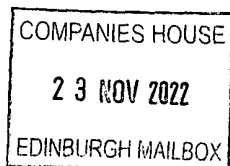


Company Registration No. SC703690 (Scotland)



ALDUS HOLDINGS (UK) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2022

WEDNESDAY



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COMPANIES HOUSE

ALDUS HOLDINGS (UK) LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | W Oldham N Madden F Floriano |
| Secretary | Burness Paull LLP |
| Company number | SC703690 |
| Registered office | 50 Lothian Road Festival Square Edinburgh EH3 9WJ |
| Auditor | RSM UK Audit LLP Chartered Accountants Third Floor Centenary House 69 Wellington Street Glasgow G2 6HG |

ALDUS HOLDINGS (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The directors present the strategic report for the year ended 30 June 2022.

Principal activities and review of the business

Aldus Holdings (UK) Limited and its subsidiaries form Aldus Holdings (UK) Group (the group). Aldus Holdings (UK) Limited is a wholly owned subsidiary of Aldus Pty Limited in Australia.

Aldus Holdings (UK) Limited was incorporated in July 2021. It acquired API Foilmakers Limited and its subsidiaries in August 2021 from Aldus Pty Limited. In September 2021, Aldus Holdings (UK) Limited acquired 100% of the entity Paragon Inks (Holdings) Limited.

The principal activity of the group during the 12 months to June 2022 was the manufacture, distribution and sale of premium quality metallic, pigment foils and ink-based products for use in the printing industry.

Distribution and sales of foil related products is largely sold through a wholly owned sales network with locations in UK, France, Italy, Spain and Poland. Over 85% of the group's sales in foil related products are sold outside the UK.

The ink related products are largely sold in the UK and Ireland, representing 60% of ink revenue. Sales to European and other countries are either sold to third-party distributors or directly from the UK.

The company has increased both sales and production capacity of foil related products during the 12 months to June 2022. Supply chain costs remained a significant challenge through the year to June 2022 which was partly mitigated by the in-house R&D and purchasing teams. The acquisition of Paragon Inks (Holdings) Limited, has expanded the group's product range to now include ink-based products. Ink sales represented £8,660,000 of revenue during the year.

Financial review

Revenue for the group was £39,284,000 for the 12 months to 30 June 2022, which compares to prior year revenue of £23,916,000. Demand for existing products remained strong through the period. New products of inks assisted revenue growth and profitability on the prior year.

The operating profit before interest and tax for the 12 months to 30 June 2022 was a profit of £142,000, which compares to a loss of £675,000 in the prior financial year.

Principal risks and uncertainties

Liquidity risk

Liquidity risk arises from the group's management of working capital and occurs when the Group has difficulty in meeting its financial obligations as they fall due.

At the end of the financial period, cash flow projections indicate that the company and the group expect to have sufficient liquid resources to meet their financial obligations under all reasonably expected circumstances.

Credit risk

Credit risk is where a customer fails to meet its contractual obligations of payment to the group. Customers are assessed for financial reliability using external rating agencies. None of our customers represents more than 3% of our revenues and our credit exposure to a single customer failure is low because of the diversity of our customer base. No credit insurance is taken by the group due to the low level of this risk.

Foreign Exchange risk

Foreign exchange risk arises when the company enters into transactions denominated in a currency other than its functional currency. The company is predominantly exposed to currency risk on sales made in Euros. No hedging of this risk was undertaken in the 12 months to June 2022; this practice is currently under review by management.

In addition to the above, the group operates in the international market and is exposed to risks that are both external and internal to the group. These risks include, but are not limited to, failure to comply with legislative and regulatory requirements, fire or equipment failure and the actions of customers and competitors. A standard process for identification, assessment and management of business risks has been adopted by the senior management and is used to anticipate and mitigate the impact of operational risks.

ALDUS HOLDINGS (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Key financial measures

Sales grew from £23,916,000 to £39,284,000 in the twelve months to 30 June 2022, reflecting growth of the existing foil business and the acquisition of Paragon Inks (Holdings) Limited in September 2022. As a result, operating profit before interest and tax improved in the year.

| | Year ended 30 June 2022 | Year ended 30 June 2021 |
|---|----------------------------|----------------------------|
| | £000 | £000 |
| Revenue | 39,284 | 23,916 |
| Operating Profit/(Loss) Before Interest and Tax | 142 | (675) |

Future developments

Despite continuing challenging economic conditions, the Group is expected to continue to grow through the coming year.

