as a result of these actions.                              | We have included all company departments.   |



**David Pike**  
Director

Date: 14 May 2024

# Graphic plc

## Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2023.

### Going concern

The company has a strong balance sheet, strong forward order book and no major issues are foreseen. The implications of Russia's war against Ukraine, the Israeli/Gaza conflict and the high inflation rates have been considered and the measures we have taken to mitigate its impact have and are still looking very positive due to the company's core business being in the defence, security and space market, sales were and are unaffected by both. Hence we are well placed for the future.

Furthermore, we are part of a global group who are also showing a very strong balance sheet and positive growth throughout its organisation.

Accordingly the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being the period of at least 12 months from signing these financial statements. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

### Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

### Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates between the invoice date and the settlement date.

The Company is able to trade in Euros and US Dollars which reduces the exposure to currency exchange fluctuations.

### Credit risk

The Company's principal financial assets are bank balances and cash, trade and other debtors, and investments.

The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Company employs a robust credit checking and rating system to minimise the impact of supplying customers who are not able to pay.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

### Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company has an overdraft facility that is not normally utilised for ordinary business. This overdraft facility and lease contracts are used to finance the acquisition of plant and machinery in order to have a correct and balanced asset/liability management policy.

### Dividends

Interim dividends of £4,056,000 (£30.20 per ordinary share) were paid during the period. The directors do not recommend a final dividend (2022 - interim £4,466,000).

# Graphic plc

## Directors' report

### Directors

The directors, who served throughout the year except as noted, were as follows:

David Pike

Giovanni Tridenti

Leigh Sampson (Appointed 1 October 2023)

### Directors indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. In addition, all employees receive a quarterly bonus related to the overall profitability of the Company.

### Auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint PKF Francis Clark will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



**David Pike**

Director

Date: 14 May 2024

## **Graphic plc**

### **Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

# Graphic plc

## Independent auditor's report to the members of Graphic plc

### Opinion

We have audited the financial statements of Graphic plc (the 'company') for the year ended 31 December 2023, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinion on other matter prescribed by the Companies Act 2006

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

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

### Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

### Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 7], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Graphic plc

### Independent auditor's report to the members of Graphic plc

#### Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations as relating to breaches around health and safety regulations, environmental regulations and breaches of quality control regulations. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as The Companies Act 2006, and relevant tax legislation (Corporation Tax, VAT etc.). We considered the extent to which non-compliance with these laws and regulations may have a material effect on the financial statements.

We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks were related to the overstatement of profit, either through overstating revenue, understating expenditure or management bias in accounting estimates.

Based on this understanding we designed our audit procedures to identify irregularities. Our procedures involved the following:

- Enquiries to members of Senior Management, regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements;
- Review of minutes of meetings of Senior Management, and those charged with governance;
- Review of any health and safety incidents which have been reported under The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 ("RIDDOR") during the period;
- Review of certifications confirming compliance following audits conducted by the Regulator (British Standards Institute);
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Evaluation of the design and implementation of management's controls to prevent and detect irregularities;
- Testing the recognition of revenue and costs, in particular around the year end date, including a revenue matching exercise between the company's external ordering system and the accounting system;
- Reviewing draft tax computations and involving the use of our specialists as required (e.g. VAT);
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statement. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

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

#### Use of our report

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

Glenn Nicol (Senior statutory auditor)  
PKF Francis Clark, Statutory Auditor

Centenary House, Peninsula Park, Rydon Lane, Exeter EX2 7XE

Date:

21 May 2024

PKF Francis Clark

## Graphic plc

### Profit and loss account

For the year ended 31 December 2023

|  | Note | Total<br>2023<br>£'000 | Total<br>2022<br>£'000 |
|--|------|------------------------|------------------------|
| Turnover   | 3    | 27,872                 | 24,084                 |
| Cost of sales  |      | <u>(15,690)</u>        | <u>(14,876)</u>        |
| <b>Gross profit</b>                                      |      | 12,182                 | 9,208                  |
| Administrative expenses                                  |      | (3,347)                | (3,588)                |
| Other operating income                                   |      | <u>2</u>               | <u>4</u>               |
| <b>Operating profit</b>                                  |      | 8,837                  | 5,624                  |
| Finance costs (net)                                      | 4    | <u>(7)</u>             | <u>(7)</u>             |
| <b>Profit on ordinary activities before<br/>taxation</b> | 5    | 8,830                  | 5,617                  |
| Tax on profit on ordinary activities                     | 8    | <u>(1,996)</u>         | <u>(967)</u>           |
| <b>Profit for the financial year</b>                     |      | <u><u>6,834</u></u>    | <u><u>4,650</u></u>    |

