

FUJIFILM Imaging Colorants Limited

Registered number: 5369196

**Annual Report
Year ended 31 March 2022**

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Company Information

Directors

M W Schoeppler (resigned 9 May 2023)
I D Wilkinson (resigned 24 February 2023)
T Iida (resigned 9 May 2023)
N Hama (resigned 10 October 2022)
T Sorori
H Shimosaka
S D MacMillan
H Taketomi (appointed 10 October 2022)
Y Kimura (appointed 9 May 2023)
V E McKeever (appointed 10 August 2023)

Company Secretary

N L Denham

Registered Office

Patricia Way,
Pysons Road Industrial Estate,
Broadstairs,
Kent
CT10 2LE

Bankers

ING Bank NV,
Amsterdam,
Netherlands

Bank Mendes Gans NV,
Amsterdam,
Netherlands

Auditor

KPMG LLP
St Vincent Plaza
319 St Vincent Street
Glasgow
G2 5AS

Strategic Report

The directors present their strategic report for the year ended 31 March 2022.

Results

The retained loss for the year amounted to £3,531k (2021 - £6,547k).

Principal activities and review of the business

The company aligns its strategy with the Ink Solutions Group to provide ink technologies and services that enable OEMs (original equipment manufacturers), integrators and formulators to create world class inkjet products. The company develops, manufactures and sells high quality advanced specialty chemical products for use in inkjet and laser printing and in the field of security marking.

The business model covers 2 types of products that are sold world-wide across various market segments, including home inkjet printing, commercial printing, packaging and textile printing.

Fuji dye inks are used extensively for home inkjet printing sold internally then distributed to various companies world-wide. In terms of life cycle, the FF dye products continue to decline having reached maturity a few years ago. In June 2023, a decision was made to cease to manufacture the dye inks with the remaining dye business being transferred back to be manufactured in Japan. This will mean a significant reduction in turnover for the company going forward.

RxD (reactive dispersion) products are still in the growth phase of the product life cycle, with volumes expected to grow in the future years. RxD is a versatile product that can be used in many different print applications due to its high quality and stability in the printing industry.

The increase in demand for RxD products has introduced the need for Fujifilm Imaging Colorants Ltd to maintain and increase its focus on the technical aspects of the product. To maintain the high quality, product application and composition, production process, patents and reach registration are all critical areas of focus. The company has a commitment in line with FUJIFILM Corporation to continue to focus on the environmental impacts of manufacture and production.

The company's key financial and other performance indicators during the year were as follows:

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 | Change % |
|----------------------|---|---|-------------|
| Turnover | 20,993 | 14,557 | 44.2 |
| Operating loss | (8,231) | (4,736) | (73.8) |
| Loss before taxation | (8,089) | (4,560) | (77.4) |
| Total equity | (5,151) | (30,007) | 82.8 |

Turnover for the year increased by 44.2% overall, with sales of most products recovering, following the adverse impact of Covid-19 on the previous year's performance. The ongoing decline in traditional product sales of inks and dyes continues however. Sales to companies within the FUJIFILM group were 61% of total sales (2021: 63%). The RxD product range continues to be the main business for the company. Due to the quality of the product, it can be used by various printing applications. The product is sold as a liquid dispersion to customers both internally and externally and usually requires further processing to become a finished ink. This ink is then used on machines for commercial packaging and textile printing.

The operating loss of £8.231m for the year was £3.495m higher than the previous year. This increase was principally due to significantly higher administration expenses in the year.

Net liabilities decreased by 82.8% impacted mainly by a £10.1m net increase in the Company's defined benefit pension assets surplus, repayment of a borrowing to another company within the FUJIFILM group of £8.5m and a reduction of £7.7m in loans from a group company (both following the £25m increase in share capital by FUJIFILM Inks Solutions Limited which occurred in July 2021 refer Note 18 in the Notes to the Financial Statements).

Strategic Report (continued)

Companies Act 2006 s 172

S172 of the Companies Act 2006 concerns how a director acting in good faith can promote the success of the company whilst additionally engaging with various stakeholders and pay due regard to environmental and ESG matters. As a wholly-owned subsidiary of a listed group, most engagement and direction in ESG and environmental matters is managed by the holding company. However, local directors have a role in building and maintaining a company that is sustainable in the long-term and which contributes positively to the development of all employees, to the local amenity and community and to business partners, whilst preserving and improving the environment in which we live and operate.

The report required by CA2006 s172(1) follows below:

| S172 requirement | Board engagement |
|---|---|
| a) The likely consequence of any decision in the long-term. | The board plans future business performance annually, looking to the following year and medium-term but paying close regard to achieving sustainable business that can support all stakeholders and meet all business obligations. |
| b) The interests of the company's employees. | The board engages with employees regularly and value their contribution as a key stakeholder. The board seeks to maintain a safe working environment, free from risk of injury or prejudice, in which employees can contribute as fully as they can. |
| c) The need to foster the company's business relationships with suppliers, customers and others. | The board understands that no business can survive without customers to purchase its product, nor suppliers to assist the fulfilment of customers' expectations. During the Covid-19 pandemic the company worked closely with customers affected, to minimise financial pressures without passing those pressures onto suppliers. |
| d) The impact of the company's operations on the community and the environment. | The board values all locations in which it operates and seeks to contribute to local initiatives whilst maintaining the lowest possible disruptive footprint. For many years, the board has promoted reduced carbon emissions where it can and will continue to seek to drive down emissions. |
| e) The desirability of the company maintaining a reputation for high standards of business conduct. | The company follows the FUJIFILM Group Charter for Corporate Behaviour and Code of Conduct, which themselves embody <i>inter alia</i> the International Bill of Human Rights, ILO Core Labour Standards, UN Convention against Corruption, the Paris Agreement and the OECD Guidelines for Multi-National Businesses. All Staff receive regular training and updates in acceptable corporate behaviour. |
| f) The need to act fairly as between members of the company. | The company is a wholly-owned subsidiary so this requirement is not relevant. |

Principal risks and uncertainties

As with many companies, the company's activities expose it to a number of risks and uncertainties. The directors confirm that they have reviewed the effectiveness of the system of internal controls operated by the company and that there are effective ongoing processes for identifying, evaluating and managing the significant risks faced by the company.

The following comprises a summary of what the directors believe are the main risks that could potentially impact the company's operating and financial performance:

Competitive pressures

The company operates in a highly competitive environment.