On behalf of the board

William G Oldham

.....
W Oldham
Director

Date: 18/11/22
.....

ALDUS HOLDINGS (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The directors present their annual report and financial statements for the year ended 30 June 2022.

Principal activities

The principal activity of the company since the group was formed was that of a holding company for the two UK-based trading subsidiaries API Foilmakers Limited and Paragon Inks (Holdings) Limited. The principal activity of API Foilmakers Limited and its subsidiaries is the manufacture, distribution and sale of premium quality metallic and pigment foils for use in the printing industry. The principal activity of Paragon Inks (Holdings) Limited and its subsidiary is the manufacture and sale of ink based products.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid (2021:nil). The directors do not recommend payment of a final dividend.

Directors

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

| | |
|------------|---|
| Mr N Moore | (Appointed 8 July 2021 and resigned 12 August 2021) |
| L Colvin | (Appointed 8 July 2021 and resigned 12 August 2021) |
| W Oldham | (Appointed 12 August 2021) |
| N Madden | (Appointed 12 August 2021) |
| F Floriano | (Appointed 8 July 2021) |

Auditor

RSM UK Audit LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

William G Oldham

W Oldham

Director

Date: 18/11/22

ALDUS HOLDINGS (UK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2022

The directors are responsible for preparing the Strategic Report and 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 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 group and company, and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALDUS HOLDINGS (UK) LIMITED

Opinion

We have audited the financial statements of Aldus Holdings (UK) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2022 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 group's and of the parent company's affairs as at 30 June 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALDUS HOLDINGS (UK) LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 directors' responsibilities statement set out on page 4, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALDUS HOLDINGS (UK) LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and evaluating advice received from internal/external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management whether the group is in compliance with these laws and regulations and inspected any reports of the business being non-compliant from the Health and Safety Executive website.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. For revenue recognition we have reviewed a sample of revenue items pre and post year end to ensure that cut-off has been correctly applied and sampled items in the year to ensure all are legitimate sales transactions, along with understanding the control environment when revenue is recognised and ensuring that the consolidation correctly identifies all intercompany sales and purchases.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the consolidated financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our group audit approach.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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.

K Morrison

Katie Morrison BAcc CA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

21/11/22

ALDUS HOLDINGS (UK) LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

| | | Year ended 30 June 2022 £'000 | Year ended 30 June 2021 £'000 |
|---|----------|---|---|
| | Notes | | |
| Turnover | 3 | 39,284 | 23,916 |
| Cost of sales | | (31,764) | (19,855) |
| Gross profit | | 7,520 | 4,061 |
| Distribution costs | | (310) | (375) |
| Administrative expenses | | (7,068) | (4,361) |
| Operating profit/(loss) | 5 | 142 | (675) |
| Interest payable and similar expenses | 7 | (49) | (58) |
| Profit/(loss) before taxation | | 93 | (733) |
| Tax on profit/(loss) | 8 | 85 | 133 |
| Profit/(loss) for the financial year | | 178 | (600) |
| Other comprehensive income net of taxation | | | |
| Currency translation differences | | 12 | 21 |
| Total comprehensive income for the year | | 190 | (579) |

Profit/(loss) for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

ALDUS HOLDINGS (UK) LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2022**

| | Notes | 2022 £'000 | 2021 £'000 |
|--|-------|---------------|---------------|
| Fixed assets | | | |
| Goodwill | 9 | 2,882 | - |
| Negative goodwill | 9 | - | (180) |
| Net goodwill | | 2,882 | (180) |
| Tangible assets | 10 | 5,513 | 2,271 |
| | | 8,395 | 2,091 |
| Current assets | | | |
| Stocks | 14 | 10,825 | 4,137 |
| Debtors | 15 | 10,839 | 6,903 |
| Cash at bank and in hand | | 1,159 | 569 |
| | | 22,823 | 11,609 |
| Creditors: amounts falling due within one year | 16 | (27,269) | (9,863) |
| Net current (liabilities)/assets | | (4,446) | 1,746 |
| Total assets less current liabilities | | 3,949 | 3,837 |
| Creditors: amounts falling due after more than one year | 17 | (226) | (298) |
| Provisions for liabilities | 19 | (437) | (443) |
| Net assets | | 3,286 | 3,096 |
| Capital and reserves | | | |
| Called up share capital | 21 | 2,000 | 2,000 |
| Profit and loss reserves | 22 | 1,286 | 1,096 |
| Total equity | | 3,286 | 3,096 |

