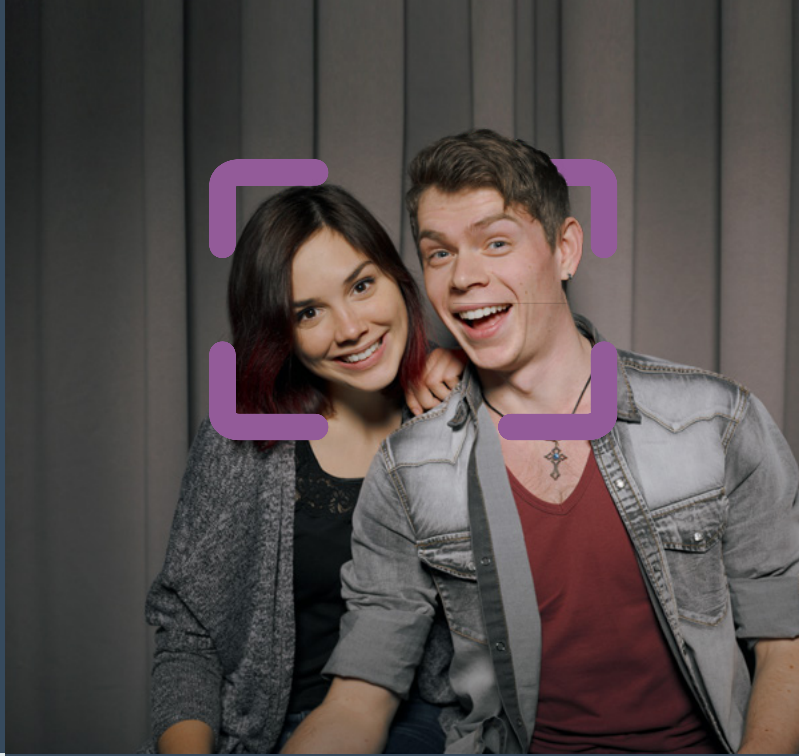
Photo-Me



Innovation & diversification

ANNUAL REPORT 2020

FURTHER INFORMATION

For more information go to our website:

photo-me.com/investor-relations

About Photo-me

WE ARE...

an international market leader in automated instant-service equipment, with approximately 44,500 unattended vending units across 17 countries.

OUR VISION...

is to realise shareholder value as the go-to provider for multiple instant-vending services, located in the most convenient locations, and to focus on Laundry growth and to offer multi-service vending equipment.

OUR MISSION...

is to extend the suite of services available through our established network and relationships through investment in technological innovation and the diversification of our operations in existing and new geographies.

Contents

Strategic report

2020 in summary

The 2020 financial year end was extended from 30 April 2020 to 31 October 2020 due to challenges related to the COVID-19 pandemic. Going forward, all subsidiary companies in the Group will align their accounting reference dates (or equivalent) to 31 October.

REPORTED REVENUE

£186.3m[1,6]

£232.2m – 12 months ended 31 October 2019[6]
£310.2m – 18 months ended 31 October 2020
£228.1m – 12 months ended 30 April 2019

ADJUSTED PROFIT BEFORE TAX

£(26.0)m[1,6]

£45.9m – 12 months ended 31 October 2019[6]
£2.5m – 18 months ended 31 October 2020[4]
£44.1m – 12 months ended 30 April 2019

EARNINGS PER SHARE (DILUTED)

n/a[1,6]

n/a – 12 months ended 31 October 2019[6]
(0.62)p – 18 months ended 31 October 2020
8.26p – 12 months ended 30 April 2019

REPORTED EBITDA[2]

£41.4m[1,6]

£76.5m – 12 months ended 31 October 2019[6]
£87.3m – 18 months ended 31 October 2020
£69.7m – 12 months ended 30 April 2019

CASH GENERATED FROM OPERATIONS

£51.8m[1,6]

£68.9m – 12 months ended 31 October 2019[6]
£92.8m – 18 months ended 31 October 2020
£63.9m – 12 months ended 30 April 2019

TOTAL ORDINARY DIVIDEND PER SHARE

n/a[1,6]

n/a – 12 months ended 31 October 2019[6]
0.00p – 18 months ended 31 October 2020
8.44p – 12 months ended 30 April 2019

REPORTED PROFIT BEFORE TAX

£(27.8)m[1,3,6]

£44.9m – 12 months ended 31 October 2019[6]
£0.5m – 18 months ended 31 October 2020
£42.6m – 12 months ended 30 April 2019

NET CASH[5]

£21.9m[1,6]

£25.2m – 12 months ended 31 October 2019[6]
£21.9m – 18 months ended 31 October 2020
£16.3m – 12 months ended 30 April 2019

1 12 months ended 31 October 2020
2 EBITDA is Reported profit before tax- total depreciation and amortization – other net gain-Finance cost and revenue.
3 Includes impairments and provisions resulting directly and indirectly of the pandemic, see breakdown below.
4 Adjusted profit before tax for the 18 months to 31 October 2020 is profit before tax adjusted to exclude the loss on the Group's shareholding in Max Sight Group Holdings Limited and restructuring costs.
5 Refer to note 19 for the reconciliation of Net Cash to Cash and cash equivalents as per the financial statements.
6 12 months ended 31 October 2020 and 12 months ended 31 October 2019 are unaudited.

OPERATIONAL SUMMARY

COVID-19
Each area of the business was severely impact by the pandemic, particularly Identification and children's rides, due to significantly lower consumer demand for the Group's services.

Laundry expansion
Continued expansion of Laundry operations in the 12 months ended 31 October 2020, with 14.8% more Revolution units in operation, and Revolution revenue up 13.8%.

Continued diversification
New professional apple and pineapple juice machines for commercial use in restaurants and hotels developed by R&D team in France.

Business at a Glance

OUR PURPOSE

To be the go-to provider of high-quality and innovative instant service equipment, offering easy to use and value for money solutions for customers and consumers, with a focus on long-term shareholder value.

CONTINENTAL EUROPE

UK & REPUBLIC OF IRELAND

ASIA

VENDING UNITS

44,500

Identification, Laundry, Kiosks, KIS Food, Other vending equipment

CORE GEOGRAPHIES

3

Continental Europe, UK & the Republic of Ireland, Asia

OPERATIONS IN

17 countries

Austria, Belgium, China, France, Germany, Ireland, Japan, Morocco, the Netherlands, Poland, Portugal, Singapore, South Korea, Spain, Switzerland, United Kingdom, Vietnam

THREE PRINCIPAL BUSINESS AREAS:

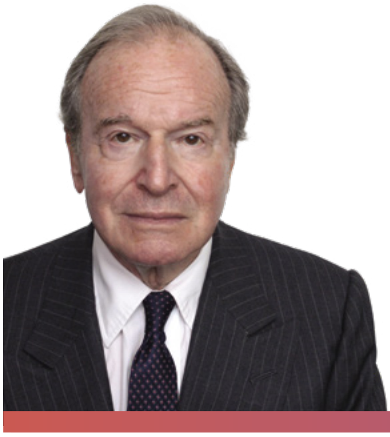
Identification
An established, international network of photobooths across 17 countries and the Group's largest business area.

Laundry
Expansion of Revolution laundry operations remains the primary key gowth driver for the Group.

Kiosks
High-quality, market-leading digital printing equipment in six countries.

INNOVATION

Innovation at the core of our business
Three dedicated R&D centres, supported by a team of more than 60 engineers in France (primarily facility), Vietnam, Japan.



Despite the health crisis that has affected all the countries in which we are established, particularly in the UK, our company has taken effective measures and accelerated its transformation and the rebalancing of its portfolio of activities.

SIR JOHN LEWIS
Non-executive Chairman

Chairman's Statement

REPORTED REVENUE

£186.3m

12 months ended 31 October 2020

NET CASH POSITION

£21.9m

at 31 October 2020

The Group is pleased to report its financial results for the 18 months ended 31 October 2020 (18-month period) and the 12 months ended 31 October 2020 (12-month period).

As previously announced, the Group's financial year-end was extended from 30 April 2020 to 31 October 2020 due to challenges related to the pandemic. Going forward, to the extent they have not already done so, all subsidiary companies in the Group will align their accounting reference dates (or equivalent) to 31 October.

Revenue for the 18-month period was £310.2 million. Overall, the 2020 financial performance was significantly hindered by the onset of the COVID-19 pandemic and its unprecedented impact on consumer activity across the globe. In the 12-month period revenue declined by 19.7% and EBITDA fell by 45.9% year-on-year.

This performance reflected the sudden fall in Group operating revenue (excluding B2B and sales) of -30% between February and July 2020 compared with the same period in 2019, as the pandemic impacted all countries of operation. In August to October 2020, as lockdown restrictions were eased and activity levels increased slightly, operating revenue was -14.8% on average. Identification and children's rides were the most severely impacted services.

Despite this, the Group continued to make strategic progress and further expanded laundry operations in key target markets in Europe. Revolution units in operation grew to 3,437 at 31 October 2020, an increase of 14.8% compared with 31 October 2019. Our Revolution operations were more resilient than other parts of the business, with operating revenue up 13.8% in the 12-month period.

OUR RESPONSE TO COVID-19

As the scale of the outbreak became apparent and markets across the globe went into lockdown, we took all appropriate measures to protect the health and safety of employees and other stakeholders, and to lessen the impact of the pandemic on our operations. We followed (and continue to follow) the guidance of governments, the World Health Organization, and other relevant authorities across our regions of operation.

Decisive action was taken to preserve the Group's cash position, including reducing capital and other expenditure where feasible, using government job retention schemes available to the Group to support payroll costs (amounting to £2.3 million), and cancellation of the interim dividend payment due on 11 May 2020 (£14 million retained within the business). The Group also secured €30 million of additional debt funding and, with the agreement of lenders, it deferred loan repayments. This loan is backed by the French Government with 0% interest charged until and remain available until June 2021 and more if needed.

In addition, the Board initiated restructuring programmes in the UK, China, South Korea, and Continental Europe to realign the Group's operations to the changed market conditions and lower consumer demand owing to the pandemic. An update on our restructuring is set out in the Chief Executive's Report.

OUR BUSINESS STRATEGY

The Group operates, sells and services a wide range of instant-service equipment, primarily aimed at the end consumer. We operate across 17 countries and are focused on three principal business areas: Identification, Laundry, and digital Kiosks.

Before the outset of COVID-19, the Board saw growth opportunities across all three principal business areas, with a focus on the expansion of our Laundry operations. However, in light of the pandemic, and the dramatic impact that it has had on the growth drivers for our Identification and Kiosks business areas, the Board has refined its strategy to align its ambitions to the current and expected market dynamics in the short to medium term.

Going forward, the Group's key investment priorities will be Laundry expansion and the growth of KIS Food. The Board expects that these two business areas will contribute an increasing proportion of total Group revenue and profit which, over time, will progressively compensate for lower Identification revenue.

Continued investment in Laundry expansion

The expansion of our Laundry operations will continue to be driven by the installation of Revolution machines in target countries across the UK & Republic of Ireland and Continental Europe.

The resilience of our Revolution operations during the pandemic gives the Board confidence that over the next years our investments will see Laundry revenue and profit increasingly compensate for any decrease in our photobooths and children's ride operations, albeit it will take time and depend on the pace of Revolution installations. The Group aims to install an average of 70 Revolution units per month, subject to the easing of pandemic restrictions. Capex in 2021 is expected to be £45 million as well and with a focus on Revolutions.

KIS Food

The Group entered the self-service fresh fruit juice and equipment market in April 2019, further diversifying our operations. Our R&D team have since developed new professional juice machines which further extend our product offering.

The Board maintains a focus on this area, with plans to commercialise its new juice machine, when COVID-19 restrictions allow, and believes this will become a key business area alongside Identification, Laundry, and Kiosks, and become a significant part of the Group's future growth strategy.

Identification

The Board continues to see longer term opportunities in the Identification market outside Europe (in countries where self-taken ID photos are not permitted), particularly for the deployment of its Identification security technology. Nonetheless, the market growth drivers across all our countries of operation have been adversely impacted by the pandemic. This includes ongoing travel restrictions which impact consumer demand for our photobooths.

As a result, the Board does not currently anticipate that Identification activity will return to pre-COVID-19 levels in the near term and consequently machine capex in the foreseeable future will be significantly reduced.

Kiosks

Digital kiosks are positioned in high footfall locations and therefore demand has been hindered by lockdowns and similar restrictions.

The Group will continue to consider opportunities to extend the services it offers through its machines network, as well as product partnership within its existing territories. Nevertheless, investment will remain low in the short to medium term.

FOCUS ON INNOVATION

New product innovation is at the core of Photo-Me. Our growth strategy has been focused on diversifying our operations and responding to consumer needs.

Chairman's Statement continued

Going forward, the Group's key investment priorities will be Laundry expansion and the growth of KIS Food.

SIR JOHN LEWIS
Non-executive Chairman

This strategy is supported by in-house R&D capabilities and a team of more than 60 dedicated engineers. Our R&D centres are in France (primary facility), Vietnam and Japan. In recent years, our activities have been focused on the expansion of our Laundry operations in Continental Europe, the UK, and the Republic of Ireland, and deployment of our secure upload Photo ID technology in our Identification business.

OUR CORPORATE RESPONSIBILITY

The Board recognises the Group's responsibilities to the community and the environment and believes that health, safety and environmental issues are integral and important components of best practice in business management. This is an area of increased focus for all stakeholders. The Board is accountable for the Group's approach to corporate responsibility, led by Serge Crasnianski, and believes that effective management of these areas can reduce risks and help us identify business opportunities.

We are an international business and an equal opportunities employer, committed to promoting diversity and encouraging employee engagement across all our countries of operation. The health and safety of our employees, customers and site owners is of the utmost importance to us. To that end, we have a network of dedicated engineers servicing our products and the Company is an accredited contractor.

We are actively working to reduce our impact on the environment as a business. We use highly concentrated washing liquid, free of phosphates, colouring agents and preservatives, we monitor water and power consumption of our equipment, and have implemented initiatives to reduce our energy use and demand for natural resources, such as photovoltaic installations on our Laundry machines. Where possible we refurbish and re-sell our equipment.

UPDATE ON GOVERNANCE AND BOARD CHANGES

The composition of the Board changed during the period. Mr Jean-Marc Janailhac joined the Group and the Board as a Non-executive Director in July 2019. In July 2020, he was appointed an Executive Director and Chair of the Strategic Committee, whose members include the top five managers of the Group and the CEO. This committee is responsible for reviewing and implementing operational decisions across the Group. Mr. Janailhac is a seasoned entrepreneur with a wealth of experience, including being a senior adviser of Macquarie Capital (Europe) Limited and a Non-executive Director of Athena Investments A/S.

Eric Mergui stepped down from his role as Executive Director and Chief Operating Officer in July 2020.

The Board has been working for some time to refresh its membership. Whilst this has been interrupted by the pandemic, the Board expects to notify shareholders of its proposals in the near future.

Photo-Me has an entrepreneurial and creative heritage which is aligned to our business strategy. We are committed to nurturing and growing talent within our teams.

OUR PEOPLE

The human cost of the pandemic has been extensive and has touched many people around the world. This has been an extremely challenging period for all our teams and on behalf of the Board I'd like to thank them for their continued hard work and commitment.

DIVIDEND

In March 2020, the Board felt it appropriate to cancel the interim dividend due to be paid on 11 May 2020 in view of the impact of the pandemic, thereby retaining £14 million of cash within the business.

Given the current COVID-19 pandemic situation, the Board feels it remains the right decision not to recommend any other dividend in respect of the 18- month period.

In addition, the terms of the French Government-backed PGE scheme, under which Photo-Me has a €30 million credit facility, require any loans under the scheme to be repaid before any distributions are made to shareholders. We expect to benefit from the PGE scheme for a period of two years more or convert the French "PGE" to a traditional loan in June if we are proposed a more interesting rate than the PGE loan.

Beyond this, the Board will continue to review the dividend policy and align any future dividend payments to performance of the business and its investment strategy, however no dividend will be recommended until at least the PGE facility has been repaid.

LOOKING AHEAD

The Board has acted, and continues to act, to mitigate the impact of the current trading environment on the business and to preserve cash.

As we have entered the 2021 financial year, we see ongoing and ever-changing government lockdown measures in place across Europe to combat virus infection rates.

Our multi-country restructuring plans to improve profitability are progressing as expected and the start of vaccination programmes provides some encouragement. Nevertheless, the Board will continue to closely review the make-up of the Group's estate and will act as required to best position the Group going forward.

The visibility on the market outlook for 2021 remains extremely limited. Nevertheless, subject to the factors above, the Board looks forward to achieving revenue of £175 million in FY21 (12 months to 31 October 2021), and profit before tax will be £9.0 million before any exceptional items, and also expects that the Group will be cash flow positive.

Having reviewed various scenarios, the Board believes that the Group's existing financial resources will be sufficient for the Group to withstand the uncertain economic conditions which are currently expected in 2021 and beyond.

In the near future, the Board's strategy is to focus investment on the expansion of the Group's more resilient Laundry operations and its plans to grow its KIS Food business will over time compensate for lower demand for Identification and other vending equipment.

SIR JOHN LEWIS
Non-executive Chairman

7 APRIL 2021

Business model & strategy

INPUTS

1 TECHNOLOGY AND INNOVATION

Development of proprietary solutions and continuous focus on product diversification

2 LONG-TERM PARTNERSHIPS WITH HIGH-FOOTFALL SITE OWNERS

Supermarkets, shopping malls, public transport and public administration buildings

3 BRANDS RECOGNITION

Leading brands and household names in key territories

4 NETWORK OF SKILLED FIELD ENGINEERS

Supporting growth across business areas at limited cost

5 TELEMETRY SYSTEM

Sophisticated and tailored to Photo-Me's proprietary technology

6 INDUSTRY EXPERTISE

Over 50 years working with regulatory bodies

ACTIVITIES

IDENTIFICATION

LAUNDRY

KIOSKS

Our business model supports our growth strategy

OUTPUTS

COMPETITIVELY PRICED, HIGH-QUALITY SERVICES FOR CONSUMERS

Meeting increasing demand for instant services on-the-go

ADDITIONAL SERVICES FOR SITE OWNERS

Supporting customer needs and footfall

SECURE SOLUTIONS FOR GOVERNMENTS

Encrypted photo upload technology rolled out with governments for official identification documents

STABLE CASH FLOWS

Generated from existing network utilised to fund R&D and support growth strategy

SHAREHOLDER VALUE

Delivered through growth and dividends

GROWTH STRATEGY

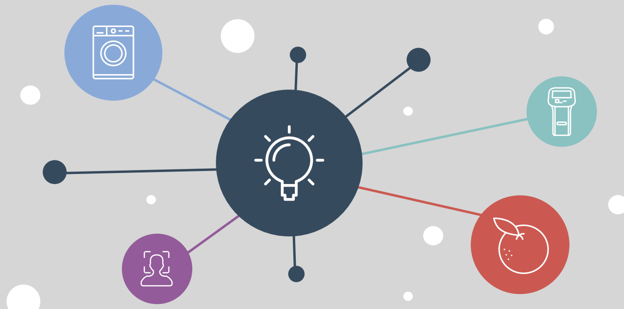
CONTINUED ROLLOUT OF LAUNDRY SERVICES AND EXPANSION OF KIS FOODS

These two business areas are expected to contribute an increasing proportion of total Group revenue and profit

Laundry expansion driven by the installation of Revolution machines across the UK & Republic of Ireland and Continental Europe

Expansion of KIS Food through innovation and commercialisation of new fruit juice machines across target markets

PRODUCT INNOVATION AND DIVERSIFICATION



To extend service offering through existing networks

Our business:

Identification

We are a prominent international player in the photobooth market, with an established network of more than 27,000 photobooths offering market-leading photographic quality and technology across our operating regions.

These machines are typically located in high footfall locations, such as travel hubs and shopping centres.

The performance was severely impacted by COVID-19 and government lockdown restrictions, constraints on international travel and social distancing.

PERFORMANCE

NUMBER OF UNITS IN OPERATION

27,189[1]

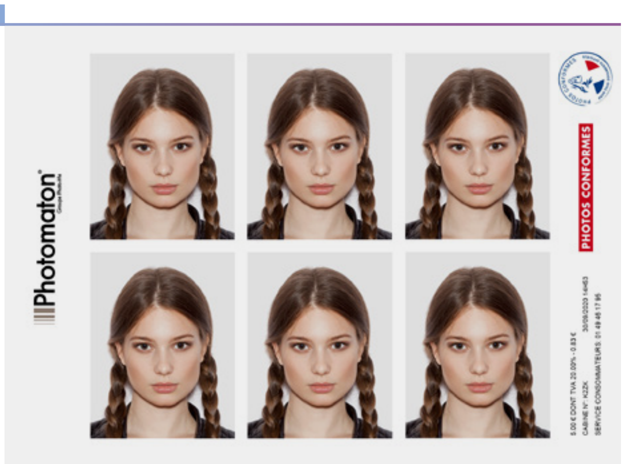
28,439 at 31 October 2019

REVENUE

£106.9m[2]

£145.1m – 12 months ended 31 October 2019
£183.4m – 18 months ended 31 October 2020
£147.7m – 12 months ended 30 April 2019

[1] At 31 October 2020
[2] 12 months ended 31 October 2020



OUR OPERATIONS

Our Identification operations are primarily aimed at the consumer market with leading brands such as Photo-Me, Photomaton, ProntoPhot, FOTO.FIX, PRONTO PHOT, Foto-Já! and Nippon Auto Photo

INTEGRATED PROPRIETARY SOFTWARE

- We use integrated proprietary software across our entire estate to ensure that all photographs comply with International Civil Aviation Organisation (ICAO) photo identification regulations

SECURE DIGITAL PHOTO ID TECHNOLOGY

- Governments are seeking to improve and digitalise security ID to combat fraud and security threats. We have agreements in place with governments for the direct and secure upload of photographs from our photobooths to their servers for official documents

STRONG SUPPORT AND MAINTENANCE NETWORK

- Our photobooth estate is supported, maintained and upgraded by our 650-strong network of skilled field engineers, and monitored 24/7 by interconnected remote telemetry

IDENTIFICATION

REPRESENTS

61%

of total Group vending estate by units (at 31 October 2020)

CONTRIBUTES

57.4%

of total Group revenue (12 months ended 31 October 2020)

SUPPORTS INVESTMENT IN

R&D and diversification

growth strategy through cash flow

OUR STRATEGY

- Restructure photobooth estate to remove unprofitable machines
- Longer-term opportunities in Identification outside of Europe

OUR STRATEGY IN ACTION

Government demand for digital security ID solutions for identification documents such as passports and driving licences:

12,000+

PHOTOBOOTHS

with secure upload technology

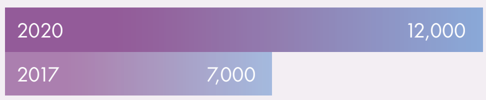
This technology removes opportunity for official photo ID to be manipulated

SUCESSFULLY DEPLOYED IN

9 countries

France, the UK, Ireland, Germany, Georgia, Japan, Switzerland, the Netherlands and China

Photobooths equipped with encrypted digital Photo ID upload technology:



Our business:

Laundry

Launched in 2012, this is the Group's highest margin and fastest growing business area, with 5,568 units deployed (owned, sold and acquired) and continued growth momentum.

Revolution Laundry operations were more resilient during the pandemic than the Group's other vending equipment.

PERFORMANCE

TOTAL LAUNDRY UNITS DEPLOYED

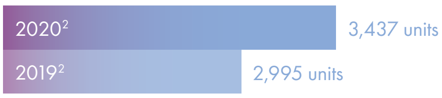
5,568[1]

5,179 units – at 31 October 2019

TOTAL REVENUE FROM LAUNDRY OPERATIONS

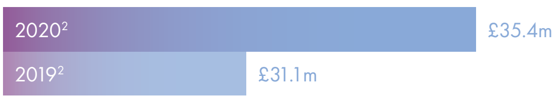
£72.9m – 18 months ended 31 October 2020
£43.7m – 12 months ended 30 April 2019

NUMBER OF REVOLUTION UNITS IN OPERATION



2,732 units at 30 April 2019

TOTAL REVENUE FROM REVOLUTION UNITS



£52.8m – 18 months ended 31 October 2020
£27.6m – 12 months ended 30 April 2019

[1] 12 months ended 31 October 2020
[2] 12 months ended 31 October

OUR OPERATIONS

REVOLUTION UNATTENDED LAUNDRY SERVICES

24-hour, outdoor self-service laundry units, providing access to large-capacity, and energy saving, rapid laundry services, typically situated on high-footfall sites such as supermarkets, car parks and petrol station forecourts

- Revolution units in operation 3,437 (at 31 October 2020)
- Operations in 8 countries: Belgium, France, Germany, Ireland, the UK, Portugal, the Netherlands, Spain

SELF-SERVICE LAUNDERETTE SHOPS

Convenient and competitively priced large-capacity, self-service laundry amenities, typically located near town centres where there is limited laundry service competition

- Operations in 5 countries: France, Ireland, Japan, Portugal, the UK

B2B LAUNDRY SERVICES

Distribution and lease of laundry and catering equipment, targeting institutions such as hospitals, care homes and universities

- Operations in the UK and Spain

REVOLUTION MACHINES

REPRESENTS
7.7%
of total Group vending estate by units (at 31 October 2020)

CONTRIBUTES
19%
of total Group revenue (12 months ended 31 October 2020)

REMAINS A
key growth driver
for the Group

OUR STRATEGY

EXPANSION INTO NEW GEOGRAPHIES

Extend partnerships with strategic site owners and identify and expand into new high-demand markets, driven by deployment of Revolution units

INCREASE REVOLUTION PRESENCE

Continue to deploy Revolution machines to significantly increase presence in existing markets

MAXIMISE OPERATIONAL PROFITABILITY

Continued upgrade of units to maximise operational efficiencies, customer experience and revenue opportunities

INCREASED PROPORTION OF TOTAL GROUP REVENUE

Laundry expected to contribute an increasing proportion of total Group revenue in the medium-to-long-term

OUR STRATEGY IN ACTION

Three years of Laundry growth through rollout of laundry units across the Group's established network of high-footfall sites, and expansion into new geographies. The Group's aim post-COVID-19 is to resume installation of 70 machines each month.

REVOLUTION OPERATIONS CONTRIBUTED REVENUE OF
£35.4m[1]
£31.1m – 12 months ended 31 October 2019

REVOLUTION SUCCESSFULLY DEPLOYED IN
9 countries
Belgium, France, Germany, Ireland, Japan, the UK, Portugal, the Netherlands, Spain

[1] 12 months to 31 October 2020

Our business:

Kiosks

More than 5,300 digital printing kiosks positioned in attractive, high-footfall locations across the UK, France, Japan, Belgium, Switzerland and the Netherlands.

OUR OPERATIONS

LEADING TECHNOLOGY

Industry-leading technology offering a wide range of printing formats and personalised products. Our kiosks enable easy, competitively priced, high-quality digital printing from smartphones

FULLY INTEGRATED WITH MAJOR SOCIAL MEDIA NETWORKS

State-of-the-art kiosks are fully integrated with major social media networks, providing consumers convenient, easy-to-use, reliable and high-quality services for a seamless customer experience

PERFORMANCE

NUMBER OF UNITS IN OPERATION

5,304[1]

5,508 at 31 October 2019

REVENUE

£11.4m[2]

£13.7m – 12 months ended 31 October 2019
£18.4m – 18 months ended 31 October 2020
£13.3m – 12 months ended 30 April 2019

[1] At 31 October 2020
[2] 12 months ended 31 October 2020

KIOSKS

REPRESENTS
11.9%
of total Group vending estate by units (at 31 October 2020)

CONTRIBUTES
6.1%
of total Group revenue (12 months ended 31 October 2020)

OUR STRATEGY

- Extend product partnerships into existing territories
- Consider opportunities to extend services of kiosk service offerings to maximise revenue opportunity

OTHER VENDING UNITS

- Units are an extension of the Group's product range at sites where the Group has existing relationship with the site owner and where the profitability benefits from the synergies related to operating other equipment on the same site
- During COVID-19, these machines, particularly children's rides, were impacted by a significant fall in consumer demand and 966 units have been removed from operation

OTHER VENDING UNITS
8,539
Units include children's rides, photocopiers and other machines (amusement machines etc.)

Our business:

Innovation & diversification

Innovation is at the core of Photo-Me, supported in-house R&D capabilities in France (primarily facility), Vietnam and Japan and a team of more than 60 engineers.

Our growth strategy is focused on diversifying our operations and responding to customer needs.

OUR KIS FOOD STRATEGY

- To replicate the B2B business model of Sempa orange juice machines across the Group's countries of operation, starting with France
- The aim is to become a global leader in the distribution of self-service fresh fruit and vegetable juice machines, in the medium to long-term

KIS FOOD

KIS Food is our newest business area offering self-service fresh juice equipment. KIS Food is intended to become a significant part of the Group's growth strategy.

OUR STRATEGY IN ACTION

Developing innovative new juicing technology:
Our R&D team in France have developed professional apple juice and pineapple juice machines for commercial use in restaurants and hotels

5,211

JUICERS IN USE

(as at 31 October 2020)

Results from market testing of the first prototypes has been promising, albeit immediate commercialisation has been delayed by the pandemic

Removal, relocation and renegotiation were watchwords in this difficult period. These decisive measures were taken quickly to deal with the severe disruption to activity caused by the pandemic.

SERGE CRASNIANSKI
Chief Executive Officer & Deputy Chairman

Chief Executive's Report

The 18-month period ended 31 October 2020 can be split in two parts. Before the onset of the pandemic, we made good strategic progress as we further expanded our Laundry operations and entered the self-service fruit juice market, providing a new platform for growth. The Group delivered a robust financial performance and was highly cash generative despite challenging headwinds.

The second half of the financial period was dominated by the significant and unprecedented impact of the COVID-19 pandemic on consumer activity across the globe, and the actions taken by the Board to help navigate the Group through this period of great uncertainty.

FINANCIAL PERFORMANCE

Results

Reported revenue for the 18-month period was £310.2 million. For the 12-month period reported revenue was £186.3 million, 19.7% lower than in the previous 12-month period to 31 October 2019, reflecting the impact of the pandemic on consumer activity.

The Board estimates that the pandemic had more than a £50.0 million negative impact on total Group revenue in the period, mainly through lost revenue across Continental Europe, and the UK & Republic of Ireland from March 2020, and through lost revenue from operations in China from mid-January to October 2020. A breakdown of the impact of the pandemic on operating revenue in each country is set out in the Review of Performance by Geography on page 26.

Reported EBITDA (excluding associates) for the 18-month period was £87.3 million. For the 12-month period, EBITDA fell by £35.1 million to £41.4 million (31 October 2019: £76.5 million), which delivered an EBITDA margin of 22.2% (31 October 2019: 32.9%).

Reported profit before tax in the 18-month period, excluding IFRS16 impact, but including £33.6 million of provisions and impairment was £1.0 million. Reported loss before tax for the 12-month period was £27.4 million.

As previously announced, an in-depth review of the Group's operations was undertaken in response to COVID-19 and the challenging trading environment. This resulted in a £33.6 million impact from exceptional items, provisions, and impairment. For the 18-month period adjusted profit before tax was £2.5 million.

REPORTED REVENUE
£186.3m
12 months ended 31 October 2020

NET CASH POSITION
£21.9m
at 31 October 2020

In the 12-month period, the Group reported an adjusted loss before tax of £26.0 million.

A reconciliation of reported profit before tax to adjusted profit before tax and a breakdown of exceptional items, provisions and impairment by region is set out in the Financial Review on page 30.

The Group was cash flow positive in the period. For the 18-month period, the Group generated cash from operations of £92.9 million. For the 12-month period, the Group generated £51.8 million of cash from operations, compared with £68.9 million in the prior 12-month period due to significantly reduced consumer activity owing to the pandemic.

Capital expenditure in the 18-month period was £63.6 million including IFRS16, and £47.1m excluding IFRS16. This mainly related to our Identification business and the relocation of a large number of photobooth machines as part of the restructuring program which began in September 2020. Laundry capex was lower than expected as the crisis significantly slowed down the installations of units from March 2020 onwards.

FUNDING AND LIQUIDITY

As at 31 October 2020, the Group had gross cash of £106.2 million, and a net cash balance of £21.9 million. The Group continues to comply with its revised banking covenants. The covenant on Photo-Me France's loan from BNP has been waived by the bank in response to the pandemic, and as long as the "PGE" is in place.

The Group continues to use government support schemes across its operating markets wherever it is possible.

The Board's scenario planning indicates that the Group has sufficient liquidity to navigate the current COVID-19 lockdown measures.

OVERVIEW OF PRINCIPAL BUSINESS AREAS

Below is an overview of the Group's three principal business areas, Identification, Laundry, and Kiosks, as well as its other vending equipment.

Identification

Photobooths and integrated biometric identification solutions

	18months to 31 Oct 2020	12 months to 31 Oct 2020 Unaudited	**12 months to 31 Oct 2019 Unaudited**	12months to 30 April 2019
Number of units in operation	27,189	27,189	28,439	28,873
Percentage of total Group vending estate (number of units)	61%	61%	61%	61.5%
Revenue	**£183.4m**	£106.9m	**£145.1m**	£147.7m
Capex	£11.1m	£5.7m	£11.2m	£9.7m

Photo-Me is a prominent international player in the photobooth market, offering market-leading photographic quality and technology across our operating regions.

In recent years, our photobooth offer has diversified to include encrypted photo ID upload technology connected to government organisations in the UK, France, Ireland, and the Netherlands.

Our well-established network of photobooths is situated in attractive, high-footfall locations, such as travel hubs and shopping centres. Before the onset of the pandemic, Identification revenue in all regions, except for the UK, remained stable. Especially, both France and Japan delivered a robust performance.

In the UK, the trading environment remained challenging. The Government's policy to accept photos taken at home for official documents and passport identification resulted in lower consumer demand and significantly eroded part of Photo-Me's market share for ID photos. Notably, European regulation does not permit this method, and the Board hopes that at some stage official documents in the UK will once again need to conform to ICAO and ISO rules.

As the scale of COVID-19 became apparent, demand for our photobooths was severely impacted by government lockdowns, constraints on international travel, and social distancing rules across our operations. This resulted in significantly lower consumer demand for Identification across all our jurisdictions in the calendar year 2020; Asia from January 2020 and Continental Europe, the UK and the Republic of Ireland from March 2020.

Action being taken to remove, and in some cases relocate, unprofitable machines to mitigate the impact of COVID-19 and the continued challenging UK market conditions evident pre-COVID, resulted in a significant reduction in the total number of photobooths in operation.

Due to the above factors, revenue for the 12-month period declined by 26.3% to £106.9 million. Revenue was down 36% in February to July 2020 compared with the same month in 2019, with the greatest decline seen in the UK which was down 52.4% in that period. In the 18-month period, Identification revenue was £183.4 million.

At 31 October 2020, 27,189 photobooths were in operation, a reduction of -5.8% compared with 30 April 2019 and -4.4% compared with 31 October 2019.

Business Review continued

At 31 October 2020, Identification accounted for 61.0% of vending units in operation. The number of photobooths has declined mainly in the UK and Ireland (1,367 units), but also slightly in Asia (253 units) and Europe (64 units). The Group plans to remove a further 1,500 units from its estate by October 2021.

