REGISTERED NUMBER: 02419798 (England and Wales)

DYNIC (UK) LIMITED

GROUP STRATEGIC REPORT,

REPORT OF THE DIRECTORS AND

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Watts Gregory LLP
Chartered Accountants & Statutory Auditors
Elfed House
Oak Tree Court
Cardiff Gate Business Park
CARDIFF
County of Cardiff
CF23 8RS

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS:	H Ichikawa T Takagi
SECRETARY:	I J Williams
REGISTERED OFFICE:	Unit 7 Trident Park Glass Avenue CARDIFF CF24 5EP
REGISTERED NUMBER:	02419798 (England and Wales)
AUDITORS:	Watts Gregory LLP Chartered Accountants & Statutory Auditors Elfed House Oak Tree Court Cardiff Gate Business Park CARDIFF County of Cardiff CF23 8RS

The directors present their strategic report of the company and the group for the year ended 31 December 2020.

REVIEW OF BUSINESS
Consolidated revenue in 2020 amounted to £9.98m (2019: £10.76m) showing a 7.26% decrease overall.

Objectives and strategy
The Group's key objectives is to deliver growth in turnover.
As a means of achieving this objective the group has identified two areas for development:
- Increasing the Group's market share in countries where it currently has a limited presence, as well as offering an increased range of products from Dynic (UK) Limited's parent company.
- Maintaining Service and Quality, which continue to be the cornerstones of the group's strategy.

Markets and regulatory
The Group sells to printer manufacturers and distributors.
The ultimate markets in which our customers operate fall mainly into three areas:
- Pharmaceuticals
- Motor Industry
- Garment Industry

All of these markets are moving to cheaper labour areas and the Group is in an excellent position to supply these markets.

Performance
As noted above, the Group's turnover for 2020 shows a 7.26% decrease over 2019. A breakdown of turnover by activity and geographical destination is included in Note 3 which shows the following:

Thermal Transfer Ribbon turnover was down 6.00% on 2019
Care Label Ribbon turnover was down 16.55% on 2019
Other turnover was down 9.24% on 2019

The effect on turnover was due to a number of factors, which include changes in the Euro exchange rate during the year, and a decrease in sales quantities of Care Label Ribbon over 2019. Increased competition in the market had an effect on some of our sales for the year, but the biggest factor was the Coronavirus pandemic which meant a number of our customers had to stop operating for a period of time. Unfortunately, we did not meet our aim of increasing our turnover to £10.8m for the year, but we are optimistic that turnover will increase in 2021 as restrictions due to Coronavirus ease.

A reduction in sales quantities due to the Coronavirus pandemic and continued movements in the exchange rate due to the withdrawal from the European Union had an impact on the Gross Profit Margin, but we also increased our efficiency in both the UK and CZ subsidiary for the year which increased the Gross Profit Margin to 13.02% (2019: 11.58%). We also managed to reduce our other expenditure which led to a reduction of other operating costs by 13.51% over 2019. Unfortunately these factors weren't quite enough to generate a group profit for the year and led to a group loss before taxation of (£82,657) (2019: loss (£466,102)), a margin of (0.83)% (2019: (4.33)%).

PRINCIPAL RISKS AND UNCERTAINTIES
The Group strategy as stated above is to grow by extending its markets geographically and by new product introductions. Inherent in this strategy is the risk of working in areas where the Group currently has limited knowledge.

Allied to this is the risk that if a major customer were to cease trading there could be significant effects on our ability to trade. However, this is not anticipated.

The Group also trades in various currencies, most notably in Euros and US dollars, creating risks in respect of foreign exchange rate volatility.

During 2016 the UK public voted to leave the European Union, in December 2020 the UK Government managed to secure a trade deal with the European Union. However, the trade deal does have limitations and will still require customs declarations in both UK and the EU and is likely to incur greater costs involving shipping to customers in the EU also with greater transit times due to the time spent in Customs. As part of our previous strategy to reduce potential impacts, the Group set up a subsidiary company in the Czech Republic in 2018, and throughout 2019 and 2020 a number of customers were transferred to the Czech Republic subsidiary to benefit the customers with faster lead times and with shorter delivery distances which also reduces the associated costs. This means the new customs and trade arrangements will only affect those customers who are still supplied by the UK site. We continue to monitor developments and take action to avoid any potential delays and increased costs wherever possible.