Legislative risk

The process of manufacturing ink is subject to various health & safety legislation including the control of major accident hazards (COMAH), and the control of substances hazardous to health (COSHH). These standards are subject to continuous revision and failure to comply with new directives may affect the company's ability to operate. The company is under continual review by the relevant authorities and maintain various accreditations that demonstrate its commitment to mitigating these risks.

Strategic Report (continued)

Credit risk

The company's policies aim to minimise losses in this area through an efficient credit control function. The company has significant concentration of external credit risk in one customer. Credit risk within the FUJIFILM group of companies is significant as concentrated in two companies in the USA and Japan.

Currency risk

The company transacts in a number of currencies. In order to reduce the risk attached to the variability of foreign exchange rates the company regularly reviews and monitors its exposure and will use forward foreign exchange contracts to mitigate that risk, when it is felt appropriate.

Liquidity Risk

The company aims to mitigate liquidity risk through the setting of cash flow targets, the monitoring of actual cash flows and through maintenance of adequate credit facilities with FUJIFILM group companies and with relationship banks.

COVID-19

Throughout the pandemic, our key concern was the wellbeing of our colleagues and our other stakeholders. The business continued operations throughout the pandemic, however, this was only done after the implementation of significant safety measures to ensure the safety of our onsite teams. Whilst at no point during the pandemic has the business ceased operations, demand for product was severely impacted in the early stages. Demand has however recovered strongly and, whilst not yet back at pre-pandemic levels, the situation is improving for our RxD products in particular.

Product Risk

The company is accredited under ISO 9001 and ISO14001.

Employees and their technical product knowledge are key to maintaining high quality products and the RxD brand name. To mitigate this risk, the company regularly reviews people policies to identify skill gaps, future training and career progression.

RxD products are manufactured to strict specifications to ensure high quality to be used in the variable printing segments. Due to the nature of these specifications, raw materials have to adhere to similar strict specifications. The company monitors purchases and batch production to ensure customers receive their products at the required specifications.

Energy price inflation risk

Energy bills are a significant part of the company's expenditure and we are therefore exposed to fluctuations in price. The costs are included within the services agreement with our landlord and as a result, cannot be directly controlled by the company. The costs to the landlord are now a significant part of the expense outgoings of the business.

Strategic Report (continued)

Greenhouse gas emissions, energy consumption and energy efficiency

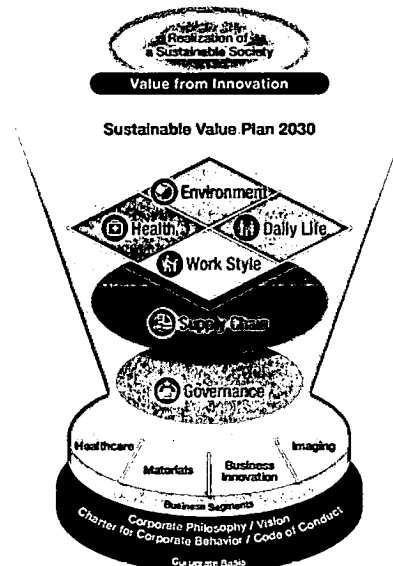
The company is part of a wider ink group of companies that role up to the Inkjet division and in turn into FUJIFILM Holdings Corporation. All FUJIFILM companies link back to the global sustainability plan and submit emissions, energy, waste submissions and improvement actions yearly.

FUJIFILM is committed to improving the environment and sustainability is a core pillar within the business. The sustainability targets are clearly set out within FUJIFILM Holdings Corporation, but can be seen in the table below -

Note: ○ Excellent ◯ Good △ Fair × Poor

| Targets for FY2030 | Targets | Index | Unit | Result | | | Target value for 2030 | Against target | |
|---|--|---|-------------|--------|------|------|-----------------------|-----------------|----------|
| | | | | 2019 | 2020 | 2021 | | Self evaluation | Progress |
| Reducing the Fujifilm Group's CO ₂ emissions | Reduce CO ₂ emissions across the entire product life cycle** by 50% by FY2030, compared to the FY2019 level | Rate for reduction in CO ₂ emissions | % | 0 | 15 | 7.5 | 50 | × | 15% |
| | Reduce CO ₂ emissions from its operations (Scope 1 and 2) ** by 50% by FY2030, compared to the FY2019 level, aiming to achieve net zero CO ₂ emissions by FY2040 | Rate for reduction in CO ₂ emissions | % | 0 | 6 | 2.9 | 50 | × | 5.7% |
| | Convert 50% of purchased electric power to renewable energy-derived power by FY2030 | Share of renewable energy | % | 9 | 9 | 9.4 | 50 | ○ | 18.8% |
| Contributing to reducing CO ₂ emissions in society through products and services | Contribute to a reduction in the CO ₂ emissions generated by society by 90 million tons by FY2030 | Reduced volume of CO ₂ emissions | million ton | 18 | 20 | 24.5 | 90 | ○ | 27.2% |
| | Make Green Value Products rate per sales 60% by FY2030 | Sales coverage ratio | % | 27 | 32 | 30 | 60 | ○ | 50% |

Aligned to the CO₂ targets, FUJIFILM are committed to a wider sustainability value plan globally as shown in the below.



Approved by the Board of Directors and signed by order of the Board:

[Signature]

S D MacMillan
Director
10 November 2023

Directors' Report

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

Directors

The directors of the company throughout the year are listed on page 3.

Dividends

The directors do not propose a dividend (2021 - £nil).

Going Concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

Notwithstanding net current liabilities of £53,448k as at 31 March 2022 and a loss for the year of £3,531k, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The principal activity of the Company is to provide goods and services to other companies within the group headed by FUJIFILM Corporation, the ultimate parent company. The Company's cash flows are therefore dependent on the continuation, volume, and pricing of those operations. The company meets its day to day working capital requirements from intercompany loans (see note 14) together with operational cash flows.

The directors have performed a going concern assessment which indicates that the Company will continue to require additional funds, through funding from its fellow subsidiary company, FUJIFILM Europe B.V., to meet its liabilities as they fall due during the 12 month period ending 31 December 2024, the going concern assessment period. FUJIFILM Corporation will not seek repayment of any amounts currently made available via its subsidiary FUJIFILM Europe B.V. prior to the 31 March 2025, to enable the Company to meet its financial liabilities as they fall due and continue to trade.