# Graphic plc

## Balance sheet

At 31 December 2023

|  | Note | 2023<br>£'000  | 2022<br>£'000  |
|--|------|----------------|----------------|
| <b>Fixed assets</b>  |      |                |                |
| Intangible assets  | 10   | 68             | 62             |
| Tangible assets  | 11   | 3,494          | 3,522          |
| Investments  | 12   | 6,472          | 6,472          |
|  |      | <u>10,034</u>  | <u>10,056</u>  |
| <b>Current assets</b>  |      |                |                |
| Stocks   | 13   | 2,513          | 2,362          |
| Debtors  |      |                |                |
| – due within one year  | 14   | 3,678          | 4,108          |
| Cash at bank and in hand                                       |      | <u>9,071</u>   | <u>5,795</u>   |
|  |      | 15,262         | 12,265         |
| <b>Creditors: Amounts falling due within one year</b>          | 15   | <u>(5,741)</u> | <u>(5,659)</u> |
| <b>Net current assets</b>                                      |      | <u>9,521</u>   | <u>6,606</u>   |
| <b>Total assets less current liabilities</b>                   |      | 19,555         | 16,662         |
| <b>Creditors: Amounts falling due after more than one year</b> | 16   | (120)          | -              |
| <b>Provisions for liabilities</b>                              | 17   | <u>(680)</u>   | <u>(685)</u>   |
| <b>Net assets</b>  |      | <u>18,755</u>  | <u>15,977</u>  |
| <b>Capital and reserves</b>                                    |      |                |                |
| Called-up share capital  | 19   | 134            | 134            |
| Capital redemption reserve                                     | 19   | 273            | 273            |
| Profit and loss account  | 19   | <u>18,348</u>  | <u>15,570</u>  |
| <b>Shareholders' funds</b>                                     |      | <u>18,755</u>  | <u>15,977</u>  |

The financial statements of Graphic plc (registered number 1036230) were approved by the board of directors and authorised for issue on 14 May 2024. They were signed on its behalf by:



David Pike  
Director

## Graphic plc

### Statement of changes in equity

For the year ended 31 December 2023

|                                   | Called-up<br>share capital<br>£'000 | Capital<br>Redemption<br>Reserve<br>£'000 | Profit and<br>loss account<br>£'000 | Total<br>£'000 |
|-----------------------------------|-------------------------------------|---|-------------------------------------|----------------|
| <b>At 31 December 2021</b>        | 134                                 | 273                                       | 15,386                              | 15,793         |
| Profit for the financial year     | -                                   | -   | 4,650                               | 4,650          |
| <b>Total comprehensive income</b> | -                                   | -   | 4,650                               | 4,650          |
| Dividends paid on equity shares   | -                                   | -   | (4,466)                             | (4,466)        |
| <b>At 31 December 2022</b>        | 134                                 | 273                                       | 15,570                              | 15,977         |
| Profit for the financial year     | -                                   | -   | 6,834                               | 6,834          |
| <b>Total comprehensive income</b> | -                                   | -   | 6,834                               | 6,834          |
| Dividends paid on equity shares   | -                                   | -   | (4,056)                             | (4,056)        |
| <b>At 31 December 2023</b>        | <u>134</u>                          | <u>273</u>                                | <u>18,348</u>                       | <u>18,755</u>  |

## Graphic plc

### Cash flow statement

For the year ended 31 December 2023

|   | Note | 2023<br>£'000  | 2022<br>£'000  |
|---|------|----------------|----------------|
| <b>Net cash flows from operating activities</b>       | 20   | 7,995          | 5,009          |
| <b>Cash flows from investing activities</b>           |      |                |                |
| Purchase of intangible and tangible fixed assets      |      | (656)          | (289)          |
| Interest received                                     |      | -              | -              |
| <b>Net cash flows from investing activities</b>       |      | <u>(656)</u>   | <u>(289)</u>   |
| <b>Cash flows from financing activities</b>           |      |                |                |
| Dividends paid  |      | (4,056)        | (4,466)        |
| Repayments of obligations under finance lease         |      | -              | (128)          |
| Interest paid   |      | (7)            | (7)            |
| <b>Net cash flows from financing activities</b>       |      | <u>(4,063)</u> | <u>(4,601)</u> |
| <b>Net increase in cash and cash equivalents</b>      |      | <u>3,276</u>   | <u>119</u>     |
| <b>Cash and cash equivalents at beginning of year</b> |      | <u>5,795</u>   | <u>5,676</u>   |
| <b>Cash and cash equivalents at end of year</b>       |      | <u>9,071</u>   | <u>5,795</u>   |
| <b>Analysis of cash and cash equivalents:</b>         |      |                |                |
| Cash at bank and in hand                              |      | <u>9,071</u>   | <u>5,795</u>   |

# Graphic plc

## Notes to the financial statements

For the year ended 31 December 2023

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

### General information and basis of accounting

Graphic plc is a company incorporated in the United Kingdom under the Companies Act 2006. The registered office is at Down End, Lords Meadow Industrial Estate, Crediton, Devon, EX17 1HN. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Graphic plc is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

### Basis of preparation of financial statements

The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Fine PCB S.p.A., a company registered in Italy. Accordingly these financial statements present information about the Company as an individual undertaking and not as a group.