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

FUTURE DEVELOPMENTS
In 2021 the Group has budgeted a turnover of £11.1m over the two sites, UK £6.1m & Czech Republic £5m. The Czech facility continues to add extra benefits and will see the benefit in 2021 with the start of Brexit whilst still giving our existing customer base an extra location to source our products and a greater security of supply. We plan some stabilisation in the first half adjusting to the Brexit changes and then grow further existing European customers where we have been limited before due to long lead times. In the second quarter we will start the transfer of the type of business with one of our major companies, where instead of the supply of Master rolls we will supply finished rolls to the global market. Growth areas include FMCG where our near edge ribbons continue to grow their popularity in the market. The Group has continued R&D in Japan releasing new products to meet the market needs which we will launch in 2021.

ON BEHALF OF THE BOARD:

T Takagi - Director

5 May 2021

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2020.

PRINCIPAL ACTIVITY
The principal activity of the group in the year under review was that of the conversion and sale of Thermal Transfer Printer Ribbons (TTPR) and Care Label Ribbons.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2020.

DIRECTORS
T Takagi has held office during the whole of the period from 1 January 2020 to the date of this report.

Other changes in directors holding office are as follows:

H Ichikawa - appointed 1 July 2020
H Yamada - resigned 30 June 2020

DISCLOSURE IN THE STRATEGIC REPORT
The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments and financial risk management.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

T Takagi - Director

5 May 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DYNIC (UK) LIMITED

Opinion
We have audited the financial statements of Dynic (UK) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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
Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern in exceptional or unforeseen circumstances.

Other information
The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 the audit:
- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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 its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept 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 Statement of Directors' Responsibilities set out on page four, 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 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of both the group and industry, we identified the principal risks of non-compliance with laws and regulations, including those related to UK tax legislation and equivalent local laws applicable to the subsidiary Dynic (CZ) s.r.o, we considered the extent to which any non-compliance might have on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and ensured that all those involved in the audit undergo regular update training, including on how to identify or recognise fraud and non-compliance with laws and regulations.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inaccurate journals and management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks. We addressed these risks by carrying out specifically targeted procedures, which included:

- discussions with management, including consideration of any known or suspected instances of non-compliance with laws and regulations and/or fraud;
- reading minutes of meetings of those charged with governance;
- the appropriateness of journal entries and other adjustments;
- challenging management in relation to significant accounting estimates;
- evaluating the reasons for any large or unusual transactions;
- reviewing disclosures in the financial statements to underlying supporting documentation

As outlined above, reasonable assurance is a high level of assurance, but is not a guarantee that a material misstatement may always be detected. The extent to which our procedures are capable of detecting material misstatements or irregularities, including fraud, is therefore subject to the inherent limitations of an audit. There is therefore, an unavoidable risk that a material misstatement may not come to light, in particular, where non-compliance with laws and regulations are remote from events and transactions reflected in the financial statements or where fraud or errors arise due to intentional misrepresentation, forgery, concealment, management override and/or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Julia Mortimer (Senior Statutory Auditor)
for and on behalf of Watts Gregory LLP
Chartered Accountants & Statutory Auditors
Elfed House
Oak Tree Court
Cardiff Gate Business Park
CARDIFF
County of Cardiff
CF23 8RS

5 May 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
TURNOVER	3	9,979,911	10,761,387
Cost of sales		(8,680,687)	(9,515,336)
GROSS PROFIT		1,299,224	1,246,051
Administrative expenses		(1,369,983)	(1,583,958)
OPERATING LOSS	5	(70,759)	(337,907)
Restructuring costs	6	-	(112,386)
		(70,759)	(450,293)
Interest receivable and similar income	7	272	1,056
		(70,487)	(449,237)
Interest payable and similar expenses	8	(12,170)	(16,865)
LOSS BEFORE TAXATION		(82,657)	(466,102)
Tax on loss	9	9,268	80,277
LOSS FOR THE FINANCIAL YEAR		(73,389)	(385,825)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(73,389)	(385,825)
Loss attributable to: Owners of the parent		(73,389)	(385,825)
Total comprehensive income attributable to: Owners of the parent		(73,389)	(385,825)