The financial statements were approved by the board of directors and authorised for issue on 18/11/22 and are signed on its behalf by:

William G Oldham

W Oldham
Director

ALDUS HOLDINGS (UK) LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2022**

| | Notes | 2022 £'000 | 2021 £'000 | 2021 £'000 |
|---|-------|---------------|---------------|---------------|
| Fixed assets | | | | |
| Investments | 11 | | 16,239 | - |
| Current assets | | | | |
| Debtors | 15 | 8,606 | - | - |
| Creditors: amounts falling due within one year | 16 | (22,754) | - | - |
| Net current liabilities | | | (14,148) | - |
| Total assets less current liabilities | | | 2,091 | - |
| Capital and reserves | | | | |
| Called up share capital | 21 | | 2,000 | - |
| Profit and loss reserves | 22 | | 91 | - |
| Total equity | | | 2,091 | - |

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £91k (2021 - £nil).

The financial statements were approved by the board of directors and authorised for issue on 18/11/22 and are signed on its behalf by:

William G Oldham

.....

W Oldham

Director

ALDUS HOLDINGS (UK) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

| | | Share capital | Profit and loss reserves | Total |
|--|-------|------------------|--------------------------------|--------------|
| | Notes | £'000 | £'000 | £'000 |
| Balance at 1 July 2020 | | <u>2,000</u> | <u>1,675</u> | <u>3,675</u> |
| Year ended 30 June 2021: | | | | |
| Loss for the year | | - | (600) | (600) |
| Other comprehensive income net of taxation: | | | | |
| Currency translation differences | | - | 21 | 21 |
| Total comprehensive income for the year | | <u>-</u> | <u>(579)</u> | <u>(579)</u> |
| Balance at 30 June 2021 | | <u>2,000</u> | <u>1,096</u> | <u>3,096</u> |
| Period ended 30 June 2022: | | | | |
| Profit for the period | | - | 178 | 178 |
| Other comprehensive income net of taxation: | | | | |
| Currency translation differences | | - | 12 | 12 |
| Total comprehensive income for the period | | <u>-</u> | <u>190</u> | <u>190</u> |
| Issue of share capital | 21 | 2,000 | - | 2,000 |
| Group merger | | (2,000) | - | (2,000) |
| Balance at 30 June 2022 | | <u>2,000</u> | <u>1,286</u> | <u>3,286</u> |

ALDUS HOLDINGS (UK) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

| | Notes | Share capital £'000 | Profit and loss reserves £'000 | Total £'000 |
|--|-------|------------------------|--------------------------------------|----------------|
| Balance at 1 July 2020 | | - | - | - |
| Year ended 30 June 2021: | | | | |
| Profit and total comprehensive income for the year | | - | - | - |
| Balance at 30 June 2021 | | - | - | - |
| Period ended 30 June 2022: | | | | |
| Profit and total comprehensive income for the period | | - | 91 | 91 |
| Issue of share capital | 21 | 2,000 | - | 2,000 |
| Balance at 30 June 2022 | | 2,000 | 91 | 2,091 |

ALDUS HOLDINGS (UK) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

| | Notes | 2022 £'000 | 2021 £'000 |
|---|-------|-----------------|----------------|
| Cash flows from operating activities | | | |
| Cash absorbed by operations | 23 | (2,352) | (1,825) |
| Interest paid | | (49) | (48) |
| Income taxes paid | | (227) | (317) |
| Net cash outflow from operating activities | | (2,628) | (2,190) |
| Investing activities | | | |
| Purchase of business | | (9,589) | |
| Purchase of tangible fixed assets | | (996) | (499) |
| Net cash used in investing activities | | (10,585) | (499) |
| Financing activities | | | |
| Repayment of borrowings | | (50) | |
| Proceeds of other loans/intergroup funding | | 13,703 | 2,344 |
| Proceeds from asset based financing | | 138 | 429 |
| Net cash generated from financing activities | | 13,791 | 2,773 |
| Net increase in cash and cash equivalents | | 578 | 84 |
| Cash and cash equivalents at beginning of year | | 569 | 464 |
| Effect of foreign exchange rates | | 12 | 21 |
| Cash and cash equivalents at end of year | | 1,159 | 569 |

ALDUS HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

Company information

Aldus Holdings (UK) Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ.