FUJIFILM Corporation has indicated its intention to continue to make available such funds as are needed by the Company during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Supplier payment policy

The company's policy is to agree terms of payment with suppliers on a regular basis and to abide by those terms of payment.

Research and development

The Company's expenditure on research and development which has been expensed through the profit and loss account amounted to £940k (2021 - £918k) for the year. In the financial year 23 employees were engaged in research and development activities as well as in the field of process technology to translate the output of research into robust, safe and efficient chemical processes at commercial scale.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes 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 with 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 by informal and formal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Directors' Report (continued)

Auditor

In accordance with section 485 of the Companies Act 2006, a resolution to reappoint KPMG LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Political contributions

The company made no political donations or incurred any political expenditure during the year (2021 - £nil).

Directors' statement as to disclosure of information to auditor

The directors, having made appropriate enquiries, state that:

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

Approved by the Board of Directors on 10 November 2023 and signed by order of the Board:



S D MacMillan
Director

Statement of Directors responsibilities in respect of the strategic report, directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of FUJIFILM Imaging Colorants Limited

Opinion

We have audited the financial statements of FUJIFILM Imaging Colorants Limited ("the Company") for the year ended 31 March 2022 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

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

Independent auditor's report to the members of FUJIFILM Imaging Colorants Limited

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk of bias in accounting estimates such as stock provision, impairment and pension assumptions; and
- the risk that *revenue stream* is overstated through recording revenues in the wrong period.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected journal combinations with revenue and cash accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

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

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

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

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

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

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

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

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

Other information

The directors are responsible for the other information, which comprises the strategic report and, the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Independent auditor's report to the members of FUJIFILM Imaging Colorants Limited

Other information

Based solely on that work:

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

L Nicolls

Lyn Nicolls (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

319 St Vincent Street

Glasgow

G2 5AS

13 November 2023

Profit and loss account

For the year ended 31 March 2022

| | Note | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|--------------------------------------|------|---|---|
| Turnover | 3 | 20,993 | 14,557 |
| Cost of sales | | (23,567) | (18,278) |
| Gross loss | | (2,574) | (3,721) |
| Distribution costs | | (231) | (75) |
| Administrative expenses | | (5,498) | (1,311) |
| Other operating income | | 72 | 371 |
| Operating loss | 4 | (8,231) | (4,736) |
| Interest receivable and other income | 7 | 693 | 960 |
| Interest payable and similar charges | 8 | (551) | (784) |
| Loss before taxation | | (8,089) | (4,560) |
| Tax credit/(charge) | 9 | 4,558 | (1,987) |
| Loss for the year | | (3,531) | (6,547) |

The result for the year arose from continuing operations.

Statement of other comprehensive income

For the year ended 31 March 2022

| | Note | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|---|------|---|---|
| Loss for the financial year | | (3,531) | (6,547) |
| Remeasurement effects on defined benefit retirement obligation | 17 | 7,982 | (11,508) |
| Deferred tax in respect of remeasurement effects on defined benefit retirement obligation | 9 | (4,595) | 2,187 |
| Other comprehensive income/(expense) for the year net of tax | | 3,387 | (9,321) |
| Total comprehensive loss for the year | | (144) | (15,868) |

The accompanying notes form an integral part of these financial statements.

Balance sheet
31 March 2022

| | Note | 31 March 2022 £'000 | 31 March 2021 £'000 |
|--|-------------|------------------------------------|------------------------------------|
| Fixed assets | 10,11 | 6,798 | 7,140 |
| Defined benefit pension assets | 17 | 42,159 | 32,018 |
| Current assets | | | |
| Stocks | 12 | 7,034 | 10,052 |
| Debtors: amounts falling due within one year | 13 | 3,527 | 3,248 |
| Cash at bank and in hand | | 3,897 | 422 |
| | | <u>14,458</u> | <u>13,722</u> |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 14 | (4,236) | (2,171) |
| Amounts owed to group undertakings (other than overdrafts) | 14 | (63,670) | (71,401) |
| Overdrafts owed to group undertakings | 14 | - | (8,543) |
| | | <u>(67,906)</u> | <u>(82,115)</u> |
| Net current liabilities | | <u>(53,448)</u> | <u>(68,393)</u> |
| Total assets less current liabilities | | (4,491) | (29,235) |
| Creditors: amounts falling due after more than one year | 15,16 | (660) | (772) |
| Net liabilities | | <u>(5,151)</u> | <u>(30,007)</u> |
| Capital and reserves | | | |
| Share capital | 18 | 97,655 | 72,655 |
| Retained earnings | | (102,806) | (102,662) |
| Total equity | | <u>(5,151)</u> | <u>(30,007)</u> |

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the board of directors on 10 November 2023 and signed on its behalf by:



S D MacMillan
Director

Statement of changes in Equity
For the year ended 31 March 2022

| | Share capital £'000 | Retained earnings £'000 | Total £'000 |
|---|------------------------------------|--|------------------------|
| Balance at 1 April 2020 | 72,655 | (86,794) | (14,139) |
| Loss for the year | - | (6,547) | (6,547) |
| Deferred tax on items relating to components of Other Comprehensive Income | - | 2,187 | 2,187 |
| Other comprehensive expense for the year | - | (11,508) | (11,508) |
| Balance at 31 March and 1 April 2021 | <u>72,655</u> | <u>(102,662)</u> | <u>(30,007)</u> |
| Issue of share capital | 25,000 | - | 25,000 |
| Loss for the year | - | (3,531) | (3,531) |
| Deferred tax on items relating to components of Other Comprehensive Income | - | (4,595) | (4,595) |
| Other comprehensive income for the year | - | 7,982 | 7,982 |
| Balance at 31 March 2022 | <u><u>97,655</u></u> | <u><u>(102,806)</u></u> | <u><u>(5,151)</u></u> |

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements For the year ended 31 March 2022

1 Accounting Policies

1.1 Basis of accounting

FUJIFILM Imaging Colorants Ltd is a company incorporated, domiciled and registered in England in the UK. The registration number is 05369196 and the registered address is Patricia Way, Pysons Road Industrial Estate, Broadstairs, Kent, CT10 2LE.