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Intangible assets	12	57,140	61,111
Tangible assets	13	375,859	335,102
Investments	14	-	-
		432,999	396,213
CURRENT ASSETS			
Stocks	15	3,351,035	3,392,896
Debtors	16	2,020,758	1,895,938
Cash at bank		689,204	812,495
		6,060,997	6,101,329
CREDITORS			
Amounts falling due within one year	17	(5,064,058)	(4,879,150)
NET CURRENT ASSETS		996,939	1,222,179
TOTAL ASSETS LESS CURRENT LIABILITIES		1,429,938	1,618,392
PROVISIONS FOR LIABILITIES	20	-	(121,717)
NET ASSETS		1,429,938	1,496,675
CAPITAL AND RESERVES			
Called up share capital	21	400,000	400,000
Retained earnings		1,029,938	1,096,675
SHAREHOLDERS' FUNDS		1,429,938	1,496,675

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 5 May 2021 and were signed on its behalf by:

T Takagi - Director

The notes form part of these financial statements

COMPANY BALANCE SHEET
31 DECEMBER 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Intangible assets	12	57,140	61,111
Tangible assets	13	39,309	71,269
Investments	14	451,065	451,065
		547,514	583,445
CURRENT ASSETS			
Stocks	15	2,069,100	1,811,921
Debtors	16	1,423,391	1,263,943
Cash at bank		224,359	394,339
		3,716,850	3,470,203
CREDITORS			
Amounts falling due within one year	17	(2,662,007)	(2,201,980)
NET CURRENT ASSETS		1,054,843	1,268,223
TOTAL ASSETS LESS CURRENT LIABILITIES		1,602,357	1,851,668
PROVISIONS FOR LIABILITIES	20	-	(121,717)
NET ASSETS		1,602,357	1,729,951
CAPITAL AND RESERVES			
Called up share capital	21	400,000	400,000
Retained earnings		1,202,357	1,329,951
SHAREHOLDERS' FUNDS		1,602,357	1,729,951
Company's loss for the financial year		(127,594)	(281,420)

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 5 May 2021 and were signed on its behalf by:

T Takagi - Director

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	400,000	1,605,404	2,005,404
Changes in equity			
Dividends	-	(120,000)	(120,000)
Total comprehensive income	-	(385,825)	(385,825)
Foreign currency translation reserve	-	(2,904)	(2,904)
Balance at 31 December 2019	400,000	1,096,675	1,496,675
Changes in equity			
Total comprehensive income	-	(73,389)	(73,389)
Foreign currency translation reserve	-	6,652	6,652
Balance at 31 December 2020	400,000	1,029,938	1,429,938

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	400,000	1,731,371	2,131,371
Changes in equity			
Dividends	-	(120,000)	(120,000)
Total comprehensive income	-	(281,420)	(281,420)
Balance at 31 December 2019	400,000	1,329,951	1,729,951
Changes in equity			
Total comprehensive income	-	(127,594)	(127,594)
Balance at 31 December 2020	400,000	1,202,357	1,602,357

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	(158,211)	(714,763)
Interest paid		(12,170)	(16,865)
Tax paid		3,675	-
Net cash from operating activities		(166,706)	(731,628)
Cash flows from investing activities			
Purchase of intangible fixed assets		(7,411)	-
Purchase of tangible fixed assets		(113,574)	(163,151)
Interest received		272	1,056
Net cash from investing activities		(120,713)	(162,095)
Cash flows from financing activities			
New loans in year		2,290,217	779,887
Loan repayments in year		(1,888,315)	(614,099)
Repayments to group		(238,002)	-
Effect of exchange rates		228	(6,506)
Equity dividends paid		-	(120,000)
Net cash from financing activities		164,128	39,282
Decrease in cash and cash equivalents		(123,291)	(854,441)
Cash and cash equivalents at beginning of year	2	812,495	1,666,936
Cash and cash equivalents at end of year	2	689,204	812,495