Identification capex (18-month period) was £11.1 million. For the 12-month period, capex reduced from £11.2 million to £5.7 million year-on-year, mainly due to the relocation of removed machines to new sites instead of purchasing new machines.

Whilst the Board continues to believe that there are some longer-term opportunities in the photo ID market and continues to install photobooths in countries outside of the UK, it anticipates that short-term demand for photo ID will be subdued and may not recover fully to pre-COVID-19 levels.

Laundry

Unattended Revolution laundry services, launderettes, business to business laundry services

	18months to 31 Oct 2020	12 months to 31 Oct 2020 Unaudited	**12 months to 31 Oct 2019 Unaudited**	12 months to 30 Apr 2019
Total Laundry units deployed (owned, sold & acquisitions)	5,568	5,568	5,179	4,876
Total revenue from Laundry operations	**£72.9m**	£47.3m	**£47.4m**	£43.7m
Revolution (excludes Laundrettes & B2B)				
– Number of Revolutions in operation	3,437	3,437	2,995	2,732
– Percentage of total Group vending estate (number of units)	7.7%	7.7%	6.4%	5.8%
Total revenue from Revolutions	**£52.8m**	£35.4m	**£13.1m**	£27.6m
– Revolution capex	£20.9m	£14.4m	£13.1m	£10.9m

* There were 3,216 full-time units in operation during the 12 months ended 31 October 2020 compared with 2,761 in 12 months ended 31 October 2019.

Our owned and operated Laundry business was launched in 2013. We now have a presence in 12 countries, with operations primarily located in France, the UK, Ireland and Portugal.

In total the Group had deployed (owned, sold and acquired) 5,568 Laundry units at 31 October 2020, up 14.2% in the 18-month period and up 7.5% in the 12-month period.

Total revenue from Laundry operations grew to £72.9 million for the 18-month period to 31 October 2020. In the 12-month period revenue was £47.3 million, down slightly year-on-year reflecting at the same time the good performance of the Revolution operation and the collapse of activity in our B2B business during COVID.

Our Laundry business comprises three areas of operation: Revolution, Launderette, and business-to-business laundry services.

Revolution

Revolution is our 24-hour, outdoor, self-service laundry unit which is typically located on busy sites such as supermarket car parks and petrol station forecourts.

Our strategy is to continue to expand our operations through partnerships with strategic site owners and identify and expand into new high-demand markets.

In the period, the rollout of Revolution units across Continental Europe and the UK & Republic of Ireland continued, with a focus on installing machines in Germany and the UK.

In the 12-month period, the number of Revolution units grew by 14.8% to 3,437 machines. Revolutions accounted for 7.7% of the Group's total vending estate, up from 6.4% at 31 October 2019.

Prior to the onset of the pandemic, we deployed an average of 50 machines each month. However, the installation of machines was significantly curtailed by country lockdowns, with a total of only 36 machines deployed between April and October 2020. We plan to return to an average of 70 Revolution installations per month, subject to lockdown restrictions being eased.

Total revenue from Revolution machines in the 12-month period increased by 13.8% to £35.4 million. From February to October 2020, revenue grew by 10.0%, reflecting continued expansion and the more resilient nature of our Laundry operations, which were more accessible to consumers than photobooths during lockdown. Total revenue from Revolution machines in the 18-month period was £52.8 million.

Revolution capex increased by 10.1% to £14.4 million in the 12-month period.

Our investment in expanding our Revolution operations, primarily in the UK, Ireland, Portugal and France, remains a key growth driver for the Group. In addition, we are looking to further roll out Revolution units in Germany and Austria.

Looking ahead, we continue to expect that Revolution operations will contribute an increasing proportion of total Group revenue and profit which will progressively compensate for the loss of Identification.

Launderette

These shops are typically situated in or near to town centres where there is limited competition from other laundry services. Expansion has been delivered through an owned-and operated model. Due to COVID-19, the Group decided to postpone Launderettes' installations except when very good acquisition opportunities arose.

The Group is also removing or selling machines in unprofitable locations in Spain, UK, Belgium, Portugal and France.

Business-to-business (B2B) laundry services

Our B2B operations distribute and lease laundry and catering equipment. Customers include institutions such as hospitals, care homes, and universities.

Before the impact of COVID-19, the performance of the Group's Launderettes and B2B were stable. Nevertheless, in the six months ended 31 October 2020, our B2B operations were adversely impacted by COVID-19 and activity levels were extremely low.

As a result, the Group is closely monitoring the situation and may decide to close its B2B activities if more normalised and profitable trading conditions do not return in the near future.

Kiosks

High-quality digital printing services

	18 months to 31 Oct 2020	12 months to 31 Oct 2020 Unaudited	**12 months to 31 Oct 2019 Unaudited**	12 months to 30 Apr 2019
Number of units in operation	5,304	5,304	5,508	5,487
Percentage of total Group vending estate (number of units)	11.9%	11.9%	12.0%	11.7%
Revenue	**£18.4m**	£11.4m	**£13.7m**	£13.3m
Capex	£2.5m	£1.4m	£1.6m	£2.3m

Our estate of digital printing kiosks offers a wide range of competitively priced print formats and personalized products. Our key markets are France, where most machines are situated, the UK, and Switzerland.

The number of kiosks in operation was 5,304, compared with 5,508 in October 2019, and represented 11.9% of the Group's total vending estate.

Our state-of-the-art machines – Speedlab cube and Speedlab bio – are fully integrated with all major social media networks and offer consumers a fast, high-quality printing service.

Prior to the pandemic, our Kiosks business performed well, driven by a strong performance in France with revenue in the country up 6.5% year-on-year in the 12 months to April 2020.

Nevertheless, in the 12-month period, Kiosk revenue fell 17.5%. Between February and October 2020, revenue was down 24.0% due to significantly lower demand due to pandemic lockdown restrictions in the period.

Capex was reduced by 10.3% to £1.4 million in the 12-month period. Revenue in the 18-month period was £18.4 million.

KIS Food (Fresh fruit and vegetable juice equipment)

Our medium to long-term goal is to become a global leader in the distribution of self-service fresh fruit and vegetable juice machines. We plan to replicate Sempa's B2B business model for orange juice machines across other geographies, notably Switzerland, Ireland and the UK, by leveraging our existing network of field engineers and new product development. Competition in this market is relatively limited. We have already started with success in Belgium.

Our R&D team in France has developed professional apple juice and pineapple juice machines for commercial use in restaurants and hotels. Prototypes of these machines underwent market testing in October at several locations across France and Belgium. The results were promising, however, the roll out of these machines has been delayed by the impact of the pandemic on key target end markets, such as the hospitality sector.

The Group ceased trials of its B2C juice vending machines in Paris. The trials did not perform as well as expected and the juice vending machines have been removed.

In the 12-month period, revenue was £6.3 million and contributed 3.4% to Group revenue. In the 18-month period, B2B juice machine operations contributed £9.8 million of revenue to the Group and contributed 3.2% of the Group revenue.

Before the impact of COVID-19, the strategic progress and performance of this business area was in line with the Board's expectations.

The Board remains confident in the long-term opportunities in this market and expects that KIS Food will become an increasingly important business area for the Group.

Other vending equipment

Alongside the business areas detailed above, we operate 8,539 other vending units. These units include 3,783 children's rides, 3,392 photocopiers and 1,364 other miscellaneous machines.

These are typically an extension of our product range at sites where we have an existing relationship with the site owner and where the profitability benefits from the synergies related to operating other equipment on the same site, for example field engineers and maintenance.

Business Review continued

Government lockdowns and social distancing rules due to the pandemic deeply impacted demand for this equipment across all the Group's countries of operation, most notably children's rides of which we have removed 966 units from operation. Revenue in this business area was down 43.2% in February to October 2020.

At 31 October 2020, other vending equipment accounted for 19.2% of the Group's total vending estate by number of units and 4.2% of the total Group revenue.

Further details on all our operations are provided in the Review of Performance by Geography.

Update on restructuring programmes

The Board has refined and initiated its plans, announced in July 2020, to remove all unprofitable machines (primarily photobooths and children's rides) across the Group's operations, and restructure operations in the UK, China, South Korea and Continental Europe.

These restructuring programmes will address the significant loss in Identification revenue due to the structural shift in the UK photo ID market as well as reduced consumer demand and site footfall due to the pandemic. The action being taken will better realign our operations in these countries with the expected lower levels of consumer activity in the short to medium term.

In total we plan to remove approximately 3,000 photobooths from the UK (approximately 32% of machines in the UK) and 700 units from China (approximatively 57% of machines in China). In South Korea, the Group has impaired 200 units (100% of machines in South Korea). In Continental Europe (mainly France, the Netherlands and Spain), approximately 1,000 machines will be removed. The main part of this plan is realised to date.

When completed in April 2021, approximately 5,000 machines will have been removed or relocated, reducing the total machines in operation by approximately 7% compared with 31 October 2019.

Safeguarding our people, customers and the community at large during the COVID-19 pandemic

Our workforce is our most valuable asset and the driving force behind Photo-Me's success. Over the years we have attracted an incredibly talented team of highly skilled innovators and engineers worldwide. Looking after their wellbeing is a fundamental company priority.

In 2020 we were faced with the unprecedented challenge of the COVID-19 pandemic. Our absolute priority was to ensure minimal risk to our employees, customers and the wider community while the spread of coronavirus accelerated and led to varying contagion levels and restrictions in the countries we operate in across the world.

We took immediate action to implement measures to protect our employees. We encouraged all office workers to work from home where possible and organised socially distanced working in our office environments, with stringent sanitation measures and rules in place.

The measures implemented to protect the interests of our customers and users of our equipment included: enhanced cleaning regimes and an antimicrobial surface coating applied to machines which enables the surface to self-disinfect (reapplied every 90 days); mask wearing by engineers at all times while on site; and signage for customers to wear face coverings and sanitise their hands before using our equipment.

Throughout the year we have monitored the situation very closely to ensure that Photo-Me complies with the safety recommendations from the WHO and governments in all of the jurisdictions in which it operates. It is thanks to these comprehensive measures, and also the responsible actions taken by our individual employees, that we were able to safely continue to provide instant services via a large part of our vending estate.

In addition to health concerns, this difficult time put a financial strain on many individuals and families. Therefore, despite the economic challenges, as a responsible company we felt it our duty wherever possible to support the continued financial wellbeing of our colleagues. We accessed government job retention schemes where available across our operations but unavoidably there were some redundancies in the most impacted countries, such as the UK.

I am proud of how hard our teams have worked during this time, despite the tremendous pressures and challenges. While remaining vigilant to the virus, we have been able to continue providing convenient and safe instant services to our customers without compromising the safety of our colleagues or other stakeholders, and I thank the whole team for their continued commitment and hard work.


INSTRUCTIONS

Review of performance by Geography

Commentary on the Group's financial performance is set out below, in line with the segments as operated by the Board and the management of Photo-Me. These segmental breakdowns are consistent with the information prepared to support the Board's decision-making. Although the Group is not managed around product lines, some commentary below relates to the performance of specific products in the relevant geographies.

KEY FINANCIALS

The Group reports its financial performance based on three geographic regions of operation: (i) Continental Europe; (ii) the UK & Republic of Ireland; and (iii) Asia.

REVENUE BY GEOGRAPHIC REGION

	18 months to 31 Oct 2020	12 months to 31 Oct 2019 Unaudited	**12 months to 31 Oct 2020 Unaudited**	12 months to 30 Apr 2019
Continental Europe	£195.2m	£118.2m	£137.3m	£130.7m
UK & Republic of Ireland	£54.6m	£30.5m	£49.5m	£52.9m
Asia	£60.4m	£37.6m	£45.4m	£44.5m
Total	**£310.2m**	£186.3m	**£323.2m**	£228.1m

Revenue was deeply impacted by government lockdowns and restrictions across the Group's operations. As per the table below, notably Identification revenue decreased significantly in the 12-month period: -13.9% in Europe, -17.2% in Asia and up to -38.3% in the UK & Ireland. The Group experienced similar impact across its Kiosk activities. While Revolution revenue was impacted, operations are more resilient, and partially offset the decrease Identification and Kiosks revenue.

OPERATING PROFIT

	18 months to 31 Oct 2020	12 months to 31 Oct 2020 Unaudited	**12months to 31 Oct 2019 Unaudited**	12 months to 30 Apr 2019
Continental Europe	£28.7m	£3.4m	£38.1m	£33.5m
UK & Republic of Ireland	£(19.1)m	£(20.9)m	£4.3m	£7.1m
Asia	£4.5m	£1.1m	£6.6m	£4.7m
Corporate costs	£(10.8)m	£(9.3)m	£(3.0)m	£(2.6)m
Total	**£(3.3)m**	£(25.7)m	**£46.0m**	£42.7m

* Adminitrative holding costs (£9.8m) have been reclassified in corporate costs instead of UK & Republic of Ireland as was previously the case

The dramatic fall in operating profit for the 12-month period was a combination of lower revenue due to the pandemic and inherent provisions and impairments. Excluding provision and impairments of £15.3 million in Continental Europe, £16.2 million in the UK & Republic of Ireland and £2.1 million in Asia, adjusted operating profit was £8.0 million.

The decrease in revenue in the 12-month period was £45.9 million, which explains the difference of £38.8 million in operation profit year-on-year. Adjusted operating profit in the 12-month period was £8.0 million, compared to £46.0 million in the prior 12-month period.

OPERATING REVENUE EVOLUTION (LAST 12 MONTHS BY QUARTER)

The table below provides a detailed breakdown of operating revenue by geographic region and business area for the 12 months, compared with the 12 months ended 31 October 2019.

	Nov 2019 to Jan 2020	Feb 2020 to Apr 2020	May 2020 to Jul 2020	12 months to 30 Apr 2019	TOTAL
Continental Europe					
Identification	-7.5%	-35.3%	-34.9%	-6.2%	-21.5%
Kiosks	1.3%	-36.8%	-17.6%	-10.0%	-14.3%
Laundries	22.7%	8.8%	9.0%	9.6%	12.3%
Other vending	-4.7%	-40.1%	-30.5%	-27.0%	-25.2%
Total	**0.9%**	**-27.8%**	**-24.2%**	**-3.6%**	**-13.7%**
UK & Ireland					
Identification	-16.2%	-53.8%	-65.4%	-68.6%	-52.4%
Kiosks	-32.8%	-40.7%	-47.4%	-48.8%	-41.4%
Laundries	20.5%	24.3%	0.0%	11.1%	13.7%
Other vending	-9.4%	-28.3%	-96.3%	-74.2%	-51.9%
Total	**-7.7%**	**-40.3%**	**-56.6%**	**-50.1%**	**-39.1%**
Asia					
Identification	-4.9%	-12.5%	-29.4%	-16.7%	-16.3%
Kiosks	-12.7%	-16.6%	-32.4%	-32.1%	-23.4%
Laundries	30.3%	24.6%	1.2%	19.1%	16.8%
Other vending	54.9%	-90.5%	920.3%	-29.1%	-34.8%
Total	**-2.5%**	**-19.3%**	**-27.4%**	**-17.2%**	**-17.0%**
Total					
Identification	-8.2%	-32.9%	-38.2%	-19.0%	-25.6%
Kiosks	-3.7%	-37.1%	-20.8%	-14.2%	-17.5%
Laundries	22.1%	12.8%	7.0%	10.0%	12.7%
Other vending	1.0%	-52.1%	-56.5%	-47.9%	-38.6%
Total	**-1.7%**	**-28.7%**	**-30.8%**	**-14.8%**	**-19.6%**

Review of performance by geography continued

VENDING UNITS IN OPERATIONS

	At 31 October 2020		At 31 October 2019		At 30 April 2019	
	Number of units	% of total estate	Number of units	% of total estate	Number of units	% of total estate
Continental Europe	25,097	56.3%	25,436	54.3%	25,230	53.8%
UK & Republic of Ireland	9,499	21.3%	11,357	24.2%	11,701	24.9%
Asia	9,955	22.3%	10,061	21.5%	10,025	21.3%
Total	**44,551**	**100%**	**46,854**	**100%**	**46,956**	**100%**

As at 31 October 2020, the Group's estate comprised 44,551 units, a decline of 5.1% in the 18-month period and 4.9 % in the 12-month period. This was mainly due to implementation of the restructuring programme and removal of approximately 3,000 unprofitable machines, primarily photobooths in the UK and children's rides across the estate to mitigate the impact of the pandemic and structural changes to the UK photobooth market.

Continental Europe

Continental Europe is the largest region of operation by both machine volume and contribution to Group revenue.

The region remained profitable despite the unprecedented challenges of the pandemic. This performance was driven by a less significant reduction in photobooth revenue in France compared with other countries (excluding Japan), and a good performance of Laundry operations in general.

Revenue for the 18-month period was £195.2 million. In the 12-month period, revenue fell by 13.9% to £118.2 million, reflecting the sudden loss of most of the expected revenue from March 2020 onwards due to COVID-19. Laundry operations were resilient and grew by 12.3%, however operating revenue for the other business areas were severely impacted: Identification (-21.5%), Kiosks (-14.3%) and Other Vending (-25.2%).

Operating profit for the 12-month period fell by 90.9% to £3.4 million.

As at 31 October 2020, there were 25,097 units in operation in the region, which represented 56.3% of the Group's total estate. The region contributed 62.9% of total Group revenue.

UK & Republic of Ireland

As previously disclosed, the performance of this region was impacted by two factors. First of all, challenging photobooth market conditions due to the UK government's decision to permit home-taken photographs for photo ID; and then the impact of COVID-19 from March 2020 onwards and the disruption caused by lockdown measures which severely reduced demand for our products, particularly photobooths and children's rides.

Nevertheless, we expanded our Laundry operations and now operate 641 laundry units in the region, most of which are located in Ireland. Whilst Revolution machines delivered a resilient performance, this was not enough to offset the significant loss in revenue in our photobooth business.

In both Ireland and the UK, Revolution units performed extremely well in the 12-month period (including the COVID period) with an average revenue of £11,000 per unit. The Group now operates 416 Revolutions in Ireland and 299 in the UK, where, post year-end 20 machines a month were deployed.

Revenue for the 18-month was £54.6 million. In the 12-month period revenue declined by 38.3% to £30.5 million. The UK photobooth market was already challenging and this along with the impact of the pandemic from March 2020 onwards, resulted in a 52.4% reduction in operating revenue year-on-year, and children's rides were down 51.9% year on year. However, operating revenue from Revolution units grew by 13.7% year-on-year.

There was an operating loss of £19.1 million in the 18-month period and a loss of £20.9 million in the 12-month period. Excluding the £16.2 million provision, operating profit declined to £(4.7) million.

At 31 October 2020, 9,499 units were located in the UK & Republic of Ireland, which represented 21.3% of the Group's total units in operation.

Asia

Before the impact of COVID-19, trading in the region was robust, driven by a strong performance in Japan. Japan is the largest contributor in Asia and was almost resilient to COVID-19, with a 13.4% revenue decrease between May and October 2020 as the country continued to benefit from highly effective turnaround plans implemented in 2018 which returned the country to profitability.

Nonetheless, this performance was not sustainable during the pandemic and more than offset by the sudden decline in revenue across our Asian operations (particularly in China) from the second half of January 2020. All business, except for Laundry, was significantly impacted year-on-year from February to October 2020; Identification -30.0%, Kiosks -22.8% and Other Vending -52.0%.

Revenue for the 18-month period was £60.4 million. In the 12-month period, revenue declined by 17.2% to £37.6 million.

Nevertheless, the region remained profitable, with reported operating profit for the 12-month period of £1.1 million. Operating profit for the 18-months was £4.5 million.

At 31 October 2020, 9,955 units were situated in Asia, representing 22.3% of the Group's total units in operation.

KEY PERFORMANCE INDICATORS (KPI'S)

The Group measures its performance using different types of indicators. The main objective of these KPIs is to monitor the Group's cash generation, long-term profitability, preservation of the value of its assets, and of returns to shareholders.

TOTAL GROUP REVENUE

£186.3m[1,4]

£232.2m – 12 months ended 31 October 2019[4]
£310.2m – 18 months ended 31 October 2020
£228.1m – 12 months ended 30 April 2019

EBITDA MARGIN

22.2%[1,4]

32.9% – 12 months ended 31 October 2019[4]
28.1% – 18 months ended 31 October 2020
30.6% – 12 months ended 30 April 2019

INCREASE IN NUMBER OF LAUNDRY UNITS[2]

389[1,4]

N/A – 12 months ended 31 October 2019[4]
692 – 18 months ended 31 October 2020
427 – 12 months ended 30 April 2019

GROUP PROFIT BEFORE TAX

£(27.8)m[1,4]

£44.9m – 12 months ended 31 October 2019[4]
£0.5m – 18 months ended 31 October 2020
£42.6m – 12 months ended 30 April 2019

GROSS TAKINGS[3]

(19.6)%[1,4]

0.9% – 12 months ended 31 October 2019[4]
N/A – 18 months ended 31 October 2020
(0.7)% – 12 months ended 30 April 2019

ADJUSTED PROFIT BEFORE TAX

£(26.0)m[1,4]

£45.9m – 12 months ended 31 October 2019[4]
£2.5m – 18 months ended 31 October 2020[3]
£44.1m – 12 months ended 30 April 2019

INCREASE IN NUMBER OF PHOTOBOOTHS

(1,250)[1,4]

N/A – 12 months ended 31 October 2019[4]
(1,684) – 18 months ended 31 October 2020
(142) -12 months ended 30 April 2019

[1] 12 months ended 31 October 2020
[2] Operated or sold.
[3] Adjusted profit before tax for the 18 months to 31 October 2020 is profit before tax adjusted to exclude the loss on the Group's shareholding in Max Sight Group Holdings Limited and restructuring costs.
[4] 12 months ended 31 Octovver 2020 and 12 months ended 31 October 2019 are unaudited.

Financial Review

FINANCIAL PERFORMANCE

	18 months to 31 October 2020	12 months to 31 October 2020 Unaudited	12 months to 31 October 2019 Unaudited	12 months to 30 April 2019
Revenue	**£310.2m**	**£186.3m**	£232.2m	£228.1m
EBITDA (excluding associates)	**£87.3m**	**£41.4m**	£76.5m	£69.7m
Operating profit (excluding associates)	**£3.3m**	**£(25.7)m**	£46.0m	£42.7m
Profit / (loss) before tax	**£0.5m**	**£(27.8)m**	£44.9m	£42.6m
Profit / (loss) after tax	**£(2.4)m**	**£(24.9)m**	£33.6m	£31.3m

The movements in turnover are outlined in the following table.

	£m
Turnover at 31 October 2019 (12 month)	232.2
Change in core business revenue:	
Continental Europe	(19.1)
UK & Ireland	(18.9)
Asia	(7.8)
Turnover at 31 October 2020 (12 month)	**186.4**

The decline in the profit before tax can be explained as follows:

	£m
Profit before tax at 31 October 2019 (12 month)	44.9
Changes in revenue	(45.8)
Changes in costs	(24.7)
Restructuring costs	(0.6)
Increase in net finance income & other gains	(2.2)
Impact of exchange rates	(0.5)
Profit before tax 31 October 2020 (12 month)	**(27.9)**

REVIEW OF OPERATING COSTS

Operating costs were £80.2 million.

Staff costs were £28.4 million. The ratio of staff costs to revenue is 15.24% (31 October 2019: 13.4%).

Operations in the UK & Republic of Ireland received £1.5 million from government furlough schemes, and Continental Europe received £755,000.

	12 months to 31 October 2020 Unaudited	12 months to 31 October 2019 Unaudited	12 months to 30 April 2019
Staff costs	**£28.4m**	£31.2m	£30.6m
Inventory costs	**£20.5m**	£25.7m	£25.6m
Other operating costs	**£2.1m**	£7.6m	£6.5m
Depreciation and amortisation	**£29.2m**	£27.9m	£24.3m
Profit on disposal of fixed assets	**£2.8m**	£1.7m	£1.8m
Operating costs	**£80.2m**	£92.4m	£87.0m

EXCEPTIONAL ITEMS PROVISION AND IMPAIRMENT

Due to the significant impact of COVID-19 on consumer activity in all the Group's end markets, the Group's performance in the period was significantly impacted. COVID-19 started to impact trading in Asia (especially China) in mid-January and by March all the Group's end markets were severely disrupted and the majority of expected revenue did not materialise as a result.

- COVID-19 has adversely impacted each business area: B2B, children's rides and, to a lesser extent Identification, will be the most challenging from which to recover.
- Identification was significantly impacted by the pandemic and ongoing challenging market conditions in the UK, due to the UK government's decision to allow home-taken photos for official documents such as passports.

The COVID-19 crisis has required an in-depth review of the Group's operations and increased rigor to address the current trading environment. This has led to a £33.6 million impact from exceptional items, provisions and impairment for the results for the 18-month period. The largest elements are:

- The write down of the carrying value of non-profitable machines (mainly photobooths and children's rides) due to the disruption caused by the COVID-19 situation, and the likely slow recovery in consumer spending habits should social distancing measures remain in place for the foreseeable future. Photo-Me expects that unprofitable machines will be removed or relocated in the UK, China, South Korea and Continental Europe.
- The impairment of goodwill and investments, especially for the B2B companies in the UK.
- The impairment of R&D and other intangibles.
- This also includes a provision for bad debt, machines costs provision, such as dilapidation costs that will occur when leaving non profitable sites, and stocks impairment. In addition, there are provisions for receivables from customer attrition or bankruptcy.

The table below provides a breakdown of exceptional items, provisions and impairment by region:

	Asia £'000	Europe £'000	UK & Ireland £'000	TOTAL £'000
Bad debt	–	314	10	324
Intangibles impairment	–	5,621	6,331	11,953
Machine costs provision	590	554	–	1,144
Machine impairment	1,539	6,164	9,835	17,538
R&D Intangible impairment	–	1,660	–	1,660
Stock impairment	–	995	20	1,015
Total	**2,129**	**15,308**	**16,196**	**33,634**

RECONCILIATION OF REPORTED PROFIT BEFORE TAX TO ADJUSTED PROFIT BEFORE TAX

	18 months to 31 October 2020	**12 months to 31 October 2020 Unaudited**	12 months to 31 October 2019 Unaudited	12 months to 30 April 2019
Reported profit before tax[1]	**£0.5m**	**£(27.8)m**	£44.9m	£42.6m
Discontinued operations				
– Profit on disposals of Stilla Tech	**–**	**–**	–	£(3.2)m
– Loss of Max Sight Holding investment	**£0.4m**	**£0.4m**	£(2.7)m	–
Fair value loss on financial instrument held at FVTPL	**–**	**–**	£2.9m	£2.9m
Exceptional items – restructuring costs	**£1.5m**	**£1.3m**	£0.8m	£1.8m
Adjusted profit before tax[1]	**£2.5m**	**£(26.0)m**	£45.9m	£44.1m

[1] Profit before tax includes £33.6 million loss due to exceptional items, provisions and impairment due to COVID-19

EARNINGS PER SHARE

For the 18-month period, diluted earnings per share was (0.62)p. Basic earnings per share was (0.62)p.

TAXATION

The Group tax charge of £2.8 million corresponds to an effective tax rate of 578% (30 April 2019: 26.6%).

The effective tax rate is distorted due to the large amount of non-deductible impairments (goodwill).

STATEMENT OF FINANCIAL POSITION

Since the end of April 2020, the Group has secured additional debt funding to ensure that it has sufficient liquidity during this uncertain period. A €30 million loan was agreed with three French banks (BNP, LCL and Credit du Nord which have always been extremely supportive of Photo-Me) participating under the French government-backed "PGE" scheme and the funds were received in May and June, with the loan now drawn down in full. The Group has the right to repay the loan between one and five years without penalty. As long as the loan is outstanding (in whole or part), Photo-Me cannot distribute dividends to shareholders.

Photo-Me remains in line with its statement Photo-Me and BNP have agreed in principle to waive the existing gross cash to debt covenant, to give Photo-Me more flexibility in the current environment.

The Group balance sheet can be summarised as follows:

	31 October 2020	31 October 2019 Unaudited	30 April 2019 Restated
Non-current assets	**£127.5m**	**£162.0m**	£151.1m
Current assets	**£139.8m**	**£130.2m**	£128.7m
Non-current liabilities	**£53.0m**	**£69.3m**	£66.8m
Current liabilities	**£100.4m**	**£88.4m**	£69.2m
Net cash	**£106.2m**	**£84.8m**	£84.6m
Total equity	**£112.2m**	**£132.8m**	£142.0m
Minority interests	**£1.7m**	**£1.6m**	£1.9m
Total shareholders' funds	**£113.9m**	**£134.4m**	£143.8m

Non-current assets detailed are outlined in the following table:

	31 October 2020	31 October 2019 Unaudited	30 April 2019 Restated
Goodwill	**£13.8m**	**£27.1m**	£18.4m
Other intangible assets	**£19.0m**	**£14.6m**	£31.3m
Plant and machinery	**£90.3m**	**£114.2m**	£95.4m
Investment property	**£0.7m**	**£0.6m**	£0.7m
Financial instruments	**£1.9m**	**£2.5m**	£2.4m
Deferred tax assets	**£0m**	**£0.9m**	£0.9m
Trade and other receivables	**£1.8m**	**£1.7m**	£1.8m
Total non-current assets	**£127.5m**	**£162.0m**	£151.2m

Transfer from goodwill to intangible assets (£10.6m) and increase of goodwill (£2.4 m) due to SEMPA investment retreatments according to IFRS3.

Transfer from Other intangibles assets to Property, plant & equipment of IFRS16 NBV according to IFRS16.

Section 172(1) statement

Directors are required to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, whilst also having regard, amongst other matters, to the factors listed in Section 172(1) of the Companies Act 2006.

CONSUMERS

How we engage	How this engagement influenced Board discussions and decision-making
Senior management considers the needs of the consumer and how to provide the best in class service for the most completive price.	A number of the changes we have made to our products are in response to consumer needs. In making its decisions, the Board pays regard to the need to balance consumer needs with customer and commercial outcomes. Some examples of the product changes include Photobooths that are designed to allow easy access and use for persons with disability.

CUSTOMERS

How we engage	How this engagement influenced Board discussions and decision-making
Continual contact with customers through customer relation managers.	Feedback can be shared with the executive directors and the Board. The last 18 months have seen many communications from management to employees to provide guidance and protection against COVID-19, not just for the benefit of employees but also consumers, customers and the public at large.

EMPLOYEES

How we engage	How this engagement influenced Board discussions and decision-making
• Regular briefings from UK management as to how the Company is doing both through personal meetings and through email inviting questions from employees • Regular HR briefings in the UK • Updates and newsletters • Whistleblowing service	The last 18 months have seen many communications from management to employees to provide guidance and protection against COVID-19, not just for the benefit of employees but also consumers, customers and the public at large. The Company is a small one, and therefore the Executive Directors and the CFO* have regular weekly briefings with senior management and through the medium of these meetings are able to learn about employee concerns and views so that they can be taken into account in making decisions which are likely to affect their interests. Current consultation on variation to working hours. Employee representatives' involvement. Open forums for staff to come forward with any queries. Consultations required by law are complied with (e.g. in cases of redundancy). The company operates an executive share option scheme, and rewards senior management with bonuses. A common awareness on the part of all employees of the financial and economic factors affecting the performance of the Company is achieved through the regular meetings referred to above. The board has ensured job survival where possible; an example is a reduction of hours was proposed as opposed to further redundancies. * Although the CFO is a not a statutory director of the Company, he regularly attends board meetings and interacts closely with the Board, particularly the audit committee.

PARTNERS AND SUPPLIERS

How we engage	How this engagement influenced Board discussions and decision-making
Regular engagement with suppliers and partners, including through our • Supplier/procurement processes engage at the time of appointment • and during the relationship • Regular monitoring and reviews of financial and operating resilience • Reporting on payment of suppliers	The Executive members of the Board plus the CFO (and where necessary the Non-executive Directors) review and approve material contracts with suppliers and partners, joint ventures and acquisitions.

THE COMMUNITY AND ENVIRONMENT

How we engage	How this engagement influenced Board discussions and decision-making
The Board relies on regular updates from senior management who in turn rely on direct or indirect feedback from colleagues and customers, as well as general observation on current best practices and individual customer recommendations. These provide useful insights and guides to help shape the Group's activities.	The Company supported NHS staff and other key workers by providing them with a "Free Fridays" offering in the summer where selected Revolution laundry machines were made available to them free of charge; this was in response to the COVID-19 epidemic.
	Green Awareness The Group is actively work to decrease energy use and demand for natural resources.
	Recycling Policy The Group aims at recovering, refurbishing and re-selling its electrical equipment.
	Monitoring Power Consumption • Automatic shutdown of units when not in use • Remote telemetry reduces the number of service visits and consumables • Use of low-energy lamps • Use of energy-efficient flat screen technology
	Products The development, use, and disposal of the Group's products represent a main area of both risk and opportunity. The Group ensures that its products and services are designed to meet existing legislation and increased customer expectations, including environmental, health and safety and accessibility issues. To ensure products manufactured by KIS SAS (the Group's manufacturing subsidiary, based in France, which subcontracts this function to third parties) consistently satisfy our stringent quality requirements, ISO 9001 standard certification has been achieved.