The group consists of Aldus Holdings (UK) Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

During the current year the company was incorporated to act as the holding company of the group and its UK operations. As a result a group restructuring was enacted to acquire API Foilmakers Limited and subsidiaries. A business acquisition was also completed of Paragon Inks (Holdings) Limited and its subsidiary with more information provided on these acquisitions in note 13. These financial statements therefore include the consolidated results of Aldus Holdings (UK) Limited and its subsidiaries. Please see the below 'basis of consolidation' policy for more details on the methods used to account for these acquisitions.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

ALDUS HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (Continued)

Basis of consolidation

The consolidated financial statements incorporate those of Aldus Holdings (UK) Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year that do not constitute a group reconstruction are consolidated using the purchase method. Their results are incorporated from the date that control passes. Where a group reconstruction takes place the merger method of accounting is applied as if the entities had always been combined. The total comprehensive income, assets and liabilities of the entities are amended, where necessary, to align the accounting policies. The carrying values of the entities assets and liabilities are not adjusted to fair value. Therefore, the full year and comparative results have been shown as if these subsidiaries have always been part of the current group structure.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group and company has adequate resources to continue in operational existence for the foreseeable future given the letter of support received from its parent Aldus Pty Limited. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Reporting period

The entity has prepared its first set of financial period from the date of incorporation of 8 July 2021 up to 30 June 2022. The year end is in line with other group entities.

Due to the incorporation of the company on 8 July 2021 no comparative information is presented for the company. As a result of the group reconstruction consolidated under the merger basis of accounting explained above, the consolidated group information presented in these financial statements is effectively for the year from 1 July 2020, despite incorporation of the parent company on 8 July 2021.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

ALDUS HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives. Land is not depreciated, the remaining assets are depreciated on the following bases:

| | |
|-----------------------|--|
| Freehold buildings | Straight line over the lease period, maximum 50 years. |
| Plant and equipment | 5 - 20 years straight line |
| Fixtures and fittings | 5 - 10 years straight line |
| Computers | 2 - 5 years straight line |
| Motor vehicles | 20% - 25% reducing balance |

Assets under construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

ALDUS HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (Continued)

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

ALDUS HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (Continued)

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

ALDUS HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the group to consume substantially all of its economic benefit), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss 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.

ALDUS HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (Continued)

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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.

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Turnover analysed by class of business | | |
| Sale of goods | 39,284 | 23,916 |
| | <u>39,284</u> | <u>23,916</u> |
| | | |
| | 2022 £'000 | 2021 £'000 |
| Turnover analysed by geographical market | | |
| United Kingdom | 10,876 | 3,349 |
| Europe | 24,741 | 18,392 |
| Rest of World | 3,667 | 2,175 |
| | <u>39,284</u> | <u>23,916</u> |

ALDUS HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

4 Employees

The average monthly number of persons (including directors) employed during the year was:

| | Group 2022 Number | 2021 Number | Company 2022 Number | 2021 Number |
|------------|-------------------------|-------------------|---------------------------|-------------------|
| Production | 164 | 118 | - | - |
| Sales | 32 | 34 | - | - |
| Admin | 10 | 15 | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total | 206 | 167 | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Their aggregate remuneration comprised:

| | Group 2022 £'000 | 2021 £'000 | Company 2022 £'000 | 2021 £'000 |
|-----------------------|------------------------|-------------------|--------------------------|-------------------|
| Wages and salaries | 7,288 | 5,599 | - | - |
| Social security costs | 1,170 | 906 | - | - |
| Pension costs | 429 | 248 | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | 8,887 | 6,753 | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

5 Operating profit/(loss)

| | 2022 £'000 | 2021 £'000 |
|--|-------------------|-------------------|
| Operating profit/(loss) for the period is stated after charging/(crediting): | | |
| Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss | 130 | 443 |
| Depreciation of owned tangible fixed assets | 610 | 323 |
| Amortisation of intangible assets | 234 | - |
| Release of negative goodwill | (180) | (561) |
| Operating lease charges | 1,090 | 606 |
| | <u> </u> | <u> </u> |

