

PRESS RELEASE – REGULATED INFORMATION

HYBRID SOFTWARE GROUP PLC REPORTS 2023 RESULTS WITH €48.04 MILLION REVENUE AND €7.31 MILLION EBITDA

Cambridge (UK), 21 March 2024 (19:00 CET): Hybrid Software Group PLC (Euronext: HYSG) announces that it has published its annual report and financial statements for the financial year ended 31 December 2023.

The full document is available to download from the financial reports section of the Company's web site at: <https://www.hybridsoftware.group/investors/financial-reports>.

Executive Chairman Guido Van der Schueren comments, "2023 proved to be another difficult year for most regions of the world and for the industries we serve; packaging and industrial printing. Interest rates rose quickly to try and curb inflation but this limited capital investment by many print providers, especially in the United States. In addition, the German 'angst' over energy prices and the overall economy impacted our sales in that key region. While we can't control the macroeconomic climate in which we operate, we can and do control how we invest for the growth of Hybrid Software Group. We're deeply committed to innovation on behalf of the industry, and we listen to our customers' requests to help shape our development planning. With limited growth forecasted for 2023, we invested in carefully selected areas to prepare for future growth."

CEO Mike Rottenborn adds, "Wage inflation had a significant effect on staff cost, but careful cost management allowed us to deliver an adjusted net profit from continuing operations that was 137% higher than 2022. I expect to double our operating profit in 2024, as business activity is building within each of the segments, with an optimised cost structure in place and tailwinds from the Drupa show to be expected in the second and third quarter. Our Company vision, 'The Heartbeat of Industrial Printing and Packaging', is what drives the team at Hybrid Software Group every day. We partner with our customers and share their heartbeat as we work together to move our industry into the future. The last two years have been challenging but I'm excited by the prospects for 2024 and beyond."

Financial highlights

In thousands of euros	For the year ended 31 December	
	2023	2022 Restated
Continuing operations		
Revenue	48,043	46,693
Operating (loss)/profit	(1,161)	2,274
(Loss)/Profit before tax	(1,667)	1,835
Tax credit/(charge)	2,986	(772)
Profit from continuing operations	1,319	1,063
EBITDA - continuing operations	7,306	10,895
Adjusted operating profit - continuing operations	2,517	2,106
Adjusted net profit - continuing operations	1,676	708
Basic earnings per share (euro) - continuing operations	0.04	0.03
Adjusted net basic earnings per share (euro) - continuing operations	0.05	0.02
Available cash	7,079	6,317

The consolidated pre-tax result for continuing operations was a loss of €1.67 million compared with a profit of €1.84 million in 2022. The decrease in profitability of €3.51 million is due to:

- an increase in revenue of €1.35 million;
- an increase in cost of sales of €1.28 million;
- an increase in selling, general and administrative expenses of €0.73 million;
- a decrease in research and development expenses of €0.34 million;
- no change in the other operating expenses;
- a decrease in other income of €3.11 million (the 2022 figure was favourably impacted by the sale of approx. 69,000 IPv4 addresses);
- a decrease in net finance expenses of €0.13 million; and
- an increase in foreign exchange losses of €0.21 million.

Revenue for the Printing Software segment was €14.94 million for the year (2022: €15.26 million). During 2023 a new contract was agreed with an existing customer which resulted in €2.6 million of revenue being recognised (in 2022 a new contract was agreed with an existing customer which resulted in €1.6 million of revenue being recognised).

Revenue for the Printhead Solutions segment was €11.30 million for the year (2022: €8.66 million). In 2022 revenue for this segment had been severely impacted by the shortage of its most commonly used chip. In 2023 it recovered significantly throughout the year.

Revenue for the Enterprise Software segment was €21.81 million for the year (2022: €22.78 million). In 2023 a five-year licencing agreement with its largest customer ended, resulting in a decline of €3.2 million in licence revenues year-over-year. Additionally the segment experienced unfavourable business conditions in its two most important markets, the United States and Germany, leading to subpar results in these regions and for the segment as a whole. For the segment year-over-year licence royalty income declined by €2.9 million which was partly offset by an increase in maintenance and after-sale support services income (€1.49 million) and services income (€0.37 million).

Gross profit for the period decreased to 82% of revenue (2022: 84.2%), primarily due to the higher mix of printing electronics sales during the year, which have a lower level of gross margin than software because of their manufacturing costs.

Included in selling, general and administrative expenses is amortisation of €0.97 million (2022: €1.17 million) related to intangible assets recognised as a result of acquisitions.

Research and development expenses includes the capitalisation and amortisation of internally generated intangible assets and the amortisation of certain intangible assets recognised as a result of acquisitions. During the period there was a net capitalisation of development expenditure of €1.39 million (2022: €2.02 million) and amortisation of acquired intangible assets of €4.76 million (2022: €5.14 million).

The net capitalisation of development expenditure comprised €3.82 million (2022: €4.0 million) of capitalised expenditure less €2.43 million (2022: €1.98 million) of amortisation.

The third quarter of 2022 results were favourably impacted by the sale of an unused asset (approximately 69,000 IPv4 internet addresses) for a net amount of €3.3 million which closed in July 2022. Given the nature of the sale this income is reported as "Other Income" and is not included in our revenue figures, but it is accretive to EBITDA. No comparable transaction occurred in 2023.

Total operating expenses increased by €0.4 million, or 0.96% compared to the same period in the prior year. The increase was mainly due to higher sales & marketing related expenditures and increased amortisation of intangible assets.

Foreign exchange gains and losses are primarily due to the revaluation of currency balances held at the balance sheet date and the change in exchange rates during the year.

The Company presents EBITDA (earnings before interest, tax, depreciation and amortisation) and adjusted profit when reporting its financial results to provide investors with an additional tool to evaluate the Group's results in a manner that focuses on what the Group believes to be its underlying business operations. The Group's management believes that the inclusion of adjusted financial results provides consistency and comparability with past reports.

Additional commentary and analysis of the Company's consolidated results for the year ending 31 December 2023 can be found in the annual report and financial statements.

Should you wish to receive a printed copy of the annual report, please send an e-mail to investor-relations@hybridsoftware.group or make your request in writing, for the attention of the Company's Chief Financial Officer, to 2030 Cambourne Business Park, Cambourne, Cambridge, CB23 6DW, UK.

Annual General Meeting

The Company will hold its annual general meeting on Wednesday 8 May 2024. The official notice of the meeting will be available on the Company's website at:

<https://www.hybridsoftware.group/investors/shareholders-annual-general-meeting>.

About Hybrid Software Group

Through its operating subsidiaries, [Hybrid Software Group PLC](#) (Euronext: [HYSG](#)) is a leading developer of enterprise software for industrial print manufacturing. Customers include press manufacturers such as HP.

Canon. Durst. Roland. Hymmen. and hundreds of packaging printers. trade shops. and converters worldwide.

Hybrid Software Group PLC is headquartered in Cambridge UK. Its subsidiary companies are colour technology experts [ColorLogic](#). printing software developers [Global Graphics Software](#). enterprise software developer [HYBRID Software](#). 3D design and modelling software developers [iC3D](#). the industrial printhead driver solutions specialists. [Meteor Inkjet](#) and pre-press workflow developer [Xitron](#).

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