The financial statements are presented in pounds sterling, with all values rounded to the nearest thousand (£'000) except where otherwise indicated.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, FUJIFILM Holdings Corporation includes the company in its consolidated financial statements. The consolidated financial statements of FUJIFILM Holdings Corporation are prepared in accordance with US Generally Accepted Accounting Principles and are available to the public and may be obtained as set out in note 21.

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

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Certain disclosures regarding leases;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures of transactions with a management entity that provides key management personnel services to the Company; and

As the consolidated financial statements of FUJIFILM Holdings Corporation include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

Measurement convention

The financial statements are prepared on a historical cost basis.

Going Concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

Notwithstanding net current liabilities of £53,448k as at 31 March 2022 and a loss for the year of £3,531k, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

Notes to the financial statements (continued) For the year ended 31 March 2022

1 Accounting Policies (continued)

The principal activity of the Company is to provide goods and services to other companies within the group headed by FUJIFILM Corporation, the ultimate parent company. The Company's cash flows are therefore dependent on the continuation, volume, and pricing of those operations. The company meets its day to day working capital requirements from intercompany loans (see note 14) together with operational cash flows.

The directors have performed a going concern assessment which indicates that the Company will continue to require additional funds, through funding from its fellow subsidiary company, FUJIFILM Europe B.V., to meet its liabilities as they fall due during the 12 month period ending 31 December 2024, the going concern assessment period. FUJIFILM Corporation will not seek repayment of any amounts currently made available via its subsidiary FUJIFILM Europe B.V. prior to the 31 March 2025, to enable the Company to meet its financial liabilities as they fall due and continue to trade.

FUJIFILM Corporation has indicated its intention to continue to make available such funds as are needed by the Company during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

1.2 Accounting policies

a) Revenue recognition

The Company accounts for revenue in line with IFRS 15 'Revenue from contracts with customers', with revenue being measured at the fair value of consideration received or receivable as specified in a contract with a customer for the provision of goods and services, net of sales related rebates, discounts and value added tax.

The following is a description of the principal activities of the Company from which it generates revenue.

Sale of goods

The Company generates revenue through the sale of goods direct to the customer. The Company transfers control of the goods and fulfils its performance obligations when the goods are delivered to the customer. No adjustments are made to revenue from the amount stipulated in the contracts.

b) Interest income

Interest receivable and payable are recognised in the profit or loss as interest accrued using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying value.

c) Foreign currency translation

The Company's financial statements are presented in sterling, its functional currency. Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot rate of exchange ruling on the first day of the month in which the transactions arise; this is regarded as a sufficiently good proxy for actual spot rates of exchange at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

d) Research and development expenditure

Research and development costs are expensed in the income statement as incurred.

e) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. See note 14.

Notes to the financial statements (continued)

For the year ended 31 March 2022

1 Accounting Policies (continued)

f) Exceptional items

Exceptional items are those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow a better understanding of the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

g) Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to a deferred income account and are released as income by equal annual amounts over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

h) Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except that deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise, income tax is recognised in the income statement.

i) Tangible fixed assets

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

The cost, less estimated residual value based on prices prevailing at the date of acquisition, of each tangible fixed asset is written off evenly over its estimated useful life. Reviews are made periodically of the estimated remaining lives of individual productive assets, taking account of commercial and technological obsolescence as well as normal wear and tear. Under this policy it becomes impracticable to calculate the average asset lives exactly. However, the total lives approximate to 15 years for buildings, 10 to 15 years for manufacturing plant and machinery and 5 years for research and development equipment.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the de-recognition of the asset is included in the income statement in the period of de-recognition.

Notes to the financial statements (continued) For the year ended 31 March 2022

1.2 Accounting Policies (continued)

j) Leases

At lease commencement date a right-of-use asset and a lease liability are recognised in the balance sheet.

The right-of-use asset is initially measured at cost, which comprises the amount of the lease liability adjusted for lease payments pre-paid plus any direct costs incurred and an estimate of costs to dismantle and remove or to restore the underlying asset.

The right-of-use asset is subsequently depreciated on the straight-line method to the earlier of the end of its useful life or the termination date of the lease.

The lease liability is initially measured at the present value of the total lease payments unpaid at commencement date, discounted using the company's incremental borrowing rate as the discount rate.

The lease liability is subsequently reduced by the periodic lease payments, and assumed interest on the lease liability is recognised in the profit and loss statement.

k) Cash at bank and in hand

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of 3 months or less.

l) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:-

- Raw materials and consumables : purchase cost on a first-in, first-out basis
- Work in progress and finished goods : cost of direct materials and labour plus attributable overheads based on a normal level of activity (excluding borrowing costs).
- Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

m) Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

n) Pensions

The Company has an active Defined Contribution scheme while its Defined Benefit Scheme was closed to the future accrual of benefits in August 2014. The assets of the schemes are held separately from those of the Company.

Defined Contribution Scheme

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

Notes to the financial statements (continued) For the year ended 31 March 2022

1 Accounting Policies (continued)

Defined Benefit Scheme

The defined benefit pension asset or liability in the balance sheet is the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the present value of any amount the Company expects to recover by way of refunds from the plan or reductions in the future contributions.

The cost of providing benefits under the defined benefit scheme is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss recognised in the income statement during the period in which the settlement or curtailment occurs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net assets (excluding amounts included in net interest), are recognised immediately in other comprehensive income in the period in which they occur.

o) Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Notes to the financial statements (continued) For the year ended 31 March 2022

1 Accounting Policies (continued)

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.

(iii) Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

p) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset. For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement.

Notes to the financial statements (continued)

For the year ended 31 March 2022

2 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

Estimates

Valuation of defined benefit pension obligations

The cost of defined benefit pensions plans and other post employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds with at least a AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details including sensitivity to the key assumptions are given in note 17.

Stocks

Provision is made for those items of stocks where the net realisable value is estimated to be lower than cost. Net realisable value is based on both historical experience and assumptions regarding future selling values, and is consequently a source of estimation uncertainty.

Judgements

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised and losses carried forward, based upon the likely timing and level of future taxable profits. Further details are contained in note 9.

Recognition of Pension Surplus

Management judgement is required to determine the amount of Pension surplus recognised. The 31 March 2022 disclosures have been prepared on the basis that the Company is able to derive economic benefit from the existing surplus. Therefore the entirety of the surplus has been recognised on the balance sheet.