### Going concern

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

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being the period of at least 12 months from signing the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Intangible fixed assets

Intangible fixed assets are stated at cost or valuation, net of amortisation and any provision for impairment. Amortisation is provided on all intangible fixed assets, other than assets in the course of construction, investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Software

3 - 10 years

### Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than assets in the course of construction, investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold land and buildings

Over the term of the lease

Plant and machinery

3 - 20 years

Motor Vehicles

4 years

Office Equipment

3 - 6 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

# Graphic plc

## Notes to the financial statements

For the year ended 31 December 2023

### 1 Accounting policies (continued)

#### **Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### **(i) Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **(ii) Investments**

In the Company balance sheet, investments in subsidiaries and associates are measured at cost less impairment.

#### **Joint ventures**

In the Company financial statements investments in joint ventures are accounted for at cost less impairment.

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### **Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

#### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

#### **Turnover**

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

# Graphic plc

## Notes to the financial statements

For the year ended 31 December 2023

### 1 Accounting policies (continued)

#### **Employee benefits**

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### **Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

#### **Leases**

##### *The Company as lessee*

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

#### **Borrowing costs**

Borrowing costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

## Graphic plc

### Notes to the financial statements

For the year ended 31 December 2023

#### 2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Key estimates include a provision for bad debts, a stock/NRV provision and a RMA provision. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### *Critical judgements in applying the Company's accounting policies*

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### *Revenue recognition*

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 Section 23 *Revenue* and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed quantification of the Company's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with recognition of an appropriate provision for the rectification costs.

#### 3 Turnover

All turnover is attributable to the manufacture and sale of printed circuit boards.

|                                |               |               |
|--------------------------------|---------------|---------------|
| Turnover:                      | <b>2023</b>   | <b>2022</b>   |
|                                | <b>£'000</b>  | <b>£'000</b>  |
| Sale of printed circuit boards | <u>27,872</u> | <u>24,084</u> |

An analysis of the Company's turnover by geographical market is set out below.

|                |               |               |
|----------------|---------------|---------------|
| Turnover:      | <b>2023</b>   | <b>2022</b>   |
|                | <b>£'000</b>  | <b>£'000</b>  |
| United Kingdom | 18,095        | 16,942        |
| Rest of Europe | 6,511         | 4,927         |
| US             | 487           | 603           |
| Rest of World  | <u>2,779</u>  | <u>1,612</u>  |
|                | <u>27,872</u> | <u>24,084</u> |

## Graphic plc

### Notes to the financial statements

For the year ended 31 December 2023

| 4   | Finance costs (net)                          | 2023<br>£'000 | 2022<br>£'000 |
|---|--|---------------|---------------|
|   | Interest payable and similar charges         | 7             | 7             |
|   | Less: Investment income                      | <u>-</u>      | <u>-</u>      |
|   |  | <u>7</u>      | <u>7</u>      |
| <br><i>Investment income</i>                    |  |               |               |
|   | Other interest receivable and similar income | <u>-</u>      | <u>-</u>      |
|   |  | <u>-</u>      | <u>-</u>      |
| <br><i>Interest payable and similar charges</i> |  |               |               |
|   | Bank loans and overdrafts                    | 7             | 4             |
|   | Finance leases and hire purchase contracts   | <u>-</u>      | <u>3</u>      |
|   |  | <u>7</u>      | <u>7</u>      |

## Graphic plc

### Notes to the financial statements

For the year ended 31 December 2023

#### 5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

|   | <b>2023</b>  | <b>2022</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Depreciation of tangible fixed assets (note 11) | 659          | 652          |
| Amortisation of intangible assets (note 11)     | 19           | 18           |
| Research and development                        | 618          | 748          |
| Operating lease rentals                         | 353          | 337          |
| Foreign exchange loss/(gains)                   | 10           | (40)         |

The analysis of the auditor's remuneration is as follows:

|  | <b>2023</b>      | <b>2022</b>      |
|--|------------------|------------------|
|  | <b>£'000</b>     | <b>£'000</b>     |
| <b>Fees payable to the company's auditor and its associates for the audit of the company's annual accounts</b> |                  |                  |
| The audit of Graphic plc   | <u>29</u>        | <u>27</u>        |
| <b>Total audit fees</b>  | <u><u>29</u></u> | <u><u>27</u></u> |
| Taxation compliance services   | 6                | 5                |
| Other services paid to auditors  | <u>-</u>         | <u>-</u>         |
| <b>Total non-audit fees</b>  | <u><u>6</u></u>  | <u><u>5</u></u>  |