THE COMMUNITY AND ENVIRONMENT

How we engage	How this engagement influenced Board discussions and decision-making
	The Revolution Units are eco-friendly • The built-in washing liquid pump provides the ideal quantity for each washing cycle and reduces waste • The highly concentrated washing liquid, free of phosphates, colouring agents and preservatives, meets the French OCERT standard. Ecological, effective low-temperature and without allergen, this washing liquid naturally perfumes the linen • The boiler only heats the water when the dryer is not in operation • The energy-saving dryer reduces power consumption • LED lights use less energy than standard lighting • The launderette only requires 13KW (compared with 30KW for a classical launderette)
	They are also user-friendly • The launderettes comply with CE standards and the new decree N°2012-412 practical since 1st July 2012 • Accessibility for our disabled customers has been a priority in the design of this launderette from the outset. The machines and touchpads are located at the legally required height, thus combining a beautiful design with easy access for our customers • As an added service to the customer, a built-in pump releases a specially designed neutral and mild washing liquid with a pleasant fragrance. This also helps ensure the machines are kept clean and tidy • Equipped with high capacity professional washing machines (8 and 18kg), the user can wash and dry large or heavy loads such as duvets, blankets and pillows in a record time of 30 minutes per washing cycle • Customers can enter their mobile number at the point of payment and an SMS will be sent to alert them 5 minutes before the end of the cycle • This free service is convenient for customers who might use this waiting time for shopping • Thanks to the touch screen, the payment station is easy to use by following the on-screen instructions • Besides the coin and bill acceptor, the credit card payment is available as an option. It is a service which facilitates the use of the launderette and thus increases its use

THE COMMUNITY AND ENVIRONMENT

How we engage	How this engagement influenced Board discussions and decision-making
	They are also buyer-friendly • Floor space used is less than 5m² – relatively little for a new innovative service • Low installation cost • The launderette is delivered fully assembled and cabled, and can be installed in half a day • Thinner power cables (due to low power), thus cheaper In consideration of global concerns regarding the disposal of waste and increasing metal prices and landfill costs, we have focused more attention on the re-use and recycling of our retired products. Currently, more than 90% by weight of the materials used in our photobooths, mostly steel and other metals, is recycled at the end of their product lifecycle. In light of our concerns regarding increased energy costs and man-made impact on climate change, we have embraced technological advances by investing in energy-saving improvements to our products, which are explained further under "Environment" below. The needs of all our customers are important to us. This drives a continual review of our products and the development of solutions to meet these needs. For example, we have improved services offered to customers with disabilities, and complied with the Equality Act 2010 by introducing on-screen instructions within our photobooths for hard-of-hearing customers, and voice instructions and carefully selected screen colours and font sizes for customers with visual impairments. In addition, the development of the universal photobooth enables access for wheelchair users. Carbon footprint reduction – fleet : • Cars are regularly serviced to ensure efficiency • All drivers are asked to check tyre pressure once a week (properly inflated tyres can boost car mileage) • Generally cars are leased for no more than 48 months, newer cars are more fuel efficient • One of the criteria for new car orders is it's CO_2 emission • Our regions are divided into specific areas, engineers must live within their area of work. This ensures that driving to service machines is kept to absolute minimum • Other groups of drivers, such as commercial team plan their journey ahead in order to cover their territory efficiently

INVESTORS

How we engage	How this engagement influenced Board discussions and decision-making
Comprehensive investor relations programme including formal presentations to investors and analysts on the half-year and full-year results; formal investor roadshows in the UK; and an ongoing at, one-to-one meetings and group meetings with institutional investors, fund managers and analysts	The Remuneration Committee consulted with major investors and external remuneration specialists before introducing and then updating any changes to the implementation of the remuneration policy for The Board reviews the Group's dividend policy, and following the outbreak of the COVID-19 pandemic, the Board suspended its interim dividend, and is not recommending a final dividend for the year. In making this decision, the Board considered this to be in the long-term interest of shareholders.
• Meetings which relate to governance are attended by the Chairman or another Non-Executive Director	Involvement of the Chairman highlights the importance of governance from the top down.
• Annual Report and Annual General Meeting • Corporate website and market announcements	Usually, the AGM in particular provides a convenient forum for shareholders to question the Board, give useful feedback and make helpful suggestions. It is normally very well attended and constructive. This will not be the case this year owing to the restrictions in place due to COVID-19.
• Active consultation on remuneration framework and policies	The remuneration committee takes advice from external remuneration consultants to ensure that it is up to date with market trends, expectations, and best practises.

The Board relies on regular updates from senior management who in turn rely on direct or indirect feedback from colleagues and customers, as well as general observation on current best practices and individual customer recommendations. These provide useful insights and guides to help shape the Group's activities.

Principal risks

Similar to any business, the Group faces risks and uncertainties that could impact the achievement of the Group's strategy.

These risks are accepted as inherent to the Group's business. The Board recognises that the nature and scope of these risks can change; it therefore regularly reviews the risks faced by the Group as well as the systems and processes to mitigate them.

The table below sets out what the Board believes to be the principal risks and uncertainties, their impact, and actions taken to mitigate them.

ECONOMIC

Nature of risk	Description and impact	Mitigation
COVID-19	The COVID-19 pandemic has and may continue to cause major disruption to worldwide markets and supply chains, including those that Photo-Me operates within. Widespread governmental lockdown measures, such as travel bans and restrictions on the movement of people, have significantly impacted the Group's business areas, particularly Identification and children's rides due to significantly lower consumer demand for its products and services. In addition, lockdown has restricted the ability of the Group's field engineers to service and replenish machines.	The Group has exercised a number of measures to protect the business and preserve cash during the COVID-19 crisis, including but not limited to: Focusing on the health and safety of employees, other stakeholders and the public at large, stringent measures have been implemented across the Group's businesses in line with guidance of governments, the World Health Organization and other relevant authorities across the territories in which the Group operates. Measures taken include providing employees with face shields, surgical masks, gloves, hand sanitizer and a disinfectant to safely clean the Group's equipment. Reducing capital and other expenditure including loan repayment deferrals, obtaining additional credit facilities and government job retention schemes. The Group continues to monitor the COVID-19 situation closely and continually reviews operational practices, updating its practices in line with in line with government guidance and other relevant guidance.
Global economic conditions	Economic growth has a major influence on consumer spending. A sustained period of economic recession could lead to a decrease in consumer expenditure in discretionary areas.	The Group focuses on maintaining the characteristics and affordability of its needs-driven products.
Volatility of foreign exchange rates	The majority of the Group's revenue and profit is generated outside the UK, and the Group results could be adversely impacted by an increase in the value of sterling relative to those currencies.	The Group hedges its exposure to currency fluctuations on transactions, as relevant. However, by its nature, in the Board's opinion, it is very difficult to hedge against currency fluctuations arising from translation in consolidation in a cost-effective manner.

REGULATIONS

Nature of risk	Description and impact	Mitigation
Centralisation of the production of ID photos	In many European countries where the Group operates, if governments were to implement centralised image capture, for biometric passport and other applications, or widen the acceptance of self-made or home-made photographs for official document applications, the Group's revenues and profits could be affected.	The Group has developed new systems that respond to this situation, leveraging 3D technology in ID security standards, and securely linking our booths to the administration repositories. Solutions are in place in France, Ireland, Germany, Switzerland and the UK; discussions in Belgium and the The Netherlands). Furthermore, the Group also ensures that its ID products remain affordable and of a high-quality.
Brexit	The UK left the EU on 31 January 2020. This will lead to changes in UK regulations as modifications to numerous arrangements between the UK and other members of the EU and EEA, affecting trade and customs conditions, taxation, movements of resources, among other things.	The Board is continually reviewing the potential impact on the Group's operations of the UK's leaving the EU. Any potential developments, including new information and policy indications from the UK Government and the EU, will be scrutinized with a view to enhancing the Group's ability to take appropriate action targeted at managing and, where possible, minimising adverse repercussions of Brexit. The specific impact of Brexit on the Group will depend on the details of any potential renegotiation of the Brexit deal between the UK and the EU. The business carried out post- transition impact assessments to include all customs documentation, licences, permits, consents, certificates, rules of origin, commodity codes, and delays at the borders. The Board foresees that in the short-term the negative impact of the uncertainty overshadowing the general UK economy could spill over into the Group's UK operations.

STRATEGIC

Nature of risk	Description and impact	Mitigation
Identification of new business opportunities	The failure to identify new business areas may impact the ability of the Group to grow in the long-term.	Management teams constantly review demand in existing markets and potential new opportunities. The Group continues to invest in research in new products and technologies.
Inability to deliver anticipated benefits from the launch of new products	The realisation of long-term anticipated benefits depends mainly on the continued growth of the laundry business and the successful development of integrated secure ID solutions.	The Group regularly monitors the performance of its entire estate of machines. New technology-enabled secure ID solutions are heavily trialed before launch and the performance of operating machines is continually monitored.

MARKET

Nature of risk	Description and impact	Mitigation
Commercial relationships	The Group has well-established, long-term relationships with a number of site-owners. The deterioration in the relationship with, or ultimately the loss of, a key account would have an adverse, albeit contained, impact on the Group's results, bearing in mind that the Group's turnover is spread over a large client base and none of the accounts represent more than 2% of Group turnover.	The Group's major key relationships are supported by medium-term contracts. We actively manage our site-owner relationships at all levels to ensure a high quality of service.
	To maintain its performance, the Group needs to have the ability to continue trading in good conditions in France and the UK, taking into account the situation in these two countries.	The Group continues to monitor the situation in both the French and the UK markets.

OPERATIONAL

Nature of risk	Description and impact	Mitigation
Reliance on foreign manufacturers	The Group sources most of its products from outside the UK. Consequently, the Group is subject to risks associated with international trade.	Extensive research is conducted into quality and ethics before the Group procures products from any new country or supplier. The Group also maintains very close relationships with both its suppliers and shippers to ensure that risks of disruption to production and supply are managed appropriately.
Reliance on one single supplier of consumables	The Group currently buys all its paper for photobooths from one single supplier. The failure of this supplier could have a significant adverse impact on paper procurement.	The Board has decided to hold a strategic stock of paper, allowing for 6 -10 months' worth of paper consumption, to allow enough time to put in place alternative solutions.
Reputation	The Group's brands are key assets of the business. Failure to protect the Group's reputation and brands could lead to a loss of trust and confidence. This could result in a decline in our customer base.	The protection of the Group's brands in its core markets is sustained by products with certain unique features. The appearance of the machine is subject to high maintenance standards. Furthermore, the reputational risk is diluted as the Group also operates under a range of brands.
Product and service quality	The Board recognises that the quality and safety of both its products and services is of critical importance and that any major failure will affect consumer confidence.	The Group continues to invest in its existing estate, to ensure that it remains contemporary, and in constant product innovation to meet customer needs The Group also has a programme in place to regularly train its technicians.

TECHNOLOGICAL

Nature of risk	Description and impact	Mitigation
Failure to keep up with advances in technology	The Group operates in fields where upgrades to new technologies are mission-critical.	The Group mitigates this risk by continually focusing on R&D.
Cyber risk: Third party attack on secure ID data transfer feeds	The Group operates an increasing number of photobooths capturing ID data and transferring these data it directly to government databases.	The Group performs an ongoing assessment of the risks and ensures that the infrastructure meets the security requirements.

Corporate responsibility statement

Our approach to corporate responsibility

The Group recognises its responsibilities to the community and the environment and believes that health, safety and environmental issues are integral and important components of best practice in business management. Our management of corporate responsibility can influence our ability to create long-term financial and non-financial value, and impacts on our relationship with shareholders and other stakeholders.

PRINCIPAL ACTIVITIES

We believe that effective management of corporate responsibility can reduce risks and help us identify business opportunities.

We prioritise our corporate responsibility activities based on three main drivers:

- legal requirements and future policy trends;
- customer, employee and investor preferences for corporate responsibility; and
- cost savings and business efficiency

We aim to ensure that our approach is consistent with the directors' duty to promote the success of the Company, a legal requirement included in the Companies Act 2006. This duty is based on the principle of 'enlightened shareholder value'.

HOW WE MANAGE CORPORATE RESPONSIBILITY

The Board is ultimately accountable for corporate responsibility. The Chief Operating Officer has specific responsibility for risk management and health, safety and environmental matters, with delegated authority through line management.

The Group operates in highly differentiated national markets with differing national laws, preferences and cultures. As a result, operational direction and management of corporate responsibility lie primarily with national business managers, who are best placed to ensure compliance with national legislation and market expectations.

The Group's internal audit programme operates a risk-based assessment process, including corporate responsibility issues. The Board reviews Group-wide performance on corporate responsibility within the assessment and review process. Where necessary, Group-wide policies are developed or revised to address specific risks, opportunities, or new information.

KEY AREAS OF FOCUS

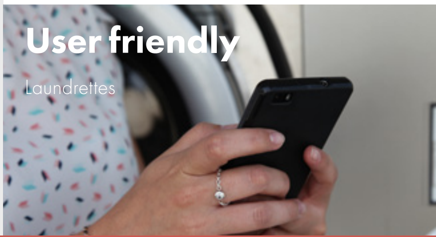
PRODUCTS SEE PAGE 42

ISO certified

ISO International Standards ensure that products and services are safe, reliable and of good quality.

Eco friendly

The Revolution



User friendly

Laundrettes

Buyer friendly

Equipment

We are also reducing their environmental impact

HEALTH & SAFETY SEE PAGE 44

Dedicated experts

- Network of trained service operators
- Periodic safety inspections and tests
- Call centres provide customer assurance and within 24-hour service
- New product assessments

Accredited contractor

- Safe Contractor accreditation managed by Alcumus and Altius
- Assured award

CE marking

Confirms that our products comply with all health, product safety and environmental protection.

Photobooths:
CE Marking (RoHS2) Children's rides:
BACTA CE Marking (RoHS2)

EMPLOYEES SEE PAGE 43

Employee engagement

- Business networking
- Notification of vacancies and policy updates
- Monthly operational meeting for business leaders

Equal opportunities and diversity

- Fair and equitable policies and procedures for all
- Support for employees who develop a disability
  - Retraining
  - Redeployment
- Gender diversity

ENVIRONMENT SEE PAGE 45

Green awareness

We actively work to decrease energy use and demand for natural resources.

Recycling policy

We recover, refurbish and re-sell our electrical equipment.

Monitor power consumption

- Automatic shut-down of units when not in use
- Remote telemetry reduces the number of service visits and consumables
- Use of low-energy lamps
- Use of energy-efficient flat screen technology

Products

The development, use and disposal of our products represent a main area of both risk and opportunity. We ensure that our products and services are designed to meet existing legislation and increased customer expectations, including environmental, health and safety, and accessibility issues.

To ensure products manufactured by KIS SAS (the Group's manufacturing subsidiary, based in France, which subcontracts this function to third parties) consistently satisfy our stringent quality requirements, ISO 9001 standard certification has been achieved.

REVOLUTION LAUNDRY UNITS ARE ECO-FRIENDLY

- The built-in washing liquid pump provides the ideal quantity for each washing cycle and reduces waste
- The highly concentrated washing liquid, free of phosphates, colouring agents and preservatives, meets the French OCERT standard. Ecological, effective low-temperature and without allergen, this washing liquid naturally perfumes the linen
- The boiler only heats the water when the dryer is not in operation
- The energy-saving dryer reduces power consumption
- LED lights use less energy than standard lighting
- The launderette only requires 13KW (compared with 30KW for a classical launderette)

THEY ARE ALSO USER-FRIENDLY

- The launderettes comply with CE standards and the new decree N°2012-412 practical since 1st July 2012
- Accessibility for our disabled customers has been a priority in the design of launderette from the outset. The machines and touchpads are located at the legally required height, thus combining a beautiful design with easy access for our customers
- As an added service to the customer, a built-in pump releases a specially designed neutral and mild washing liquid with a pleasant fragrance. This also helps ensure the machines are kept clean and tidy
- Equipped with high-capacity professional washing machines (8 and 18kg), the user can wash and dry large or heavy loads such as duvets, blankets and pillows in a record time of 30 minutes per washing cycle
- Customers can enter their mobile number at the point of payment and an SMS will be sent to alert them five minutes before the end of the cycle
- This free service is convenient for customers who might use this waiting time for shopping
- Thanks to the touch screen, the payment station is easy to use by following the on-screen instructions
- Besides the coin and bill acceptor, contactless credit card payment is available as an option, which facilitates the use of the launderette and thus increases its use
- Measures were taken to safeguard the interests of customers and the community at large during the pandemic, including enhanced cleaning regimes and customer signage (further details set on our page 24)

THEY ARE ALSO BUYER-FRIENDLY

- Floor space used is less than 5m² – relatively little for a new innovative service
- Low installation cost
- The launderette is delivered fully assembled and cabled, and can be installed in half a day
- Thinner power cables (due to low power), thus cheaper

WE ARE ALSO REDUCING THEIR ENVIRONMENTAL IMPACT

- In consideration of global concerns regarding the disposal of waste and increasing metal prices and landfill costs, we have focused more attention on the re-use and recycling of our retired products
- Currently, more than 90% by weight of the materials used in our photobooths, mostly steel and other metals, is recycled at the end of their product lifecycle
- In light of our concerns regarding increased energy costs and man-made impact on climate change, we have embraced technological advances by investing in energy-saving improvements to our products, which are explained further under "Environment" below

RESPONDING TO CUSTOMER NEEDS

The needs of all our customers are important to us. This drives a continual review of our products and the development of solutions to meet these needs. For example, we have improved services offered to customers with disabilities, and complied with the Equality Act 2010 by introducing on-screen instructions within our photobooths for hard-of-hearing customers, and voice instructions and carefully selected screen colours and font sizes for customers with visual impairments. In addition, the development of the universal photobooth enables access for wheelchair users.

Employees

The Company's employees are a valued integral part of the business and the Company's ability to achieve success in key business objectives.

As such, it is the Company's policy to provide colleagues with appropriate financial and other information about the business to encourage employee engagement, and to enthuse and inspire its workforce through a network of media such as:

- business networking tools to encourage synergies among colleagues and businesses, sharing ideas and best practices;
- internal notification of vacancies and policy updates; and
- monthly operational meetings for business leaders across the Group to engage with colleagues, providing business and local updates. Encouraging interactive feedback to ensure business leaders are kept informed of the Group's performance and of the financial and economic factors affecting Company and Group performance

While it has adopted a decentralised Group management approach, the Company nurtures a common culture among its workforce throughout the entire Group through openness, honesty and the pursuit of a universal goal that focuses on core corporate values.

We do everything in our power to support and protect human rights. As a responsible company with operations across the world, we believe that strong ethics and good business go hand-in-hand. We commit to complying with the laws and regulations of the countries and jurisdictions in which we operate.

EQUAL OPPORTUNITIES AND DIVERSITY

The Company is an equal opportunities employer and is committed to ensuring equal career opportunities for all its employees without discrimination, and pursuing fair and equitable policies and procedures for recruitment, training and development. Full consideration is accorded to all applications from persons with disabilities, with due regard to their aptitudes and abilities.

The Company ensures that, wherever possible, employees who develop a disability during their engagement can continue their employment through a supportive mechanism of retraining, redeployment and reasonable adjustments where practicable, enabling them to remain within the Group. Opportunities for training, career development and progression into and within the Group do not operate to the detriment of persons with disabilities.

GENDER DIVERSITY

The table below shows the gender diversity of the Group's employees at 31 October 2020 with corresponding figures at 30 April 2019:

AS AT 30 APRIL 2019

	Total	Male	Female
The Board of Photo-Me	7	6	1
Senior managers in the Group (excluding directors of Photo-Me)	17	14	3
Employees (excluding above)	1,116	932	184
Total	1,140	952	188

AS AT 31 OCTOBER 2020

	Total	Male	Female
The Board of Photo-Me	7	6	1
Senior managers in the Group (excluding directors of Photo-Me)	13	12	Nil
Employees (excluding above)	1,036	854	182
Total	1,056	873	183

Health & safety

We are committed to ensuring that customers, site owners and employees are free from risk from products operated by the group. In addition to these moral and ethical considerations, we believe that the effective management of health and safety is an essential ingredient for successful business performance.

Our commitment to the safety of our customers and business partners is achieved through a network of trained service operatives who routinely service installed equipment on customers' sites as well as conducting periodic safety inspections and tests. Customers and site owners can raise any safety concerns directly through our call centres, which immediately inform management and direct an operative to the site within 24 hours.

New products from external suppliers are assessed to ensure that they meet relevant safety standards before being launched in the market. We work with our suppliers where appropriate, sharing the benefit of our many years' experience of developing products to the highest standard of safety.

Photobooth security is managed by a multipoint locking system with either one or two security padlocks depending on the model. Our photobooths meet current electrical standards through a declaration of conformity (DOC) and Conformité Européene (CE) marking confirming Restriction of Hazardous Substances (RoHS2) product compliance. Our experienced engineers also test equipment regularly to ensure it meets both Portable Appliance Testing (PAT) and Amusement Device Inspection Procedures Scheme (ADIPS) standards.

Children's rides manufactured by Jolly Roger (Amusement Rides) Limited, a Group subsidiary company in the UK, are produced in accordance with industry guidance issued by the British Amusement and Catering Trades Association (BACTA) and conform to CE marking confirming RoHS2 product compliance. This supplements the various British, European and International standards that apply to children's rides and ensures a minimum standard of quality and safety. The Company is also a registered inspection body within the UK of ADIPS Scheme administered by BACTA and enables its qualified operatives to inspect children's rides and issue the required safety certification.

Within the UK, the general manager fully supports the health and safety policy and ensures there is provision on the agenda of regular senior executive meetings to address health and safety matters. Policies and procedures developed over the years continue to be reviewed and adjusted as part of the process of continual improvement and keeping pace with legislative advances. Risk assessments are regularly undertaken for any new tasks and all are reviewed every 12 months.To achieve the standard of health and safety performance to which the Company aspires, we believe that it is important to empower individuals at all levels and equip them with the tools and skills they require by providing relevant training and information.

The Company continues to improve its employee-induction process following the introduction of an alternative on line training system supplied by Essential Skillz in 2014 to teach and refresh employee skills as required..The Company continues to maintain its membership of the British Safety Council and is also a member of the CE Marking Association.

In addition to demonstrating our commitment to best safety and environmental practice and consistent improvement, these ongoing partnerships enable us to access expert advice and quality training resources to assist us in achieving these goals.

Throughout the pandemic in 2020, Photo-Me s introduced measures to protect customers and colleagues. We have acquired new cleaning products for our machines including SD90 – a high performance self-disinfectant coating for up to 90 days, whose application now forms part of our routine service visits to reduce the risk of cross contamination between customers.

Where possible our employees are working from home and all those that do not are provided with appropriate PPE and measures such as lone working to reduce the risk of transmission. Risk assessments for this are reviewed at regular intervals and are updated as appropriate following government guidelines.

In the UK, the Company is accredited under two safe contractor schemes, one managed by Alcumus and the other by Altius, and has also received an assured Vendor award. This accreditation is reviewed annually and requires all Health and Safety policies and procedures to be audited by the scheme.

We recognise that all employees have an important contribution to make in the ongoing development and implementation of our health and safety policies and procedures. This is reflected in the representation from all levels of the business on the Health and Safety Committee.

For more on how the Company has acted to safeguard employees, please see page 24.

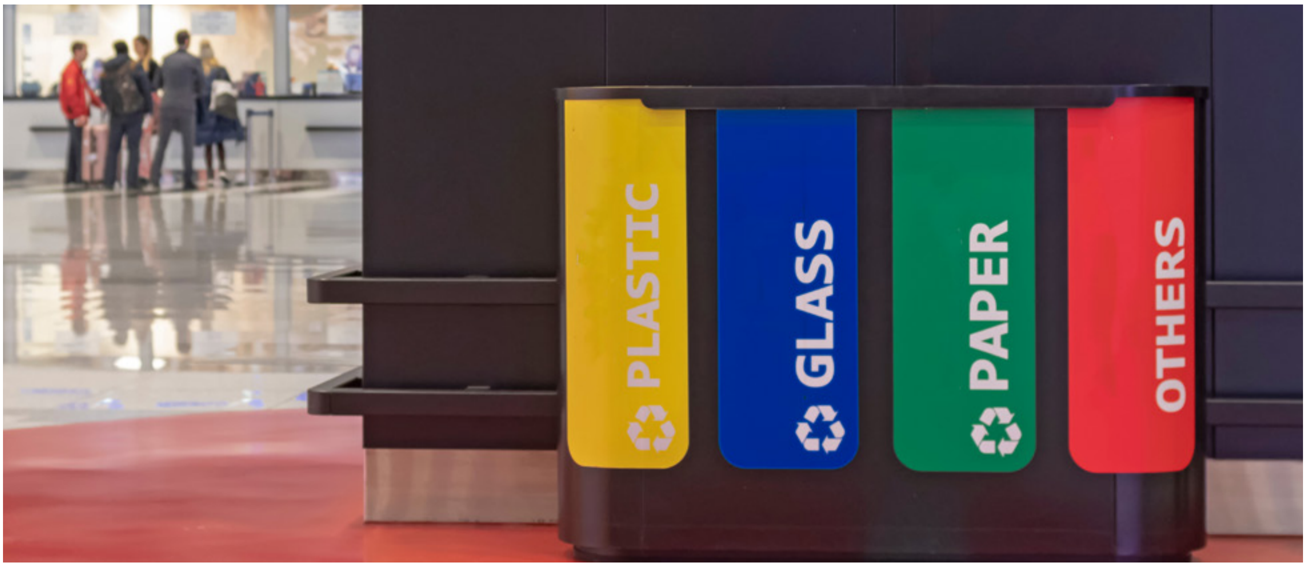
Environment

The Company recognises its responsibility towards the environment and the impact of its business activities.

The main risks to the business in this area arise from increased legislation and the rising cost of waste disposal. The Company has mitigated its exposure to these risks, and the emissions which the business generates, by:

- aiming at reducing the amount of waste produced, although in recent years our UK operations saw an increase in packaging waste due to the acquisition of the ASDA Photo Centre business;
- the recovery, refurbishment and resale of electrical equipment such as children's rides which promote the principle embodied in recent legislation of reuse before recycling. This not only generates cost savings but also creates a source of income. Where possible, we endeavour to embrace technological advances to reduce the impact of our operations on the environment. Such initiatives include:
- the ability to automatically shut down (and restart) photobooths during closing hours which saves approximately 30% of power consumption on site;
- the use of remote telemetry systems to minimise the number of service visits and reduce wastage of consumables;
- the substitution of old-technology lighting with new low-energy lamps in all photobooths. The latest generation Photobooth by Starck uses the latest LED lighting which also eliminates the hazardous waste associated with fluorescent tubes;
- instalment of low energy LED lights in place of old-technology lighting in Photo-Me's factories;
- upgrades to certain of Photo-Me's offices through installing upgraded windows, doors and roofing to improve insulation and energy efficiency, as well as upgrading air conditioning and heating systems as a step towards lower energy usage; and
- the replacement of most old CRT monitors with new flat screen technology which is more energy-efficient and eliminates associated hazardous waste

Although we are not presently exposed to material risks related to climate change, we are taking steps to ensure that our energy use and demand for natural resources are reduced wherever possible. In addition to the examples highlighted above, the Company operates a green fleet policy which specifies that vehicles are sourced according to practicality and environmental impact as defined in terms of CO_2 emissions. This green fleet policy, and the above measures, constitute the principal measures taken by the Company during the reporting period to increase the Company's energy efficiency.



Environment continued

GREENHOUSE GAS (GHG) AND ENERGY EMISSIONS

Reporting of GHG emissions

In accordance with the disclosure requirements for listed companies, the table below shows the Group's greenhouse gas emissions for the current and preceding financial year.

The Group is required to report the emissions it is responsible for (as defined below), and to provide at least one 'intensity ratio' together with an explanation of methodology used.

In the table below, the Group has not reported fugitive emissions (which include leakages from refrigerants used in air conditioning units, etc.) because no data were available and, given the low number of such units in the Group, management did not consider such emissions to be material.

ASSESSMENT PARAMETERS

CONSOLIDATION APPROACH	The figures on the previous page are based on subsidiary companies owned by Photo-Me, except for those non-material subsidiary companies (mainly new start-up ventures) whose vending estate comprises less than 50 machines. This is because it would not be practicable for the Company to include those subsidiary companies in the data. For those investments where the Group has less than 50% of the issued share capital, the Group does not have operational control for day-to-day activities and these entities are not included in the above figures.
BOUNDARY SUMMARY	The Group has included vending estates which are owned by the Group even though it does not directly control the operational use (i.e. period of operation) for these assets.
EMISSION FACTOR SOURCE	Department of Business, Energy & Industrial Strategy, 2016 GHG Conversion Factors for Company Report (2016: DEFRA 2014).
METHODOLOGY	The Company followed the Greenhouse Gas Protocol Corporate Standard.
MATERIALITY THRESHOLD	As mentioned above, subsidiary companies with less than 50 units of operating equipment have been excluded, as have depots and other property units where the total amount spent on heating, lighting and power is less than £50,000 per annum per site.
INTENSITY RATIO	As explained below.

In the tables below, the Group has not reported fugitive emissions (which include leakages from refrigerants used in air conditioning units, etc.) because no data were available and, given the low number of such units in the Group, management did not consider such emissions to be material.

DATA FOR ALL OF THE GROUP'S BUSINESS (INCLUDING UK)

	18 months ended 31 October 2020 Tonnes of CO_2e	18 months ended 31 October 2020 kWh[2]	12 months ended 30 April 2019 Tonnes of CO_2e
Scope 1: The main components of these emissions are: • Emissions from motor vehicles operated by the Group, including service and installation personnel (servicing and maintaining the operational estate etc.) and administrative staff • Natural gas consumption on the Group's premises	4,287.99	18,392,324.21	3,513.50
Scope 2: The main components of these emissions are: • Purchased electricity for use on the Group's premises. This is mainly for heating and lighting. The Group's property estate largely consists of administrative offices and storage depots. Most manufacturing of vending equipment and products are outsourced to third parties. In those instances, emissions are controlled by third parties • Emissions from vending equipment	28,278.37	121,293,495.31	20,761.34
Total emissions	**32,566.35**	**139,685,819.52**	**24,274.84**
Intensity ratio per number of units of operation[1]	0.7065	3 030.4556	0.51592

DATA FOR THE GROUP'S UK BUSINESS[2]

	18 months ended 31 October 2020 Tonnes of CO_2e	18 months ended 31 October 2020 kWh[3]
Scope 1: The main components of these emissions are: • Emissions from motor vehicles operated by the Group, including service and installation personnel (servicing and maintaining the operational estate etc.) and administrative staff • Natural gas consumption on the Group's premises	468.10	2,007,793.52
Scope 2: The main components of these emissions are: • Purchased electricity for use on the Group's premises. This is mainly for heating and lighting. The Group's property estate largely consists of administrative offices and storage depots. Most manufacturing of vending equipment and products are outsourced to third parties. In those instances, emissions are controlled by third parties • Emissions from vending equipment	3,191.52	13,689,282.49
Total emissions	**3,659.61**	**15,697,076.01**
Intensity ratio per number of units of operation[1]	0.3700	1,587.1664

1 The Group's chosen intensity ratio for external reporting is calculated by dividing total emissions by the average number of units of operating equipment during the year for the reporting companies.
2 As this is the first reporting period where the Group has broken out its UK data, it was not practicable for the Group to identify comparative UK data for CO_2 emissions from the prior annual report.
3 This is the first reporting period where the Group has reported kWh and therefore no comparative data has been provided.

Environment continued

Methodology used:

- The data detailed in the table above represents the emissions and energy used for which Photo-Me is responsible and is incorporated by reference in the Director Report on pages 54 to 58
- Data based on actual utilities invoices for Head Office consumption
- Kilometres travelled by cars, multiplied by the CO_2 emissions (by kilometre) for every car in the Group fleet
- Theoretical consumption by machines, multiplied by average number of machines for each country of operation
- Disclosure period is the 18 months ended 31 October 2020, compared with the 12 months ended 30 April 2019

NON-FINANCIAL INFORMATION STATEMENT

We are pleased to set out below where you can find information relating to non-financial matters in our Strategic Report, as required under sections 414CA and 414CB of the Companies Act 2006.

NON-FINANCIAL INFORMATION STATEMENT

Information	Section/Policy
Environmental matters (including the impact of the company's business on the environment)	This is found above in the Corporate Responsibility Statement
The company's employees	This is found above in the Corporate Responsibility Statement.
Social matters	This is found above in the Corporate Responsibility Statement.
Respect for human rights	This is found above in the Corporate Responsibility Statement.
Anti-corruption and anti-bribery matters	The Company operates an anti-bribery and corruption policy.

Viability statement

The directors have assessed the viability and prospects of the Group in accordance with the requirements of the UK Corporate Governance Code.

In doing so, the directors have considered and taken into account the Group's present position and the principal risks facing it, the latter being set out in the Strategic Report. The directors have carried out their assessment by:

I. considering the potential repercussions of those principal risks at least annually as well as the risk impact of each major event or transaction;

II. examining the effectiveness of the actions taken to mitigate the principal risks;

III. continually reviewing strategy and market developments through regular executive briefings; and

IV. taking into account the Group's operational processes and financial resources.

Based on this robust assessment, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities over a three-year period to March 2024.

This assessment included stress tests on the future performance and solvency for changes in the base assumptions over the three years and also for the principal risks facing the business in severe but plausible combination scenarios together with the effectiveness of any mitigating actions. Consideration has also been given to the risk of regional changes such as Brexit; however, the Board believes that having diverse geographical operations means that the Group is less susceptible to the effects of regional changes.

The directors decided that a three-year period is appropriate for this assessment because it enables a good level of confidence due to a number of factors including: (i) the Group's considerable financial resources including the high cash generation of its operations; (ii) the inherent unlikelihood of all or even most of the identified potential principal risks materialising simultaneously; (iii) the length of major operating contracts; (iv) the Group's diverse geographical operations plus its established business relationships with many customers and suppliers in countries throughout the world; and (v) its proven track record in R&D development and its ability to adapt to market trends.

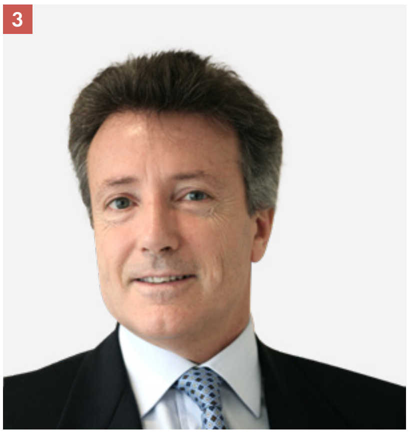
The directors have no reason to believe the Group will not be viable over a longer period, however, given the inherent uncertainty involved in looking at longer time frames, the period over which the directors consider it possible to form a reasonable expectation as to the Group's longer-term viability is three years.

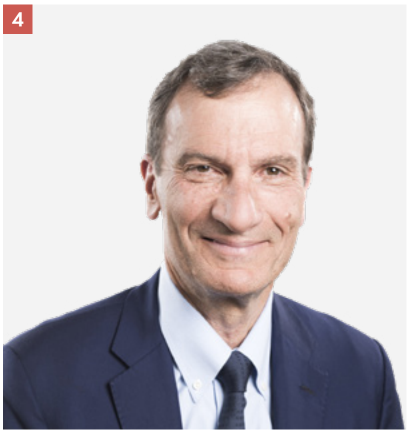
DEL MANSI
Company Secretary

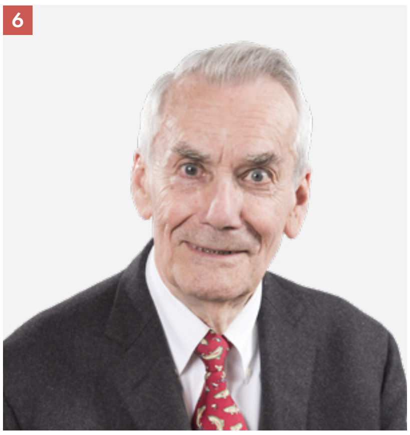
31 MARCH 2021

Corporate Governance

Board of directors & Company Secretary







1

SIR JOHN LEWIS OBE

Non-executive Chairman

Joined the Board in 2008 and appointed Chairman in 2010. Chairman of the Nomination Committee and a member of the Audit and Remuneration Committees. Until early 2019, a Consultant to Eversheds Sutherland LLP (as now is), and currently a Director of AIM market company, Prime People plc, as well as various private companies. Previously a practising Solicitor and Partner in Lewis, Lewis & Co – which became part of Eversheds Sutherland LLP (as now is) after a series of mergers. Previously served as Chairman of Cliveden plc and Principal Hotels plc and as Vice Chairman of John D Wood & Co plc and Pubmaster Group Ltd.

2

SERGE CRASNIANSKI

Chief Executive Officer & Deputy Chairman

Appointed to the Board in 2009. Previously served on the Board from 1990 to 2007; until 1994 as a Non-executive Director, from 1994 as an Executive Director and as Chief Executive Officer from 1998 to 2007. Founded KIS in 1963.