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£	£
Loss before taxation	(82,657)	(466,102)
Depreciation charges	89,885	91,622
Loss on disposal of fixed assets	-	3,631
Increase/(decrease) in provisions	(112,386)	112,386
Finance costs	12,170	16,865
Finance income	(272)	(1,056)
	(93,260)	(242,654)
Decrease/(increase) in stocks	41,861	(611,899)
(Increase)/decrease in trade and other debtors	(125,573)	182,629
Increase/(decrease) in trade and other creditors	18,761	(42,839)
Cash generated from operations	(158,211)	(714,763)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2020

	31/12/20	1/1/20
	£	£
Cash and cash equivalents	689,204	812,495

Year ended 31 December 2019

	31/12/19	1/1/19
	£	£
Cash and cash equivalents	812,495	1,666,936

3. ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	At 1/1/20	Cash flow	At 31/12/20
	£	£	£
Net cash			
Cash at bank	812,495	(123,291)	689,204
	812,495	(123,291)	689,204
Debt			
Debts falling due within 1 year	(761,156)	(401,902)	(1,163,058)
	(761,156)	(401,902)	(1,163,058)
Total	51,339	(525,193)	(473,854)

The notes form part of these financial statements

1. STATUTORY INFORMATION

Dynic (UK) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The company's functional and presentational currency in the financial statements is the Sterling (£), rounded to the nearest pound.

The significant accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- *The reconciliation of the number of shares outstanding from the beginning to the end of the period has not* been included a second time.
- No separate parent company Cash Flow Statement with related notes is included.

Going concern
For the year ended 31 December 2020, the group reported a loss after taxation of £73,389 (2019 - £385,825), as results were impacted by the Coronavirus pandemic. However, at the year end there were net current assets of £996,939 (2019 - £1,222,179).

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the group and company will have sufficient funds to meet their liabilities as they become due.

After due consideration of the above, and taking into account the continued support from the ultimate parent company, Dynic Corporation, the directors are satisfied that the going concern basis of preparation is appropriate for these financial statements.

continued...

2. **ACCOUNTING POLICIES - continued**

Basis of consolidation
The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31st December 2020. A subsidiary is an entity that is controlled by the parent. The results of the subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Foreign currency
Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, and fair value adjustments arising on consolidation, and translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenue and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

continued...

2. ACCOUNTING POLICIES - continued

Turnover
Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts and VAT. Turnover is recognised when all the significant risks and rewards of ownership have been transferred, being the point at which goods are received at the customer's premises.

Operating leases
Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and interest payable
Interest payable and similar expenses include interest payable, finance charges on finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see Foreign Currency Accounting Policy).

Interest income and interest payable are recognised in profit and loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Intangible assets
Intangible fixed assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each intangible fixed assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software	3 years
REACH (Registration, Evaluation, Authorisation & restriction of Chemicals)	10 years

The basis for choosing these useful lives is that after 3 years software will usually have been superseded by a new revised version and will need replacing/upgrading. In regards to REACH, although the actual licence does not have an expiry date, it is based upon import quantities of each chemical into the EU, based on our usage currently and projected, the Group estimate that it can expect the current licences to last 10 years before we may need to change into a higher import bracket. The Group reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

continued...

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classed as finance leases. All other leases are classified as operating leases. Operating leases are charged on a straight-line basis over the lease term. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition, a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The Group assesses at each reporting date whether tangible fixed assets (including any leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Plant and machinery	5-8 years
Office equipment	3 years
Leasehold improvements	10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving and defective items where appropriate.

Financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised at transaction price less attributable transaction costs. Trade and other creditors are recognised at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

continued...

2. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The company contributes to the personal pension schemes of employees under a defined contribution scheme administered by Scottish Widows. A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

continued...

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates
The following critical judgements or estimates made by the directors, in the application of these accounting policies, that have significant effect on the financial statements are:

Stock
An assessment is made at the end of each financial year to check to make sure valuation is the lower of cost or net realisable value. If cost is higher than net realisable value, an adjustment is made to the valuation of the affected stock items to lower them to net realisable value.

A provision is also made for slow moving, obsolete or unsalable stock. Once stock items reach 2 years old, a 50% provision of the value is made, once items reach 3 years old, a 100% provision of the value is made.

Bad debt provision
A provision is made for debts once a sales invoice has been outstanding for 6 months or a debtor is known to be unlikely to be received.