## Graphic plc

### Notes to the financial statements

For the year ended 31 December 2023

#### 6 Staff numbers and costs

The average monthly number of employees (including executive directors) was:

|                | 2023<br>Number | 2022<br>Number |
|----------------|----------------|----------------|
| Production     | 150            | 152            |
| Sales          | 20             | 17             |
| Administration | 17             | 19             |
| Directors      | 1              | 1              |
|                | <u>188</u>     | <u>189</u>     |

Their aggregate remuneration comprised:

|                                   | 2023<br>£'000 | 2022<br>£'000 |
|-----------------------------------|---------------|---------------|
| Wages and salaries                | 7,491         | 7,123         |
| Social security costs             | 726           | 780           |
| Other pension costs (see note 23) | 295           | 295           |
|                                   | <u>8,512</u>  | <u>8,198</u>  |

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

#### 7 Directors' remuneration and transactions

|   | 2023<br>£'000 | 2022<br>£'000 |
|---|---------------|---------------|
| <b>Directors' remuneration</b>                          |               |               |
| Emoluments  | 236           | 719           |
| Company contributions to money purchase pension schemes | 16            | 14            |
|   | <u>252</u>    | <u>733</u>    |

The number of directors who:

|  | Number   | Number   |
|--|----------|----------|
| Are members of a money purchase pension scheme | <u>2</u> | <u>1</u> |

**Remuneration of the highest paid director:**

|   | 2023<br>£'000 | 2022<br>£'000 |
|---|---------------|---------------|
| Emoluments  | 217           | 719           |
| Company contributions to money purchase pension schemes | 14            | -             |
|   | <u>231</u>    | <u>719</u>    |

## Graphic plc

### Notes to the financial statements

For the year ended 31 December 2023

#### 8 Tax on profit on ordinary activities

The tax charge comprises:

|   | 2023<br>£'000 | 2022<br>£'000 |
|---|---------------|---------------|
| <b>Current tax on profit on ordinary activities</b> |               |               |
| UK corporation tax                                  | 1,939         | 633           |
| Group relief  | 62            | 398           |
|   | <u>2,001</u>  | <u>1,031</u>  |
| Adjustments in respect of prior years               |               |               |
| UK corporation tax                                  | -             | -             |
| <b>Total current tax</b>                            | <u>2,001</u>  | <u>1,031</u>  |
| <b>Deferred tax</b>                                 |               |               |
| Origination and reversal of timing differences      | (5)           | (64)          |
| Effect of increase in tax rate on opening liability | -             | -             |
| Adjustment in respect of prior years                | -             | -             |
| <b>Total deferred tax (see note 17)</b>             | <u>(5)</u>    | <u>(64)</u>   |
| <b>Total tax on profit on ordinary activities</b>   | <u>1,996</u>  | <u>967</u>    |

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

|   | 2023<br>£'000 | 2022<br>£'000 |
|---|---------------|---------------|
| <b>Profit on ordinary activities before tax</b>   | <u>8,830</u>  | <u>5,617</u>  |
| Tax on profit on ordinary activities at standard UK corporation tax rate of 23.5% (2022: 19%) | 2,077         | 1,067         |
| Effects of:   |               |               |
| - Effects of other tax rates/credits  | (81)          | (85)          |
| - Effects of change in deferred tax rate  | -             | (15)          |
| - Adjustments to tax charge in respect of previous periods                                    | -             | -             |
| <b>Total tax charge for period</b>  | <u>1,996</u>  | <u>967</u>    |

#### 9 Dividends on equity shares

|   | 2023<br>£'000 | 2022<br>£'000 |
|---|---------------|---------------|
| Amounts recognised as distributions to equity holders in the period:  |               |               |
| Interim dividends for the year ended 31 December 2023 £30.20 per ordinary share (2022: £33.25 per ordinary share) | <u>4,056</u>  | <u>4,466</u>  |
|   | <u>4,056</u>  | <u>4,466</u>  |

## Graphic plc

### Notes to the financial statements

For the year ended 31 December 2023

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#### Intangible fixed assets

|                       | Software<br>£'000   | Total<br>£'000      |
|-----------------------|---------------------|---------------------|
| <b>Cost</b>           |                     |                     |
| At 1 January 2023     | 211                 | 211                 |
| Additions             | <u>25</u>           | <u>25</u>           |
| At 31 December 2023   | <u><u>236</u></u>   | <u><u>236</u></u>   |
| <b>Amortisation</b>   |                     |                     |
| At 1 January 2023     | (149)               | (149)               |
| Charge for the year   | <u>(19)</u>         | <u>(19)</u>         |
| At 31 December 2023   | <u><u>(168)</u></u> | <u><u>(168)</u></u> |
| <b>Net book value</b> |                     |                     |
| At 31 December 2023   | <u><u>68</u></u>    | <u><u>68</u></u>    |
| At 31 December 2022   | <u><u>62</u></u>    | <u><u>62</u></u>    |