3

JEAN-MARC JANAILHAC

Executive Director

Mr Janailhac joined the Board in 2019. He is currently a senior adviser of Macquarie Capital (Europe) Limited, which he joined in 2016. In October 2010, he was appointed a Non-executive Director of Athena Investments A/S, a Danish company dedicated to renewable energy (wind and solar) listed on Nasdaq Copenhagen and included in the OMX Copenhagen Small Cap Index, a role he retains. Mr Janailhac was designated executive director in July 2020, and appointed chairman of the newly formed Strategic Committee that is responsible for reviewing and implementing operational decisions across the Group. From his original appointment in July 2019 until 9 December 2020, he was a member of the Audit and Remuneration Committees, resigning from both as of that latter date.

4

YITZHAK APELOIG

Non-executive Director

Appointed to the Board in 2012. A qualified accountant and Managing Partner of ATE Technology Equipment B.V., a private equity firm active mainly in Israel. Chairman of Leader Holdings and Investments Ltd and Atreyu Capital Markets Ltd (both quoted on the Israeli Tel Aviv Stock Exchange). Chairman or Director of a number of other private companies. Previously Executive Chairman of Telit Communications plc, having led its flotation on the London AIM market in 2005. Appointed to the Audit Committee on 20 October 2016.

5

FRANÇOISE COUTAZ-REPLAN

Non-executive Director

Appointed to the Board in 2009. Retired from her executive role as Group Finance Director on 27 August 2015, continuing as a Non-executive Director. Joined KIS in 1991. Appointed to the Audit Committee on 20 October 2016.

6

JEAN-MARCEL DENIS

Non-executive Director

Appointed to the Board in 2012. Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees. Founded his own auditing firm in 1970 in Paris, Auditeurs & Conseils Associés (ACA), and sold his interest in ACA in 2005. Subsequently a consultant in Finance & Conseils Associés, which specialises in business valuations.

7

EMMANUEL OLYMPITIS

Non-executive Director

Appointed to the Board in 2009. Senior Independent Non-executive Director, Chairman of the Remuneration Committee and a member of the Nomination and Audit Committees. Previous directorships include China Cablecom Holdings Limited (NASDAQ), Canoel International Energy Limited (Canada), Matica plc, Secure Fortress plc, Bulgarian Land Development plc, Norman 95 plc, Pacific Media plc (Executive Chairman) and Bella Media plc (Chairman). Early career in merchant banking and financial services, including as Executive Director of Bankers Trust International Ltd, Group Chief Executive of Aitken Hume International plc, and Executive Chairman of Johnson & Higgins Ltd.

8

DEL MANSI

Company Secretary

Joined the Group in 2006. A qualified solicitor, he served as interim Company Secretary from April to July 2008. Appointed Group General Counsel in 2009, a role retained on being appointed Company Secretary in May 2013.

Report of the Directors

The directors submit to the shareholders their report, the audited consolidated financial statements of the group, and such audited financial statements of Photo-Me International plc as required by law for the 18-month period ended 31 October 2020.

The Corporate Governance Statement and the Corporate Responsibility Statement should be read as forming part of this report. In this document, references to "The Group", "The Company", "we", or "our", refer to Photo-Me International plc, its subsidiary companies and, where applicable, its associated undertakings, or any of them as the context may require.

PRINCIPAL ACTIVITIES

The principal activities of the Group continue to be the operation, sale, and servicing of a wide range of instant-service equipment. The Group operates coin-operated automatic photobooths for identification and fun purposes, and a diverse range of vending equipment, including digital photo kiosks, amusement machines, business service equipment, and laundry machines. The Company's subsidiary and associated undertakings are shown on pages 155 to 156. The Group entered the self-service fresh fruit juice equipment market in April 2019, with the acquisition of SEMPA Sarl. The Board believes this will become a key business area alongside Identification, Laundry and Kiosks, and be a significant part of the Group's future growth strategy.

RESULTS AND DIVIDENDS

The results for the year are set out in the Group Statement of Comprehensive Income on page 92. The directors are not recommending a final dividend this financial period. No interim dividend was paid for this financial period.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The Strategic Report describes the activities of the business during the 18-month period ended 31 October 2020, recent events (including any important events affecting the Group which have occurred since the end of that period), and gives an indication of likely future developments in the Group's business. A discussion of the key risks facing the Group and an analysis of key performance indicators are also provided in the Strategic Report. The Strategic Report also contains the Board's Long-term Viability Statement.

RESEARCH AND DEVELOPMENT

The Group is committed to its research and development programme in order to maintain its introduction of innovative products to the market. The expenditure incurred on the development of new products is shown in notes 4 and 11 of the financial statements.

EMPLOYEES

Information on the Company's employment practices including: its policy regarding applications for employment by persons with disabilities; the continuing employment of employees who have developed disabilities; and the training, career development and promotion of persons with disabilities employed by the Company, as well as employee communication and involvement, is contained within the Corporate Responsibility Statement on pages 40 to 48, and which is deemed to form part of this report.

EMPLOYEE ENGAGEMENT

The senior management team has held several internal consultations, and released internal memoranda outlining the movement of the business throughout each quarter including financial updates, customer movements, benefit renewals, and guidance on support, wellbeing, whistleblowing and zero tolerance. These gatherings also help to achieve a common awareness on the part of all employees of the financial and economic factors affecting the performance of the Company.

The Executive Directors have regular weekly meetings with all managers. Since the outbreak of COVID-19, these meetings have taken place by audio-visual conference calls. These meetings provide an opportunity for the directors to learn of the views of the employees at large, and to report back to the Board as a whole so that in making any decisions affecting the employees, the Board can take those views and any decisions made can take into account those employee views.

The Company operates an executive share option scheme that was introduced in 2014 (itself replacing an earlier similar scheme). Senior members of staff receive annual bonuses depending on personal performance and the Group's performance.

The above sets out how directors have engaged with employees.

The Company has introduced the following measures to protect employees against COVID-19:

- For those who may have to commute on public transport, working from home has been encouraged.
- A new office layout has been implemented, with distancing measures introduced between work stations.
- The use of hot desking arrangements has been removed where possible.
- Hand sanitiser has been provided at multiple locations around the site to promote good hygiene with notices asking employees to use them.
- The use of shared cutlery and crockery has been stopped and the use of storage of such in communal areas has been restricted.
- Signage and posters have been placed around site reminding workers to maintain hygiene standards and maintain their distance.
- Meetings where possible are held remotely. Where this is not possible the meeting rooms are set up with tape marked to promote social distancing. Hand sanitiser is provided in meeting rooms. Objects such as stationery are not to be shared and meetings are to be kept as short as possible with only key attendees being present.
- Workers are asked to limit face-to-face communication and where possible use telephones and messaging.
- First aid needs have been reviewed with new measures put in place to ensure any first aid treatment is Covid-safe, such as: where possible assist from a safe distance and if the patient is capable asking them to do things for you. Only delivering CPR by chest compressions.
- Workers are provided with clear and consistent instructions not to come to work if they have symptoms or someone in their household has symptoms, and that they should follow government guidelines and self-isolate.
- The Company will continue to comply with government guidelines; this currently involves where possible all staff working remotely.

See below under 'Engagement with Suppliers and Others' to see protective measures introduced for field staff.

The Board's understands the importance of considering the views of all stakeholders, including its employees. The Executive Directors meet with all managers weekly (via audio video conference). These meetings provide a platform for managers to feedback and their teams' views. The Executive Directors then report back to the entire Board and this feedback is considered as part of the Board's decision making process.

ENGAGEMENT WITH SUPPLIERS AND OTHERS

The Executive Directors (and where necessary the Non-executive Directors) meet suppliers, customers and major shareholders, as do senior management. This gives them an opportunity to learn of their desires and concerns, thereby providing information to which they can have regard when making strategic and other decisions.

Since the outbreak of COVID-19, these are some of the measures taken to safeguard the interests of customers and the community at large:

- Machine touch screens have notices installed recommending customers to wash their hands before and after use;
- Machines are coated in SD90 which creates an antimicrobial surface which enables the surface to become self-disinfecting for 90 days – this is reapplied within every 90-day period.
- Within our Revolution launderettes, social distancing notices have been placed around the stores as well as signage requesting customers to sanitise before entry. Signage upon entry also asks customers to wear face coverings when in store to reduce transmission risk.

- Enhanced cleaning regimes have been introduced on the machines, with DEW disinfectant to be used at each maintenance visit by the Company's engineers.
- Stickers notifying customers of the use of SD90 have been applied to machines.
- Signage is placed on machines when maintenance is being carried out telling surrounding guests to keep their distance whilst the machine is undergoing maintenance.
- Engineers wear face masks whilst on sites at all times.
- Engineers are issued with hand sanitiser to promote good hygiene standards which in turn reduces the risk of cross-contamination.

CORPORATE RESPONSIBILITY

A summary of the Company's approach to corporate social responsibility and environmental matters, including a report on the Group's greenhouse gas emissions for the 18 months ended 31 October 2020, can be found in the Corporate Responsibility Statement on pages 40 to 48.

BOARD OF DIRECTORS AND THEIR INTERESTS

The current directors of the Company are:

SIR JOHN LEWIS OBE

Chairman, member of the Audit and Remuneration Committees, and Chairman of the Nomination Committee

SERGE CRASNIANSKI

Chief Executive Officer and Deputy Chairman

JEAN-MARC JANAILHAC

Executive director and chairman of the Strategic Committee that is responsible for reviewing and implementing operational decisions across the Group. He is also chairman of the Strategic Committee and was a member of the audit and remuneration committees from his appointment in July 2019 until December 2020.

EMMANUEL OLYMPITIS

Senior Independent Non-executive Director, Chairman of the Remuneration Committee and a member of the Nomination and Audit Committees

FRANÇOISE COUTAZ-REPLAN

Non-executive Director and a member of the Audit Committee

JEAN-MARCEL DENIS

Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees

YITZHAK APELOIG

Non-executive Director and member of the Audit Committee

Further details, together with a brief biography of each director, can be found on page 53.

These are the directors who served during the year, with their periods of tenure.

From 1 May 2019 to 21 July 2019

Sir John Lewis, Serge Crasnianski, Eric Mergui, Emmanuel Olympitis, Françoise Coutaz-Replan, Jean-Marcel Denis, and Yitzhak Apeloig

From 22 July 2019 to 12 July 2020

Sir John Lewis, Serge Crasnianski, Eric Mergui, Emmanuel Olympitis, Françoise Coutaz-Replan, Jean-Marcel Denis, Yitzhak Apeloig, and Jean-Marc Janailhac

From 13 July 2020 to date

Sir John Lewis, Serge Crasnianski, Emmanuel Olympitis, Françoise Coutaz-Replan, Jean-Marcel Denis, Yitzhak Apeloig, and Jean-Marc Janailhac

In addition to the powers conferred on the directors by law, the Company's Articles of Association also set out powers of the directors; under these powers, the directors may, subject to any statutory provision requiring prior shareholder approval, exercise all powers of the Company to borrow money, issue shares, appoint and remove directors and recommend dividends and pay interim dividends. A copy of the Articles of Association can be found on the Company's website.

Details of the directors' contracts, emoluments and interests in shares and share options are given in the Remuneration Report on pages 68 to 83.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company maintained directors' and officers' liability insurance cover throughout the 18-month period ended 31 October 2020. This insurance cover extends to directors and officers of subsidiary undertakings and remains in force. Article 191 of the Company's Articles of Association allows the indemnification of directors of the Company and associated companies and of directors of a company that is the trustee of an occupational pension scheme for employees of the Company or an associated company against liability incurred by them in certain situations, and would, if granted, constitute a "qualifying indemnity provision" within the meaning of Section 236 (1) of the Companies Act 2006. No such indemnities have been granted.

SUBSTANTIAL SHAREHOLDERS

As of 31 March 2021, the Company had been notified of the following disclosable interests in the ordinary shares of the Company:

MAJOR SHAREHOLDERS' INFORMATION

Shareholder Name (Director[1])	% Voting Rights	Amount
Serge Crasnianski*	27.80	105,637,410
Schroders PLC	13.68	51, 721,009
Fidelity International	10	37,801,163
FPCI Montefiore Investment IV	9.6	36,304,265
Dan David Foundation	8.49	32,111,186
Premier Milton Group	2.15	8,141,080

1 Except for 63,750 ordinary shares held in his name, the interest in which is direct, the remaining shares are registered in the name of Tibergest PTE LTD, and Mr Crasnianski's interest in those remaining shares is indirect. Except for the above, the Company had not been advised of any shareholders with interests of 3% or more in the issued ordinary share capital of the Company as at such date

SHARE CAPITAL

The issued share capital of the Company, plus details of the movements in the Company's issued share capital during the year, is shown in note 20 of the financial statements. Each ordinary share of the Company carries one vote at general meetings of the Company.

REPORT OF DIRECTORS' CONTINUED AUTHORITY TO PURCHASE SHARES

Pursuant to a resolution passed at its 2019 AGM, the Company is authorised to purchase its own shares in the market. The Company will seek approval at the 2020 AGM to renew the authority for the Company to make market purchases of up to 10% of its own ordinary shares at a maximum price per share of not more than the higher of: (a) an amount that is not more than 5% above the average of the closing middle market quotations for an ordinary share (derived from the London Stock Exchange Daily Official List) for the five business days immediately before the date on which that ordinary share is contracted to be purchased; or (b) the higher of the price of the last independent trade or the highest current independent bid on the London Stock Exchange as stipulated by the Regulatory Technical Standards and adopted by the European Commission under Article 5 (6) of the EU Market Abuse Regulation 2014. This authority will expire on the earlier of 15 months from the passing of the relevant special resolution or the conclusion of the following AGM. The Company made no repurchases of shares in the 18-month period financial period ended 31 October 2020.

ADDITIONAL INFORMATION

Where not provided elsewhere in the Report of the Directors, the following provides the additional information required to be disclosed in the Report of the Directors. The structure of the Company's share capital, including the rights and obligations attaching to the shares, is set out within note 20 to the financial statements.

No person holds securities carrying special rights with regards to control of the Company.

There are no restrictions on the transfer of ordinary shares in the capital of the Company other than certain restrictions that may from time to time be imposed by law; for example, insider trading law. In accordance with the Listing Rules of the Financial Conduct Authority, certain employees are required to seek the approval of the Company to deal in its shares.

On a show of hands at a general meeting of the Company, every holder of ordinary shares entitled to vote and who is present in person or by proxy shall have one vote and on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held (except as otherwise stated in Article 81 of the Company's Articles of Association). Any notice of general meeting issued by the Company will specify deadlines for exercising voting rights and in appointing a proxy or proxies in relation to resolutions to be passed at the general meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the general meeting and published on the Company's website after the meeting. Proxy appointments and voting instructions must be received by the Company's registrars not less than 48 hours before a general meeting.

Under its Articles of Association, unless the Board otherwise determines, no member shall be entitled to vote in respect of any share unless all calls or other sums presently payable by them in respect of that share shall have been paid. The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of shares or on voting rights.

The rules governing the appointment of directors are set out in the Corporate Governance Statement on pages 60 to 66. The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders. The Company is party to a number of agreements with site owners (such as major supermarket chains), which could be terminated by the site owners following a change of control of the Company.

There are no agreements between the Company and its directors or employees which provide for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

The Company is not aware of any contractual or other agreements that are essential to its business which ought to be disclosed in this Report of the Directors.

RELATED-PARTY TRANSACTIONS

Details of related-party transactions are set out in note 27 to the financial statements.

FINANCIAL INSTRUMENTS

Details of the financial risk management objectives and policies of the Group and exposure of the Group to foreign exchange risk, interest rate risk and liquidity risk are given in note 15 to the financial statements.

POLITICAL DONATIONS

No member of the Group made any political donations during the 18-month period ended 31 October 2020.

GOING CONCERN

Having reviewed forecasts, cash flow, financial resources and financing arrangements and after making enquiries, the directors consider that the Company and the Group have adequate resources to remain in operation for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who held office at the date of approval of this Report of the Directors confirm that: As far as they are each aware, there is no relevant audit information of which the Company's auditor (Mazars LLP) is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

ANNUAL GENERAL MEETING

The Company's AGM this year will be held at 10 a.m on 30 April 2021 at the offices of Baker McKenzie LLP, 100 New Bridge Street, London EC4V 6JA. Notice of the AGM is sent to all shareholders of the Company, as well as to persons nominated by a shareholder of the Company to enjoy information rights. The Notice convening the meeting provides full details of all the resolutions to be proposed, together with explanatory notes for both the ordinary and special business. Hard copies of this Annual Report are sent only to shareholders who have requested or request a copy.

IMPORTANT NOTICE

In light of the Covid-19 pandemic, there are significant changes to the usual arrangements for the AGM this year and regrettably, shareholders cannot attend the AGM in person. Shareholders are strongly encouraged to appoint the Chair of the meeting as their proxy to ensure that their vote is counted.

By order of the Board

DEL MANSI
Company Secretary

7 APRIL 2021

Corporate governance

Statement of compliance with the UK Corporate Governance Code.

Explanations of how the principles have been applied and the provisions complied with, are set out on the table on page 50.

THE GROUP'S BUSINESS MODEL AND STRATEGY

The Group's business model and strategy are summarised in the strategic report, and describe, amongst other things, how the Company generates and preserves value over the longer term and the strategy for delivering the objectives of the Company.

THE BOARD

BOARD COMPOSITION

At the start of the year under review until 22 July 2019, the Board comprised seven directors; from 22 July 2019, following the appointment of Mr Janailhac, until 12 July 2020, the Board comprised eight directors: the Non-executive Chairman; the Chief Executive Officer; the Chief Operating Officer; and five Non-executive Directors, four of whom the Board considered to be independent, namely Emmanuel Olympitis, Jean-Marcel Denis, Yitzhak Apeloig, and Mr Janailhac; and one whom the Board considered to be non-independent because of her previous employment with the Company, namely Françoise Coutaz-Replan. Ms Coutaz-Replan resigned as an employee of the Group in August 2015. On 12 July 2020, Mr Mergui left the Board on 12 July 2020 (and the Company on 4 September 2020), and on 17 July 2020 Mr Janailhac was designated an executive director. The Board still consider Messrs Apeloig and Olympitis to be independent (in each case with the relevant induvial not participating in that assessment.

THE CHAIRMAN

The Chairman has the overall responsibility for managing the Board. The Chief Executive Officer has responsibilities for strategy, operations and results. Whislt with the Group, the Chief Operating Officer had responsibility for the day-to-day operation of the Group and routinely reported to the Chief Executive Officer. A clear division of responsibility exists, such that no one individual or group of individuals can dominate the Board's decision-making process. Throughout the year under review, Sir John Lewis served as Chairman and Serge Crasnianski served as Chief Executive Officer and Deputy Chairman. In the Board's opinion, even though Sir John Lewis has been a Director since 2008 and Chairman since 2010, it is proposed that he remain in place for the time being.

DIRECTOR INDEPENDENCE

The Board structure has complied with the Code provision that, as a "smaller company" (as defined by the Code), the Company has three independent Non-executive Directors excluding the Chairman. Although Mr Olympitis has been a director since December 2009, he is considered by the Board as independent on the basis that he continues to demonstrate total independence in his behaviour and in his interaction with the rest of the Board.

In the case of Mr Apeloig, he is an experienced Non-executive Director and a qualified accountant. He is also managing partner of ATE Technology Equipment B.V., a controlling shareholder in The Dan David Foundation which is a substantial shareholder in the Company. The Board considers him to be independent because he continues to demonstrate independence in his behaviour and in his interaction with the rest of the Board.

THE SENIOR INDEPENDENT DIRECTOR

Emmanuel Olympitis has served as the Company's Senior Independent Non-executive Director throughout the period.

If a new director were to be appointed, the Board would ordinarily appoint someone whom it believes has sufficient knowledge and experience to fulfil the duties of a director. If this were not the case, an appropriate training course would be provided. An appropriate induction programme is undertaken for all newly appointed directors. All directors have access to the advice and services of the Company Secretary. Any director wishing to do so in furtherance of his or her duties may take independent advice at the Company's expense. All directors are required to stand for re-election every three years and newly appointed directors are subject to election by shareholders at the first Annual General Meeting after their appointment. However, in order to provide for stability and continuity, and to avoid destabilising the Board, the directors have unanimously decided not to comply with the Code's recommendation that all directors seek annual re-election.

DIRECTORS' CONFLICTS OF INTEREST

During the year, directors completed questionnaires in respect of their interests. The Board will continue to monitor and review actual or potential conflicts of interest on a regular basis and will consider whether or not it is appropriate to authorise any such conflicts.

The Financial Reporting Council requires listed companies incorporated in the UK to include in their annual financial report: (i) a statement of how they have applied the main principles set out in the UK Corporate Governance Code (the "Code"); and (ii) a statement as to whether they have complied throughout the accounting period with all relevant provisions set out in the Code. The directors consider that the Company has, throughout the 18-month period ended 31 October 2020, complied with those provisions of the September 2018 edition of the Code that are applicable to it, except for the following:

Point of non-compliance with Code	**Reason for non-compliance**
For engagement with the workforce, one or a combination of the following methods should be used: • a director appointed from the workforce; • a formal workforce advisory panel; • a designated non-executive director.	The Executive Directors meet regularly with the general managers of the group. This enables both sides to raise any matters of interest to either side. The Non-executive Directors are always available should anyone not be comfortable in dealing the executive director about anything. Also, the whistle-blowing policy is in place as a further avenue should anyone wish. Therefore, the Board believes that given the size of the Group and its resources, is appropriate and additional measures to engage are unnecessary and overly cumbersome.
There is no annual re-election of all directors.	The Board thinks this would distract the Board from its business, and that continuity enables people with deep knowledge of the Company to make more informed, effective and considered judgements.
Chairman has been in office for more than nine years.	Sir John Lewis is considered by the Board to be an effective and engaged chair. He has the full approval and confidence of the Board.
Open advertising and/or an external search consultancy should generally be used for the appointment of the chair and non-executive directors.	No open advertising or external search consultancy was used when Mr Janailhac was appointed to be an Executive Director, however, the Board had by then been able to make a judgment on his abilities and valued contributions to the Group.
Mr Janailhac was a member of the Audit and Remuneration Committees although he is an Executive Director	Mr Janailhac resigned from those Committees prior to either of those Committees meeting after his appointment as an Executive Director. He resigned from the Audit and Remuneration Committees in December 2020. There was little activity in those Committees during the time he became an Executive Director until he resigned his membership of those Committees.
Non-executive Director to liaise with work force.	After due consideration, the Board concluded that it was preferable to authorise the former COO as the contact person. This is because the former COO regularly visited all divisions and was more visible. If anyone felt uncomfortable, for whatever reason, about liaising with the COO, there was recourse to the rest of the Board including the Non-executive Directors, as well as through the whistleblowing process. Since the former COO's departure from the Group and with the outbreak of COVID-19, no further action has been taken.
Ms Coutaz-Replan is a member of the audit committee even though the Code states that the Board should establish an audit committee of independent non-executive directors.	The Board considers Ms Coutaz-Replan an invaluable support, given her knowledge of the systems and processes gained when she was Group Finance Director from September 2009 until August 2015.
Mr Olympitis's independence despite not meeting the criteria set out by the Code which raises a presumption against independence where a director has served on the Board for more than nine years from the date of their first appointment.	Despite having been a director for more than nine years, Mr Olympitis is considered by the Board as independent on the basis that he continues to demonstrate total independence in his behaviour and in his interaction with the rest of the Board.
Sir John Lewis is a member of the Audit Committee.	Under the predecessor to the Code, there was no restriction on the Chairman of the Board being a member of the Audit Committee and such membership in the case of Sir John Lewis did not impede that committee's functioning but enhanced it.
The Remuneration Committee should have delegated responsibility...for Senior management. It should review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for executive director remuneration.	The Remuneration Committee thinks it is advisable that the Executive Directors address remuneration of the senior management and workforce pay polices in general as the former have most interaction with them and are therefore best placed to make meaningful and equitable assessments their performance and remuneration levels.
Did not self-evaluate	As a result of the coronavirus, the Board did not conduct its usual annual self-assessment. This was not considered a priority in the circumstances. No external evaluation takes place.
Did not evaluate auditor	As a result of the coronavirus, the Audit Committee did not conduct its usual annual assessment of the external auditor. This was not considered a priority in the circumstances particularly as this was Mazars LLP first audit, plus the challenges posed by the outbreak of COVID-19.

The Code and associated guidance are available on the Financial Reporting Council website at https://www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.pdf.

BOARD EVALUATION

Normally, the following occurs. The Chief Executive Officer and the Chairman would review the performance of other Executive Directors. The Chairman would review the performance of the Chief Executive, Chief Operating Officer and each Non-executive Director. The Non-executive Directors, led by the Senior Independent Non-executive Director, would evaluate the performance of the Chairman, taking into account the views of the Executive Directors. During the year, the Chairman would meet with the Non-executive Directors without the Executive Directors being present. As mentioned, none of these took place this year.

Normally, the Board would undertake an internal process to assess the effectiveness of the Board during each financial year, consisting of a confidential survey. Areas identified in which there is considered to be room for improvement are usually addressed by the Board during the current year. As mentioned, this process did not take place this year.

OPERATION OF THE BOARD

The Board is normally scheduled to meet in person four or five times a year, with ad hoc meetings (including by way of conference calls) convened to deal with urgent matters. The Board has a formal schedule of matters reserved to it for decision. These include the approval of the financial statements, dividend policy, major acquisitions and disposals and other transactions outside delegated limits, significant changes in accounting policies, the constitution of Board Committees, risk management, and corporate governance policy.

The Board has delegated various matters to Committees, as detailed below. These Committees of the Board meet regularly (the Nomination Committee meets as required. It did not meet this year). The Committees deal with specific aspects of the management of the Company. The Board has delegated authority to the Committees and they have defined terms of reference that are available on the Company's website (www.photo-me.com). Decision-making relating to operational matters was delegated to the Chief Operating Officer (whilst still with the Group) and senior management.

Board and Committee papers are circulated in advance of each meeting and are supplemented by reports and presentations to ensure that Board members are kept fully informed.

Regular communication between the directors also takes place outside the formal forum of Board and Committee meetings.

The Board had nine meetings during the year under review.

The attendance of directors at those meetings and meetings of Board Committees is set out below.

	Board	Audit committee	Remuneration committee	Nomination committee
J Lewis	9(9)	6(6)	2(2)	Nil
S Crasnianski	9(9)			
E Mergui	6(9)[1]			
Y Apeloig	9(9)	6(6)		
F Coutaz-Replan	9(9)	6(6)		
J-M Denis	9(9)	6(6)	2(2)	Nil
E Olympitis	9(9)	6(6)	2(2)	Nil
J-M Janailhac	8(9)[1]			

[1] These represent full attendance for those meetings held whilst the respective individuals were members of the Board.

BOARD COMMITTEES

THE AUDIT COMMITTEE

For the whole of the 18-month period ended 31 October 2020, Jean-Marcel Denis (Committee Chairman), Emmanuel Olympitis (Senior Independent Director) and Sir John Lewis (Chairman of the Board), Françoise Coutaz-Replan (the Group's former Finance Director), Yitzhak Apeloig (who is a qualified accountant) served on the Committee; Mr Jean-Marc Janailhac was appointed to the Committee when he joined the Board on 22 July 2019, and resigned in December 2020. The composition of the Committee was not Code-compliant to the extent that (i) for part of the time, Mr Janailhac was a member until standing down in December 2020, Sir John Lewis remains a member, and Ms Coutaz-Replan is not independent. Nonetheless, the Board considers Ms Coutaz-Replan an invaluable support, given her knowledge of the systems and processes gained when she was Group Finance Director from September 2009 until August 2015. The Board considers that Emmanuel Olympitis, Jean-Marcel Denis, Françoise Coutaz-Replan and Yitzhak Apeloig have suitable recent and relevant financial experience to satisfy the requirements of the Code.

Meetings are normally held at least twice a year. Six meetings were held during the 18-month period ended 31 October 2020 under review. Other directors, together with the Chief Financial Officer and representatives of the external auditor, are generally invited to attend meetings, as is the Group's internal auditor when required.

EXTERNAL AUDITOR

The Audit Committee meets with the external auditor, without Executive Directors present, at least twice a year. On behalf of the Board, the Committee reviews the Group's accounting and financial reporting practices, the reports of the internal auditor and external auditor, and compliance with policies, procedures and applicable legislation. In addition, the Committee monitors the effectiveness of both the external and internal audit functions and reviews the Group's internal financial control systems and reporting processes, and risk management procedures. The Committee considers the appointment of the external auditor and makes a recommendation on the audit fee to the Board; it assesses the effectiveness of the external auditor by means of an internal review process, assisted by a confidential questionnaire; it sets a policy for safeguarding the independence of the external auditor; and reviews the external auditor's work outside of the audit itself, taking into account the nature of the work, the size of the fees and whether it is appropriate for the external auditor to carry out such work. Details of the audit and non-audit fees are provided in note 4 to the financial statements.

Mazars LLP has been the external auditor of the Group since the Annual General Meeting in October 2019. The audit partner is David Herbinet. The Audit Committee is satisfied with the effectiveness, objectivity and independence of the external auditor. Accordingly, a resolution will be proposed at the forthcoming Annual General Meeting for Mazars LLP's re-election as auditor for the coming year. The Board is committed to putting the audit contract out to tender at least once every ten years. It conducted a tender process for the external audit role in 2019 in which it invited three firms to tender for the role of external auditor; Mazars LLP was the successful tenderer.

Apart from (i) a technical breach of the Ethical Standard as highlighted in Mazars' earlier communication to the Audit Committee (services delivered to PMI Poland for payroll and outsourcing services, between 1 May 2019 and the date of Mazars' appointment as auditor), (ii) and authorised non-audit work in connection with a potential acquisition that was subsequently aborted (such work costing £20,000) the Audit committee is not aware of Mazars' having carried out any other non-audit work.

KEY MATTERS CONSIDERED

In March 2021,the Committee met to review this Annual Report and to receive the external auditor's update and report on its audit activity.

The Committee's primary areas of focus have been:

- Risk of fraud in revenue recognition (presumed to be a significant risk on all audits due to the potential to inappropriately shift the timing and basis of revenue recognition as well as the potential to record fictitious revenues or fail to record actual revenues). There is a presumption under the International Auditing Standards that there is a significant risk of fraud in the timing of revenue recognition leading to the material misstatement of revenue overall. This is because revenue is an area of particular focus by users of financial statements and can be subject to judgements as to when the full risk and reward of the ownership of an asset has passed.
- Takings are an exact reflection of the cash received at the bank. A daily double reconciliation between the cash recorded and the machine counters (cash and statistics) is carried out.
- A cut-off calculation of the takings is made per machine and enables the most accurate possible turnover to be recorded each month. This calculation has been unchanged for more than 15 years and has been tested by successive audits over this time.
- Management override of controls (a mandatory significant risk on all audits due to the unpredictable way in which such override could occur). Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

- Unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.
- Management has a read-only access in the operational and accounting systems of the Group. In no circumstances can a member of management be allowed to make any payment whatsoever. There is a strict segregation of duties between the payment preparing, the validation and then the (double) payment signing. In total, each payment involves four people.
- Recognition and valuation of other intangible assets (significant). There is a risk that intangible assets don't meet the recognition criteria to be recognised as intangible assets. Due to its complex nature, there is a further risk over the valuation of the intangible assets.
- The other intangible assets mainly resulted from French law (droit au bail) which allows to recognize a right of use (literally a right to rent). The recognition policy and measurement of the fair value of these intangible assets are deemed as risky area by the audit team.
- Valuation of Defined Benefit Obligations. Define benefit obligations contain significant judgements and valuations due to the complex nature of actuarial assumptions.
- Valuation, allocation and Impairment of Goodwill. The Goodwill recognition is deemed as judgemental area by the audit team.

1. The risk of error arising from the appropriateness of the judgements and assumptions used in the impairment test of goodwill in particular discount rate, long term growth rate (in a context of COVID 19), and country risk adjustment.
2. Goodwill allocation on SEMPA (recent acquisition). There is a risk that goodwill is held at a value materially different from its realisable value or value in use.
3. Every year, goodwill is subject to impairment tests. This year, goodwill of Rev Max Ltd, Jolly Roger(Amusement Rides) Limited and Global Networks Investment, SL were fully impaired. Regarding the Sempa acquisition, it was considered in a very large part as intangible assets (brand, customer relationships, and contract-related assets distributor agreement), which we have decided to depreciate over seven years which is a long period for the Group because we think we could accrue benefit and can forecast with reasonable certainty. The residual amount was booked as goodwill, not amortised.

The Committee's Terms of Reference are available on the Company's website.

THE REMUNERATION COMMITTEE

During the 18-month period ended 31 October 2020, the Remuneration Committee comprised Emmanuel Olympitis (Committee Chairman), Jean-Marcel Denis (Chairman of the Audit Committee), Sir John Lewis (Chairman of the Board), and Mr Jean-Marc Janailhac who was appointed to the committee when

he joined the Board on 22 July 2019. Thus, the composition of the Committee was not compliant with the provisions of the Code, which require the Remuneration Committee of a smaller company to comprise at least two independent Non-executive Directors with the Chairman of the Board additionally being permitted to serve as a member providing that he or she was considered independent on his or her appointment as chairman, which was the case. Mr Janailhac resigned from the Committee in December 2020.

The Committee meets at least once per year. It met twice in the 18 months ended 31 October 2020.

The Committee makes recommendations to the full Board in respect of the Group's remuneration policy. The Committee also keeps under review the remuneration of the Chairman and the Group's Executive Directors, to ensure that they are rewarded fairly for their contribution. The Committee also makes awards under the Executive Share Option Scheme. The Committee's Terms of Reference are available on the Company's website.

The Remuneration Report on pages 68 to 83 provides details of how the Committee applies the directors' remuneration principles of the Code.

THE NOMINATION COMMITTEE

During the 18-month period ended 31 October 2020, the Nomination Committee comprised Sir John Lewis (Committee Chairman), Emmanuel Olympitis and Jean-Marcel Denis. Thus the composition of the Committee was compliant with the applicable provision of the Code, which requires the Nomination Committee of a smaller company to have a majority of independent Non-executive Directors with the chairman of the Board additionally being permitted to serve on the Committee as a member or as chairman.

The Committee, which meets as required, makes recommendations to the Board on the appointment of new directors.

The Nomination Committee is committed to the pursuit of diversity, including gender diversity, throughout the business. Appointments to the Board are made on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender diversity. The Nomination Committee does not commit to any specific targets. The Group's Diversity Policy also recognises the benefits of diversity. The Nomination Committee will also ensure that its development in this area is consistent with the Group's current and future requirements, enhances Board effectiveness, and reflects the Company's UK listing and the international activity of the Group.

STRATEGIC COMMITTEE

Mr Janailhac chairs the Strategic Committee with the top five managers of the Group and the CEO.

The Strategic committee met formally six times since the beginning of 2020 but more recently three times including a three-day session in early October 2020. There is an on-going process between the chairman of the Strategic committee and its other members. The Committee focuses on, amongst other things, strategy and future developments/ new products / new joint ventures, communication and marketing, commercial, sales force and training, maintenance productivity quality and training.

SHAREHOLDER COMMUNICATION AND ENGAGEMENT

The Chief Executive Officer has regular meetings with the Company's major institutional shareholders to help ensure, amongst others, that the Board develops an understanding of the views of major shareholders about the Company and the Group.