Assets
Tangible and intangible fixed assets are depreciated as per our accounting policy in note 1. The assets are checked at the end of the year to ensure their useful economic life is still in line with the depreciation schedule. If there is a change the schedules are revised and the value of the asset adjusted accordingly.

Other assets, such as the investment in subsidiary, are also checked for any impairment at the end of each year in an impairment review.

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2020	2019
	£	£
Thermal transfer ribbon sales	8,746,013	9,303,948
Care label ribbon sales	1,014,029	1,215,186
Other sales	219,869	242,253
	9,979,911	10,761,387

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
United Kingdom and Ireland	1,567,261	1,629,802
Rest of Europe	7,774,018	8,428,725
Other	638,632	702,860
	9,979,911	10,761,387

The group operates largely in one business segment being the supply of labelling ribbons.

4. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	1,156,312	1,268,112
Social security costs	79,609	97,560
Other pension costs	66,753	79,174
	1,302,674	1,444,846

continued...

4. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	2020	2019
Manufacturing	35	38
Office and management	7	6
Sales and distribution	4	4
	46	48

	2020	2019
	£	£
Directors' remuneration	63,429	71,832

5. OPERATING LOSS

The operating loss is stated after charging:

	2020	2019
	£	£
Depreciation - owned assets	78,503	80,132
Loss on disposal of fixed assets	-	3,632
REACH chemical licences amortisation	6,994	6,994
Software amortisation	4,388	4,496
Auditors remuneration	36,430	36,970
Foreign exchange losses	50,166	63,243

6. EXCEPTIONAL ITEMS

	2020	2019
	£	£
Restructuring costs	-	(112,386)

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£	£
Deposit account interest	272	1,056

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Interest payable	12,170	16,865

9. TAXATION

Analysis of the tax credit
The tax credit on the loss for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	-	(57,850)
Deferred tax	(9,268)	(22,427)
Tax on loss	(9,268)	(80,277)

continued...

9. **TAXATION - continued**

Reconciliation of total tax credit included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Loss before tax	(82,657)	(466,102)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(15,705)	(88,559)
Effects of:		
Expenses not deductible for tax purposes	11,476	6,261
Adjustments to tax charge in respect of previous periods	-	(530)
Adjustment to deferred tax charges in respect of prior periods	858	-
Movement in tax rate	(1,743)	2,551
Consolidation adjustments	(1,777)	-
Exchange rate variance	(2,377)	-
Total tax credit	(9,268)	(80,277)

10. **INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME**

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

11. **DIVIDENDS**

	2020 £	2019 £
Ordinary shares of £1 each		
Interim	-	120,000

12. **INTANGIBLE FIXED ASSETS**

Group

	REACH chemical licences £	Software £	Totals £
COST			
At 1 January 2020	69,938	13,488	83,426
Additions	-	7,411	7,411
At 31 December 2020	69,938	20,899	90,837
AMORTISATION			
At 1 January 2020	12,822	9,493	22,315
Amortisation for year	6,994	4,388	11,382
At 31 December 2020	19,816	13,881	33,697
NET BOOK VALUE			
At 31 December 2020	50,122	7,018	57,140
At 31 December 2019	57,116	3,995	61,111

continued...

12. INTANGIBLE FIXED ASSETS - continued

Company

	REACH chemical licences £	Software £	Totals £
COST			
At 1 January 2020	69,938	13,488	83,426
Additions	-	7,411	7,411
At 31 December 2020	69,938	20,899	90,837
AMORTISATION			
At 1 January 2020	12,822	9,493	22,315
Amortisation for year	6,994	4,388	11,382
At 31 December 2020	19,816	13,881	33,697
NET BOOK VALUE			
At 31 December 2020	50,122	7,018	57,140
At 31 December 2019	57,116	3,995	61,111

13. TANGIBLE FIXED ASSETS

Group

	Leasehold improvements £	Plant and machinery £	Office equipment £	Totals £
COST				
At 1 January 2020	128,831	1,269,261	24,182	1,422,274
Additions	-	113,574	-	113,574
Disposals	-	(5,168)	(2,895)	(8,063)
Exchange differences	-	7,254	-	7,254
At 31 December 2020	128,831	1,384,921	21,287	1,535,039
DEPRECIATION				
At 1 January 2020	104,298	960,069	22,805	1,087,172
Charge for year	11,323	66,329	851	78,503
Eliminated on disposal	-	(5,168)	(2,895)	(8,063)
Exchange differences	-	1,568	-	1,568
At 31 December 2020	115,621	1,022,798	20,761	1,159,180
NET BOOK VALUE				
At 31 December 2020	13,210	362,123	526	375,859
At 31 December 2019	24,533	309,192	1,377	335,102

continued...