## Graphic plc

### Notes to the financial statements

For the year ended 31 December 2023

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#### Tangible fixed assets

|                          | Leasehold<br>improvement<br>£'000 | Plant and<br>machinery<br>£'000 | Motor<br>Vehicles<br>£'000 | Office<br>Equipment<br>£'000 | Total<br>£'000  |
|--------------------------|-----------------------------------|---------------------------------|----------------------------|------------------------------|-----------------|
| <b>Cost or valuation</b> |                                   |                                 |                            |                              |                 |
| At 1 January 2023        | 923                               | 13,015                          | 48                         | 391                          | 14,377          |
| Additions                | -                                 | 627                             | -                          | 4                            | 631             |
| Disposals                | -                                 | -                               | (15)                       | -                            | (15)            |
| At 31 December 2023      | <u>923</u>                        | <u>13,642</u>                   | <u>33</u>                  | <u>395</u>                   | <u>14,993</u>   |
| <b>Depreciation</b>      |                                   |                                 |                            |                              |                 |
| At 1 January 2023        | (893)                             | (9,580)                         | (42)                       | (340)                        | (10,855)        |
| Charge for the year      | (7)                               | (637)                           | (2)                        | (13)                         | (659)           |
| Disposals                | -                                 | -                               | 15                         | -                            | 15              |
| At 31 December 2023      | <u>(900)</u>                      | <u>(10,217)</u>                 | <u>(29)</u>                | <u>(353)</u>                 | <u>(11,499)</u> |
| <b>Net book value</b>    |                                   |                                 |                            |                              |                 |
| At 31 December 2023      | <u>23</u>                         | <u>3,425</u>                    | <u>4</u>                   | <u>42</u>                    | <u>3,494</u>    |
| At 31 December 2022      | <u>30</u>                         | <u>3,435</u>                    | <u>6</u>                   | <u>51</u>                    | <u>3,522</u>    |

# Graphic plc

## Notes to the financial statements

For the year ended 31 December 2023

### 12 Fixed asset investments

|                | 2023<br>£'000       | 2022<br>£'000       |
|----------------|---------------------|---------------------|
| Joint ventures | <u>6,472</u>        | <u>6,472</u>        |
| Total          | <u><u>6,472</u></u> | <u><u>6,472</u></u> |

#### Group investments

The Company has investments in the following subsidiary undertakings, associates and other significant investments.

|  | Country of incorporation<br>(registered office) | Principal<br>activity     | Holding* | %    |
|--|---|---------------------------|----------|------|
| <b>Subsidiary undertakings</b>             |   |                           |          |      |
| Graphic Electronics Limited                | England (i)                                     | Dormant                   | Ordinary | 100% |
| Graphic Group Limited                      | England (i)                                     | Dormant                   | Ordinary | 100% |
| Graphic HDI Inc (incorporated in USA)      | USA (i)   | Dormant                   | Ordinary | 100% |
| Graphic Circuits Inc (incorporated in USA) | USA (i)   | Dormant                   | Ordinary | 100% |
| <b>Joint ventures</b>                      |   |                           |          |      |
| Somacis Graphic HK Ltd                     | Hong Kong (ii)                                  | Holding & trading company | Ordinary | 50%  |

(i) Registered office: c/o Graphic plc, Down End, Lords Meadow Industrial Estate, Crediton, Devon EX17 1HN

(ii) Registered office: Unit 1601, 16th Floor, Pilkem Commercial Centre, 8 Pilkem Street, Jordan, Kowloon, Hong Kong

#### Subsidiary undertakings

|  | £'000           |
|--|-----------------|
| <b>Cost and carrying value</b>         |                 |
| At 1 January 2023 and 31 December 2023 | <u><u>-</u></u> |
| <b>Provisions for impairment</b>       |                 |
| At 1 January 2023 and 31 December 2023 | <u><u>-</u></u> |
| <b>Carrying value</b>                  | <u><u>-</u></u> |