The Chairman also meets with major shareholders and has contact with them as and when required. The Senior Independent Non-executive Director and, where appropriate, other Non-executive Directors, are also made available to meet with major shareholders on request. Any pertinent feedback arising from such meetings is reported to the Board at its regular meetings and/or by correspondence or dialogue.

In normal circumstances, private investors are encouraged to attend the Annual General Meeting and have the opportunity to question the Board. All members of the Board usually attend the Annual General Meeting. This will not be the case this year owing to the restrictions in place due to COVID-19. Shareholders are given the opportunity to vote on each separate issue. The number of proxy votes lodged is given at the meeting after the vote on a show of hands for each resolution and is published on the Company's website after the meeting.

ACCOUNTABILITY AND INTERNAL CONTROL

The Board is ultimately responsible for the Group's systems of internal control and risk management, and for reviewing their effectiveness. This is effected by receiving reports from the Audit Committee following its review. The Board confirms that it has reviewed the effectiveness of the systems of internal control and risk management for the year under review. The Board is generally satisfied that such systems have operated adequately throughout the period.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. Such a system can, however, provide only reasonable and not absolute assurance against material misstatement or loss.

The Group has in place processes for identifying, evaluating and managing the significant risks that are applicable to the business. The Board regularly reviews these processes.

The Chief Executive Officer is ultimately responsible for risk management. Executive Managers of individual Group companies are responsible for the identification, evaluation and management of the key risks applicable to their areas of responsibility. The risks are assessed on a regular basis.

The Managers of Group companies are aware of their responsibility to operate systems of internal control that are effective and efficient for their businesses, to provide reliable financial information and to ensure compliance with local laws and regulations.

The Group has a comprehensive budgeting system, with an annual budget approved by the Board. Actual results are reported monthly through the Group's financial systems, and variances are reviewed. The Audit Committee receives reports from both the internal auditor and the external auditor and reports its conclusions to the Board.

A whistle-blowing procedure by which staff may raise concerns about possible improprieties in matters of financial reporting or other matters, was in place throughout the year. The whistle-blowing policy can be found on the Company's website.

INTERNAL CONTROL AND RISK MANAGEMENT IN RELATION TO THE FINANCIAL REPORTING PROCESS

The Group has a thorough assurance process in place in respect of the preparation, verification and approval of periodic financial reports.

This process includes:

- The involvement of qualified, professional employees with an appropriate level of experience (both in Group finance and throughout the business)
- Formal sign-offs from appropriate business segment Managing Directors and Finance Directors
- Comprehensive review and, where appropriate, challenge from key internal Group functions
- A transparent process to ensure full disclosure of information to the external auditor
- Engagement of a professional and experienced firm as external auditor
- Oversight by the Audit Committee, involving (amongst others):
  - (i) A detailed review of key financial reporting judgments that have been discussed by management
  - (ii) Review and, where appropriate, challenge on matters including: the consistency of, and any changes to, significant accounting policies and practices during the year; significant adjustments arising as a result of the external audit; the going concern assumption; and the Company's statement on internal control systems, before endorsement by the Board

The above process, plus the review by the Audit Committee of a comprehensive note that sets out the details of the preparation, internal verification and approval process for the Annual Report and Accounts, provides comfort to the Board that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable, and give the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Statement of directors' responsibilities

The Directors of the Company, who are named on page 53, are responsible for preparing the Annual Report, the report of the directors and the group and company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for the Group and the Company for each financial year. Under that law, the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable law and have elected to prepare the Company's financial statements on the same basis.

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 the Company and of their profit or loss for that period. In preparing each of the Group and the Company's financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the European Union; and
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that their financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and as regards the Group's financial statements, Article 4 of the IAS Regulation. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

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

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

Each of the directors of the Company, whose names and functions are listed on page 53, confirms that, to the best of his or her knowledge:

- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report, which is incorporated into the Report of the Directors, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

FAIR, BALANCED AND UNDERSTANDABLE

In accordance with the principles of the UK Corporate Governance Code, the directors have arrangements in place to ensure that the information presented in the Annual Report is fair, balanced and understandable; these are described on pages 65 and 66.

The Board considers, on the advice of its Audit Committee, that the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's and the Group's position and performance, business model and strategy.

SIGNIFICANT ACCOUNTING POLICIES, CRITICAL ESTIMATES AND KEY JUDGMENTS

Our significant accounting policies are set out on pages 99 to 106 of the consolidated financial statements and conform to IFRS as adopted by the European Union. These policies and applicable estimation techniques have been reviewed by the directors who have confirmed them to be appropriate for the preparation of the 2019/2020 consolidated financial statements.

By order of the Board

SIR JOHN LEWIS OBE
Non-executive Chairman

7 APRIL 2021

In the 18 months ended 31 October 2020, the Committee's work has largely been focused on addressing challenges arising as a result of the global pandemic, and developing our new Remuneration Policy for approval at the forthcoming 2020 AGM.

EMMANUEL OLYMPITIS
Chairman of the Remuneration Committee

Directors' remuneration report

The Committee takes an active interest in shareholder views on our executive Remuneration Policy and is mindful of the concerns of shareholders and other stakeholders.

Dear Shareholder,
On behalf of the board, I am pleased to present our Directors' Remuneration Report which covers the 18 months ended 31 October 2020. The 18-month period results from the change of our year-end from 30 April to 31 October to avoid difficulties that might otherwise have affected the audit owing to the limitations imposed on the movement of people as a consequence of COVID-19.

This report has been prepared in line with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended).The report has also been prepared in line with the recommendations of the 2018 UK Corporate Governance Code and the requirements of the UKLA Listing Rules.

THE REPORT IS DIVIDED INTO THREE SECTIONS:

- This Annual Statement, which summarises the work of the Committee, remuneration outcomes in 2019/20 and how the Remuneration Policy will be operated in 2020/21
- The Remuneration Policy Report, which details the Company's proposed policy for the remuneration of Executive and Non-executive directors. As the current policy was last approved by shareholders at the 2017 AGM, a new policy which has been updated for developments in remuneration governance will be put to a shareholder vote at the 2020 AGM
- The Annual Report on Remuneration, which discloses details of the Committee, how the Remuneration Policy was implemented in the 18-month period ended 31 October 2020, and how the policy will operate for the year ending 31 October 2021

As such, the new Remuneration Policy will be subject to a binding shareholder vote and the Annual Statement and Annual Report on Remuneration will be subject to an advisory shareholder vote at the AGM on 26 April 2021.

WORK OF THE COMMITTEE DURING THE 18 MONTHS ENDED 31 OCTOBER 2020

The Committee's main activities during the period were as follows:

- Agreeing the performance against the targets for the 2018/19 annual bonus awards;
- Setting the targets for the 2019/2020 annual bonus;
- Agreeing the performance against the targets for the 2016 ESOS awards and determining vesting levels;
- Considering the impact of the year end change on the 2017 ESOS awards and the EPS performance targets;
- Agreeing the award levels and performance targets for the 2019 ESOS awards;
- Agreeing the remuneration arrangements for joiners and leavers; and
- Agreeing the Chairman's fee and Executive Directors' base salaries for 2019/2020.

In addition, the Committee has sought to ensure that the current and proposed Policy and practices are consistent with the six factors set out in Provision 40 of the 2018 UK Corporate Governance Code:

Clarity – The current and proposed Policy is understood by our senior executive team and we have sought to articulate it clearly to our shareholders and representative bodies (both on an ongoing basis and during consultation when changes are being made).

Simplicity – The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our executive remuneration policies and practices are straightforward to communicate and operate.

Risk – Our Policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via: (i) the balanced use of both short and market value options which employ a blend of financial, non-financial and share price targets; (ii) the significant role played by equity in our incentive plans; and (iii) malus/clawback provisions.

Predictability – Our incentive plans are subject to individual caps, with our share plans also subject to market standard dilution limits.

Proportionality – There is a clear link between individual awards, delivery of strategy and our long-term performance.

Alignment to culture – Our executive pay policies are aligned to culture through the use of metrics in both the annual bonus and share options that measure how we perform against our KPIs and the long-term performance of the share price.

REMUNERATION OUTCOMES IN 2019/20

The performance of the Group is summarised on pages 4 to 39, and in the financial statements on pages 92 to 159.

In light of this year's results, the Committee has determined that no annual bonus should be payable to the CEO or the former COO, Mr Mergui, in respect of financial targets or performance against personal/strategic targets. Mr Janailhac was not eligible to participate in the annual bonus for 2019/20.

The directors unanimously agreed to a salary/fee reduction of 20% as from 1 July 2020; this voluntary reduction is still applicable as of today and is being kept under review.

Mr Mergui left the Board on 12 July 2020, and the Group on 4 September 2020. Details of his termination payments are set out in the Annual Report on Remuneration and are available on the Company's website. Shareholder approval will be sought for the amount for the overpayment at this year's AGM.

IMPLEMENTATION OF THE REMUNERATION POLICY FOR 2020/21

The Committee proposes to operate the Remuneration Policy for the CEO and Mr Janailhac for the 12 months ending 31 October 2021 as follows:

- Following a review of the Executive Directors' salaries, it was decided not to make any changes for the year to 31 October 2021. As such, before any voluntary reductions, the current base salary levels for the CEO and Mr Janailhac are £560,211 and c.£180,000 (Mr Janailhac's salary will continue to be delivered in two parts, namely £45,000 and €150,000).
- Benefit and pension provisions will be in line with the approved Remuneration Policy although it should be noted that Mr Crasnianski's pension contribution will be aligned to that offered to the general workforce from 1 January 2023.
- The annual bonus for the year ending 31 October 2021 will continue to be capped at 150% of salary, with targets based on pre-tax profit growth (80% of the bonus) and a number of key personal/strategic targets (20% of the bonus). The bonus targets are currently considered to be commercially sensitive and as such, the targets and performance against the targets will be disclosed retrospectively in next year's Directors' Remuneration Report. As described in the Notice of AGM, we are seeking shareholder approval of the payments to Mr Mergui in respect of his departure from the Board.
- In light of the continuing impact of COVID-19, the Committee is not intending to grant any share option awards to Executive Directors at the current time but will review this in the months to come.

THE PROPOSED REMUNERATION POLICY FOR THE 2020 AGM

As a result of the current Directors' Remuneration Policy nearing the end of its three-year shareholder- approved term, the Committee carried out a detailed review of the Remuneration Policy. This year, on the recommendation of the Remuneration Committee and subject shareholders' approval at the next AGM, the following changes will be made to the Remuneration Policy to reflect recent developments in best practice.

- The maximum pension contribution rate of 15% of salary will be removed. Going forwards, pension provision for new employees promoted to the Board and, from 1 January 2023, for Mr Crasnianski, will be aligned, in percentage of salary terms, to the general workforce contribution rate; and
- A post-cessation shareholding guideline will be introduced. Going forward, Executive Directors will need to retain shares equal to 100% of the in-post shareholding guideline up until the second anniversary of cessation.

Assuming these changes are approved, the Committee believes that the Directors' Remuneration Policy continues to be aligned with the Company's strategic objectives of delivering shareholder value and supporting the long-term success of the Company.

USE OF DISCRETION

In determining remuneration outcomes for the 18-month period ended 31 October 2020, the Committee has not exercised discretion.

SHAREHOLDER ENGAGEMENT

The Committee takes an active interest in shareholder views on our executive Directors' Remuneration Policy and is mindful of the concerns of shareholders and other stakeholders. This is reflected in the Company's voting results at the 2017 AGM (approval of the current Remuneration Policy), and the 2018 and 2019 AGMs (Annual Statement and Remuneration Report), with relevant resolutions supported by a significant majority of shareholders.

Yours faithfully,

EMMANUEL OLYMPITIS
Chairman of the Remuneration Committee

7 APRIL 2021

Remuneration policy report

The Remuneration Policy will be put to shareholders for approval at the AGM to be held on 26 April 2021.

The proposed changes to the Remuneration Policy which was approved by shareholders at the 2017 AGM, which are being made to reflect recent developments in best practice, are as follows:

- The maximum pension contribution rate of 15% of salary will be removed. Going forwards, pension provision for new employees promoted to the Board and, from 1 January 2023, for Mr Crasnianski, will be aligned, in percentage of salary terms, to the general workforce contribution rate; and
- A post cessation shareholding guideline will be introduced. Going forward, Executive Directors will need to retain shares equal to 100% of the in-post shareholding guideline up until the second anniversary of cessation.

The Committee's Remuneration Policy for the executive directors is to have regard to the directors' experience and the nature and complexity of their work in order to provide a competitive remuneration package that attracts, retains and motivates high-calibre executives from whom first-class performance is expected. The Remuneration Policy is also intended to be consistent with the Company's business objectives, risk profile and shareholder interests.

In order to align the interests of shareholders and executive directors, a significant proportion of the remuneration of executive directors is performance-related, through an annual bonus plan and the grant of share options.

The Committee will ensure that the incentive structures for executive directors and senior managers will not raise environmental, social or governance ("ESG") risks by inadvertently motivating irresponsible behaviour. More generally, with regard to overall remuneration structures, there is no restriction on the Committee that prevents it from taking into account ESG matters, nor do these remuneration structures encourage inappropriate operational risk-taking.

SALARY

Purpose and link to strategy	Operation	Maximum	Performance measures
Reflects the value of the individual and their role Reflects skills and experience over time Provides an appropriate level of basic fixed income, avoiding excessive risk arising from over-reliance on variable income	Normally reviewed annually, effective 1 May Normally paid in cash; pensionable Comparison against companies with similar characteristics and comparators taken into account in review	The Committee is guided by the requirements of the Company and prevailing market levels However, no executive director will receive a base salary increase in excess of 10% p.a., except to reflect the fact that their salary was set at a lower level initially, with the intention that the salary be increased to a more market-reflective level as the individual gains experience (subject to performance).	N/A

BENEFITS

Purpose and link to strategy	Operation	Maximum	Performance measures
Provides insured benefits to support the individual and their family during periods of ill health or death Gives allowances to support individuals in their relevant roles	Includes company car and private medical insurance, and may include an overseas housing allowance for a director working outside of his or her country of normal residence Other benefits may be offered where appropriate	Benefits will not normally be provided with a value per executive director in excess of £75,000 p.a.	N/A

ANNUAL BONUS

Purpose and link to strategy	Operation	Maximum	Performance measures
Incentivises delivery of specific Company, divisional and personal annual goals Maximum bonus only payable for achieving specified targets	Normally payable in cash; non-pensionable Committee has the discretion to defer up to 50% of the bonus in shares for three years	Up to 150% of base salary p.a.	Performance is assessed on an annual basis, based on the achievement of objectives relating to financial performance, progress of strategic priorities and/or personal targets. The specific measures used in the bonus and their weighting may vary each year depending on business context and strategy Clawback provisions are operated

PENSION

Purpose and link to strategy	Operation	Maximum	Performance measures
Provides competitive retirement benefits	Defined contribution executive directors may be offered cash in lieu of pension	New Executive Directors: Workforce aligned Mr Crasnianski: Workforce aligned from 1 January 2023	N/A

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

Purpose and link to strategy	Operation	Maximum	Performance measures
Aligns executive directors' interests with those of shareholders Retention	Annual awards of market value options may be granted The Committee reviews the quantum of awards annually and monitors the continuing suitability of the performance measures	Up to 150% of base salary p.a.	The Remuneration Committee may set such performance conditions on awards as it considers appropriate (whether financial or non-financial; and whether corporate, divisional or individual) Up to 25% of salary vests at threshold, increasing to 150% vesting at maximum Clawback provisions are operated

SHARE OWNERSHIP GUIDELINES

Purpose and link to strategy	Operation	Maximum	Performance measures
Provides alignment of interests between executive directors and shareholders	In employment: Executive directors are required to build and maintain a shareholding equivalent to at least two years' base salary through the retention of 50% of the net-of-tax vested share awards or through open-market purchases Post cessation: Executive Directors will be required to retain a shareholding for two years post cessation of employment.	In employment: 200% of salary Post cessation: 100% of the in-employment guideline (or actual shareholding if lower) excluding: (i) own shares purchased/shares currently held; and (ii) shares vesting from any share award granted prior to the 2021 AGM	N/A

NON-EXECUTIVE DIRECTORS

Purpose and link to strategy	Operation	Maximum	Performance measures
Provides fees reflecting time commitments and responsibilities, in line with those provided by similarly sized companies	Cash fee paid on a monthly basis; fees are reviewed annually Not entitled to participate in any Group pension scheme. No awards to be granted under the annual bonus or ESOS No Non-executive Director receives any benefits in kind (other than in respect of the expenses relating to the performance of that individual's duties, such as travel to/from Board meetings)	The Committee is guided by market rates, time commitments and responsibility levels However, aggregate annual fees will not exceed £750,000 or such other figure as provided for in the Company's Articles of Association from time to time The Board may request that a Non-executive Director undertake services not within the normal scope of his or her role. Should this be the case in the future, a commercial rate would be paid and full disclosure would be provided in the relevant Directors' Remuneration Report	N/A

CHOICE OF PERFORMANCE MEASURES

The Committee has given careful consideration to the performance measures applicable to both the annual bonus and the 2014 Executive Share Option Scheme.

The choice of the performance metrics applicable to the annual bonus scheme reflects the Committee's belief that any incentive compensation should be appropriately challenging, with the majority (or the entirety) linked to the achievement of profit-related targets. The Committee may also link a proportion of the annual bonus to strategic and/or personal objectives if it deems this appropriate with regard to the Company's key objectives. The earnings per share (EPS) performance condition, applicable to the 2014 Executive Share Option Scheme, was selected by the Committee on the basis that it incentivises the delivery of sustainable long-term financial performance and rewards management for growing the Company while retaining an appropriate profit margin. The use of share options retains a robust link between management and shareholders by incentivising management to deliver long-term growth in the Company's share price. The Committee retains discretion over the use of other financial/share price-based performance metrics and the calculation of EPS in order to appropriately adjust for any material one-off items including (but not limited to) major acquisitions, changes in accounting policies and major share issues.

The Committee operates the 2014 Executive Share Option Scheme in accordance with the scheme rules, the Listing Rules and HMRC legislation. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the plan.

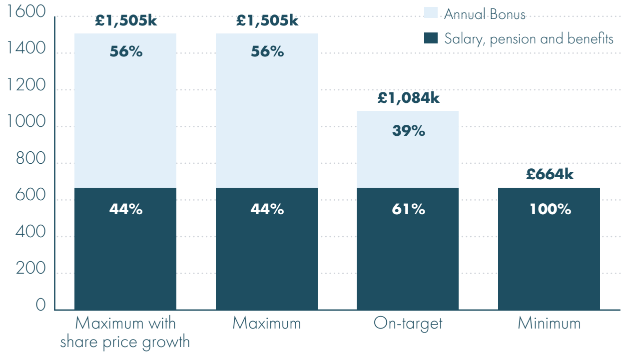
HOW EMPLOYEES' PAY IS TAKEN INTO ACCOUNT

The Committee is aware of the general pay and conditions in the Group as a whole when determining the directors' Remuneration Policy and its implementation. However, reflecting standard practice, employees are not consulted in the formulation of the policy.

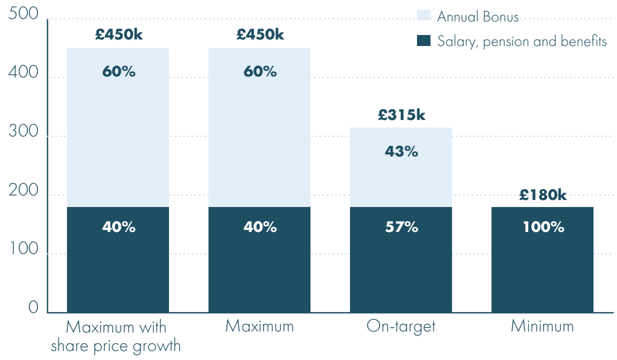
HOW THE EXECUTIVE DIRECTORS' REMUNERATION POLICY RELATES TO THE GROUP

The Remuneration Policy described above provides an overview of the structure that operates for most senior executives in the Group. Employees below executive level have a lower proportion of their total remuneration made up of incentive-based remuneration, with remuneration driven by market comparators and the impact of the role of the employee in question. Long-term incentives are reserved for those judged as having the greatest potential to influence the Group's earnings' growth and share-price performance.

CEO



Executive Director



Assumptions:
Fixed Pay: Based on current base salary and estimated pension and benefit provision (where relevant)
Annual Bonus: Based on minimum: no bonus, on-target: 50% of max bonus and maximum/maximum with share price growth: 100% of max bonus.
In light of the contiuning impact of COVID-19, the Committee is not intending to grant any share option awards to Executive Directors at the current time but will review this in the months to come. As such, no values for share options are presented.

HOW SHAREHOLDERS' VIEWS ARE TAKEN INTO ACCOUNT

The Committee continues to take an active interest in shareholder views on our executive Remuneration Policy and is mindful of the concerns of shareholders and other stakeholders. This is reflected in the voting result at the 2017 AGM, with over 99.86% shareholder support in respect of the Directors' Remuneration Policy.

APPROACH TO RECRUITMENT AND PROMOTIONS

The remuneration package for a new executive director would be set in accordance with the terms of the Company's prevailing approved Remuneration Policy at the time of appointment and takes into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

Service contracts will be subject to any mandatory provisions of foreign laws where such laws govern a director's contract of employment providing that the use of such foreign law is not deliberately used to circumvent this policy.

The salary would be provided at such a level as required to attract the most appropriate candidate, and may be set initially at a below mid-market level on the basis that it may progress towards the mid-market level once expertise and performance have been proven and sustained.

Consistent with Part 4 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 as amended, any caps contained within the policy for fixed pay do not apply to new recruits, although the Committee would not envisage exceeding these caps in practice unless absolutely necessary.

The annual bonus potential would be limited to 150% of salary, and grants under the 2014 Executive Share Option Scheme would be limited to 150% of salary. In addition, the Committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an executive leaving a previous employer. It would seek to ensure, where possible, that these awards would be consistent with awards forfeited, in terms of vesting periods, expected value and performance conditions.

For an internal executive director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its original terms.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and/or incidental expenses, as appropriate.

Fee structure and quantum for Non-executive Director appointments will be based on the prevailing Non-Executive director fee policy.

APPROACH TO LEAVERS

No Executive Director has the benefit of provisions in his or her service contract for the payment of predetermined compensation in the event of a termination of employment. It has been the Committee's general policy that the service contracts of executive directors (none of which is for a fixed term) should provide for termination of employment by giving notice or by making a payment of an amount equal to base salary (and in the case of the CEO and other Executive Directors, an additional amount equal to the cost of providing any benefits for the period of notice) in lieu of any unserved notice period. It is the Committee's general policy that no executive director should be entitled to a notice period or payment on termination of employment in excess of the levels set out in his or her service contract. In determining amounts payable on termination, the Committee also considers, where it is able to do so, appropriate adjustments to take into account accelerated receipt and the executive director's duty to mitigate his or her loss. An annual bonus may be payable with respect to the period of the financial year served, although it will be prorated for time served and paid at the normal pay-out date.

The treatment of any share awards granted to an executive director will be determined based on the relevant scheme rules.

The default treatment under the 2004 Executive Share Option Scheme is that any outstanding awards or unexercised options lapse on cessation of employment. However, in certain prescribed circumstances (e.g. death, ill health, disability, redundancy or other circumstances at the discretion of the Committee), "good leaver" status is applied. In this scenario, other than in the case of a retirement, any outstanding options will normally be exercisable on the date of cessation and remain exercisable for a period of six months (or 12 months in the case of death). On a retirement, options vest at the normal vesting date and remain exercisable for a period of six months.

The default treatment under the 2014 Executive Share Option Scheme is that any outstanding awards or unexercised options lapse on cessation of employment. However, in certain prescribed circumstances (e.g. death, injury, disability or other circumstances at the discretion of the Committee), "good leaver" status can be applied at the discretion of the Committee or shall apply in relation to HMRC tax-favoured options as relevant. In this scenario, any outstanding options will normally be exercisable on the date of cessation and remain exercisable for a period of six months (or 12 months in the case of death). Alternatively, in the case of non-tax favoured options, the Committee has the discretion to determine that good leavers' awards should continue to be exercisable based on the normal timetable.

The extent to which outstanding option awards become exercisable for good leavers will depend on the satisfaction of any applicable performance conditions (over a curtailed or full performance period, as relevant). Time pro rating of options will apply to good leavers' awards unless the Committee determines that time prorating is inappropriate.

The Company has the power to enter into settlement agreements with directors and to pay compensation to settle potential legal claims. In addition, and consistent with market practice, in the event of the termination of an executive director, the Company may make a contribution towards that individual's legal fees and fees for outplacement services as part of a negotiated settlement. Any such fees will be disclosed as part of the detail of termination arrangements. For the avoidance of doubt, the policy does not include an explicit cap on the cost of termination payments.

SERVICE CONTRACTS

Details of the CEO's and the other Executive Director's service contracts are as follows:

Executive director	Date of contract	Notice period
Serge Crasnianski[1]	01/05/2010	12 months
Jean-Marc Janailhac[2]	19/06/2020 and 12/12/2019	Six months

All Non-executive Directors are appointed for specified terms, subject to re-election at the AGM immediately following their appointment, and every three years thereafter. None of the Non-executive Directors will ordinarily be entitled to compensation upon termination of their involvement with the Company. However, if a Non-executive Director should be removed as a result of a resolution duly proposed and resolved by members of the Company during the non-executive director's normal term of appointment, he or she will be entitled to compensation equal to three months' fees, and in the case of the chairman, six months' fees. The relevant appointment letter and term dates of the Non-executive Directors are set out below:

EXTERNAL APPOINTMENTS

The Board may allow Executive Directors to accept appropriate outside commercial Non-executive Director appointments provided the aggregate commitment is compatible with their duties as an Executive Director. Whether or not the Executive Director concerned may retain fees paid for these services will be considered on a case-by-case basis, and will be subject to approval by the Board.

Non-executive director	Appointment letter date	Year of last election	Expected year of expiry of current
Sir John Lewis[3]	26/07/2010	2018	2021
Yitzhak Apeloig[4]	08/03/2012	2018	2021
Françoise Coutaz-Replan[5]	27/08/2015	2018	2021
Jean-Marcel Denis[6]	01/03/2012	2018	2021
Emmanuel Olympitis	11/11/2009	2019	2022

1 Mr Crasnianski's contract is with Photo-Me Limited, a wholly-owned subsidiary of the Company. Mr Crasnianski's services are also made available under a consultancy agreement with Photo-Me Limited and a third party that makes Mr Crasnianski's services available to the Company

2 First appointed to the Board on 22 July 2019 as a Non-executive Director, becoming an Executive Director on 17 July 2020. Mr Janailhac provides his services under two a contracts, each being between a third party, Photo-Me Limited, and Mr Janailhac.

3 First appointed to the Board on 3 July 2008.

4 First appointed to the Board on 8 March 2012. Mr Apeloig's contract is with Photo-Me Limited, a wholly-owned subsidiary of the Company.

5 First appointed to the Board as Group Finance Director on 24 September 2009, and resigned as Executive Director on 27 August 2015

6 First appointed to the Board on 1 March 2012. Mr Denis's contract is with Photo-Me Limited, a wholly-owned subsidiary of the Company..

Annual report on remuneration

Implementation of the Remuneration Policy for the year ending 31 October 2021

The following section provides the details of how the Remuneration Policy will be implemented during the year ended 31 October 2021.

BASE SALARY

The base salary for each Executive Director is reviewed annually by the Committee and the current applicable base salaries (shown before any voluntary reductions) are as follows:

Executive director	1 November 2020	1 May 2019	% Increase
Serge Crasnianski[1]	£560,211	£551,960	1.49
Jean-Marc Janailhac[2]	£180,000	–	–

[1] Or appointment if later
[2] Mr Janailhac was originally appointed to the Board in July 29019 as a Non-executive Director on a fee of £45,000 p.a. When he was appointed an Executive Director on 17 July 2020, it was agreed that he would continue to receive the £45,000 plus an additional amount of €150,000 p.a. The salary is shown using a conversion rate as at 1 November 2020 of €1:£0.9.

PENSION AND BENEFITS

Mr Crasnianski will continue to receive a pension contribution equal to 15% of base salary in the form of a salary supplement although it should be noted that Mr Crasnianski's pension contribution will be aligned to that offered to the general workforce from 1 January 2023. To the extent Mr Janailhac gets any pension contribution for 2020/2021, it will aligned with that of the work force.

BENEFITS

Benefit provision will continue to be in line with the approved Remuneration Policy.

ANNUAL BONUS

The annual bonus for the year ending 31 October 2021 will continue to be capped at 150% of salary, with targets based on pre-tax profit growth (80% of the bonus) and a number of key personal/strategic targets (20% of the bonus). The bonus targets are currently considered to be commercially sensitive and as such, the targets and performance against the targets will be disclosed retrospectively in next year's Directors' Remuneration Report.

LONG-TERM INCENTIVES

In light of the contiuning impact of COVID-19, the Committee is not intending to grant any share option awards to Executive Directors at the current time but will review this in the months to come.

NON-EXECUTIVE DIRECTORS

The fees for Non-executive Directors are reviewed at least once every three years; the current applicable fee levels for the roles below (shown before any voluntary reductions) are as follows:

Non-executive director	Role	Committee chairman	1 November 2020 £	1 May 2019 £
Sir John Lewis	Chairman	Chair of Nomination Committee	132,000	132,000
Emmanuel Olympitis	Senior Independent Director	Chair of Remuneration Committee	55,000	55,000
Françoise Coutaz-Replan	Non-executive Director	–	44,000	44,000
Jean-Marcel Denis	Non-executive Director	Chair of Audit Committee	49,500	49,500
Yitzhak Apeloig	Non-executive Director	–	44,000	44,000

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

The detailed emoluments received by the Executive and Non-executive Directors for the 18 months ended 31 October 2020 and the 12 months ended 30 April 2019 are shown below:

Executive Director	Year	Months	Salary/Fees £	Benefits[1] £	Bonus[2] £	LTIS[5] £	Pension[3] £	Total £	Total fixed remuneration	Total variable remuneration
Serge Crasnianski[4]	2020	18	830,035	32 555	–	–	123,965	986,554	986,535	0
	2019	12	551,960	15,626	–	–	82,794	650,380	650,380	0
Eric Mergui[7,8]	2020	18	599,742	13,724		–	–	613,466	613,467	0
	2019	12	474,946	9,057	298,781	–	–	782,784	484,003	298,781
Jean-Marc Janailhac[9]	2020	18	52,703	–	–	–	–	52,703	52,703	0
	2019	12	–	–	–	–	–	–	–	–

Non-executive Director	Year	Months	Salary/Fees £	Benefits[1] £	Bonus[2] £	LTIS[5] £	Pension[3] £	Total £	Total fixed remuneration	Total variable remuneration
Sir John Lewis[6]	2020	18	189,200	–	–	–	–	189,200	189,200	0
	2019	12	132,000	–	–	–	–	132,000	132,000	0
Yitzhak Apeloig[10]	2020	18	66,000	–	–	–	–	66,000	66,000	0
	2019	12	44,000	–	–	–	–	44,000	44,000	0
Françoise Coutaz-Replan[5]	2020	18	110,317[12]	–	–	–	–	110,317	63,067	47,250
	2019	12	44,000	–	–	–	–	44,000	44,000	0
Jean-Marcel Denis[11]	2020	18	70,950	–	–	–	–	70,950	70,950	0
	2019	12	49,500	–	–	–	–	49,500	49,500	0
Jean-Marc Janailhac[9]	2020	18	43,885	–	–	–	–	43,885	43,885	0
	2019	12	–	–	–	–	–	–	–	0
Emmanuel Olympitis	2020	18	78,834	–	–	–	–	78,834	78,834	0
	2019	12	55,000	–	–	–	–	55,000	55,000	0

1 Taxable benefits comprise the provision of a car or car allowance, private medical insurance and, where appropriate, an accommodation allowance.
2 Bonus is that awarded in respect of performance in the relevant financial year. No bonus was awarded in the 18 months ended 31 October 2020.
3 The pension payment to Serge Crasnianski in the financial period ended 31 October 2020 represented 15% of base salary.
4 The emoluments of Serge Crasnianski shown above for the 18 months ended 31 October 2020 include fees totalling £608,952 (2019: £405,968 for 12 months), payable to a third party in respect of making available the services of Serge Crasnianski to the Company. Although a reduction of 20% was applied to Mr Crasnianski (this is the voluntary reduction accepted owing to Covid), this reduction was not applied due to an administrative oversight to the fees payable to Realin Ltd for Mr Crasnianski's services. Realin Ltd will repay the overpayment thus made during the current financial year.
5 Françoise Coutaz-Replan stepped down as an Executive Director on 27 August 2015, and was appointed as a Non-executive Director on the same date.
6 The emoluments of Sir John Lewis shown above include fees of £70.8950) (2019: £49,500) paid to a third party in respect of making available the services of Sir John Lewis to the Company.
7 The emoluments of Eric Mergui shown above include fees totalling £298,781, payable to a third party in respect of making available the services of Eric Mergui to the Company.
8 Exchange rate: 1.1025 euro/GBP being the rate at close of business on 31 October 2020
9 Mr Janailhac was appointed Non-executive Director on 22 July 2019 and was subsequently appointed an Executive Director on 17 July 2020. The emoluments of Mr Janailhac shown above include fees of £39,836 (2019: nil) paid to a third party in respect of making available the services of Mr Janailhac to the Company. Mr Janailhac's fee/salary for the period was partially delivered in GBP (£45,000 – reduced by 20% from 1 July 2020) and partially delivered in Euros (€150,000 p.a.). The Euro amount has been translated at an exchange rate using the same exchange rate mentioned in note 8 above. Mr. Mr Janailhac has two contracts. The discount of 20% was only applied to one contract. There will be no reimbursement as regards payments made under the contract to which the reduction was not applied.
10 The emoluments of Mr Apeloig shown above include fees of £11,000 (2019: nil) paid to a third party in respect of making available the services of Mr Apeloig to the Company. No reduction of 20% was applied to Mr Apeloig's fee due to an administrative oversight to the fees payable to Realin Ltd for Mr Crasnianski's services. The over payment will be reimbursed to the Company during the current financial year.
11 The emoluments of Mr Denis shown above include fees of £21,450 (2019: nil) paid to a third party in respect of making available the services of Mr Denis to the Company.
12 This includes Ms Coutaz-Replan's ordinary director's fees reduced by 20% from 1 July 2020 plus a consultancy fee of £47,250 for special services rendered to the group (not reduced by 20% as it was for special project work agreed upon and completed before 1 July 2020).

ANNUAL BONUS

The Committee has determined that no annual bonus should be payable to the CEO or the former COO, Mr Mergui, in respect of financial targets or performance against personal/strategic targets.