ALDUS HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

6 Auditor's remuneration

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the group and company | 12 | - |
| Audit of the financial statements of the company's subsidiaries | 44 | 26 |
| | <u>56</u> | <u>26</u> |
| For other services | | |
| Taxation compliance services | 12 | 6 |
| All other non-audit services | 11 | 8 |
| | <u>23</u> | <u>14</u> |

7 Interest payable and similar expenses

| | 2022 £'000 | 2021 £'000 |
|---------------------------------------|---------------|---------------|
| Interest on bank overdrafts and loans | 49 | 48 |
| Other interest | - | 10 |
| | <u>49</u> | <u>58</u> |

8 Taxation

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Current tax | | |
| UK corporation tax on profits for the current period | 193 | - |
| Adjustments in respect of prior periods | (14) | (295) |
| | <u>179</u> | <u>(295)</u> |
| Total UK current tax | | |
| Foreign current tax on profits for the current period | - | 113 |
| | <u>179</u> | <u>(182)</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (282) | 41 |
| Changes in tax rates | - | 18 |
| Adjustment in respect of prior periods | 18 | (10) |
| | <u>(264)</u> | <u>49</u> |
| Total deferred tax | | |
| Total tax credit | <u>(85)</u> | <u>(133)</u> |

ALDUS HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

8 Taxation (Continued)

The total tax credit for the year included in the income statement can be reconciled to the profit/(loss) before tax multiplied by the standard rate of tax as follows:

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Profit/(loss) before taxation | 93 | (733) |
| Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%) | 18 | (139) |
| Tax effect of expenses that are not deductible in determining taxable profit | - | 9 |
| Tax effect of income not taxable in determining taxable profit | (62) | (202) |
| Adjustments in respect of prior years | (14) | (295) |
| Permanent capital allowances in excess of depreciation | (37) | 2 |
| Deferred tax not recognised | 47 | - |
| Effect of overseas tax rates | 14 | 75 |
| Deferred tax adjustments in respect of prior years | 18 | (10) |
| Losses carried back | - | 317 |
| Remeasurement of deferred tax for changes in tax rates | (69) | 28 |
| Adjustment to brought forward values | - | 82 |
| Taxation credit | (85) | (133) |

9 Intangible fixed assets

| Group | Goodwill £'000 | Negative goodwill £'000 | Total £'000 |
|------------------------------------|-------------------|----------------------------|----------------|
| Cost | | | |
| At 1 July 2021 | - | (2,326) | (2,326) |
| Additions | 3,116 | - | 3,116 |
| At 30 June 2022 | 3,116 | (2,326) | 790 |
| Amortisation and impairment | | | |
| At 1 July 2021 | - | (2,146) | (2,146) |
| Amortisation charged for the year | 234 | (180) | 54 |
| At 30 June 2022 | 234 | (2,326) | (2,092) |
| Carrying amount | | | |
| At 30 June 2022 | 2,882 | - | 2,882 |
| At 30 June 2021 | - | (180) | (180) |

The company had no intangible fixed assets at 30 June 2022 or 30 June 2021.

ALDUS HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

9 Intangible fixed assets (Continued)

Positive goodwill relates entirely to the acquisition during the year. See note 13.

10 Tangible fixed assets

| Group | Freehold buildings £'000 | Plant and equipment £'000 | Fixtures and fittings £'000 | Computers £'000 | Motor vehicles £'000 | Total £'000 |
|--|--------------------------------|---------------------------------|-----------------------------------|--------------------|----------------------------|----------------|
| Cost | | | | | | |
| At 1 July 2021 | 143 | 3,574 | 9 | 226 | - | 3,952 |
| Additions | 19 | 817 | 70 | 90 | - | 996 |
| Business combinations | 2,271 | 385 | 63 | 47 | 96 | 2,862 |
| Disposals | - | (84) | (13) | (43) | - | (140) |
| Exchange adjustments | - | (5) | - | (1) | - | (6) |
| At 30 June 2022 | 2,433 | 4,687 | 129 | 319 | 96 | 7,664 |
| Depreciation and impairment | | | | | | |
| At 1 July 2021 | 8 | 1,621 | 2 | 50 | - | 1,681 |
| Depreciation charged in the year | 70 | 302 | 47 | 166 | 25 | 610 |
| Eliminated in respect of disposals | - | (84) | (13) | (43) | - | (140) |
| At 30 June 2022 | 78 | 1,839 | 36 | 173 | 25 | 2,151 |
| Carrying amount | | | | | | |
| At 30 June 2022 | 2,355 | 2,848 | 93 | 146 | 71 | 5,513 |
| At 30 June 2021 | 135 | 1,953 | 7 | 176 | - | 2,271 |