## Graphic plc

### Notes to the financial statements

For the year ended 31 December 2023

#### 12 Fixed asset investments (continued)

##### Joint ventures

|   | £'000        |
|---|--------------|
| <b>Carrying value before impairment</b> |              |
| At 1 January 2023                       | 6,472        |
| Disposals                               | -            |
|   | <u>6,472</u> |
| At 1 January 2023 and 31 December 2023  | <u>6,472</u> |
| <b>Provisions for impairment</b>        |              |
| At 1 January 2023 and 31 December 2023  | -            |
|   | <u>-</u>     |
| <b>Carrying value</b>                   | <u>6,472</u> |

The following information is given in respect of the Company's share of all joint ventures.

|                                 | <u>Year ended 31 December 2023</u>    |                 | <u>Year ended 31 December 2022</u>    |                 |
|---------------------------------|---------------------------------------|-----------------|---------------------------------------|-----------------|
|                                 | Somacis<br>Graphic<br>HK Ltd<br>£'000 | Total<br>£'000  | Somacis<br>Graphic HK<br>Ltd<br>£'000 | Total<br>£'000  |
| Turnover                        | <u>35,074</u>                         | <u>35,074</u>   | <u>28,095</u>                         | <u>28,095</u>   |
| Profit before tax               | <u>3,592</u>                          | <u>3,592</u>    | <u>929</u>                            | <u>929</u>      |
| Taxation                        | <u>408</u>                            | <u>408</u>      | <u>127</u>                            | <u>127</u>      |
| Profit after tax                | <u>3,185</u>                          | <u>3,185</u>    | <u>802</u>                            | <u>802</u>      |
| Fixed assets                    | <u>22,046</u>                         | <u>22,046</u>   | <u>25,267</u>                         | <u>25,267</u>   |
| Current assets                  | <u>23,658</u>                         | <u>23,658</u>   | <u>20,285</u>                         | <u>20,285</u>   |
| Liabilities due within one year | <u>(11,690)</u>                       | <u>(11,690)</u> | <u>(10,062)</u>                       | <u>(10,062)</u> |
| Liabilities due after one year  | <u>(4,455)</u>                        | <u>(4,455)</u>  | <u>(6,774)</u>                        | <u>(6,774)</u>  |

##### Other investments and loans

|   | Other<br>investments<br>£'000 |
|---|-------------------------------|
| <b>Carrying value before impairment</b> |                               |
| At 1 January 2023                       | -                             |
| Disposals                               | -                             |
| At 1 January 2023 and 31 December 2023  | <u>-</u>                      |
| <b>Provisions for impairment</b>        |                               |
| At 1 January 2023 and 31 December 2023  | -                             |
|   | <u>-</u>                      |
| <b>Carrying value</b>                   | <u>-</u>                      |

## Graphic plc

### Notes to the financial statements

For the year ended 31 December 2023

| 13 | Stocks                              | 2023         | 2022         |
|----|-------------------------------------|--------------|--------------|
|    |                                     | £'000        | £'000        |
|    | Raw materials and consumables       | 1,008        | 893          |
|    | Work in progress                    | 1,430        | 1,409        |
|    | Finished goods and goods for resale | 75           | 60           |
|    |                                     | <u>2,513</u> | <u>2,362</u> |

| 14 | Debtors   | 2023         | 2022         |
|----|---|--------------|--------------|
|    |   | £'000        | £'000        |
|    | Amounts falling due within one year:                |              |              |
|    | Trade debtors                                       | 3,516        | 3,981        |
|    | Amounts owed by group undertakings (Somacis Inc)    | 111          | 124          |
|    | Amounts owed by group undertakings (BID PCB UK Ltd) | -            | -            |
|    | Prepayments and accrued income                      | 50           | 3            |
|    |   | <u>3,678</u> | <u>4,108</u> |

| 15 | Creditors – amounts falling due within one year                            | 2023         | 2022         |
|----|--|--------------|--------------|
|    |  | £'000        | £'000        |
|    | Obligations under finance leases and hire purchase contracts (see note 16) | -            | -            |
|    | Trade creditors  | 1,956        | 2,119        |
|    | Amounts owed to group undertakings (Somacis Graphic HK Ltd)                | 1,299        | 1,515        |
|    | Amounts owed to group undertakings (Fine PCB S.p.A.)                       | 160          | 197          |
|    | Amounts owed to group undertakings (BID PCB UK Ltd)                        | 10           | 346          |
|    | Corporation tax  | 1,139        | 333          |
|    | Other taxation and social security   | 435          | 616          |
|    | Other creditors  | 62           | 61           |
|    | Accruals and deferred income   | 680          | 472          |
|    |  | <u>5,741</u> | <u>5,659</u> |

The Company has granted a fixed and floating charge on its assets to secure bank loans and overdraft facilities. During the period this charge was not utilised. Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