Details of the performance against the profit before tax targets for the 2020 annual bonus were as follows (noting that Mr Janailhac was not entitled to participate):

	% of base salary	
	CEO	COO
Group pre-tax profit less than prior year	Nil	Nil
Group pre-tax profit between 100% and 105% of prior year	Committee discretion depending on year-on-year growth	
Group pre-tax profit 5% more but less than 10% higher that of prior year	60%	38.25%
Group pre-tax profit 10% or more than prior year	120%	76.5%
Actual Profit Result – Below prior year	0%	0%

Details of performance against the personal/strategic targets are as follows:

	CEO	COO
Maximum Bonus	20% of bonus (30% of salary)	49% of bonus (73.5% of salary)
Target 1	Driving the expansion of the Company's business activities – with particular emphasis on identifying and negotiating acquisitions	Identifying and handling strategic acquisitions including post acquisition management in respect of delivering any planned synergies and operational benefits
Target 2	Devising and implementing succession management for senior colleagues	Management of the main subsidiary companies
Target 3	n/a	Co-ordination of the international network
Committee Assessment of performance against the targets	Given the impact of COVID-19 on the Company, the Committee agreed that it would not be appropriate to pay a bonus for the year ended 31 October 2020 and as such, no formal assessment of performance against the personal/strategic targets was carried out by the Committee	Following Mr Mergui's leaving the Board, he was no longer entitled to a bonus award and as such, no assessment of performance against the target was carried out by the Committee
Bonus Award – % of max (% of salary)	0% of maximum (0% of salary)	0% of maximum (0% of salary)

EXECUTIVE SHARE OPTION SCHEME (ESOS) (AUDITED)

The 2017 ESOS awards granted to Eric Mergui on 21 July 2017, over 385,200 shares with an exercise price of 150 pence, were due to complete the EPS performance period on 30 April 2020. To reflect the change in year end and the Committee's desire to assess performance based on audited numbers, the Committee agreed to extend the EPS performance period to 31 October 2020. However, as a result of Eric Mergui's leaving the Company during the 18-month period ended 31 October 2020, the ESOS awards lapsed at cessation and no formal assessment of the performance targets was carried out.

SCHEME INTERESTS AWARDED IN THE YEAR (AUDITED)

The Company granted the following share option awards to Executive Directors during the financial period ended 31 October 2020:

Executive Director	Number of ESOS Awards	Basis	Face Value[1]
Serge Crasnianski	816,509	150% of salary	£827,940.13
Eric Mergui[2]	702,583	150% of salary	£712,419.16

1 Based on a share price of £1.014 which was the average share price over the three days immediately prior to grant.
2 Awards lapsed on cessation of employment.

The EPS performance targets, with pro-rata vesting between targets, are as follows:

2022 EPS	Options exercisable to maximum percentage of salary
Below 9.00p	None
9.00p	25% of Salary
9.80p	75% of Salary
10.20p	100% of Salary
11.00p	150% of Salary

DIRECTORS' INTERESTS IN SHARES (AUDITED)

According to the records kept by the Company, the directors had interests in the share capital of the Company, as shown below. Between 31 October 2020 and the date of this report, Mr Crasnianski and persons closely associated with him increased their interest to 105,637,410 ordinary shares of 0.5p of the Company.

	Beneficially owned at						
Executive director	31 October 2020	30 April 2019	30 April 2019 ESOS Awards[1]	ESOS Awards[2]	Requirement (% of salary)	Shareholding (% of salary)[3]	Guideline
Serge Crasnianski	105,105,381	84,610,701	–	816,509	200%	9,331%	Yes
Eric Mergui	–	–	-6	- 6-	200%	N/A	N/A
Jean-Marc Janailhac	27,000	–	–	–	200%	Nil %	No

	Beneficially owned at						
Non-executive director	31 October 2020	30 April 2019	30 April 2019 ESOS Awards[1]	ESOS Awards[2]	Requirement (% of salary)	Shareholding (% of salary)[3]	Guideline
Sir John Lewis	–	–	–	–	–	–	–
Yitzhak Apeloig	–	–	–	–	–	–	–
Françoise Coutaz-Replan[5]	200,000	200,000	407,600	–			
Jean-Marcel Denis	–	–	–	–	–	–	–
Emmanuel Olympitis	45,000	45,000	–	–	–	–	–

1 Options with no further performance conditions attached that have not been exercised
2 Options with outstanding performance conditions attached
3 Executive directors are required to build and maintain a shareholding equivalent to at least 200% of base salary through the retention of 50% of the net-of-tax vested share awards or through open-market purchases. Calculated using the closing share price on the last trading day in October (i.e. Friday, 30 October 2020) being 49p. The shareholding guideline is calculated using only beneficially owned shares
4 Of the shares beneficially owned by Serge Crasnianski, 63,750 shares (2019: 63,750) were registered in his name, the balance in other names
5 Françoise Coutaz-Replan stepped down as an Executive Director on 27 August 2015, continuing as a Non-executive Director.
6 Mr Mergui's options lapsed on his leaving the Group.

DIRECTORS' INTERESTS IN SHARE OPTIONS (AUDITED)

Details of outstanding share awards held by Directors are set out below. No awards are held by Jean-Marc Janailhac.

	Number of options							
Executive director	As at 1 May 2019	Granted during period	Exercised during period	Lapsed during period	As at 31 October 2020	Exercise price	Exerciseable from	Expiry date
Serge Crasnianski								
9 July 2013	738,000	–	–	738,000	–	90.63p	9 July 2016	8 July 2020
27 August 2019		816,509	–		816,509	101.4p	27 August 2022	27 August 2026
Eric Mergui								
9 July 2015	375,000	–	–	375,000	–	133.33p	9 July 2018	8 July 2022
13 July 2016	334,000	–	–	334,000	–	141.50p	13 July 2019	12 July 2023
21 July 2017	385,200	–	–	385,200	–	157.00p	21 July 2020	20 July 2024
27 August 2019		702,583	-	702,583	–	101.40p	27 August 2022	27 August 2026
Françoise Coutaz-Replan								
9 July 2013	200,000	–	–	200,000	–	90.63p	9 July 2016	8 July 2020
10 July 2014	195,000	–	–	–	195,000	145.33p	10 July 2017	9 July 2021
9 July 2015	212,600	–	–	–	212,600	133.33p	9 July 2018	8 July 2022

RELATIVE IMPORTANCE OF THE SPEND ON PAY

The following table sets out the percentage change in distributions to shareholders and employee remuneration costs:

	2020		2019	
Executive director	Pence per share	£'000	Pence per share	£'000
Interim				
2018 paid on 11 May 2019	3.71	14,014		
2018 paid on 11 May 2018			3.71	14,005
Final				
2018 approved at AGM held on 24 October 2018	4.73	17,880		
2019 approved at AGM held on 25 October 2017			4.73	17,868
	8.44	**31,894**	7.03	26,478

	Group	
	2020 £'000	2019 £'000
Wages and salaries	44,279	39,548
Social security costs	8,930	8,361
Share options granted to directors and employees	171	141
Post-employment benefit costs		
– defined benefit schemes	351	212
– defined contribution schemes	656	327
– other post-employment costs	–	–
	54,387	48,589

1 Based on the figure shown in note 5 to the Financial Statements

2 Based on the cash returned to shareholders through dividends, as shown in note 9 to the Financial Statements. The Company did not undertake any buy-backs in the financial period ended 31 October 2020

PERCENTAGE INCREASE IN THE REMUNERATION OF THE MEMBERS OF THE BOARD

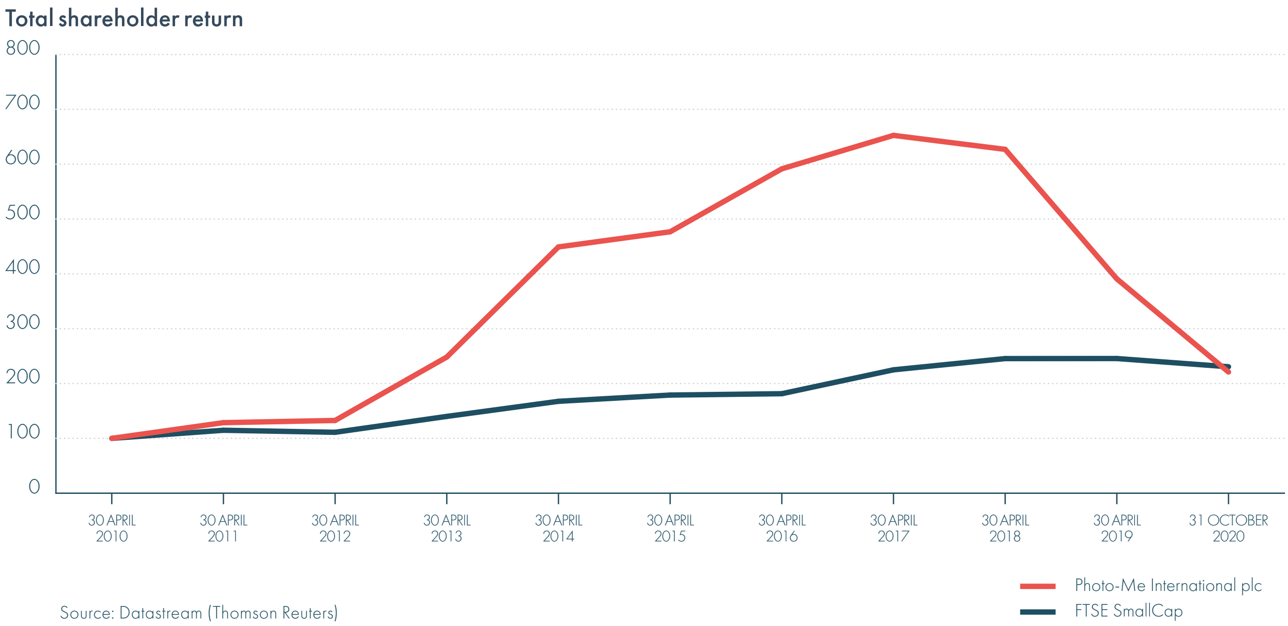
The table below shows the change in the salary, benefits and annual bonus for the members of the Board who served in both the period just ended and the previous financial year in full, compared with the change in remuneration for the UK employee population.

	Base salary	Benefits	Annual bonus
Executive Directors	1.49%	38.9	0%
Serge Crasnianski	N/A	N/A	N/A
Jean-Marc Janailhac			
Non-executive Directors	0%	N/A	N/A
Sir John Lewis	0%	N/A	N/A
Yitzhak Apeloig	0%	N/A	N/A
Françoise Coutaz-Replan	0%	N/A	N/A
Jean-Marcel Denis	0%	N/A	N/A
Emmanuel Olympitis	0%	N/A	N/A
UK Employee Population[1]	-1.24	16.68%	Nil

[1] With the exception of Inox Equip Limited

TSR PERFORMANCE GRAPH

The graph below shows the Company's performance, measured by total shareholder return (TSR) (share price growth plus dividends reinvested), compared with the performance of the FTSE SmallCap Index (calculated on the same basis) from 1 May 2010. As the Company has been a constituent of the FTSE SmallCap Index for all of the relevant period, this index is considered an appropriate form of "broad equity market index" against which the Company's performance should be compared.



Source: Datastream (Thomson Reuters)

CEO REMUNERATION

The table below shows the total remuneration for the CEO over the same 10.5 year period as the TSR chart above. All share awards are valued at the date of vest

	CEO	Total (£)	Annual (% of max)	Long-term incentives (% of max)[1]
2020 (18 months to 31 October 2020)	Serge Crasnianski	986,554	0%	–
2019 (12 months to 30 April 2019)	Serge Crasnianski	650,380	0%	–
2018 (12 months to 30 April 2018)	Serge Crasnianski	681,954	0%	–
2017 (12 months to 30 April 2017)	Serge Crasnianski	1,498,113	100%	–
2016 (12 months to 30 April 2016)	Serge Crasnianski	1,429,209	100%	100%
2015 (12 months to 30 April 2015)	Serge Crasnianski	1,031,628	100%	–
2014 (12 months to 30 April 2014)	Serge Crasnianski	914,278	100%	–
2013 (12 months to 30 April 2013)	Serge Crasnianski	899,487	100%	–
2012 (12 months to 30 April 2012)	Serge Crasnianski	898,693	100%	–
2011 (12 months to 30 April 2011)	Serge Crasnianski	893,312	100%	–

1 Shows the number of share options that vested as a percentage of the maximum number of share options that could have vested. For the years ended 30 April 2011 to 30 April 2019 (but excluding 2016), Serge Crasnianski did not have any outstanding share option awards that could have vested in the relevant years

2 Serge Crasnianski was appointed to the role of CEO on 3 July 2009, having previously served as a Non-executive Director from 6 May 2009. The total remuneration figure shown includes all payments received following his appointment as CEO but excludes any fees paid (£5,429) for performing the role of Non-executive Director

CEO PAY RATIO

The data shows how the CEO's single figure remuneration for the period ending 31 October 2020 compares to equivalent single figure remuneration for full-time equivalent UK employees, ranked at the 25th, 50th and 75th percentile. The salary and total pay and benefits data has been annualised to aid with future year comparisons.

Period	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	Option A	44%	30%	24%

Period	Salary			Total pay and benefits		
	25th % percentile	Median	75th percentile	25th percentile	Median	75th percentile
2020	£14,410	£21,285	£25,687	£14,825	£21,824	£27,579

No components of pay and benefits have been omitted for the purpose of the above calculations. Option A was selected given that this method of calculation was considered to be the most robust approach in respect of gathering the required data for 2020.

PAYMENTS FOR LOSS OF OFFICE/PAST DIRECTORS

Eric Mergui ceased to be a director of the Company on 12 July 2020. The Company has made the following remuneration payments to Mr Mergui since that date.

- €550,800.00 (less legally required deductions) as a termination payment of 12 months' salary under the terms of his global employment contract.
- €80,961.36 (less legally required deductions) as salary in respect of the period from 13 July 2020 to 4 September 2020 under his global employment contract (governed by Belgian law).
- €448,592.49 (less legally required deductions) as a statutory indemnity in lieu of notice (five months and 21 weeks) under Belgian law.
- €3,380.74 (less legally required deductions) as a pro-rated 13th month salary under Belgian law.
- €8,627.68 (less legally required deductions) as payment of 25 days of accrued but untaken holiday.

There was no entitlement to an annual bonus in respect of the 18 months ended 31 October 2020 and all options held under the Executive Share Option Scheme lapsed cessation.

No other payments were made for loss of office, and no payments were made to past directors.

As the payment made to Eric Mergui for loss of office exceeded the amount payable under the existing remuneration policy, shareholder approval will be sought for the payment of the overpayment at the next AGM on 30 April 2021. More information is given in the explanatory notes to the Notice of AGM.

COMMITTEE ROLE AND MEMBERSHIP

The Remuneration Committee comprises three Non-executive Directors: Emmanuel Olympitis (Committee Chairman, member of the Audit and Nomination Committees, and Senior Independent Director); Sir John Lewis (Chairman of the Board and the Nomination Committee, and member of the Audit and Remuneration Committees); and Jean-Marcel Denis (Chairman of the Audit Committee and member of the Nomination and Remuneration Committees). The Board considers Mr Olympitis and Mr Denis to be independent, and Sir John Lewis to have been independent on appointment as Chairman.

Biographies of the members of the Committee are set out on page 53. Details of their membership of the Committee and attendance at the meetings during the year are as follows:

Name	Position	Appointment date	Number of Meetings attended (Maximum possible)
Emmanuel Olympitis	Committee Chairman	11 November 2009	2(2)
Sir John Lewis	Committee Member	3 July 2008	2(2)
Jean-Marcel Denis	Committee Member	1 March 2012	2(2)
Jean-Marc Janailhac[1]	Committee Member	22 July 2019	2(2)

1 Mr Janailhac was a member of the Committee when he joined the Board as a Non-executive director albeit he subsequently resigned from the Committee following his appointment as an Executive Director. His meeting attendance relates to the period before he became an Executive Director.

It remains the Committee's policy that it shall meet on an ad hoc basis when the needs of the Company require it. At the invitation of the Chairman, the CEO and other Executive Directors may attend meetings of the Committee, except when their own remuneration is under consideration. No director is involved in determining his or her own remuneration. The Company Secretary acts as the Secretary to the Committee. The members of the Committee can, where they judge it necessary to discharge their responsibilities, obtain independent professional advice at the Company's expense.

The Committee's terms of reference are published in the "Investor Relations" section of the Company's website at www.photo-me.com.

ADVISERS

FIT Remuneration Consultants LLP advised the Committee during the period ended 31 October 2020 in respect of the treatment of outstanding ESOS awards following the year end change and the preparation of this Remuneration Report. Fees paid to FIT in respect of the period ended 31 October 2020 totalled £7,580 (exclusive of VAT). The Committee is satisfied that the advice provided by FIT is objective and independent and fees were charged based on time and material.

The Committee also receives advice from the CEO in relation to the remuneration of certain senior executives, but not in relation to his own remuneration.

STATEMENT OF SHAREHOLDER VOTING

The table below shows the advisory vote on the 2018/19 Directors' Remuneration Report at the 2019 AGM Remuneration Report and the last binding vote on the Remuneration Policy at the 2017 AGM.

Resolution	Votes cast in favour	%	Votes cast against	%	Total votes cast (excludes withheld votes)	%	Votes withheld[1]
Directors' Remuneration Report	306,027,992	98.11	5,783,499	1.89	305,927,923	100	100,069
(excluding the Remuneration Policy)	319,144,977	99.86	445,370	0.14	319,590,347	100	1,165,003
Directors' Remuneration Policy	27,000	–	–	–	200%	Nil %	No

[1] A vote withheld is not a vote in law and is not counted in the calculation of the proportion of votes cast 'for' and 'against' a resolution.

By order of the Board

EMMANUEL OLYMPITIS
Chairman of the Remuneration Committee

7 APRIL 2021

Financial statements

Independent auditor's report to the members of Photo-Me International Plc

OPINION

We have audited the financial statements of Photo Me International Plc (the 'parent company') and its subsidiaries (the 'group') for the 18-month period ended 31 October 2020 which comprise the Group Statement of Comprehensive Income, the Group and Company Statement of Financial Position, the Group Statement of Cash Flows, the Company Statement of Cash Flows, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the group financial statements, international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 October 2020 and of the group's loss for the 18-month period then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union; and
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, as applied in accordance with the provisions 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 as applied to listed entities and public interest entities, having duly considered the technical breach described in the "Other matters that we are required to address" below, 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 PRINCIPAL RISKS, GOING CONCERN AND VIABILITY STATEMENT

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 38 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 49 in the annual report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 99 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group and the parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 49 in the annual report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and, where relevant, key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

THE RISK
RECOGNITION, VALUATION AND IMPAIRMENT OF INTANGIBLE ASSETS INCLUDING GOODWILL

Intangible assets, including goodwill are presented in note "11 – Goodwill and other intangible assets" to the consolidated financial statements.

Intangible assets including goodwill represented £41.8m at 30 April 2019 and £32.7m at 31 October 2020. In the 18-month period to 31 October 2020, in accordance with IFRS 3 – Business Combinations, the group remeasured the value of intangibles arising from the acquisition of a subsidiary in April 2019 with the allocation of £10.5m from goodwill to Other intangible assets. In addition, in the context of the Covid-19 pandemic and the consequential impacts on the group's performance linked to changes in consumer behaviour, intangible assets including goodwill were impaired in the period by £12.1m.

Management performs impairment tests if there is an impairment trigger and at least once a year for goodwill and other non-amortisable intangible assets as described in note 1.4. Assets are tested at the level of the cash generating units ("CGUs") defined by the group, being the operating companies. An impairment loss is recognised if the carrying value of an asset or cash-generating unit is higher than its recoverable value. The recoverable value is the value in use, determined according to the discounted future cash flow projections method (excluding interest on borrowings and taxes) for each cash generating unit. The recognition of intangible assets and the assessment of the recoverable value of these assets is a key audit matter, given the significant potential of impairment and the high degree of estimation and judgment required by management for this assessment. The judgments include, in particular, assumptions regarding the future evolution of trading, the determination of infinite growth rates and discount rates applied to the appropriate future cash flows.

Our response

- In connection with the recognition of other intangible assets, management obtained an expert report to determine the required purchase price adjustments. We engaged our valuation experts to challenge the proposed adjustments, including the methodology and key inputs used by management.
- In connection with impairment charges, we reviewed the impairment testing process implemented by group management, in order to identify trigger events and proceed to impairment testing, which is based on actual performance, cash-flow forecasts from the budget and three-year plan presented to the Board.
- Where impairment charges were caused by the cessation of certain activities, we confirmed this to the plans approved by the Board. Where impairment charges were caused by expected future business underperformance, we undertook a detailed risk assessment to identify which assumptions are most sensitive to the projections.
- With the support of our valuation experts, we reviewed key assumptions applied by the group management, such as the discount rates.
- We assessed the sensitivity of the impairment test to these key assumptions.

Key observations

Through the above procedures, we identified the need to restate the opening balance due to the correction of a prior year error, being the requirement under IFRS 3 to recognise a measurement period adjustment.

The impairments recognised in the financial statements on Intangible assets including goodwill are highly judgmental and reflect a reasonably cautious approach to the future prospects of the group during and post Covid-19. Overall, assumptions used by management in arriving at impairment charge for the year deemed reasonable and in line with IAS 36.

THE RISK
IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment ("PPE") are presented in note "12 – Property, plant and equipment" to the consolidated financial statements.

PPE represented £95.4m at 30 April 2019 and £90.3m at 31 October 2020. In the 18-month period to 31 October 2020, in accordance with IFRS 16 – Leases, the group recognised Right of Use assets of £18.6m at 1 May 2019. In addition, in the context of the Covid-19 pandemic and the consequential impacts on the group's performance linked to changes in consumer behaviour, PPE were impaired in the period by £17.5m.

Management performs impairment tests if there is an impairment trigger as described in notes 1.5 and 1.8. Assets are tested at the level of the cash generating units ("CGUs") defined by the group, being each vending machine. An impairment loss is recognised if the net book value of an asset or cash-generating unit is higher than its recoverable value.

In the context of Covid-19, the assessment of the recoverable value of these assets is a key audit matter, given the significant potential of impairment and the high degree of estimation and judgment required by management for this assessment. The judgments include, in particular, assumptions regarding the future evolution of trading.

Our response

- In connection with the recognition of Right of Use assets, this is described in the key audit matter below.
- In connection with impairment charges, we reviewed the impairment testing process implemented by group management, in order to identify trigger events and proceed to impairment testing, based on both actual performance, and future trading strategy.
- Where impairment charges were caused by the cessation of certain activities, we confirmed this to the plans approved by the Board. Where impairment charges were caused by underperformance not expected to reverse, we verified the consistency of these assumptions to business forecasts.

Key observations

The impairment charge recognised in the financial statements on Property, Plant and Equipment is reasonable.

THE RISK
IMPLEMENTATION OF IFRS 16

As detailed within note "2 – New standards, amendments and interpretation", the group adopted a new accounting standard, IFRS 16 'Leases', effective from 1 May 2019. This standard has a significant impact upon the group's financial statements; the group leases a significant number of sites to locate vending machines and has a large number of arrangements which were previously classified as operating leases under IAS 17 'Leases' and held off balance sheet. These are now recognised in accordance with IFRS16. Upon transition to IFRS 16, the group recognised an additional lease liability of £18.6m. Judgements involved in ensuring all these leases subject to IFRS 16 are appropriately reflected in the financial statements are complex, primarily due to the large number of leases held by the group, and the significant variation seen in the terms of individual lease contracts.

Our response

- We assessed the design and implementation of the key controls relating to the implementation of IFRS 16, notably regarding the applicability of the standard to the different types of lease contracts in operation.
- We obtained a schedule of the right of use assets and lease liability reconciling system outputs, and manual adjustments to test the completeness of the lease data from the group's vending machine management system to the lease data underpinning the IFRS 16 model.
- We engaged our specialists to assess the appropriateness of the incremental borrowing rates used in the calculation.
- We assessed the accuracy of the lease data by testing the lease data captured by management for a sample of leases through the inspection of lease documentation.
- We performed recalculations based on the lease agreement and compared to system calculations.
- We tested completeness of lease obligations through a review of relevant expense accounts for any indication of underlying leases.

Key observations

The lease liabilities and right of use assets recognised under IFRS 16 are appropriate. The incremental borrowing rates used by the group to determine the IFRS 16 lease liability are reasonable.

OUR APPLICATION OF MATERIALITY

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line

	Group	Company
Overall materiality	£2,750,000	£2,000,000
How we determined it	Materiality has been determined with reference to a benchmark of profit before tax adjusted for one-off Covid-19 related impairments and specific items (as shown in Note 3), of which it represents 8%	Materiality has been determined with reference to a benchmark of net assets, of which it represents 3%.
Rationale for benchmark applied	We used profit before tax adjusted as described above as, in our view, this is the most relevant measure of the underlying financial performance of the group	We used net assets as, in our view, this is the most relevant measure of the performance of the company, being the parent company of the group
Performance materiality	£1,650,000 On the basis of our risk assessments, together with our assessment of the group's overall control environment, considering that this is a first-year audit, our judgement was that performance materiality was approximately 60% of our financial statement materiality	£1,200,000 On the basis of our risk assessments, together with our assessment of the group's overall control environment, considering that this is a first-year audit, our judgement was that performance materiality was approximately 60% of our financial statement materiality

items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

We agreed with the Audit Committee that we would report to the Board all audit differences in excess of £80,000 for the group and £60,000 for the parent company, as well as differences below those thresholds that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified during the course of assessing the overall presentation of the financial statements.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT, INCLUDING EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the group and parent company, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements.

In identifying and assessing risks of material misstatement in respect to irregularities including non-compliance with laws and regulations, our procedures included but were not limited to:

- at planning stage, we gained an understanding of the legal and regulatory framework applicable to the group and parent company, the structure of the group, the industry in which it operates they operate and considered the risk of acts by the group and parent company which were contrary to the applicable laws and regulations;
- we discussed with the directors the policies and procedures in place regarding compliance with laws and regulations;
- We discussed amongst the engagement team the identified laws and regulations, and remained alert to any indications of non-compliance; and
- during the audit, we focused on areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussions with the directors (as required by auditing standards), from inspection of the parent company's and group's regulatory and legal correspondence and review of minutes of directors' meetings in the year. We also considered those other laws and regulations that have a direct impact on the preparation of financial statements, such as the Companies Act 2006 and UK and international tax legislation.

Our procedures in relation to fraud included but were not limited to:

- inquiries of management whether they have knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates; and
- addressing the risk of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit, including fraud and irregularities, are discussed under "Key audit matters" within this report.

Our group audit scope included an audit of the group and parent company financial statements of Photo Me International Plc. Based on our risk assessment, the seven largest trading entities within the group, representing 76% of the relevant materiality benchmark (adjusted profit before tax), were subject to full scope audit which was performed by the group audit team for two entities and by component auditors for the other entities. Where we relied on component auditors, we reviewed component audit files and exercised group oversight. For all entities not in full scope audit, we performed specified audit procedures including but not limited to: obtaining third party confirmations, , obtaining confirmatory evidence for all account balances higher than our financial statement materiality, obtaining an understanding of account balances through analytical review and reconciling the opening balances to locally audited financial statements where a local statutory audit is performed.

At the parent level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon.

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

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

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** set out on page 67 – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting** set out on page 63 – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee or is materially inconsistent with our knowledge obtained in the audit; or
- **Directors' statement of compliance with the UK Corporate Governance Code** set out on page 60 – the parts of the directors' statement required under the Listing Rules relating to the parent company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the parent company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA rules.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In 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 Strategic Report or the Directors' Report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

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 and the part of the directors' remuneration report to be audited 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; or
- a corporate governance statement has not been prepared by the parent company.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 67, 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.

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 auditor's report.

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

Following the recommendation of the audit committee, we were appointed by the directors on 3 September 2019 to audit the financial statements for the 18-month period ended 30 April 2020 and subsequent financial periods. The financial period was later extended by the parent company to 31 October 2020. This is therefore our first audit of the group and parent company financial statements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company with the exception of the following covering the period prior to our formal appointment:

– between 1 May 2019 and August 2019, a Mazars member firm in Poland provided payroll and bookkeeping services to KIS Poland s.p.z.o.o. The fees received for these services during this period were £2,000.

Our assessment, which has been shared and agreed with the directors, is that these services do not impact our independence considering that they are insignificant to both the group and to Mazars, that they were discontinued by the time of our appointment as auditor, and that KIS Poland s.p.z.o.o. is not a significant component of the group. We therefore concluded that we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

USE OF THE AUDIT REPORT

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body for our audit work, for this report, or for the opinions we have formed.

David Herbinet (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
London

7 APRIL 2021

Group Statements of Comprehensive Income

For the 18 months ended 31 October 2020

	Notes	18 months to 31 October 2020 £'000	12 months to 30 April 2019 £'000
Revenue	3	**310,245**	228,118
Cost of sales		**(255,258)**	(164,637)
Gross profit		**54,987**	63,481
Other operating income	4	**910**	1,601
Administrative expenses		**(52,580)**	(22,393)
Share of post-tax profits from associates	14	**–**	50
Operating profit/(loss)		**3,317**	42,739
Analysed as:			
Operating profit/(loss) before specific items		**4,852**	44,564
Restructuring costs	4	**(1,535)**	(1,825)
Operating profit/(loss) after specific items		**3,317**	42,739
Other gains and losses	4	**(283)**	361
Finance revenue	6	**51**	20
Finance cost	6	**(2,593)**	(527)
Profit/(loss) before tax		**492**	42,593
Total tax (charge)/credit	7	**(2,844)**	(11,314)
(Loss)/Profit for the period		**(2,352)**	31,279
Other comprehensive income			
Items that are or may subsequently be classified to profit and loss:			
Exchange differences arising on translation of foreign operations		**3,948**	(860)
Taxation on exchange differences		**(3)**	3
Total items that are or may subsequently be classified to profit and loss		**3,945**	(857)
Items that will not be classified to profit and loss:			
Remeasurement gains/(losses) in defined benefit obligations and other post-employment benefit obligations		**340**	(216)
Deferred tax on remeasurement (losses)/gains		**(65)**	42
Total items that will not be classified to profit and loss		**275**	(174)
Other comprehensive income/(loss) for the period net of tax		**4,220**	(1,031)
Total comprehensive income/(loss) for the period		**1,869**	30,248
Loss for the period attributable to:			
Owners of the Parent		**(2,305)**	31,226
Non-controlling interests		**(47)**	53
		(2,352)	31,279
Total comprehensive income attributable to:			
Owners of the Parent		**1,888**	30,228
Non-controlling interests		**(19)**	20
		1,869	30,248
Earnings per share			
Basic earnings per share	10	**(0.62)p**	8.27p
Diluted earnings per share	10	**(0.62)p**	8.26p

All results derive from continuing operations.

The notes on pages 99 to 159 are an integral part of these consolidated financial statements.

Group Statements of Financial Position

As at 31 October 2020

	Notes	Group 31 October 2020 £'000	 30 April 2019 (restated) £'000
Assets			
Goodwill	11	**13,767**	18,419
Other intangible assets	11	**18,972**	31,281
Property, plant & equipment	12	**90,285**	95,353
Investment property	13	**652**	648
Investment in associates	14	**57**	415
Financial instruments held at amortised cost	15	**984**	982
Financial instruments held at FVTPL	15	**960**	1,387
Deferred tax assets	24	**–**	912
Trade and other receivables	16	**1,799**	1,764
Non-current assets		**127,477**	151,161
Inventories	17	**16,611**	22,339
Trade and other receivables	16	**16,740**	20,917
Current tax		**217**	876
Cash and cash equivalents	18	**106,193**	84,591
Current assets		**139,760**	128,723
Total assets		**267,237**	279,884
Equity			
Share capital	20	**1,889**	1,889
Share premium		**10,599**	10,588
Translation and other reserves		**15,245**	12,369
Retained earnings		**84,448**	117,131
Equity attributable to owners of the Parent		**112,181**	141,977
Non-controlling interests		**1,689**	1,870
Total Shareholders' funds		**113,870**	143,847
Financial liabilities	21	**40,937**	53,385
Post-employment benefit obligations	22	**5,973**	5,635
Deferred tax liabilities	24	**6,058**	7,808
Trade and other payables	25	**–**	–
Non-current liabilities		**52,968**	66,828
Financial liabilities	21	**54,516**	15,850
Provisions	23	**1,262**	218
Current tax		**4,909**	6,753
Trade and other payables	25	**39,712**	46,388
Current liabilities		**100,399**	69,209
Total equity and liabilities		**267,237**	279,884

The notes on pages 99 to 159 are an integral part of these consolidated financial statements.

Company Statements of Financial Position

As at 31 October 2020

	Notes	Company 31 October 2020 £'000	30 April 2019 £'000
Assets			
Property, plant & equipment	12	**8,755**	14,493
Investment in associates	14	**35**	35
Investment in subsidiaries	14	**45,496**	47,747
Financial instruments held at amortised cost	15	**976**	975
Financial instruments held at FVTPL	15	**745**	1,176
Deferred tax assets	24	**670**	670
Non-current assets		**56,677**	65,096
Inventories	17	**1,263**	3,857
Trade and other receivables	16	**24,909**	21,613
Cash and cash equivalents	18	**4,903**	3,162
Current assets		**31,075**	28,632
Total assets		**87,752**	93,728
Equity			
Share capital	20	**1,889**	1,889
Share premium		**10,599**	10,588
Translation and other reserves		**2,207**	2,197
Retained earnings		**45,632**	35,791
Total Shareholders' funds		**60,327**	50,465
Liabilities			
Financial liabilities	21	**995**	–
Non-current liabilities		**995**	–
Financial liabilities	21	**873**	–
Current tax		**1,196**	1,197
Trade and other payables	25	**24,361**	42,066
Current liabilities		**26,430**	43,263
Total equity and liabilities		**87,752**	93,728

The notes on pages 99 to 159 are an integral part of these consolidated financial statements.

The company recognised a profit after tax for the period of £41,632,000 (2019: loss after tax of £141,000).

The accounts were approved by the Board on 7 April 2021 and signed on its behalf by:

Serge Crasnianski
Chief Executive Officer

John Lewis
Non-executive Chairman

Registration number: 00735438

Group Statements of Cash Flows

For the period ended 31 October 2020

	Notes	31 October 2020 £'000	30 April 2019 £'000
Cash flow from operating activities			
Profit before tax		**492**	42,593
Finance cost		**791**	527
IFRS– 16 Right of Use Interest		**1,801**	–
Finance revenue		**(51)**	(20)
Other gains		**283**	(361)
Operating profit		**3,317**	42,739
Share of post-tax profit from associates		**–**	(50)
Amortisation and impairments of intangible assets including goodwill	4	**18,939**	2,992
Depreciation and impairments of property, plant and equipment	4	**64,610**	24,024
Loss/(profit) on sale of property, plant and equipment		**–**	165
Exchange differences		**(2,597)**	(707)
Other items		**43**	354
Changes in working capital:			
Inventories		**5,728**	511
Trade and other receivables		**4,177**	(597)
Trade and other payables		**(1,170)**	(5,604)
Provisions		**(112)**	108
Cash generated from operations		**92,935**	63,935
Interest paid		**(2,594)**	(527)
Taxation paid		**(4,688)**	(6,223)
Net cash generated from operating activities		**85,653**	57,185
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired and acquisition of non-controlling interest	30	**(786)**	(13,528)
Proceeds from disposal of associate		**357**	4,437
Repayment of loans advanced to associate		**–**	1,612
Investment in intangible assets		**(2,326)**	(2,167)
Proceeds from sale of intangible assets		**50**	155
Purchase of property, plant and equipment		**(44,782)**	(28,169)
Payment of deferred consideration		**–**	(225)
Proceeds from sale of property, plant and equipment		**1,474**	2,282
Interest received		**259**	18
Dividends received from associates		**(184)**	36
Net cash utilised in investing activities		**(45,938)**	(35,549)
Cash flows from financing activities			
Issue of Ordinary shares to equity shareholders		**11**	224
Repayment of capital element of finance leases	19	**(286)**	(167)
Repayment of borrowings	19	**(17,097)**	(8,397)
Increase in borrowings	19	**30,964**	43,748
Decrease in assets held to maturity	19	**–**	741
Dividends paid to owners of the Parent	9	**(31,894)**	(31,873)
Net cash utilised in financing activities		**(18,302)**	4,276
Net increase in cash and cash equivalents		**21,585**	25,912
Cash and cash equivalents at beginning of the period		**84,591**	58,657
Exchange gain on cash and cash equivalents		**17**	22
Cash and cash equivalents at end of the period		**106,193**	84,591

The notes on pages 99 to 159 are an integral part of these consolidated financial statements.