The company had no tangible fixed assets at 30 June 2022 or 30 June 2021.

Included within Plant and Equipment are assets under course of construction with a value of £400,000 (2021: £80,000).

11 Fixed asset investments

| | Notes | Group 2022 £'000 | 2021 £'000 | Company 2022 £'000 | 2021 £'000 |
|-----------------------------|-------|------------------------|---------------|--------------------------|---------------|
| Investments in subsidiaries | 12 | - | - | 16,239 | - |

ALDUS HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

11 Fixed asset investments (Continued)

| Movements in fixed asset investments Company | Shares in group undertakings £'000 |
|---|---|
| Cost or valuation | |
| Additions : merger accounting | 2,000 |
| Additions : business combination | 14,239 |
| At 30 June 2022 | 16,239 |
| Carrying amount | |
| At 30 June 2022 | 16,239 |
| At 30 June 2021 | - |

On 12 August 2021, the company acquired 100% of the share capital of API Foilmakers Limited for a consideration of £2,000,000, satisfied by way of a share for share exchange.

On 20 September 2021, the company acquired 100% of the share capital of Paragon Inks (Holdings) Limited for a purchase consideration of £14,239,000. Refer to note 13 for further details.

12 Subsidiaries

Details of the company's subsidiaries at 30 June 2022 are as follows:

| Name of undertaking | Address | Nature of business | Class of shares held | % Held | |
|---------------------------------|---------|---|-------------------------|--------|----------|
| | | | | Direct | Indirect |
| API Foilmakers Limited | 1 | Manufacturing of metallic and pigment foils | Ordinary | 100.00 | - |
| Paragon Inks (Holdings) Limited | 1 | Sale and manufacture of ink-based products | Ordinary | 100.00 | - |
| API Foils SAS | 2 | Manufacturing of metallic and pigment foils | Ordinary | - | 100.00 |
| API Foils Italia S.r.l | 3 | Manufacturing of metallic and pigment foils | Ordinary | - | 100.00 |
| API Folie Polska SP z.o.o | 4 | Manufacturing of metallic and pigment foils | Ordinary | - | 100.00 |
| API Foilmakers Iberi, S.L. | 5 | Manufacturing of metallic and pigment foils | Ordinary | - | 100.00 |
| Paragon Inks South Africa | 6 | Distributors of Inks and Coatings | Ordinary | - | 100.00 |

Registered office addresses (all UK unless otherwise indicated):

- 1 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
- 2 14-16 Boulevard Arago, Z1 Villemain, 91320 Wissous, France
- 3 Str. Salcido 89 ZI Squarzolo, 15046, S. Salvatore Monf. To (AL), Italy
- 4 Raszynska 13, 05-500 Piaseczno, Poland
- 5 Avenida Europa 9, P.I De Rosanes, 08769 Castellvi De Rosanes, Spain
- 6 6A Johnson Street, Alrode, Alberton, Gauteng, 1451 South Africa

ALDUS HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

13 Acquisition

On 20 September 2021 the group acquired 100 percent of the issued capital of Paragon Inks (Holdings) Limited for consideration of £14,239,000.

| | Book Value £'000 | Adjustments £'000 | Fair Value £'000 |
|-------------------------------|---------------------|----------------------|---------------------|
| Net assets acquired | | | |
| Property, plant and equipment | 2,862 | - | 2,862 |
| Inventories | 2,955 | - | 2,955 |
| Trade and other receivables | 3,015 | - | 3,015 |
| Cash and cash equivalents | 3,150 | - | 3,150 |
| Trade and other payables | (601) | - | (601) |
| Deferred tax | (258) | - | (258) |
| Total identifiable net assets | 11,123 | - | 11,123 |
| Goodwill | | | 3,116 |
| Total consideration | | | 14,239 |

| | |
|-------------------------------------|--------|
| The consideration was satisfied by: | £'000 |
| Cash | 12,580 |
| Deferred consideration | 1,500 |
| Acquisition costs | 159 |
| | 14,239 |