## Graphic plc

### Notes to the financial statements

For the year ended 31 December 2023

#### 16 Creditors – amounts falling due after more than one year

|                              | 2023<br>£'000 | 2022<br>£'000 |
|------------------------------|---------------|---------------|
| Accruals and deferred income | <u>120</u>    | <u>-</u>      |
|                              | <u>120</u>    | <u>-</u>      |
| <b>Finance leases</b>        |               |               |
| Between one and two years    | <u>-</u>      | <u>-</u>      |
| On demand or within one year | <u>-</u>      | <u>-</u>      |
|                              | <u>-</u>      | <u>-</u>      |

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

#### 17 Provisions for liabilities

|                                    | Deferred<br>taxation<br>£'000 | Total<br>£'000 |
|------------------------------------|-------------------------------|----------------|
| At 1 January 2023                  | 685                           | 685            |
| Charged to profit and loss account | <u>(5)</u>                    | <u>(5)</u>     |
| At 31 December 2023                | <u>680</u>                    | <u>680</u>     |

#### **Deferred tax**

Deferred tax is provided as follows:

|                                   | 2023<br>£'000 | 2022<br>£'000 |
|-----------------------------------|---------------|---------------|
| Accelerated capital allowances    | 680           | 749           |
| Other timing differences          | <u>-</u>      | <u>-</u>      |
| <b>Provision for deferred tax</b> | <u>680</u>    | <u>749</u>    |

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the group.

## Graphic plc

### Notes to the financial statements

For the year ended 31 December 2023

#### 18 Financial instruments

The carrying values of the Company's financial assets and liabilities are summarised by category below:

|  | 2023<br>£'000 | 2022<br>£'000 |
|--|---------------|---------------|
| <b>Financial assets</b>  |               |               |
| Measured at undiscounted amount receivable                               |               |               |
| · Trade and other debtors including intragroup companies (see note 14)   | 3,628         | 4,105         |
| Equity instruments measured at cost less impairment                      |               |               |
| · Fixed asset investments in unlisted equity instruments (see note 12)   | <u>6,472</u>  | <u>6,472</u>  |
|  | <u>10,100</u> | <u>10,577</u> |
| <b>Financial liabilities</b>   |               |               |
| Measured at amortised cost   |               |               |
| · Obligations under finance leases (see note 15, 16)                     | -             | -             |
| Measured at undiscounted amount payable                                  |               |               |
| · Trade and other creditors including intragroup companies (see note 15) | 3,762         | 3,672         |
| · Amounts owed to joint ventures (see note 15)                           | <u>1,299</u>  | <u>1,515</u>  |
|  | <u>5,061</u>  | <u>5,187</u>  |

The Company's income, expense, gains and losses in respect of financial instruments are summarised below:

|   | 2023<br>£'000 | 2022<br>£'000 |
|---|---------------|---------------|
| <b>Interest income and expense</b>  |               |               |
| Total interest income for financial assets at amortised cost (see note 4)       | -             | -             |
| Total interest expense for financial liabilities at amortised cost (see note 4) | <u>7</u>      | <u>7</u>      |

## Graphic plc

### Notes to the financial statements

For the year ended 31 December 2023

| 19 | Called-up share capital and reserves | 2023<br>£'000 | 2022<br>£'000 |
|----|--------------------------------------|---------------|---------------|
|    | Allotted, called-up and fully-paid   |               |               |
|    | 105,000 ordinary A shares of £1 each | 105           | 105           |
|    | 29,312 ordinary B shares of £1 each  | <u>29</u>     | <u>29</u>     |
|    |                                      | <u>134</u>    | <u>134</u>    |

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

The capital redemption reserve is a statutory, non-distributable reserve created in 1999 into which amounts are transferred following the redemption or purchase of a company's own shares. The provisions relating to the capital redemption reserve are set out in section 733 of the Companies Act 2006.

#### 20 Cash flow statement

**Reconciliation of operating profit to cash generated by operations:**

|  | 2023<br>£'000 | 2022<br>£'000 |
|--|---------------|---------------|
| Operating profit                                       | 8,837         | 5,624         |
| Adjustment for:  |               |               |
| Depreciation and amortisation                          | 678           | 670           |
| Corporation tax paid                                   | (1,195)       | (1,220)       |
| Liquidation of joint venture                           | -             | 8             |
| Profit on sale of tangible fixed assets                | -             | -             |
|  | <u>8,320</u>  | <u>5,082</u>  |
| Operating cash flow before movement in working capital |               |               |
| Increase in stocks                                     | (151)         | 1             |
| Decrease/(increase) in debtors                         | 430           | (533)         |
| (Decrease)/increase in creditors                       | <u>(604)</u>  | <u>459</u>    |
| <b>Cash generated by operations</b>                    | <u>7,995</u>  | <u>5,009</u>  |