13. TANGIBLE FIXED ASSETS - continued

Company

	Leasehold improvements £	Plant and machinery £	Office equipment £	Totals £
COST				
At 1 January 2020	128,831	969,532	24,182	1,122,545
Additions	-	7,631	-	7,631
Disposals	-	(5,168)	(2,895)	(8,063)
At 31 December 2020	128,831	971,995	21,287	1,122,113
DEPRECIATION				
At 1 January 2020	104,298	924,173	22,805	1,051,276
Charge for year	11,323	27,417	851	39,591
Eliminated on disposal	-	(5,168)	(2,895)	(8,063)
At 31 December 2020	115,621	946,422	20,761	1,082,804
NET BOOK VALUE				
At 31 December 2020	13,210	25,573	526	39,309
At 31 December 2019	24,533	45,359	1,377	71,269

14. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2020 and 31 December 2020	451,065
NET BOOK VALUE	
At 31 December 2020	451,065
At 31 December 2019	451,065

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary

Dynic (CZ) s.r.o
Registered office: Na Okraji 335/42, Veleslavin,162 00 Prague 6,Czech Republic
Nature of business: Conversion and sale of Thermal Transfer Ribbon

Class of shares:	% holding
Ordinary	100.00

continued...

15. STOCKS

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Raw materials and consumables	3,315,186	3,307,713	2,044,583	1,756,121
Finished goods	35,849	85,183	24,517	55,800
	3,351,035	3,392,896	2,069,100	1,811,921

16. DEBTORS

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,736,506	1,642,640	738,515	618,853
Amounts owed by group undertakings	6,764	4,517	521,935	503,253
Other debtors	67,014	22,864	14,780	22,864
Deposit bond	1,615	1,615	1,615	1,615
Tax	39,791	43,466	39,791	43,466
VAT	15,201	-	2,508	-
Prepayments and accrued income	81,986	109,630	58,124	48,881
	1,948,877	1,824,732	1,377,268	1,238,932
Amounts falling due after more than one year:				
Deferred tax	71,881	71,206	46,123	25,011
Aggregate amounts	2,020,758	1,895,938	1,423,391	1,263,943

continued...

16. DEBTORS - *continued*

	Deferred tax
	£
Balance at 1 January 2020	71,206
Transferred from provisions	(9,331)
Credit to profit and loss account during the year	9,268
Foreign exchange impact	738
	71,881

The deferred tax balance comprises the following:

Group

	2020	2019
	£	£
Accelerated capital allowances	(6,842)	2,093
Unused tax losses	73,948	48,842
Other	4,775	20,271
	71,881	71,206

Company

	2020	2019
	£	£
Accelerated capital allowances	(6,431)	-
Unused tax losses	52,554	4,740
Other	-	20,271
	46,123	25,011

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts (see note 18)	1,163,058	761,156	-	-
Trade creditors	202,386	220,716	177,064	206,741
Amounts owed to group undertakings	3,430,979	3,666,734	2,331,014	1,810,212
Social security and other taxes	55,732	48,379	20,254	21,192
Other creditors	12,563	-	12,563	-
VAT	-	8,708	-	19,826
Accruals and deferred income	199,340	173,457	121,112	144,009
	5,064,058	4,879,150	2,662,007	2,201,980

18. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Bank loans	1,163,058	761,156

continued...

18. LOANS - continued

The short-term bank loan from Mizuho Bank has a maximum duration of 6 months, it is able to be renewed after this time as it forms part of the guaranteed facility held with our bank and is able to be drawn down up to the guaranteed limit. The loan was renewed for a further term of three months on 4 June 2020, and renewed again on 4 September 2020 for a further period of 6 months. On 5 October 2020, a further draw down on the loan took place increasing the loan by a further €400,000 which was renewed in April 2021. This takes the loan amount of Dynic CZ to €1,300,000 in 2020.