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

| | |
|------------------|-------|
| | £'000 |
| Turnover | 8,660 |
| Profit after tax | 765 |

14 Stocks

| | Group 2022 £'000 | 2021 £'000 | Company 2022 £'000 | 2021 £'000 |
|-------------------------------------|------------------------|---------------|--------------------------|---------------|
| Raw materials and consumables | 4,525 | 820 | - | - |
| Work in progress | 159 | 89 | - | - |
| Finished goods and goods for resale | 6,141 | 3,228 | - | - |
| | 10,825 | 4,137 | - | - |

ALDUS HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

14 Stocks (Continued)

During the year a provision of £269,000 (2021: £919,000) was recognised within cost of sales. No earlier stock write-downs have been reversed during the current or proceeding period.

15 Debtors

| | Group 2022 £'000 | 2021 £'000 | Company 2022 £'000 | 2021 £'000 |
|---|------------------------|---------------|--------------------------|---------------|
| Amounts falling due within one year: | | | | |
| Trade debtors | 8,939 | 5,580 | - | - |
| Amounts owed by group undertakings | - | - | 8,606 | - |
| Other debtors | 1,075 | 464 | - | - |
| Prepayments and accrued income | 825 | 859 | - | - |
| | <u>10,839</u> | <u>6,903</u> | <u>8,606</u> | <u>-</u> |

The amounts owed by group undertakings are charged interest and are repayable on demand.

16 Creditors: amounts falling due within one year

| | Notes | Group 2022 £'000 | 2021 £'000 | Company 2022 £'000 | 2021 £'000 |
|-------------------------------------|-------|------------------------|---------------|--------------------------|---------------|
| Other borrowings | 18 | 68 | 46 | - | - |
| Asset based financing | | 1,308 | 1,170 | - | - |
| Trade creditors | | 4,284 | 2,733 | - | - |
| Amounts owed to parent undertakings | | 17,878 | 4,175 | 17,878 | - |
| Amounts owed to group undertakings | | - | - | 3,376 | - |
| Corporation tax payable | | 38 | 86 | - | - |
| Other taxation and social security | | 673 | 115 | - | - |
| Other creditors | | 2,740 | 435 | 1,500 | - |
| Accruals and deferred income | | 280 | 1,103 | - | - |
| | | <u>27,269</u> | <u>9,863</u> | <u>22,754</u> | <u>-</u> |

Amounts owed to group undertaking have interest charged, unsecured and repayable on demand.

Amounts owed to parent are interest free, unsecured and repayable on demand.

Asset based financing facilities accrue interest at 0.9% to 2.3% and are secured against trade debtor invoices of £1,881,000 (2021: £1,544,000).

17 Creditors: amounts falling due after more than one year

| | Notes | Group 2022 £'000 | 2021 £'000 | Company 2022 £'000 | 2021 £'000 |
|------------------|-------|------------------------|---------------|--------------------------|---------------|
| Other borrowings | 18 | <u>226</u> | <u>298</u> | <u>-</u> | <u>-</u> |

ALDUS HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

18 Borrowings

| | Group 2022 £'000 | 2021 £'000 | Company 2022 £'000 | 2021 £'000 |
|-------------------------|------------------------|---------------|--------------------------|---------------|
| Other loans | 294 | 344 | - | - |
| Payable within one year | 68 | 46 | - | - |
| Payable after one year | 226 | 298 | - | - |

19 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

| | Liabilities 2022 £'000 | Liabilities 2021 £'000 |
|--------------------------------|------------------------------|------------------------------|
| Group | | |
| Accelerated capital allowances | 586 | 140 |
| Tax losses | (520) | (56) |
| Short term timing differences | 371 | 359 |
| | <u>437</u> | <u>443</u> |

The company has no deferred tax assets or liabilities.

| | Group 2022 £'000 | Company 2022 £'000 |
|----------------------------------|------------------------|--------------------------|
| Movements in the year: | | |
| Liability at 1 July 2021 | 443 | - |
| Credit to profit or loss | (264) | - |
| Arising on acquisition (note 13) | 258 | - |
| Liability at 30 June 2022 | <u>437</u> | <u>-</u> |

Deferred tax not recognised of £47k relating to losses is not recognised due to uncertainty over its recoverability. As part of the UK Budget in March 2021, changes to the UK corporation tax rates were announced including confirmation that the UK corporation tax rate will increase to 25% from 1 April 2023. This change has been reflected in the financial statements as at 30 June 2022.