Under the current rules of the Fund, if a surplus emerges, the Company can reduce its contributions to the point they are equal to member's contributions. The Investment Account section of the Fund remains open to new members and the future build-up of benefits, so the Company is able to recover any surplus through reduced future contributions to the Investment Account section of the Fund. This is dependent on the judgement that that the investment account section will have a stable membership and future salary increases will be in line with or greater than the discount rate.

Notes to the financial statements (continued)

For the year ended 31 March 2022

3 Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts, value added tax and excluding the sales value of estimated returns. The turnover and pre-tax profit is attributable to the sale of manufactured ink for use in the printing industry.

Turnover recognised in the income statement is analysed as follows:

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|--|--|--|
| By area of activity: | | |
| Inkjet printing | 20,459 | 14,057 |
| Laser printing & Security marking applications | 534 | 500 |
| | <u>20,993</u> | <u>14,557</u> |

All revenue is recognised at a point in time.

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|--------------------------------|--|--|
| By geographical market: | | |
| United Kingdom | 221 | 62 |
| Europe | 8,098 | 4,360 |
| Americas | 5,158 | 3,380 |
| Rest of the world | 7,516 | 6,755 |
| | <u>20,993</u> | <u>14,557</u> |

All of the losses arose in the UK and all of the net assets reside in the UK. Turnover arising from sales to group companies was £12.9m (2021: £9.2m).

4 Expenses and auditor's remuneration

| | Year Ended 31 March 2022 £'000 | Year Ended 31 March 2021 £'000 |
|--|--|--|
| Provision of services to group companies | 340 | 300 |
| Research and development expenditure | 940 | 918 |
| Depreciation on tangible assets (note 10) | 796 | 886 |
| Impairment loss on tangible assets (note 10) | 230 | 288 |
| Audit of these financial statements | 132 | 90 |

Other operating income comprises of amortisation of deferred government grants - £72k (2021 - £135k).

Notes to the financial statements (continued)

For the year ended 31 March 2022

5 Directors' Remuneration

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|---|--|--|
| Directors' remuneration: | | |
| Aggregate emoluments in respect of qualifying service | 89 | 97 |
| | <u>89</u> | <u>97</u> |
| | Year ended 31 March 2022 Number | Year ended 31 March 2021 Number |
| Number of directors accruing benefits under defined benefit schemes | - | - |
| | <u>-</u> | <u>-</u> |
| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
| In respect of the highest paid director: | | |
| Aggregate emoluments | 54 | 51 |
| | <u>54</u> | <u>51</u> |
| Accrued pension at the end of the year | - | - |
| | <u>-</u> | <u>-</u> |

Directors of the Company are common directors across the FUJIFILM Ink Solutions Group of companies, and the above represents a proportionate share of relevant emoluments.

6 Staff numbers and costs

| | Year ended 31 March 2022 Number | Year ended 31 March 2021 Number |
|--|--|--|
| Monthly average number of persons employed (including directors): | | |
| Research and process technology | 23 | 22 |
| Manufacturing | 76 | 72 |
| Administration | 19 | 18 |
| | <u>118</u> | <u>112</u> |
| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
| Staff costs during the year (including directors): | | |
| Wages and salaries | 6,025 | 5,541 |
| Social security costs | 696 | 677 |
| Pension costs - contributions to defined contribution plans | 622 | 588 |
| | <u>7,343</u> | <u>6,806</u> |

Other pension costs include contributions of £622k (2021 - £588k) in respect of the Company's defined contribution scheme. Past service costs £nil (2021 - £119k) were recorded in respect of GMP equalisation of the DB pension scheme during the year.

Notes to the financial statements (continued)

For the year ended 31 March 2022

7 Interest receivable and similar income

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|---|---|---|
| Bank interest receivable | 6 | 1 |
| Interest on defined benefit pension asset | 687 | 959 |
| | <u>693</u> | <u>960</u> |

8 Interest payable and similar charges

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|--|---|---|
| Group interest payable | 502 | 745 |
| Bank interest, Interest on other loans & lease liabilities | 49 | 39 |
| | <u>551</u> | <u>784</u> |

9 Taxation

(a) Total tax credit/(charge) in table below:

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|---|---|---|
| Current taxation: | | |
| Current tax on income for the period | - | - |
| Adjustments in respect of prior periods: | | |
| Consideration for surrender of losses to group undertakings | - | 200 |
| Tax charge on R&D tax credit | (37) | - |
| Unrecognised deferred tax asset | 4,595 | (2,187) |
| Total tax credit/(charge) | <u>4,558</u> | <u>(1,987)</u> |

In the year to 31 March 2022, the Company received £nil (2021: £200k) from fellow Group Companies in respect of the surrender of tax losses arising.

(b) Tax included in other comprehensive income comprises:

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|---|---|---|
| Deferred tax: | | |
| Re-measurement of defined benefit pension plan assets | (4,595) | 2,187 |
| Total tax (charge)/credit recognised directly in equity | <u>(4,595)</u> | <u>2,187</u> |

Notes to the financial statements (continued)

For the year ended 31 March 2022

9 Taxation (continued)

(c) Factors affecting the tax charge for the current period:

The tax credit/(charge) on the loss for the period differs to the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are reconciled below.

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|--|---------------------------|---------------------------|
| Loss before tax | (8,089) | (4,560) |
| Tax at standard rate of 19% (2021: 19%) | 1,537 | 866 |
| Expenses not deductible for tax purposes | (99) | (117) |
| Unrecognised deferred tax asset | 596 | (2,936) |
| Impact of change in tax rate | 2,561 | - |
| Under provided in prior years | (37) | 200 |
| | <u>4,558</u> | <u>(1,987)</u> |

(d) Factors that may affect future tax charges:

The Company has estimated tax losses in the UK of £50.9m (2021: £43.6m) available for offset against its future taxable profits. A deferred tax asset however has not been recognised because it is not considered probable at this time that future taxable profits will be available against which the Company can use the benefit therefrom.