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	159,874	170,918
Between one and five years	332,979	461,210
In more than five years	235,386	565,788
	728,239	1,197,916

During the year £183,266 was recognised as an expense in the profit and loss account in respect of operating leases (2019: £186,506).

Company

	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	78,549	95,658
Between one and five years	9,543	74,187
	88,092	169,845

During the year £101,941 was recognised as an expense in the profit and loss account in respect of operating leases (2019: £108,246).

20. PROVISIONS FOR LIABILITIES

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Deferred tax	-	9,331	-	9,331
Other provisions	-	112,386	-	112,386
Aggregate amounts	-	121,717	-	121,717

continued...

20. PROVISIONS FOR LIABILITIES - continued

Group

	Deferred tax £	Other provisions £
Balance at 1 January 2020	9,331	112,386
Utilised during year	-	(112,386)
Transferred to debtors	(9,331)	-
Balance at 31 December 2020	-	-

Company

	Deferred tax £	Other provisions £
Balance at 1 January 2020	9,331	112,386
Utilised during year	-	(112,386)
Transferred to debtors	(9,331)	-
Balance at 31 December 2020	-	-

The 2019 other provision was related to an outstanding liability relating to settlement agreements for seven employees. The liability was paid and settled in full and final settlement in January 2020.

The deferred tax balance comprises the following:

Group

	2019 £
Accelerated capital allowances	(9,331)
Unused tax losses	-
Other	-
	(9,331)

Company

	2019 £
Accelerated capital allowances	(9,331)
Unused tax losses	-
Other	-
	(9,331)

The analysis of the 2020 deferred tax balance for the group and company is included in note 16.

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
400,000	Ordinary	£1	400,000	400,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

continued...

22. PENSION COMMITMENTS

During the year the group contributed to a defined contribution pension scheme for its employees. The charge to the profit and loss account for the year was £66,573 (2019: £79,174). The balance outstanding at balance sheet date was £nil (2019: £nil).

23. ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of Dynic Corporation, who are the ultimate controlling entity. The largest group in which the results of the Company and its group are consolidated is that headed by Dynic Corporation, a company incorporated in Japan:

Registered office:

Shin Onarimon Building,
6-17-19 Shimbashi,
Minato-ku,
Tokyo 105-0004,
Japan

The consolidated accounts of Dynic Corporation are not available to the public.

continued...

24. RELATED PARTY DISCLOSURES

During the year the group entered into transactions in the ordinary course of business with related parties as follows:

Group
2020

	Services/ Exp Recharges Expenditure	Services/ Exp Recharges Income	Purchases £	Sales £	Amount due (to/from at) year end £
Entity with control over Dynic (UK) Limited	5,493	25,260	4,702,059	6,073	(2,583,634)
Other related parties	-	15,432	1,983,115	39,397	(840,581)

2019

	Purchases £	Sales £	Amount due (to/from) at year end £
Entity with control over Dynic (UK) Limited	6,198,171	23,842	(3,097,567)
Other related parties	1,623,461	42,745	(564,650)

Company
2020

	Services/ Exp Recharges Expenditure	Services/ Exp Recharges Income	Purchases £	Sales £	Amount due (to/from at) year end £
Entity with control over Dynic (UK) Limited	5,493	25,260	2,550,516	6,073	(1,787,175)
Entity over which Dynic (UK) Limited has control	-	-	137,177	773,314	515,171
Other related parties	-	8,830	1,301,153	33,896	(537,074)

2019

	Purchases £	Sales £	Amount due (to/from) at year end £
Entity with control over Dynic (UK) Limited	2,784,287	19,180	(1,278,610)
Entity over which Dynic (UK) Limited has control	293,533	652,682	453,909
Other related parties	1,320,382	42,745	(482,258)

The group also paid royalties totalling £37,028 (2019: £31,113) to Dynic Corporation in the ordinary course of business.

Total remuneration of key management personnel amounted to £172,929 (2019: £179,182).