Company Statements of Cash Flows

For the period ended 31 October 2020

	Notes	31 October 2020 £'000	30 April 2019 £'000
Cash flow from operating activities			
Profit before tax		**41,632**	184
IFRS– 16 Right of Use Interest		**285**	–
Finance revenue & other revenue		**250**	2,861
Other gains		**975**	(2,239)
Operating profit		**43,142**	806
Amortisation of intangible assets		**186**	67
Depreciation of property, plant and equipment (IFRS– 16)		**1,597**	–
Depreciation of property, plant and equipment		**5,970**	3,897
COVID-19 impairments		**8,000**	–
Loss/(profit) on sale of property, plant and equipment		**(51)**	(22)
Movement in investment provisions and other items		**(2)**	7
Changes in working capital:			
Inventories		**2,594**	(1,687)
Trade and other receivables		**(3,296)**	8,535
Trade and other payables		**(17,705)**	14,469
Provisions		**–**	–
Cash generated from operations		**40,435**	26,072
Interest paid		**(284)**	–
Taxation paid		**–**	(359)
Net cash (utilised in)/generated from operating activities		**40,151**	25,713
Cash flows from investing activities			
Purchase of property, plant and equipment		**(7,603)**	(5,127)
Proceeds from sale of property, plant and equipment		**1,085**	451
Interest received		**(8)**	–
Dividends received from investments, associates and subsidiaries		**–**	2,275
Net cash generated from investing activities		**(6,526)**	(2,401)
Cash flows from financing activities			
Issue of Ordinary shares to equity shareholders		**11**	224
Increase in assets held to maturity		**(1)**	(1)
Dividends paid to owners of the Parent	9	**(31,894)**	(31,873)
Net cash utilised in financing activities		**(31,884)**	(31,650)
Net increase/(decrease) in cash and cash equivalents		**1,741**	(8,338)
Cash and cash equivalents at beginning of the period		**3,162**	11,500
Cash and cash equivalents at end of the period	18	**4,903**	3,162

The notes on pages 99 to 159 are an integral part of these consolidated financial statements.

Group Statements of Changes in Equity

For the period ended 31 October 2020

	Share capital £'000	Share premium £'000	Other reserves £'000	Translation reserve £'000	Retained earnings £'000	Attributable to owners of the Parent £'000	Non-controlling interests £'000	Total £'000
At 1 May 2018	1,887	10,366	1,781	11,412	117,811	143,257	1,553	144,810
Loss for the period	–	–	–	–	31,226	31,226	53	31,279
Exchange differences	–	–	–	(827)	–	(827)	(33)	(860)
Tax on exchange	–	–	–	3	–	3	–	3
Remeasurement gains in defined benefit pension scheme and other post-employment benefit obligations	–	–	–	–	(216)	(216)	–	(216)
Deferred tax on remeasurement gains	–	–	–	–	42	42	–	42
Total other comprehensive (expense)/income	–	–	–	(824)	(174)	(998)	(33)	(1,031)
Total comprehensive (expense)/income	–	–	–	(824)	31,052	30,228	20	30,248
Shares issued in the period	2	222	–	–	–	224	–	224
Share options	–	–	–	–	141	141	–	141
Dividends paid	–	–	–	–	(31,873)	(31,873)	–	(31,873)
Acquisition of minority	–	–	–	–	–	–	297	297
Total transactions with the Parent	2	222	–	–	(31,732)	(31,508)	297	(31,211)
At 30 April 2019	**1,889**	**10,588**	**1,781**	**10,588**	**117,131**	**141,977**	**1,870**	**143,847**
At 1 May 2019	**1,889**	**10,588**	**1,781**	**10,588**	**117,131**	**141,977**	**1,870**	**143,847**
Loss for the period	**–**	**–**	**–**	**–**	**(2,305)**	**(2,305)**	**(47)**	**(2,352)**
Other comprehensive (expense)/income								
Exchange differences	**–**	**–**	**–**	**3,948**	**-**	**3,948**	**–**	**3,948**
Tax on exchange	**–**	**–**	**–**	**(3)**	**-**	**(3)**	**–**	**(3)**
Remeasurement losses in defined benefit pension scheme and other post-employment benefit obligations	**–**	**–**	**–**	**–**	**340**	**340**	**–**	**340**
Deferred tax on remeasurement gains	**–**	**–**	**–**	**–**	**(65)**	**(65)**	**–**	**(65)**
Total other comprehensive/income	**–**	**–**	**–**	**3,945**	**275**	**4,220**	**–**	**4,220**
Total comprehensive (expense)/income	**–**	**–**	**–**	**3,945**	**(2,030)**	**1,915**	**(47)**	**1,868**
Transactions with owners of the Parent								
Shares issued in the period	**–**	**11**	**–**	**–**	**–**	**11**	**–**	**11**
Share options	**–**	**–**	**–**	**–**	**172**	**172**	**–**	**172**
Dividends	**–**	**–**	**–**	**–**	**(31,894)**	**(31,894)**	**–**	**(31,894)**
Disposal of minority	**–**	**–**	**–**	**–**	**–**	**–**	**(134)**	**(134)**
Total transactions with owners of the Parent	**–**	**11**	**–**	**–**	**(31,722)**	**(31,711)**	**(134)**	**(31,845)**
At 31 October 2020	**1,889**	**10,599**	**1,781**	**14,533**	**83,379**	**112,181**	**1,689**	**113,870**

The notes on pages 99 to 159 are an integral part of these consolidated financial statements.

Company Statements of Changes in Equity

For the period ended 31 October 2020

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At May 1 2019	1,887	10,366	2,064	67,798	82,115
Loss for the period	–	–	–	(141)	(141)
Other comprehensive income					
Total comprehensive income for the period	–	–	–	(141)	(141)
Shares issued	2	222	–	–	224
Share options	–	–	–	7	7
Capital contributions relating to share-based payments (net of disposals)	–	–	133	–	133
Dividends	–	–	–	(31,873)	(31,873)
Total transactions with owners of the Parent	2	222	133	(31,866)	(31,509)
At 30 April 2019	**1,889**	**10,588**	**2,197**	**35,791**	**50,465**
At May 1 2019	**1,889**	**10,588**	**2,197**	**35,791**	**50,465**
Profit for the period				**41,632**	**41,632**
Other comprehensive expense	**–**	**–**	**–**	**103**	**103**
Remeasurement losses in defined benefit pension scheme and other post-employment benefit obligations	**–**	**–**	**12**	**–**	**12**
Deferred tax on remeasurement losses	**–**	**–**	**(2)**	**–**	**(2)**
Total other comprehensive income	**–**	**–**	**10**	**103**	**113**
Total comprehensive expense for the period	**–**	**–**	**10**	**41,735**	**41,745**
Transactions with owners of the Parent					
Shares issued	**–**	**11**	**–**	**–**	**11**
Dividends paid	**–**	**–**	**–**	**(31,894)**	**(31,894)**
Total transactions with owners of the Parent	**–**	**11**	**–**	**(31,894)**	**(31,883)**
At 31 October 2020	**1,889**	**10,599**	**2,207**	**45,632**	**60,327**

Notes to the Financial Statements

For the period ended 31 October 2020

As previously announced, the Group's financial year-end was extended from 30 April 2020 to 31 October 2020 due to challenges related to the pandemic. Going forward, to the extent they have not already done so, all subsidiary companies in the Group will align their accounting reference dates (or equivalent) to 31 October.

Authorisation of the financial statements and statement of compliance with IFRSs

The Group and the Company financial statements of Photo-Me International plc (the "Company") for the period ended 31 October 2020 were authorised for issue by the directors on 29 March 2021 and the statements of financial position were signed by S. Crasnianski, Chief Executive Officer and J. Lewis, Non-executive Chairman.

The Company is a public limited company incorporated and registered in England and Wales and whose shares are quoted on the London Stock Exchange, under the symbol PHTM. The registered number of the Company is 735438 and its registered office is at Unit 3B, Blenheim Rd, Epsom, KT19 9AP. The principal activities of the Group are shown on page 5.

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and they are prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The comparative information has been adjusted retrospectively to reflect the fair value increase of intangibles offset by a decrease in goodwill (including resultant deferred tax implications). The restatement was only a reclassification between Goodwill and other intangible assets (note 11) and Deferred Taxation (note 24) with no impact on Equity or Total Comprehensive Income.

It should be noted that the measurement period adjustment was inappropriately recorded as a current year item in 31 October 2019 and 30 April 2020 interims as opposed to adjusting retrospectively as required under IFRS 3. The adjustment has been appropriately treated in these financial statements for both the current and comparative period.

1 ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Group's consolidated financial statements and the Company's individual financial statements are set out below. The policies have been consistently applied, unless otherwise stated, to all of the statements presented. New standards adopted for this financial period are shown in note 2 on page 106.

1.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments held at FVTPL and available-for-sale financial assets that are measured at fair value.

Going concern

The financial statements of the Group and the Company have been prepared on the going concern basis.

In reaching this conclusion, management has reviewed detailed budgets, which reflect, where applicable, the current economic conditions, with regard to the level of demand for the Group's manufactured products, the level of consumer confidence including the potential impact of the COVID 19 pandemic, cash flow forecasts for the next financial year and high level projections thereafter. Brexit impact was considered by management to have no significant impact on the business of the Group.

As a result, the cash flow projections indicate that the Group and the Company will remain within their available banking facilities. Additional information on these facilities is provided in note 15.

A review of the business activity, future prospects and financial position of the Group are covered in the Chairman's Statement and the Strategic Report.

Critical accounting estimates and key judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

1) **Development costs – notes 1.4 and 11.**
   Management determine when the criteria for capitalisation of development costs have been met including commercial viability and ability to reliably measure costs as an intangible asset based on discounted expected cash flows and the costs can be reliably measured. Judgement is required in determining the practice for capitalising development costs and is required in assessing whether the development costs meet the criteria for capitalisation. This judgement has been applied consistently year to year.

Notes to the financial statements continued

For the period ended 31 October 2020

1 ACCOUNTING POLICIES CONTINUED

2) **Taxation – note 7**
The Group continues to follow the transfer pricing policy implemented in the previous years. The Group recognises deferred tax assets and liabilities based upon management's judgement of the expected recoverability of the balance. The estimate will include assumptions regarding future income streams of the Group and the future movement in corporation tax rates in the respective jurisdictions. The estimation of provisions in respect of current taxation depends on management's judgements in respect of taxation enquiries and the uncertainty surrounding resolution.

Group and Company

The following are areas of estimation uncertainty:

1) **Goodwill and other intangible assets – notes 1.4, 1.8 and 11.**
The recoverable amount of cash generating units (CGUs) has been determined by management on a value in use basis. These calculations require estimates by management, including management's expectations of future growth in revenue, costs and profit margins, cash flows and discount rates. The value of these assets has been significantly impaired during this period because of the ongoing COVID 19 pandemic and the consequent impacts on business. The carrying value of goodwill and intangible assets at the period end was £13,767,000 and £18,972,000 respectively.

For both Goodwill and intangible assets, we have used for impairment tests the discounted cash flows method to evaluate the asset value. The normative cash flow was calculated as the sum of discounted cash flows in the last 5 years multiplied by the growth rate 1%. The WACC used was for UK entities 11% and for the Spain entity 11,96%. The terminal value is the normative cash flow divided by the WACC minus growth rate.

Moreover the Pandemic has enforced us to fundamentally review the valuation of our "droit au bail" in France. Their value, given the plethora of available and free shops, has become nil. As a precautionary measure we have therefore decided to fully impair these assets.

2) **Impairment of property, plant and equipment – notes 1.5, 1.8, 12 and 13.**
Management make estimates of the useful life of capitalised development costs and property, plant and equipment as disclosed below in notes 1.4 and 1.5. Technological developments and regulatory changes can impact on the lives of the vending estate. Management consider these factors in assessing the useful lives of the assets. Due to the recent pandemics and its impact on the business, there were significant indications that machines should be impaired. Consequently, impairment tests were performed leading to significant impairment on property plan and equipment.

The group has calculated the EBITDA of each individual unit during the pandemic. The Group has impaired fully each unit showing nill or negative EBITDA, as it estimates the recovery of these assets was not possible.

The carrying value of property, plant and equipment at the period end was £90,285,000.

1.2 BASIS OF CONSOLIDATION

The Group consolidates the financial statements of the Company and all of its subsidiaries, and includes associates under the equity method, as at each period end.

Subsidiaries

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date on which control ceases. Losses applicable to non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a negative balance.

The principal subsidiaries affecting the results and financial position of the Group are shown in note 29.

Changes in ownership of subsidiaries and loss of control

Changes in the Group's interest in a subsidiary that do not result in loss of control are accounted for as equity transactions.

Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit and loss. Any interest retained in a subsidiary is measured at fair value when control is lost.

The Group uses the acquisition method of accounting to account for business combinations. Acquisition costs for business combinations are expensed as incurred. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets acquired, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values on acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held interest in the acquiree is re-measured to fair value at the acquisition date, with such gains or losses arising from re-measurement recognised in profit and loss.

Transactions eliminated on consolidation

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Where necessary, subsidiaries' accounting policies have been changed to ensure consistency with the Group's policies.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Application of the equity method to associates and joint ventures

Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

The principal associates affecting the results and financial position of the Group are shown in note 29.

Non-controlling interests

Non-controlling interests represent the portion of results for the period and net assets not held by the Group. They are presented separately within the statement of comprehensive income and the statement of financial position.

1.3 FOREIGN CURRENCY TRANSLATION

The consolidated financial statements and the Company's own financial statements are presented in Sterling being the functional and presentational currency of the Parent Company and all values are shown in £'000 except where indicated.

Transactions in foreign currencies are translated into the respective functional currencies of the Group's subsidiaries at the exchange rate ruling on the date the transaction is recorded. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates ruling at 31 October. Exchange gains and losses resulting from the above translation are reflected in the income statement, except where they qualify as cash flow hedges and are reflected in equity. There were no qualifying cash flow hedges in 2020 or 2019.

Income statements of overseas entities are translated into Sterling, at weighted average rates of exchange, as a reasonable approximation to actual exchange rates at the date of the transaction and their statements of financial position are translated at the exchange rate ruling at 31 October. Exchange differences arising on the translation of opening net assets are taken to equity, as is the exchange difference on the translation of the income statement between average and closing exchange rates. For this purpose, net assets includes loans between group companies and any related foreign exchange contracts where settlement is neither planned nor likely to occur in the foreseeable future. Such cumulative exchange differences are released to the income statement on disposal of the subsidiary or associate.

1.4 INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of cost of an acquisition of a subsidiary or associate over the fair value of the Group's share of net identifiable assets at the date of acquisition. Goodwill on acquisition of associates is included in investment in associates and impairments thereof in administrative expenses in the SOCI.

Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying amounts may be impaired and is carried at cost less any impairment. On disposals, goodwill is included in the calculation of gains or losses on the sale of the previously acquired entity.

For the purposes of impairment testing, goodwill is allocated to cash-generating units. Each of these units represents the Group's investment in each region of operation.

Research and development expenditure

Research and Development costs are accounted for in line with all relevant criteria as mandated by IAS 38 Intangible Assets. Research expenditure is expensed as incurred. Costs incurred in developing projects are capitalised as intangible assets when it is considered that the commercial viability of the project will be a success based on discounted expected cash flows, and the costs can be reliably measured. Other development costs are expensed and are not recognised as assets.

Notes to the financial statements continued

For the period ended 31 October 2020

1 ACCOUNTING POLICIES CONTINUED

Other intangible assets

Intangible assets (including research and development) acquired as part of a business combination are capitalised at fair value at the date of acquisition. Other intangibles are capitalised at cost.

The policies applied to the Group's intangible assets are summarised as follows:

	Research and development costs	Software	Customer related	Patents and licences	Droit au Bail
Useful lives	Finite	Finite	Finite	Finite	Indefinite
Amortisation	Straight-line basis, with a maximum life of four years from commencement of commercial production, with no residual value	Straight-line basis, with a maximum life of three years, with no residual value	The majority of customer related intangible assets are depreciated over their useful lives of between three and ten years on a Straight-line basis with no residual value	Most patents are depreciated over a period of 10 years or less with no residual value on a straight line basis	Not amortised regularly, but subject to impairment testing
Internally generated or acquired	Internally generated	Acquired	Acquired	Acquired	Acquired

1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is shown at cost, less accumulated depreciation and any impairment.

Subsequent expenditure on property, plant and equipment is capitalised, either as a separate asset, or included in the cost of the asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. The carrying amount of any parts of the assets that are replaced are derecognised. All other costs are recognised in the income statement as an expense as incurred.

Freehold land is not depreciated. Other assets are depreciated on a straight-line basis, or occasionally on a reducing balance basis, to reduce cost to the estimated residual value over the estimated useful life of the asset at the following rates:

Freehold buildings	2% – 5% straight-line
Leasehold improvements	over the life of the lease on a straight-line basis
Photobooths and vending machines	10% – 33.33% straight-line
Plant, machinery, furniture, fixtures and motor vehicles	12.5% – 33.33% straight-line. Capitalised lease assets are depreciated over the shorter of the life of the asset or the life of the lease.

The assets' residual values and useful lives are reviewed at each year end and adjusted, if appropriate.

The critical judgement areas for operating equipment revolve around the useful life of the asset and whether an impairment charge is required. Operating equipment assets are reviewed at least annually for impairment testing.

1.6 INVESTMENT PROPERTY

Certain of the Group's properties are classified as investment properties; being held for long-term investment and to earn rental income. Investment properties are stated at cost and the building element is depreciated to reduce cost to its estimated residual value at rates between 3.33% and 8.33% on a straight-line basis.

1.7 LEASES

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of lease payments discounted at the interest rate implicit in the lease. The interest element in the lease payment is expensed at a constant interest rate, whereas the obligation net of the interest element is included in other payables.

All other leases were classified until 30 April 2019 as operating leases and rentals were expensed over the period of the lease on a straight-line basis. However, since 1 May 2019, some of those leases were recognised according to IFRS-16 (Note 2 "IFRS16 Leases"). But some do not meet the criteria (eg variable rent, site owners have the control on the machine location or Photo-Me can stop a contract with a short period notice at any time) and are de facto accounted for as operating costs.

1.8 IMPAIRMENT

For goodwill and intangible assets with indefinite lives, the carrying value is reviewed annually for impairment or more frequently if events or changes in circumstances indicate that the carrying amounts may be impaired.

Other intangible assets and property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying value of the asset is higher than the recoverable amount of the asset an impairment loss is recognised. In carrying out such impairment evaluations the recoverable amount is the higher of the asset's value in use or its fair value less costs to sell. Assets that do not generate largely independent cash inflows are grouped at the lowest level for which separately identifiable cash flows exist (cash-generating units) and the recoverable amount is determined for the cash-generating unit (CGU). If necessary, the carrying value is reduced by charging an impairment loss in the income statement.

These impairments are shown under "Administrative expenses" on the Statement of Comprehensive income.

Reversal of impairment

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised. No impairment loss is reversed for goodwill.

1.9 FINANCIAL INSTRUMENTS

(i) Trade receivables

Trade receivables are initially measured at fair value, and subsequently at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

(ii) Financial assets held at amortised cost

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

(iii) Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of trading or if so designated by management. Assets held in this category are classified as current assets if expected to be settled within one year; otherwise they are classified as non-current. Financial assets in this category are initially recorded and subsequently valued at fair value, with changes in fair value recognised in the income statement.

(iv) Borrowings

Borrowings are recorded initially at the fair value of the consideration received net of directly attributable transaction costs.

After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. This method includes any initial issue costs and discounts or premiums on settlement. Finance costs on the borrowings are charged to the income statement under the effective interest rate method.

Financial liabilities are derecognised when the obligation under the liability is cancelled, discharged or has expired.

(v) Trade and other payables

Trade payables are initially recorded at fair value and subsequently recorded at amortised cost using the effective interest rate method.

Recognition and measurement

For investments designated as financial assets at fair value through profit or loss or available-for-sale financial assets the fair values of quoted investments are based on current bid prices. For unlisted investments the Group uses various valuation techniques to determine fair values.

Classification of financial assets

Financial instruments are designated in accordance with the business model under which the instrument is held.

1.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost includes costs incurred in bringing inventories to their present location and condition. The cost of work-in-progress and finished goods includes an appropriate proportion of production overheads.

Finished goods also include operating equipment not yet sited.

Raw materials and consumables are valued on a first-in first-out basis or on an average cost basis where average cost is not significantly different to first-in first-out due to the fast turnaround of consumables. The Group uses standard costs to value inventory and these standard costs are regularly updated to reflect current prices.

Inventories are stated net of provisions for slow moving and obsolete inventory based on expected future usage.

1 ACCOUNTING POLICIES CONTINUED

1.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the statements of financial position at cost. Bank overdrafts are included within borrowings in current liabilities in the statements of financial position. For the purposes of the statements of cash flows, cash and cash equivalents comprises cash on hand, unrestricted deposits held at banks with less than three months' notice and other highly liquid investments with an original maturity of three months or less, less bank overdrafts.

1.13 SHARE CAPITAL

Shares of the Company are classified as equity.

Where the Company acquires its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of tax relief), is deducted from equity attributable to the Company's equity shareholders until the shares are either cancelled or subsequently reissued. The amount is shown in equity as treasury shares. Where such shares (the treasury shares) are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

1.14 EMPLOYEE BENEFITS

Pension obligations

Group companies have various pension schemes in accordance with local conditions and practices in the countries in which they operate.

The Company operates a defined benefit pension scheme, which is closed to new entrants, with contributions made by employees and the Company with defined benefits being based upon the employee's length of service and final pensionable salary. The Company also operates a defined contribution pension scheme.

Defined benefit scheme

The Group also has defined benefit pension schemes as noted in note 22.

The net obligation for the Group's defined benefit pension schemes is calculated for each scheme separately by estimating the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value amount of plan assets. The calculation is performed by independent actuaries using the projected unit credit actuarial method. If this calculation results in a potential asset for the Group, this asset is only recognised to the present value of the economic benefits available in the form of a refund of contributions paid to the fund or reductions in future contributions. In calculating the present value of any economic benefit consideration is given to any minimum funding requirements.

Re-measurement of the net liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effects of any asset ceiling, are recognised in other comprehensive income. The Group determines the net interest expense (income) on the net liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the then net defined liability(asset), taking into account changes in the period as a result of contributions and pension benefits paid. Other expenses are charged to profit and loss.

When plan benefits are changed or the plan curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised in profit and loss. Gains and losses on settlement of any plan are recognised when settlement occurs.

Defined contribution scheme

Contributions to defined contribution schemes are expensed as incurred.

Other post-employment benefits

In addition to the pension schemes noted above, contracts of employment in certain Group companies require provision to be made for employee retirements. These provisions are based on local circumstances, length of service and salaries of the employees concerned. They are included in post-employment benefit obligations and shown in note 22 as other retirement provisions.

Equity compensation benefits

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date of grant, determined using the Black-Scholes model. The fair value is expensed on a straight-line basis over the vesting period, based on management's estimate of the number of shares that will eventually vest. The Group does not have options with market conditions.

On exercise of the option the proceeds received are allocated to share capital (nominal value of shares) and share premium.

The grant by the Company of options over its equity instruments (shares) to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of the employee services received, measured by reference to the grant date fair value, is recognised over the investing period as an increase to the investment in subsidiary undertakings with a corresponding credit to other reserves in equity.

Termination benefits

Termination benefits are recognised in the income statement in the period when the Group is demonstrably committed to the termination of employment or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Short-term employee benefits

The Group recognises a liability and an expense for short-term employee benefits (such as holiday pay, bonuses and profit sharing) where these obligations contractually arise (for example, as a result of employment contracts) or where a constructive obligation has arisen from past practice.

1.15 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are discounted where the effect of the time value of money is material.

1.16 TAXATION

Tax expense for the current period comprises current and deferred tax and is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or equity. The current tax charge is calculated on the basis of the laws enacted or substantively enacted at the statement of financial position date in the countries where the Group operates.

Deferred tax is provided in full on temporary differences arising between the tax base of assets and liabilities and their carrying value in the accounts.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in future periods in which the temporary difference will reverse, based on tax rates and laws enacted or substantively enacted at the year end.

Deferred tax assets are recognised to the extent that it is probable that the future taxable profit, against which the deductible temporary differences can be utilised, will be available.

Deferred tax is provided, or an asset recognised, on taxable temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax assets and liabilities are measured at the amounts expected to be recovered from, or paid to, the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at year end.

1.17 SEGMENT REPORTING

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker as required by IFRS 8 Operating Segments. Details of the segments are shown in note 3.

1.18 REVENUE RECOGNITION

There are 3 types of revenue considering by the Group:

- Vending revenue from the operating machines is recognised when the services are provided which is when payment is received. Vending revenue is total consideration received during the period including that held in machines at the statement of financial position date. There are no vending transactions requiring unbundling of components. Revenue is the fair value of consideration received or receivable and is measured net of discounts, VAT and other sales-related taxes.
- Revenue from the sale of equipment, spare parts and consumables is recognised upon delivery of products and acceptance, if applicable, by the customer. Equipment, spare parts and consumables are sold on their own and on unbundling required for accounting purposes.
- Revenue from the provision of services, principally maintenance contracts, is recognised evenly over the period in which the service is available to the customer. Services are sold on their own as stand-alone products with on unbundling required.

1.19 DIVIDEND DISTRIBUTIONS

Dividends to the Company's shareholders are recognised as a liability and deducted from shareholders' equity in the period in which the shareholders' right to receive payment is established.

1.20 GOVERNMENT GRANTS

Grants that compensate the Group for expenses incurred are recognised in the Statement of Comprehensive Income as a deduction of expenses on a systematic basis in periods in which the expenses are recognised, provided the terms of the grant are satisfied.

1.21 SPECIFIC ITEMS

The presentation and use of Specific items is a non-GAAP measure and the use of this measure may not be comparable to similarly titled measures used by other companies. Specific items are those that in management's judgement need to be disclosed separately by virtue of their size, nature and frequency. Management determines whether an item is specific and warrants separate disclosure by considering both qualitative and quantitative factors, such as the frequency or predictability of occurrence. This is consistent with the way operating performance is presented and reported to management.

The directors believe that the presentation of the Group's results in this way is relevant to providing a clear understanding of the Group's performance, as Specific items are by definition material, unusual and rare. Management consider their exclusion necessary to provide a more clear understanding of the Group's underlying performance.

Notes to the financial statements continued

For the period ended 31 October 2020

1 ACCOUNTING POLICIES CONTINUED

For those years where Specific items are shown in the Group statement of Comprehensive Income an alternative earnings per share is shown in the earnings per share note. Alternative earnings per share and alternative diluted earnings per share are shown and are calculated on earnings available to Ordinary shareholders excluding Specific items.

Underlying results are reported results adjusted to exclude the effect of Specific items.

1.22 COMPANY INVESTMENTS

In the Company statement of financial position, investments in subsidiaries and associates are stated at cost less impairment. The Company reviews, at least annually, the carrying value of investments and performs an impairment exercise.

An impairment charge is made where there is evidence that the carrying value exceeds the future cash flows of the investment or where its carrying amount will not be recovered from sale.

2 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

New accounting standards Adopted by the Group

The Group has adopted the following new standards and amendments for the first time in these financial statements.

IFRS 16 Leases

The Group adopted IFRS 16 on 1 May 2019.

IFRS 16 mandates the recognition of a right-of-use asset and a corresponding liability for all arrangements that meet the criteria of a lease and do not qualify for an exemption. The right-of-use (ROU) asset is depreciated over the term of the lease with the liability amortising over the life of the lease with a resulting interest charge.

IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to use and enjoy substantially all the economic benefits of an identified asset, for a period of time in exchange for a consideration.

The Group has arrangements across a number of categories that meet the definition of a lease under IFRS 16. These include:

Site agreements: The Group operates approximately 47,000 vending units. These units are deployed under a fee-paying agreement with the site owner. These agreements vary widely in their terms and conditions. The Group examines, on an individual basis, the degree to which these agreements meet the definition of a lease under IFRS 16, with particular regard to the presence of an identified asset with no substitution rights. While the standard sets out the definition of a lease, judgement is required in assessing the degree to which those criteria are met, particularly with regard to the presence of an identified asset with no substitution rights.

Property and motor vehicles: The Group occupies a number of buildings and utilises a number of motor vehicles under rental agreements. Following an examination of the agreements, the Group has determined that these arrangements qualify as leases under IFRS 16.

IFRS 16 has been adopted on the modified retrospective basis from 1 May 2019, so has not restated comparatives for the prior year, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening statement of financial position from 1 May 2019.

On adoption of IFRS 16, the group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 May 2019. The discount rate per country is the sum of the Group incremental borrowing rate, the country risk adjustment, the entity size premium adjustment and the Term-adjustment.

For the first year, the Incremental Borrowing Rates used range between 6.099% and 19.64%, depending on the nature and location of the assets. The weighted average of the rates used is 7.02%.

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognizes a right-of-use asset and corresponding lease liability at the lease commencement date, except for short term leases and leases of low value. For these leases, the lease payments are recognized as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred. The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are from the commencement date depreciated over the shorter period of lease term and useful life of the underlying asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liabilities, e.g. revised discount rate, change in the lease term or change in future lease payments resulting from a change in an index.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate determined by the Group's borrowing rate.

Other new and amended standards

The following amendments to existing standards are effective for the period ended 31 October 2020; however they have not a material impact on the Group:

Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRS 9	Prepayment Features with Negative Compensation
IFRIC 23	Uncertainty over Income Tax Treatments
Annual Improvements to IFRS Standards 2015-2017 Cycle	

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted by the Group. These new standards and interpretations, which are not expected to have a material effect on the Group, are set out below.

Description	Date required to be adopted by the Group
Amendments to References to Conceptual Framework in IFRS Standards	1 November 2020
Definition of a Business (Amendments to IFRS 3)	1 November 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	1 November 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	1 November 2020
COVID-19-Related Rent Concessions (Amendment to IFRS 16)	1 November 2021
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 November 2021
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 November 2021
Annual Improvements to IFRS Standards 2018-2020	1 November 2021
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 November 2021
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 November 2021
Classification of liabilities as current or non-current (Amendments to IAS 1)	1 November 2022

3 SEGMENTAL ANALYSIS

IFRS 8 requires operating segments to be identified, based on information presented to the Chief Operating Decision Maker (CODM) in order to allocate resources to the segments and monitor performance. The Group reports its segments on a geographical basis: Asia, Continental Europe and United Kingdom & Ireland. The Group's European operations are predominately based in Western Europe and with the exception of the Swiss operations use the Euro as their domestic currency. The Board, being the CODM, believe that the economic characteristics of the European operations, together with the fact that they are similar in terms of operations, use common systems and the nature of the regulatory environment allow them to be aggregated into one reporting segment.

The CODM monitors performance of the segments at the underlying operating profit level before Specific items, interest and taxation.

In accordance with IFRS 8, no segment information is provided for assets and liabilities in the disclosures below, as this information is not regularly provided to the Chief Operating Decision Maker.

EBITDA (Earnings before Interest Tax Depreciation and Amortisation) presented in the following table already includes specific items but specific items are then shown in the reconciliation to underlying operating profit and operating profit excluding associates.

Notes to the financial statements continued

For the period ended 31 October 2020

3 SEGMENTAL ANALYSIS CONTINUED

The segment results are as follows:

18 months to 31 October 2020	Asia £'000	Continental Europe £'000	United Kingdom & Ireland £'000	Corporate £'000	Total £'000
Total revenue	60,394	202,297	56,369	–	319,060
Inter segment sales	(2)	(7,067)	(1,746)	–	(8,815)
Revenue from external customers	**60,392**	**195,230**	**54,623**	**–**	**310,245**
EBITDA	**13,222**	**75,486**	**7,923**	**(9,319)**	**87,313**
Depreciation and amortisation	(6,741)	(32,130)	(11,278)	(1,500)	(51,649)
Impairment	(1,981)	(14,606)	(15,760)	–	(32,347)
Underlying operating profit/loss	5,232	28,882	(18,444)	(10,818)	4,852
Specific items (included in EBITDA)	(731)	(133)	(671)	–	(1,535)
Operating profit/loss excluding associates	**4,501**	**28,750**	**(19,115)**	**(10,818)**	**3,317**
Operating profit					3,317
Other losses					(284)
Finance Revenue					51
Finance costs					(2,593)
Profit before tax					491
Tax					(2,844)
Loss for the period					**(2,353)**
Capital expenditure (excluding IFRS16)	4,972	31,797	9,855	484	47,108
Non-current assets	20,023	85,369	18,154	3,931	127,477

12 months to 30 April 2019	Asia £'000	Continental Europe £'000	United Kingdom & Ireland £'000	Corporate £'000	Total £'000
Total revenue	44,538	138,935	54,962	–	238,435
Inter segment sales	–	(8,274)	(2,043)	–	(10,317)
Revenue from external customers	**44,538**	**130,661**	**52,919**	**–**	**228,118**
EBITDA	9,350	49,267	13,167	(2,079)	69,705
Depreciation and amortisation	(4,673)	(15,727)	(6,119)	(497)	(27,016)
Underlying operating profit	6,502	33,540	7,048	(2,576)	44,514
Specific items (see note 4)	(1,825)	–	–	–	(1,825)
Operating profit excluding associates	**4,677**	**33,540**	**7,048**	**(2,576)**	**42,689**
Share of post-tax profits from associates					50
Operating profit					**42,739**
Other gains					361
Finance revenue					20
Finance costs					(527)
Profit before tax					**42,593**
Tax					(11,314)
Profit for the period					**31,279**
Capital expenditure(excluding IFRS16)	2,755	19,893	7,493	379	30,520
Non-current assets	22,632	89,448	28,591	4,984	145,655

Inter-segment revenue mainly relates to sales of equipment.