(e) Deferred tax assets and liabilities:

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

| | Assets 31 March 2022 £'000 | Assets 31 March 2021 £'000 | Liabilities 31 March 2022 £'000 | Liabilities 31 March 2021 £'000 | Net 31 March 2022 £'000 | Net 31 March 2021 £'000 |
|----------------------------------|-------------------------------------|-------------------------------------|--|--|----------------------------------|----------------------------------|
| Tangible fixed assets | 2,272 | 1,777 | - | - | 2,272 | 1,777 |
| Employee benefits | - | - | (10,540) | (6,074) | (10,540) | (6,074) |
| Tax value of loss carry-forwards | 8,268 | 4,297 | - | - | 8,268 | 4,297 |
| Total | <u>10,540</u> | <u>6,074</u> | <u>(10,540)</u> | <u>(6,074)</u> | <u>-</u> | <u>-</u> |

Recognised deferred tax assets and liabilities are offset on the balance sheet in accordance with IAS 12 on the basis they relate to taxes levied by the same tax authority and it is expected the amounts will be settled net. Amount of temporary differences, unused tax losses and tax credits for which no deferred tax asset is recognised amount to £4,469k (2021: £3,491k).

Notes to the financial statements (continued)

For the year ended 31 March 2022

9 Taxation (continued)

Movement in deferred tax during the year

| | 1 April 2020 £'000 | Recognised in income £'000 | Recognised in Equity £'000 | 31 March 2021 £'000 |
|-----------------------------------|--------------------------|----------------------------------|----------------------------------|---------------------------|
| Tangible fixed assets | 2,220 | (443) | - | 1,777 |
| Employer benefits | (7,788) | (473) | 2,187 | (6,074) |
| Tax value of loss carried forward | 5,568 | (1,271) | - | 4,297 |
| Total | - | (2,187) | 2,187 | - |
| | 1 April 2021 £'000 | Recognised in income £'000 | Recognised in Equity £'000 | 31 March 2022 £'000 |
| Tangible fixed assets | 1,777 | 495 | - | 2,272 |
| Employer benefits | (6,074) | 129 | (4,595) | (10,540) |
| Tax value of loss carried forward | 4,297 | 3,971 | - | 8,268 |
| Total | - | 4,595 | (4,595) | - |

10 Tangible fixed assets

| | Leasehold buildings £'000 | Plant & machinery £'000 | Assets in the course of construction £'000 | Right to use Assets £'000 | Total £'000 |
|--|---------------------------------|-------------------------------|---|---------------------------------|----------------|
| Cost | | | | | |
| At 1 April 2021 | 1,500 | 67,103 | 1,479 | 266 | 70,348 |
| Additions | - | 175 | 509 | - | 684 |
| Disposals | (1,500) | (29,842) | (1,479) | (266) | (33,087) |
| At 31 March 2022 | - | 37,436 | 509 | - | 37,945 |
| Accumulated depreciation & impairment | | | | | |
| At 1 April 2021 | 1,500 | 59,963 | 1,479 | 266 | 63,208 |
| Depreciation Charge for period | - | 796 | - | - | 796 |
| Impairment Charge for period | - | 63 | 167 | - | 230 |
| Disposals | (1,500) | (29,842) | (1,479) | (266) | (33,087) |
| At 31 March 2022 | - | 30,980 | 167 | - | 31,147 |
| Net book value | | | | | |
| At 31 March 2022 | - | 6,456 | 342 | - | 6,798 |
| At 31 March 2021 | - | 7,140 | - | - | 7,140 |

After an impairment review of the Company's Assets, an adjustment of £230k (2021 - £288k) was made to overall value of the tangible fixed assets mainly relating to the dyes business which has subsequently been closed.

Notes to the financial statements (continued)
For the year ended 31 March 2022

11 Leases

The Company's leased assets comprise of buildings only, being office buildings for the accommodation of various support function staff at site in Grangemouth.

Information for leases for which the company is a lessee are presented below.

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|--|------------------------------------|------------------------------------|
| Right-of-use assets: | | |
| Lease liabilities – less than one year | 46 | 46 |
| Lease liabilities – one to five years | 13 | 53 |
| Lease liabilities – more than five years | - | - |
| | <u>59</u> | <u>99</u> |

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|------------------------------------|------------------------------------|
| Amounts recognised in Profit & Loss: | | |
| Admin Expenses | 46 | 46 |
| Interest | 6 | 11 |
| | <u>52</u> | <u>57</u> |

12 Stocks

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|-------------------------------------|------------------------------------|------------------------------------|
| Raw materials and consumables | 2,968 | 3,035 |
| Work in progress | 1,042 | 1,470 |
| Finished goods and goods for resale | 3,024 | 5,547 |
| | <u>7,034</u> | <u>10,052</u> |

The difference between purchase price or production cost of stocks and their replacement cost is not material. Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £10,683k (2021 - £5,453k). The write-down of stocks to net realisable value amounted to £2.3m (2021 - £nil).

Notes to the financial statements (continued)

For the year ended 31 March 2022

13 Debtors

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|--|---------------------------|---------------------------|
| Amounts due within one year: | | |
| Trade debtors | 887 | 1,205 |
| Group trade debtors | 1,904 | 1,299 |
| Other debtors | 564 | 720 |
| Prepayments | 172 | 24 |
| | <u>3,527</u> | <u>3,248</u> |
| Amounts due after more than one year: | | |
| Amounts due after more than one year | - | - |
| | <u>3,527</u> | <u>3,248</u> |

Payment terms with Group companies are 30 days from invoice date.

14 Creditors: amounts falling due within one year

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---------------------------------------|---------------------------|---------------------------|
| Trade Creditors | 2,025 | 1,238 |
| Lease liabilities | 46 | 46 |
| Pension contributions & other payroll | 124 | 120 |
| Other taxation and social security | 207 | 247 |
| Accruals and deferred income | 1,834 | 520 |
| | <u>4,236</u> | <u>2,171</u> |

Amounts owed to group undertakings comprise:

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|-----------------------------|---------------------------|---------------------------|
| Loans from group companies | 62,770 | 69,770 |
| Group trade creditors | 795 | - |
| Inter company loan interest | 105 | 1,631 |
| | <u>63,670</u> | <u>71,401</u> |

The loan from Fujifilm Europe BV of £62.77m is unsecured and repayable on demand. The loan was renewed after the financial yearend on 1st July 2022 for 3 years at an interest rate of 4.14%.

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|------------------------------------|---------------------------|---------------------------|
| Overdrafts owed to group companies | - | 8,543 |

The overdraft of £8.5m was repaid during the financial year following the increase in share capital as per note 18.