ALDUS HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

20 Retirement benefit schemes

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 429 | 248 |

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

At the year end, pension contributions of £28,000 (2021: £26,000) were outstanding and included within creditors.

21 Share capital

| | Group | | | |
|---|----------------|----------------|---------------|---------------|
| | 2022 Number | 2021 Number | 2022 £'000 | 2021 £'000 |
| Ordinary share capital Issued and fully paid | | | | |
| Ordinary shares of £1 each | 2,000,001 | 2,000,001 | 2,000 | 2,000 |
| | | | | |
| | Company | | | |
| | 2022 Number | 2021 Number | 2022 £'000 | 2021 £'000 |
| Ordinary share capital Issued and fully paid | | | | |
| Ordinary shares of £1 each | 2,000,001 | - | 2,000 | - |

The company was incorporated on 8 July 2021 with share capital of £1, being 1 Ordinary Share. On 17 August 2021 a further 2,000,000 Ordinary Shares were issued in consideration for the transfer of 2,000,000 Ordinary Shares of £1 each in the capital of API Foilmakers Limited.

The Ordinary Shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

22 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

ALDUS HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

23 Cash absorbed by group operations

| | 2022 £'000 | 2021 £'000 |
|--|----------------|----------------|
| Profit/(loss) for the year after tax | 178 | (600) |
| Adjustments for: | | |
| Taxation credited | (85) | (133) |
| Finance costs | 49 | 58 |
| Amortisation and impairment of intangible assets | 54 | (561) |
| Depreciation and impairment of tangible fixed assets | 610 | 323 |
| Movements in working capital: | | |
| Increase in stocks | (3,733) | (1,040) |
| Increase in debtors | (915) | (1,088) |
| Increase in creditors | 1,490 | 1,216 |
| Cash absorbed by operations | (2,352) | (1,825) |

24 Analysis of changes in net debt - group

| | 1 July 2021 £'000 | Cash flows £'000 | 30 June 2022 £'000 |
|------------------------------|----------------------|---------------------|-----------------------|
| Cash at bank and in hand | 569 | 590 | 1,159 |
| Asset based financing | (1,170) | (138) | (1,308) |
| Loans due to related parties | (4,175) | (13,703) | (17,878) |
| Other loans | (344) | 50 | (294) |
| | (5,120) | (13,201) | (18,321) |

25 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | Group 2022 £'000 | 2021 £'000 | Company 2022 £'000 | 2021 £'000 |
|----------------------------|------------------------|---------------|--------------------------|---------------|
| Within one year | 576 | 508 | - | - |
| Between one and five years | 1,745 | 1,798 | - | - |
| In over five years | 5,972 | 5,849 | - | - |
| | 8,293 | 8,155 | - | - |

ALDUS HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

26 Capital commitments

Amounts contracted for but not provided in the financial statements:

| | Group 2022 £'000 | 2021 £'000 | Company 2022 £'000 | 2021 £'000 |
|--------------------------------------|------------------------|---------------|--------------------------|---------------|
| Acquisition of tangible fixed assets | 389 | 69 | - | - |
| | <u>389</u> | <u>69</u> | <u>-</u> | <u>-</u> |

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows.

| | 2022 £'000 | 2021 £'000 |
|------------------------|---------------|---------------|
| Aggregate compensation | 463 | 479 |
| | <u>463</u> | <u>479</u> |

28 Controlling party

Aldus Holdings (UK) Limited is a wholly owned subsidiary of Aldus PTY Limited, a company incorporated in Australia. Aldus PTY Limited is the parent of the largest group for which consolidated accounts are drawn up and of which Aldus Holdings (UK) Limited is a member.

The company's ultimate parent undertaking is Cladela PTY Limited, a company incorporated in Australia.