## Graphic plc

### Notes to the financial statements

For the year ended 31 December 2023

#### 21 Analysis and reconciliation of net (debt)/funds

|                        | At 1<br>January<br>2023<br>£'000 | Cash flow<br>£'000  | Acquisitions<br>and<br>disposals*<br>£'000 | Other non-<br>cash changes<br>£'000 | Exchange<br>movement<br>£'000 | At 31<br>December<br>2023<br>£'000 |
|------------------------|----------------------------------|---------------------|--|-------------------------------------|-------------------------------|------------------------------------|
| Cash in hand, at bank  | 5,795                            | 3,276               | -  | -                                   | -                             | 9,071                              |
| Overdrafts             | -                                | -                   | -  | -                                   | -                             | -                                  |
|                        | <u>5,795</u>                     | <u>3,276</u>        | <u>-</u>                                   | <u>-</u>                            | <u>-</u>                      | <u>9,071</u>                       |
| Debt due within 1 year | -                                | -                   | -  | -                                   | -                             | -                                  |
| Debt due after 1 year  | -                                | -                   | -  | -                                   | -                             | -                                  |
| Finance leases         | -                                | -                   | -  | -                                   | -                             | -                                  |
| <b>Net funds</b>       | <u><u>5,795</u></u>              | <u><u>3,276</u></u> | <u><u>-</u></u>                            | <u><u>-</u></u>                     | <u><u>-</u></u>               | <u><u>9,071</u></u>                |

\* Excluding cash and overdrafts.

#### 22 Financial commitments

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

|                              | <u>2023</u>                    |                  | <u>2022</u>                    |                  |
|------------------------------|--------------------------------|------------------|--------------------------------|------------------|
|                              | Land and<br>buildings<br>£'000 | Other<br>£'000   | Land and<br>buildings<br>£'000 | Other<br>£'000   |
| <b>Company</b>               |                                |                  |                                |                  |
| - within one year            | 324                            | 18               | 324                            | 31               |
| - between one and five years | 733                            | 20               | 1,003                          | 44               |
| - after five years           | 200                            | -                | 269                            | -                |
|                              | <u><u>1,257</u></u>            | <u><u>38</u></u> | <u><u>1,596</u></u>            | <u><u>75</u></u> |

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

Capital commitments as at 31 December 2023 were nil (31 December 2022: nil).

#### 23 Employee benefits

##### **Defined contribution schemes**

The Company operates defined contribution retirement benefit schemes for all qualifying employees of Graphic Plc in United Kingdom. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The total cost charged to income for this period of £295,000 (2022: £295,000) represents contributions payable to these schemes by the company at rates specified in the rules of the plans. As at 31 December 2023, contributions of £11,324 (2022: £11,324) due in respect of the current reporting period had not been paid over to the schemes.

## Graphic plc

### Notes to the financial statements

For the year ended 31 December 2023

#### 24 Subsequent events

There have been no significant events subsequent to 31 December 2023.

#### 25 Related party transactions

##### *Directors' transactions*

There are no directors' transactions this period.

##### *Other related party transactions*

##### *Somacis Graphic HK Ltd:*

During the year the Company purchased goods in the ordinary course of business from Somacis Graphic HK Ltd, an associate, at a cost of £2,015,000 (2022: £2,452,000). Balances with associates are disclosed in notes 14, 15 and 16.

Purchases from Somacis Graphic HK Ltd were conducted in the normal course of business at prices and terms not less than those charged to and contracted with other third party customers. The balance of \$1,623,000 (£1,299,000) was still outstanding at the end of the reporting period. As at 31 December 2022 the balance outstanding was \$1,834,000 (£1,515,000).

During the year the Company recharged expenses in the ordinary course of business to Somacis Graphic HK Ltd, an associate, at a cost of £7,403 (2022: £7,403). Balances with associates are disclosed in notes 14, 15 and 16.

##### *Key Management Personnel:*

The total remuneration for key management personnel for the period totalled £631,000 (2022: £1,141,000). Key management personnel includes current directors and resigned directors.

#### 26 Controlling party

On the 28 December 2023 there was a restructuring to 3 Italian registered companies in the group. Somacis S.p.A, Fine PCB S.p.A and Conero Holding S.p.A are a 100% owning chain. A reverse merger under Italian law was completed resulting in Somacis S.p.A being the sole remaining company in this chain.

As a result of the above, Graphic Plc is owned 80% by BID PCB UK Ltd and 20% by Somacis S.p.A. BID PCB UK Ltd is 100% owned by Somacis S.p.A. Accordingly the controlling party is Somacis S.p.A with 100% ownership. Somacis S.p.A. is incorporated in Italy. The smallest and largest group in which the results of Graphic plc are consolidated is Somacis S.p.A. These are available for public inspection at Via Jesina 17, Castelfidardo (Ancona), 60022 Italy.