Notes to the financial statements (continued)

For the year ended 31 March 2022

15 Creditors : amounts falling due after 1 year

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|-----------------------------|---------------------------|---------------------------|
| Government grants (Note 16) | 647 | 719 |
| Lease liabilities | 13 | 53 |
| | <u>660</u> | <u>772</u> |

16 Provisions

| | Provision for Restructuring £'000 | Provisions for Government Grants £'000 | Total £'000 |
|----------------------------|---|---|----------------|
| As at 1 April 2020 | 999 | 314 | 1,313 |
| Additional provisions made | - | 540 | 540 |
| Amounts reversed | (93) | - | (93) |
| Amounts utilised | (906) | (135) | (1,041) |
| As at 31 March 2021 | <u>-</u> | <u>719</u> | <u>719</u> |
| Amounts utilised | <u>-</u> | <u>(72)</u> | <u>(72)</u> |
| As at 31 March 2021 | <u>-</u> | <u>647</u> | <u>647</u> |

17 Pensions

(i) Defined contribution scheme

The Company operates a defined contribution scheme where the level of company contribution is fixed at a percentage of employees' pay, currently 8% for new employees and 11% for existing employees and new employees after two years continuous service. The average employee contribution for 2022 was 5.7% (2021 - 5.3%). The scheme assets are held in separate trustee-administered funds.

(ii) Defined benefit scheme

General information

The defined benefit scheme, where benefits are based on employees' periods of service and average final remunerations pay (as frozen for the year ended 31 March 2012), was closed to the future accrual of benefits from 31 August 2014. The scheme assets are held in separate trustee-administered funds.

The pension cost for the defined benefit scheme is established in accordance with the advice of independent qualified actuaries based on valuations undertaken on varying dates. The valuation used for the current period has been based on the actuarial valuation of the Company's defined benefit pension scheme as at 31 March 2018 updated by independent qualified actuaries to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme at 31 March 2022.

Scheme assets are stated at their market bid values for both valuation dates with the liabilities valued using financial assumptions derived from market yields on Government Fixed Interest and Index Linked gilts at the valuation date. The significant assumptions used in the valuations are shown below.

Notes to the financial statements (continued)

For the year ended 31 March 2022

17 Pensions (continued)

The Pension Trustee has delegated the operational implementation of the investment policy to a specialist investment manager. The investment manager operates within the investment framework set by the Pension Trustee and the Pension Trustee regularly assesses investment performance. The investment policy allows investment in a broad range of financial instruments including equities, bonds, property and currency funds; these funds may themselves hold derivatives. Investments are held under two umbrella funds: the Delegated Growth Fund which seeks absolute growth of assets and the Delegated Liability Fund which invests to deliver cash flows closely correlated with the pension liabilities.

Yields have increased significantly since 31 March 2022 which has reduced the value placed on the Fund's liabilities with broadly corresponding falls in the values of the Fund's assets. The Fund is likely to still expected to have a net pension asset although it is expected to have reduced.

Surplus recognition

The 31 March 2022 disclosures have been prepared on the basis that the Company is able to derive economic benefit from the existing surplus. Therefore, the entirety of the surplus has been recognised on the balance sheet.

Under the current rules of the Fund, if a surplus emerges, the Company can reduce its contributions to the point they are equal to member's contributions. The Investment Account section of the Fund remains open to new members and the future build-up of benefits, so the Company is able to recover any surplus through reduced future contributions to the Investment Account section of the Fund.

Principal assumptions – defined benefit obligation

| Economic assumptions | 2022 | 2021 |
|---|-------|-------|
| Rate of general long-term increase in salaries – Retirement Account Members | | |
| Current year | n/a | n/a |
| Future years | n/a | n/a |
| Rate of general long-term increase in salaries – Investment Account Members | n/a | n/a |
| Rate of increase to pensions in payment | 3.20% | 2.95% |
| Discount rate for scheme liabilities | 2.75% | 2.10% |
| RPI Inflation | 3.35% | 3.05% |
| CPI Inflation | 3.15% | 2.25% |

Mortality assumptions

The mortality assumptions are based on the S3PMA tables for men and the S3PFA_M tables for women with overall scaling factors for each group based on postcode. The long term rate of improvement of 1.25% p.a. The assumptions are that a member who retires in 2037 at age 60 will live on average for a further 27.9 years after retirement if they are male and for a further 30.0 years after retirement if they are female.

No adjustments have been to mortality assumptions at year end to reflect the potential effects of Covid-19 as the actual plan experience is not yet available and as it is too soon to make a judgement on the impact of the pandemic on future mortality improvements. The mortality experience analysis for the schemes will be carried out in the future as part of the upcoming funding valuations

When determining the adjustments in respect of the minimum funding requirement, it has been assumed the company is able to derive economic benefit from any surplus in the fund.

Commutation

Members are assumed to commute 20% of their pension for cash on retirement at the current commutation rates.

Notes to the financial statements (continued)

For the year ended 31 March 2022

17 Pensions (continued)

Defined benefit pension scheme balance

The assets in the defined benefit pension scheme and the resulting defined benefit pension scheme surplus at 31 March 2022 were:

| | Value at 31 March 2022 £'000 | Value at 31 March 2021 £'000 |
|-------------------------------------|---------------------------------------|---------------------------------------|
| Delegated Growth Fund | 71,074 | 95,447 |
| Delegated Liability Fund | 101,435 | 76,233 |
| Cash | 1,042 | 621 |
| Investment Account Funds | 1,785 | 1,589 |
| Total fair value of assets | 175,336 | 173,890 |
| | | |
| | 31 March 2022 £'000 | 31 March 2021 £'000 |
| Total market value of scheme assets | 175,336 | 173,890 |
| Present value of scheme liabilities | (133,177) | (141,872) |
| Surplus | 42,159 | 32,018 |

The pension scheme balance changed during the period as follows:

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---------------------------|---------------------------|
| Surplus at beginning of the year | 32,018 | 40,990 |
| Past service costs | - | (119) |
| Company contributions | 1,620 | 1,795 |
| Other financing income | 687 | 959 |
| Re-measurement & Actuarial gains/(losses) | 7,934 | (11,460) |
| Administration costs | (100) | (147) |
| Surplus at end of the year | 42,159 | 32,018 |

Notes to the financial statements (continued)
For the year ended 31 March 2022

17 Pensions (continued)

Defined benefit pension scheme - amounts recognised in profit and loss statement

| | Year ended 31 March 2022 £'000 | Year ended 31 March 2021 £'000 |
|--|---|---|
| Administration expenses | (100) | (147) |
| Past service cost | - | (119) |
| Recognised in operating loss | (100) | (266) |
| Financing: | | |
| Interest on defined benefit asset | 687 | 959 |
| Defined benefit pension net income recognised in the profit and loss statement | 587 | 693 |

Defined benefit pension scheme - amounts recognised in comprehensive income

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---------------------------|---------------------------|
| Total re-measurement gains/(losses) on scheme assets and actuarial gains/(losses) on scheme liabilities | 7,934 | (11,460) |

Reconciliation of the present value of the defined benefit obligation

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---|---------------------------|---------------------------|
| Opening defined benefit obligation | (141,872) | (133,485) |
| Interest expense on defined benefit obligation | (2,902) | (2,997) |
| Actuarial (loss)/gain – demographic assumptions | (458) | 284 |
| Actuarial gain/(loss) – financial assumptions | 7,465 | (17,736) |
| Actuarial (loss)/gain – experience | (3,560) | 1,289 |
| Net benefits paid out | 8,150 | 10,892 |
| Past service cost | - | (119) |
| Closing defined benefit obligation | (133,177) | (141,872) |

Notes to the financial statements (continued)

For the year ended 31 March 2022

17 Pensions (continued)

Reconciliation of the fair value of defined benefit pension scheme assets

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|---------------------------------------|---------------------------|---------------------------|
| Opening fair value of scheme assets | 173,890 | 174,475 |
| Interest income on scheme assets | 3,589 | 3,956 |
| Re-measurement gains on scheme assets | 4,487 | 4,703 |
| Employer contributions | 1,620 | 1,795 |
| Net benefits paid out | (8,150) | (10,892) |
| Administration costs incurred | (100) | (147) |
| Closing fair value of scheme assets | <u>175,336</u> | <u>173,890</u> |

Defined benefit pension scheme - three year history

| | 31 March 2022 £'000 | 31 March 2021 £'000 | 31 March 2020 £'000 |
|---|---------------------------|---------------------------|---------------------------|
| Fair value of scheme assets | 175,336 | 173,890 | 174,475 |
| Present value of plan liabilities | <u>(133,177)</u> | <u>(141,872)</u> | <u>(133,485)</u> |
| Deficit in the scheme before deferred tax | <u>42,159</u> | <u>32,018</u> | <u>40,990</u> |

Sensitivities

The main sensitivities regarding the principal assumptions used to measure the defined benefit obligation are:

| Change in assumption | DBO (£'000) | Impact (£'000) |
|--|----------------|-------------------|
| Base position | (133,177) | - |
| Discount rate increase of 1.0% | (112,790) | 20,387 |
| Discount rate decrease of 1.0% | (159,089) | (25,912) |
| Inflation assumption increase of 1.0% | (151,400) | (18,223) |
| Inflation assumption decrease of 1.0% | (115,816) | 17,361 |
| Post-retirement life expectancy increase of one year | (138,025) | (4,848) |

Cash contributions to the defined benefits scheme

Recovery plan contributions of £1,620k were made during the financial year (2021 - £1,795k). The purpose of recovery plan contributions is to help support a prudent level of funding of the defined benefit scheme that is acceptable to the Company and the Pension Trustees.

In the year to 31 March 2023, the Company expects to make cash contributions of £377k for the deficit recovery plan.

(iii) Other post-retirement benefits

No other post-retirement benefits are provided to employees.

Notes to the financial statements (continued)

For the year ended 31 March 2022

18 Called up share capital

| | 31 March 2022 £'000 | 31 March 2021 £'000 |
|--|---------------------------|---------------------------|
| Allotted, called up and fully paid 97,655,187 ordinary shares of £1 each (2021: 72,655,187 ordinary shares of £1 each) | 97,655 | 72,655 |

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

On 15 July 2021, the immediate parent company of the Company, FUJIFILM Ink Solutions Limited, subscribed at par for an additional 25,000,000 ordinary shares of £1 each in the capital of the Company. The monies to fund this share subscription were ultimately provided by FUJIFILM Corporation. FUJIFILM Corporation subscribed at par for an additional 25,000,000 ordinary shares of £1 each in FUJIFILM Sericol Overseas Holdings Limited, which in turn then subscribed at par for an additional 25,000,000 ordinary shares of £1 each in FUJIFILM Ink Solutions Limited, who then used those monies to fund its subscription in the Company.

19 Events after the Balance Sheet Date

19.1 Subsequent to the balance sheet date, the Company entered into a Flexible Apportionment Arrangement ("FAA") with FUJIFILM Speciality Ink Systems Limited ("FSIS"), another company within the Fujifilm Group on 9 May 2022. As a result of the FAA, the pension assets and liabilities of the Company's defined benefits section of their pension plan, FUJIFILM Imaging Colorants Pension Fund, were transferred to FUJIFILM Speciality Ink Systems Limited with no Section 75 debt payable by the Company. The transfer relieves the Company of all liability to the pension fund and improves the long-term covenant support for the fund. The surplus assets in the scheme on the IAS19 basis as at the date of transfer, net of deferred tax liability, were directly adjusted to reserves. The amount of surplus calculated by corporate actuary Aon as at the date of transfer is £42,964K.

19.2 In June 2023, the Company announced the closure of its dyes business, with the manufacturing to be transferred back to another FUJIFILM company in Japan. This will not have a significant impact on fixed assets as most of the assets were fully impaired already. This project is ongoing at present.

20 Related Party Transactions

Details of directors' remuneration are provided in note 5. There were no other transactions with Directors or related parties during the financial year.

All sales to, purchases from, and loans from group undertakings are with wholly owned subsidiary companies of the ultimate parent company, FUJIFILM Corporation.

21 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a wholly and directly owned subsidiary undertaking of FUJIFILM Ink Solutions Ltd which is a company registered and incorporated in England & Wales.

FUJIFILM Ink Solutions Ltd is a wholly owned subsidiary of FUJIFILM Corporation, a company registered and incorporated in Japan.

FUJIFILM Holdings Corporation, a company incorporated in Japan, with registration number 0216-01-000123 is the company's ultimate parent undertaking and controlling party. Copies of FUJIFILM Holdings Corporation's financial statements can be obtained from Midtown West, 7-3, Akasaka 9-chome, Minato-ku, Tokyo, 107-0052, Japan. This is the parent undertaking of the largest and smallest group of which the company is a member for which group financial statements are prepared.