The Parent Company is domiciled in the UK. Total revenue from external customers is as follows:

	Group	
	18 months ending 31 October 2020 £'000	12 months ending 30 April 2019 £'000
Total revenue from external customers		
Asia and rest of the world	**60,392**	44,538
Europe	**195,230**	130,601
UK	**54,623**	52,979
	310,245	228,118

Notes to the financial statements continued

For the period ended 31 October 2020

3 SEGMENTAL ANALYSIS CONTINUED

	18 months ending 31 October 2020 £'000	12 months ending 30 April 2019 £'000
Total revenue from external customers		
Sales of equipment, spare parts & consumables	**23,761**	22,347
Sales of services	**5,599**	4,595
Other sales	**239**	244
	29,599	27,186
Vending revenue	**280,646**	200,932
Total revenue	**310,245**	228,118

There were no key customers in the period ended 31 October 2020 (2019: none).

4 PROFIT FOR THE PERIOD

Costs and overhead items charged/(credited) in arriving at profit for the period, include the following:

	18 months ending 31 October 2020 £'000	12 months ending 30 April 2019 £'000
Amortisation, depreciation and impairment		
Amortisation of previously capitalised research and development expenditure	**4,031**	1,959
Amortisation of intangible assets other than research and development	**3,516**	1,033
Impairment of previously capitalised research and development expenditure	**1,660**	–
Impairment of intangible assets other than research and development	**5,290**	–
Impairment of goodwill	**5,143**	–
	19,640	2,992
Depreciation of property, plant and equipment and investment property		
– owned	**39,152**	23,865
– leased	**–**	159
Depreciations of Right of Use asset	**7,400**	–
Impairment of property, plant and equipment and investment property – owned	**15,794**	–
	62,346	24,024
Amortisation of previously capitalised research and development expenditure		
– reflected in income statement in cost of sales	**4,031**	–
Amortisation of intangible assets other than research and development		
– reflected in income statement in cost of sales	**794**	787
– reflected in income statement in administrative expenses	**271**	246
	5,096	1,033

	18 months ending 31 October 2020 £'000	12 months ending 30 April 2019 £'000
Short term and low value leases		
– property	**774**	506
– plant and equipment	**1,436**	1,126
	2,210	1,632
Inventory cost		
Cost of inventories recognised as an expense	**20,450**	20,760
Inventory provision reversed	**–**	(1,220)
	20,450	19,540

Inventory provision reversed relates to provisions made in prior years.

During the period the Group provided £809,000 in respect of obsolete stock (2019: £215,000).

	18 months ending 31 October 2020 £'000	12 months ending 30 April 2019 £'000
Other items		
Research and development current period expenditure, not capitalized	**913**	392
Trade receivables impairment (note 15)	**324**	128
Net foreign exchange gains	**(346)**	(550)
Loss/(gains) on sale of property, plant and equipment	**402**	165
Direct expenses for investment properties generating rental income	**26**	26

Audit and non-audit services

The following fees for audit and non-audit services were paid or are payable to the Company's auditor, Mazars (2019: Grant Thornton UK LLP) and its associates.

	12 months ending 30 April 2019 £'000
Audit fees to Group auditors	95
Audit fees of the subsidiaries	194
Total audit fees	289
Audit related services – interim review	20
	309

For the period ended 31 October 2020

4 PROFIT FOR THE PERIOD CONTINUED

	18 months ending 31 October 2020 £'000
Fees for the audit of the company and the group – Mazars LLP	**263**
Fees for the audit of the subsidiaires – other Mazars	**102**
Audit related services – Mazars	**124**
Non audit related services – Mazars	**25**
Fees for the audit of the subsidiaires – Other firms	**310**
Fees for the audit of the prior year incurred in the year – other firms	**27**
	851

In order to maintain the independence of the external auditors, the Board has determined policies as to what non-audit services can be provided by the Company's external auditors and the approval processes related thereto. This function is performed by the Audit Committee. Such services will only be approved if there are clear efficiencies and added value benefits to the Company.

In addition to the audit fees payable to the Group's auditor and its associates, certain Group subsidiaries are audited by other firms.

Other operating income

	18 months ending 31 October 2020 £'000	12 months ending 30 April 2019 £'000
Other operating income	**910**	1,601

Other operating income principally includes rental income from investment property (note 13).

Other gains and losses

Other gains and losses comprise of profits arising on financial instruments held at FVTPL, profit on disposal of associate and losses on financial instrument classified as available for sale. They have been disclosed separately in order to improve a reader's understanding of the financial statements and are not disclosed within operating profit as they are non-trading in nature.

	18 months ending 31 October 2020 £'000	12 months ending 30 April 2019 £'000
Other gains and losses		
investment in associate	**140**	3,258
Fair value gain/(loss) on financial instrument held at FVTPL	**7**	(2,897)
Loss on available for sale financial instruments	**(431)**	–
	(284)	361

Period ended 31 October 2020

The gain of £140,000 relates to the disposal of the Group's interest in Photo Direct, previously an associated undertaking (see note 14).

Specific items

	18 months ending 31 October 2020 £'000	12 months ending 30 April 2019 £'000
Specific items		
Restructuring costs	**(1,535)**	(1,825)
	(1,535)	(1,825)

Period ended 31 October 2020

Restructuring costs relate to the re-alignment the Group's UK and Japanese operations to current market conditions which included streamlining of administrative functions, relocation and removal of low revenue and unprofitable units to better locations.

Period ended 30 April 2019

Restructuring costs relate to the refocusing of Japanese operations, the closure of manned retail outlets and removal of low revenue and unprofitable units to better locations.

Reconciliation of profit before tax to underlying profit before tax

	18 months ending 31 October 2020 £'000	12 months ending 30 April 2019 £'000
Underlying profit before tax		
Profit before tax	**492**	42,593
Adjustments to exclude:		
Gain on disposal of Stilla Technologies SA	**–**	(3,258)
Fair value loss on financial instrument held at FVTPL	**–**	2,897
Loss on available for sale financial instruments	**431**	–
Restructuring costs	**1,535**	1,825
	2,457	44,057

5 EMPLOYEES

Employment costs

	18 months ending 31 October 2020 £'000	12 months ending 30 April 2019 £'000
Wages and salaries	**56,605**	39,888
Social security costs	**9,634**	8,361
Share options granted to directors and employees	**171**	141
Post-employment benefit costs		
– defined benefit schemes	**351**	212
– defined contribution schemes	**656**	327
	67,417	48,899

Notes to the financial statements continued

For the period ended 31 October 2020

5 EMPLOYEES CONTINUED

Directors' emoluments

Full details of directors' remuneration and share options are given in the Remuneration Report on pages 70 to 76.

Number of employees

The average number of employees during the period (including executive directors) comprised:

	18 months ending 31 October 2020 £'000	12 months ending 30 April 2019 £'000
Full – time	**932**	991
Part – time	**124**	149
	1,056	1,140
UK : Full – time	**186**	263
UK : Part – time	**5**	9
Continental Europe : Full – time	**605**	567
Continental Europe : Part – time	**37**	33
Asia and rest of the world : Full – time	**141**	161
Asia and rest of the world : Part – time	**82**	107
	1,056	1,140

Employees by category

	As at 31 October 2020	As at 30 April 2019
Senior managers in the Group (excluding directors of Photo-Me)	**13**	17
Employees– Sales	**70**	65
Employees-Administration	**115**	106
Employees-Operating	**858**	952
Total	**1,056**	1,140

6 FINANCE REVENUE AND COSTS

	18 months ending 31 October 2020 £'000	12 months ending 30 April 2019 £'000
Finance income		
Bank interest	**–**	1
Other interest	**–**	19
Dividends received from investments	**56**	–
Other financial income	**(5)**	–
	51	20
Finance costs		
Bank loans and overdrafts at amortised cost	**(794)**	481
Interest on lease liabilities	**(1,801)**	–
Other loans at amortised cost and finance leases	**2**	46
	(2,593)	527

7 TAXATION EXPENSE

Tax charges/(credits) in the statement of comprehensive income

	18 months ending 31 October 2020 £'000	12 months ending 30 April 2019 £'000
Taxation		
Current taxation		
UK Corporation tax		
– current period	**700**	5,274
– prior periods	**–**	186
	700	5,460
Overseas taxation		
– current period	**4,209**	2,512
– prior periods	**–**	193
	4,209	2,705
Total current taxation	**4,909**	8,165
Deferred taxation		
Origination and reversal of temporary differences		
– current period – UK	**(175)**	505
– current period – overseas	**(1,890)**	2,570
Impact of change in rate	**–**	74
Total deferred tax	**(2,065)**	3,149
Tax charge in the statement of comprehensive income	**2,844**	11,314

Notes to the financial statements continued

For the period ended 31 October 2020

7 TAXATION EXPENSE CONTINUED

Tax relating to items (credited)/charged to other components of comprehensive income

	18 months ending 31 October 2020 £'000	12 months ending 30 April 2019 £'000
Corporation tax	**(3)**	(3)
Deferred tax	**(65)**	(42)
Tax (credit)/charge in other comprehensive income	**(68)**	(45)

Reconciliation of total tax charge

The difference between the Group tax charge and the standard UK corporation tax rate of 19% (2019: 19%) is explained below:

	18 months ending 31 October 2020 £'000	12 months ending 30 April 2019 £'000
Profit before tax	**492**	42,593
Tax using the UK corporation tax rate of 19% (2019: 19%)	**93**	8,093
Effect of:		
– non-taxable items	**–**	(396)
– change in UK tax rates	**–**	75
– overseas tax rates	**157**	2,369
– income not assessable	**–**	(624)
– losses not recognised in deferred tax (relieved)/incurred	**–**	–
– non-deductible impairment	**2,378**	1,175
– adjustments to tax in respect of prior periods	**215**	652
– foreign exchange movements	**–**	(30)
Total tax charge	**2,844**	11,314
Effective tax rate	**578.0%**	26.6%

The Group tax charge of £2.8m (2019: £11.3m) corresponds to an effective tax rate of 578.0% (2019: 26.6%). The distorted ETR is due to the non-deductibility of goodwill impairment.

The corporation tax rate for the period ended 31 October 2020 was 19%. The Corporation Tax rate of 19% was enacted with effect from 1 April 2017 and the Finance Act 2016 legislated the UK Corporation Tax rate to decrease to 17% from 1 April 2020. However, on the 17th March 2020, using the Provisional Collection of Taxes Act 1968, the UK Government cancelled the proposed drop in Corporation Tax rate to 17%.

The Group undertakes business worldwide.

8 PROFITS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit for the period, after tax, dealt with in the financial statements of the Parent Company is £41,632,000 (2019: Loss £141,000), including dividends received from subsidiaries.

9 DIVIDENDS PAID AND PROPOSED

	31 October 2020		30 April 2019	
	Pence per share	**£'000**	Pence per share	£'000
Interim				
2019 paid on 11 May	**3.71**	**14,014**		
2018 paid on 11 May			3.71	14,005
Final				
2019 approved at AGM held on 24 October 2018	**4.73**	**17,880**		
2018 approved at AGM held on 25 October 2017			4.73	17,868
	8.44	**31,894**	8.44	31,873

Period ended 31 October 2020 – Proposed dividends not yet paid

The Board declared a dividend of 0.00p per share for the period ended 31 October 2020. This is due to the recent COVID 19 pandemic and the consequent impact on the business.

Period ended 30 April 2019 – Paid after 30 April 2019

The Board declared an interim dividend of 3.71p per share for the period ended 30 April 2019, amounting to £14,014,000 which was paid on 11 May 2019. The Board proposed a final dividend for the period ended 30 April 2019 of 4.73p per share, amounting to £17,880,000 which was approved by shareholders at the Annual General Meeting held on 24 October 2019 and paid on 9 November 2019.

10 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net earnings attributable to shareholders of the Parent of (£2,352,000) (2019: £31,226,000) by the weighted average number of shares in issue during the period.

Diluted earnings per share amounts are calculated by dividing the net earnings attributable to shareholders of the Parent by the weighted average number of shares outstanding during the period plus the weighted average number of shares that would be issued on conversion of all the dilutive potential shares into shares. The Group has only one category of dilutive potential shares being share options granted to senior staff, including directors, as detailed in note 20.

The earnings and weighted average number of shares used in the calculation are set out in the table below:

	31 October 2020			30 April 2019		
	Earnings £'000	**Weighted average number of shares '000**	**Earnings per share pence**	Earnings £'000	Weighted average number of shares '000	Earnings per share pence
Basic earnings per share	**(2,352)**	**377,749**	**(0.62)**	31,226	377,662	8.27
Effect of dilutive share options	**–**	**765**	**–**	0.00	190	0.00
Diluted earnings per share	**(2,352)**	**378,514**	**(0.62)**	31,226	377,852	8.27

Potential shares (for example, arising from exercising share options) are treated as dilutive only when their conversion to shares would decrease basic earnings per share or increase loss per share from continuing operations.

Notes to the financial statements continued

For the period ended 31 October 2020

10 EARNINGS PER SHARE CONTINUED

Alternative earnings per share

The table below reconciles earnings per share (EPS) and diluted earnings per share (DPS) before and after Specific items.

	31 October 2020			30 April 2019		
	Earnings £'000	**Earnings per share Pence**	**Diluted earnings per share Pence**	Earnings £'000	Earnings per share Pence	Diluted earnings per share Pence
Profit for the period attributable to owners of the Parent	**(2,352)**	**(0.62)**	**(0.62)**	31,226	8.27	8.26
Specific items net of tax	**1,535**	**0.41**	**0.41**	1,825	0.48	0.48
Other (losses)/gains	**(284)**	**(0.08)**	**(0.08)**	(361)	(0.1)	(0.1)
Earnings after specific items	**(1,101)**	**(0.29)**	**(0.29)**	32,690	8.65	8.64

Details of Specific items are set out in note 4.

11 GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill Group period ended 31 October 2020

	£'000
Cost:	
At 1 May 2018	13,733
Exchange differences	(71)
Additions	13,230
At 30 April 2019	26,892
IFRS remeasurement	(8,175)
At 30 April 2019 (restated)	18,717
At 1 May 2019	18,717
Exchange differences	65
Additions	464
At 31 October 2020	**19,246**
Impairment charges:	
At 1 May 2018	298
At 30 April 2019	298
At 1 May 2019	298
Exchange differences	37
Impairment charge in the period	5,143
At 31 October 2020	**5,478**
Net book value:	
At 30 April 2019	26,594
At 30 April 2019 (restated)	18,419
At 31 October 2020	**13,767**

The movement to goodwill in 2020 is further explained below.

Company

The Company has no goodwill.

Goodwill by segments

The table below shows the allocation of goodwill acquired through business combinations between segments.

The amount of impairment losses is recognised in the lines "Costs of sales" and "Administrative costs".

Goodwill has been allocated for impairment testing purposes to ten (2019: ten) cash-generating units (CGUs); allocated between geographical areas and activity in accordance with impairment testing in the prior period:

	31 October 2020 £'000	30 April 2019 (restated) £'000
Carrying amount		
UK & Ireland		
CGU 1 – Photo-Me Ireland Limited	**154**	154
CGU 2 – Photo-Me Northern Ireland	**14**	14
CGU 3 – Jolly Roger (Amusement Rides) Limited	**–**	317
CGU 4 – Fowler UK.com Limited	**–**	1,273
CGU 5 – Inox Equip Limited and Tersus Equip Limited	**–**	1,554
Total UK & Ireland	**168**	3,312
Continental Europe		
CGU 1 – Photomaton SAS	**322**	309
CGU 2 – Fotofix-Schnellphotoautomaten G.m.b.H.	**2,068**	1,982
CGU 3 – LaWash Group	**604**	2,528
CGU 4 – Sempa	**3,360**	2,896
Others	**–**	147
Total Continental Europe	**6,354**	7,862
Asia		
CGU 1 – Nippon Auto-Photo Kabushiki Kaisha	**7,245**	7,245
Total Asia	**7,245**	7,245
Total	**13,767**	18,419

Notes to the financial statements continued

For the period ended 31 October 2020

11 GOODWILL AND OTHER INTANGIBLE ASSETS CONTINUED

The Group tests annually, for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amount of all CGUs has been determined on a value in use basis. The recoverable amount of all CGUs has been determined on a value in use basis. We depreciated CGU 3, CGU 4, CGU 5 for UK & Ireland fully and CGU 3 in Continental Europe partially (£2.0m).

Value in use was determined by discounting the future cash flows of the CGU. Cash flows include a forecast period of five years, based on actual operating results, budgets and economic market research with a terminal value based on a long-term growth rate applied thereafter.

Key assumptions

Growth rate 1% (2019: 1%-3%)

The growth rate has been determined based on a conservative basis for expected annual growth in EBITDA for each CGU and takes into account revenue, volumes, selling prices and operating costs. It is based on past experience and expected future developments in markets and operations, and for the current period taking into account in particular the COVID-19 pandemic which has significantly impacted the Group's end-markets, as described further in note 30.

Discount rate 10.42%-11.96% (2019: 6.5%-7.5%)

The post-tax discount rates applied to the cash flow forecasts for the CGUs are derived from the pre-tax weighted average cost of capital for the Group adjusted for economic and political risks for the specific country concerned.

The rates used are: United Kingdom 11.00%, (2019:7.2%), Ireland 11.24% (2019: 7.7%), France 10.90% (2019: 7.7%), Germany 10.42% (2019:6.5%), Spain 11.96% (2019: 6.95%)and Japan 11.10% (2019: 7.5%). The Board is confident, overall, that these discount rates reflect the circumstances in each region, and are in accordance with IAS 36.

Impairment charge

Due to the recent pandemics and its impact on the business, there were significant indications that goodwill should be impaired. Consequently, impairment tests were performed on the carrying value of the Group's goodwill leading to significant impairment on the goodwill on some CGUs.

Other intangible assets

The amount of impairment losses is recognised in the lines "Costs of sales" and "Administrative expenses":

- "Droit au bail": £3,621k
- Photo-Me (Retail) Ltd: £1,759k

Group

	Capitalised development costs £'000	Other intangible assets £'000	Total £'000
Cost:			
At 1 May 2018	10,042	13,063	23,105
Exchange differences	(51)	(53)	(104)
Additions			
– Subsidiaries acquired	–	2,555	2,555
– Internally generated	1,631	–	1,631
– External	–	536	536
Disposals	(774)	(2,681)	(3,455)
At 30 April 2019	**10,848**	**13,420**	**24,268**
IFRS 3 remeasurement	–	10,553	10,553
Other adjustment of Opening balance	–	5,506	5,506
At 30 April 2019 (restated)	**10,848**	**29,479**	**40,327**
At 1 May 2019	10,848	29,479	40,327
Exchange differences	487	466	953
Additions external	2,296	150	2,446
Disposals	(712)	(1,553)	(2,265)
At 31 October 2020	**12,919**	**28,542**	**41,461**
Amortisation:			
At 1 May 2018	3,576	5,569	9,145
Exchange differences	(48)	7	(41)
Subsidiaries acquired	–	12	12
Provided during the period	1,959	1,033	2,992
Disposals	(774)	(2,288)	(3,062)
At 30 April 2019	**4,713**	**4,333**	**9,046**
At 1 May 2019	4,713	4,333	9,046
Exchange differences	207	1,659	1,866
Provided during the period	5,038	8,758	13,796
Disposals	(715)	(1,504)	(2,219)
At 31 October 2020	**9,243**	**13,246**	**22,489**
Net book value:			
At 30 April 2018	6,466	7,494	13,960
At 30 April 2019	6,135	9,087	15,222
At 30 April 2019 (restated)	6,135	25,146	31,281
At 31 October 2020	**3,676**	**15,296**	**18,972**

The closing balance for other intangibles 2019 was restated by £5,506,000 with a reclassification to Trade Payables. Capitalised research and development expenditure is amortised over a maximum of four years, with no residual value.

Included in the net book value of other intangible assets is £nil corresponding to droit au bail (2019: £3,447,000).

Notes to the financial statements continued

For the period ended 31 October 2020

11 GOODWILL AND OTHER INTANGIBLE ASSETS CONTINUED

Droit au bail, which occur in France, are payments made for the right to occupy a space to site vending equipment. Although the Group has no intention of selling these rights, a value can be attached to them. These assets are carried at cost, being the payments made for the right to occupy the space, less provision for impairment. In determining fair values of such assets for the purpose of impairment testing, the Group has based its assumptions on current prices paid for such assets (using actual amounts paid by the Group and/or management estimates for amounts paid by third parties) and, where the right has been held for a number of years, the expected sales price, less costs to sell.

A result of the COVID-19 pandemic and the significant impact that it has had on the sites, the Group has made a provision of £3,447,000 in the current period to reflect the reduced expected return from these sites.

Also included in other intangible assets is £nil (2019: £2,212,000) relating to the licence which grants the right to use space in Asda stores following the acquisition of the Photo Division of Asda Stores Limited in the financial year ending 30 April 2017. The useful life of this intangible asset is finite and was previously being amortised over the term of the licence agreement (10 years) to October 2026.

In the current period, due to the COVID-19 pandemic and also the current market situation in the UK, the Group has fully written down the value of this licence.

As at 31 October 2020, other intangible assets relate mostly to Intangible assets arising from the acquisition of Sempa – refer to note 29.

Company

	Other intangible assets £'000
Cost:	
At 1 May 2018	776
At 30 April 2019	776
At 1 May 2019	**776**
At 31 October 2020	**776**
Amortisation:	
At 1 May 2018	709
Provided during year	67
At 30 April 2019	776
At 1 May 2019	776
At 31 October 2020	**776**
Net book value:	
At 30 April 2018	67
At 30 April 2019	–
At 31 October 2020	**–**

12 PROPERTY, PLANT AND EQUIPMENT

Own work capitalised

Some of the Group's subsidiaries manufacture vending equipment, which is then sold to the Group's operating companies and capitalised by them as fixed assets. The amount capitalised includes direct costs associated with the manufacture of such items together with applicable overheads, but excluding general overheads and administration costs. When relevant, profits made by the selling company are eliminated on consolidation.

Group

	Land & Buildings £'000	Photobooths and vending machines £'000	Plant, machinery, furniture, fixtures and motor vehicles £'000	Total £'000
Cost:				
At 30 April 2018	6,321	241,675	32,683	280,679
Exchange difference	(8)	(610)	(513)	(1,131)
Additions				
– new subsidiaries	1,002	40	274	1,316
– internal	–	23,555	93	1,476
– external	466	1,383	2,856	26,877
Disposals	(231)	(13,935)	(1,465)	(15,631)
At 30 April 2019	**7,550**	**252,108**	**33,928**	**293,586**
Exchange difference	336	8,150	443	8,929
Additions				
Right of Use assets	16,533	–	–	16,533
Additions internal	(4)	36,540	783	37,319
Additions external	785	1,895	5,900	8,580
Disposals	(75)	(19,893)	(3,081)	(23,049)
At 31 October 2020	**25,125**	**278,800**	**37,973**	**341,898**
Depreciation				
At 30 April 2018	4,069	160,903	23,151	188,123
Exchange difference	(1)	(370)	(402)	(773)
New subsidiary	127	23	147	297
Provided during the period	203	22,081	1,724	24,008
Disposals	(35)	(12,333)	(1,054)	(13,422)
At 30 April 2019	**4,363**	**170,304**	**23,566**	**198,233**
Exchange difference	220	7,502	270	7,992
Right of Use assets	6,846	–	–	6,846
Provided during the period	421	35,740	4,065	40,226
Impairments	–	17,538	–	17,538
Disposals	(41)	(17,804)	(1,377)	(19,222)
At 31 October 2020	**11,809**	**213,280**	**26,524**	**251,613**
Net book value:				
At 30 April 2018	2,252	80,772	9,532	92,556
At 30 April 2019	3,187	81,804	10,362	95,353
At 31 October 2020	**13,316**	**65,520**	**11,449**	**90,285**

Internal additions for photobooths and vending machines of £36,540,000 (2019: £23,555,000) relate to own work capitalised, being equipment produced by the subsidiaries and capitalised by the group companies.

Notes to the financial statements continued

For the period ended 31 October 2020

12 PROPERTY, PLANT AND EQUIPMENT

Included in the above are assets previously held under finance leases, as follows:

	Plant, machinery, furniture, fixtures and motor vehicles
	30 April 2019 £'000
Net book value	401
Additions/reclassifications	184
Depreciation charge	159

The Group tests all significant operating equipment asset classes for impairment annually, or more frequently if there are indications of impairment. Impairment reviews on operating equipment are all conducted on a value in use basis.

For the purpose of impairment testing, the recoverable amount of the CGUs was measured on the basis of its value in use, by applying cash flow projections based on financial forecasts covering a period of up to eight years, in line with the useful economic life of the asset class. The key assumptions for the value in use calculation were those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the forecast period. The estimated growth rates were based on historic performance trends and budgets. The growth rate used to extrapolate cash flow projections beyond the period covered by the financial forecasts ranged from 0% to 3% (2019: 0%– 3%). A conservative pre-tax discount rate of 11% (2019: 8.3%) was applied to the cash flows.

Company

	Land & Buildings £'000	Photobooths and vending machines £'000	Plant, machinery, furniture, fixtures and motor vehicles £'000	Total £'000
Cost:				
At 30 April 2018	8	42,532	940	43,480
Additions				
– internal	–	3,374	–	3,374
– external	–	1,421	332	1,753
Disposals external	(8)	(4,371)	(157)	(4,536)
At 30 April 2019	**–**	**42,956**	**1,115**	**44,071**
Additions				
– internal	–	3,521	–	3,521
– external	–	3,656	426	4,082
Right of Use assets	3,392	–	–	3,392
Disposals external	–	(7,603)	(100)	(7,703)
At 31 October 2020	**3,392**	**42,530**	**1,441**	**47,363**
Depreciation				
At 30 April 2018	8	29,528	253	29,789
Provided during the period	–	3,807	90	3,897
Disposals external	(8)	(4,012)	(88)	(4,108)
At 30 April 2019	**–**	**29,323**	**255**	**29,578**
Right of Use assets	1,597	–	–	1,597
Provided during the period	–	15,411	187	15,598
Disposals external	–	(6,525)	(41)	(6,566)
At 31 October 2020	**1,597**	**38,209**	**400**	**40,207**
Net book value:				
At 30 April 2018	–	13,004	687	13,691
At 30 April 2019	–	13,633	860	14,493
At 31 October 2020	**1,796**	**4,321**	**1,041**	**7,158**

Internal additions for photobooths and vending machines of £3,521,000 (2019: £3,374,000) relate to new equipment produced by subsidiaries and equipment previously capitalised by the Group's subsidiaries and sold to the parent.

The Company tests all significant operating equipment assets for impairment annually, or more frequently if there are indications of impairment. Impairment reviews on operating equipment are all conducted on a value in use basis.

13 INVESTMENT PROPERTY

Group

	£'000
Cost:	
At 30 April 2018	13,347
Exchange differences	(259)
At 30 April 2019	**13,088**
Exchange differences	572
At 31 October 2020	**13,660**
Depreciation	
At 30 April 2018	12,671
Exchange differences	(247)
Provided during the period	16
At 30 April 2019	**12,440**
Exchange differences	545
Provided during the period	23
At 31 October 2020	**13,008**
Net book value:	
At 30 April 2018	676
At 30 April 2019	648
At 31 October 2020	**652**

The investment property is freehold and is stated at cost. The directors are satisfied that the fair value of the Investment property is not less than its net book value.

Rental income from the investment property was £480,995 (2019: £1,106,000) (note 4) and finance costs were £2,500 (2019: £2,000).

Company

The Company has no investment property.

Notes to the financial statements continued

For the period ended 31 October 2020

14 INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

Investment in associates

Group

	£'000
Cost:	
At 30 April 2018	1,583
Exchange differences	(4)
Disposal of Stilla Technologies SA (see note 4)	(1,178)
Share of profits	50
Dividends	(36)
At 30 April 2019	**415**
Exchange differences	16
Disposal (see note 4)	(374)
Dividends	–
At 31 October 2020	**57**

On 1 August 2018, the Group disposed of its interest in Stilla Technologies SA, a French company specialising in universal and flexible digital PCR (dPCR) genetic testing, for €5,000,000, resulting in a gain of £3,258,000 (see note 4). The Group's interest in Stilla Technologies SA was held by MGInvest Investments Limited, a subsidiary of Photo-Me International.

In May 2020, the group sold its shares in PHOTO DIRECT Pty Ltd, an Australian base associate.

Name	Country of incorporation	Assets £'000	Liabilities £'000	Revenue £'000	Share of profit £'000	Dividends received	Interest %
At 30 April 2019							
Photo Direct Pty Ltd	Australia	446	72	782	49	36	26.95
Other associates		69	28	8	(1)	–	
		515	**100**	**790**	**48**	**36**	
At 31 October 2020							
Other associates		69	12	0	0	–	
		69	**12**	**0**	**0**	**0**	

Company

	Associated undertakings £'000	Subsidiary undertakings £'000	Total £'000
Costs:			
At 30 April 2018	38	47,986	48,024
Capital contribution relating to share-based payment (net)	–	133	133
At 30 April 2019	**38**	**48,119**	**48,157**
At 1 May 2019	38	48,119	48,157
Addition	3	–	–
At 31 October 2020	**41**	**48,119**	**48,157**
Provision:			
At 30 April 2018	3	372	375
At 30 April 2019	3	372	375
Impairement	–	2,251	2,251
At 31 October 2020	**3**	**2,623**	**2,626**
Net book value:			
At 30 April 2018	35	47,614	47,649
At 30 April 2019	35	47,747	47,782
At 31 October 2020	**38**	**45,496**	**45,534**

The net capital increase relating to share-based payments relates to share options in the parent company, Photo-Me International plc, granted to employees of subsidiary undertakings of the Group. Refer to note 20 for further details on the Group's share option schemes.

The details of all the Group's subsidiaries and associates are given in note 29.

15 FINANCIAL INSTRUMENTS

Group Treasury

The Group has a centralised treasury function. The primary aim for this function is to manage liquidity and funding arrangements and the Group's exposure to associated financial and market risks, including credit risk, interest rate risk and foreign currency risk. The general approach for Group Treasury is one of risk reduction within a framework of delivering total shareholder return.

Treasury operations

Overview and policy

Treasury policy is set by the Board. Group treasury activities are subject to a set of controls appropriate for the magnitude of the borrowing, investments and group-wide exposures. To date the treasury function has limited itself to obtaining surplus cash from the subsidiaries and depositing this in bank accounts owned by the Group's Treasury Company. The Board has defined an investment strategy, amounts and types of products to which the surplus cash may be invested.

The Board monitors the performance of the Treasury function and is responsible for making changes to the personnel and limits of authority of Treasury personnel.

The Board has provided written principles for overall risk management of the Treasury Function. It has also defined policies and procedures covering such areas as foreign exchange risk, interest rate risk, credit risk, the use of derivative instruments and investment of excess liquidity (surplus funds above the immediate and short–term operational funding needs, such as working capital requirements). The key objectives for Group Treasury are to protect the principal value of cash and cash equivalents, to concentrate cash at the centre to minimise external borrowings, and to maximise the return on cash.

Notes to the financial statements continued

For the period ended 31 October 2020

15 FINANCIAL INSTRUMENTS CONTINUED

Liquidity risk

Liquidity risk is the risk that the Group will face in meeting its obligations in settling its financial liabilities. The Group's approach to managing liquidity risk is to ensure that it has sufficient funds to meet its liabilities when due without incurring unacceptable losses. A material and sustained shortfall in the Group's cash flow could undermine the Group's credit rating, impair major investor confidence and restrict the ability of the Group to raise new funds.

The Group maintained a satisfactory net cash position throughout the period and preceding periods as a result of cash generation from the business.

During the current period and prior period surplus cash held by the operating subsidiaries, over and above balances required for working capital management was transferred to Group Treasury. These funds were kept in their local currency, or converted into sterling and kept in the Treasury Company bank accounts which are interest bearing.

The strong cash generation and retention from the business together with available credit resources, help mitigate liquidity risk.

The Group may hold financial instruments (such as bank and other loans) to finance its day to day working capital requirements, for capital expenditure, for corporate transactions (such as dividend payments to shareholders, share buybacks, acquisitions), for the management of currency and interest rate exposure arising from its operations (which may involve the use of derivatives and swaps) and for the temporary investment of short-term funds. No derivatives or swaps have been used in the period ending 31 October 2020 (30 April 2019: none). With a satisfactory net cash position, the Group largely finances its working capital and capital expenditure programmes from its own resources. In addition financial instruments such as trade receivables (amounts due from customers as a result of a sale) and trade payables (arising from purchases of materials and services) arise from day to day trading.

The following notes describe the Group's financial risk management policy and details on financial instruments.

15(A) FAIR VALUES OF FINANCIAL INSTRUMENTS BY CLASS

There is no difference between the fair values and the carrying values of financial assets and financial liabilities held in the Group's or the Company's statement of financial position.

Held at fair value through profit and loss (FVTPL), amortised cost, to maturity, available-for-sale financial assets and derivatives

The fair value is based on quoted prices at the statement of financial position date for quoted investments and other valuation methods for unquoted investments. For restricted deposit accounts held to maturity, fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the statement of financial position date.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the statement of financial position date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying value where cash is repayable on demand. For short-term cash deposits and other items not repayable on demand, fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the statement of financial position date.

Interest-bearing borrowings

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the statement of financial position date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the statement of financial position date if the effect is material.

IFRS 13 requires an analysis of financial instruments carried at fair value by valuation method as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as process) or indirectly (that is derived from process).

Level 3 – inputs for assets or liabilities that are not based on observable market data.

The investment in Max Sight Group Holdings Ltd, which as a listed investment, is valued at level 1. We own 109,972,500 Max Sight Group Holdings Ltd's shares valuated at 0,068 HKD at the end of October 2020 (£744,995).

The group also own 49% of Proclé Bastille (£81k) and LX Repair (£134K), reported at Level 3.

Financial instruments by category

The tables below show financial instruments by category for the Group

At 31 October 2020	**Loans and receivables £'000**	**Financial instruments £'000**	**Total £'000**
Assets per statement of financial position			
Financial instruments held at amortised cost	**984**	**–**	**984**
Financial instruments held at FVTPL	**–**	**960**	**960**
Trade and other receivables	**18,539**	**–**	**18,539**
Cash and cash equivalents	**106,193**	**–**	**106,193**
	125,716	**960**	**126,676**

	Other financial liabilities at amortised cost £'000	**Total £'000**
Liabilities per statement of financial position		
Borrowings	**95,030**	**95,030**
Leases	**424**	**424**
Trade and other payables excluding non – financial liabilities	**39,712**	**39,712**
	135,166	**135,166**

At 30 April 2019	Loans and receivables £'000	Financial instruments £'000	Total £'000
Assets per statement of financial position			
Financial instruments held at amortised cost	982	–	982
Financial instruments held at FVTPL	–	1,387	1,387
Trade and other receivables	17,800	–	17,800
Cash and cash equivalents	84,591	–	84,591
	103,373	1,387	104,760

Notes to the financial statements continued

For the period ended 31 October 2020

15(A) FAIR VALUES OF FINANCIAL INSTRUMENTS BY CLASS CONTINUED

	Other financial liabilities at amortised cost £'000	Total £'000
Liabilities per statement of financial position		
Borrowings	67,393	67,393
Leases	1,842	1,842
Trade and other payables excluding non – financial liabilities	37,366	37,366
	106,601	106,601

Company

At 31 October 2020	Loans and receivables £'000	Financial instruments £'000	Total £'000
Assets per statement of financial position			
Financial assets – held at amortised cost	**–**	**976**	**976**
Financial assets held at FVTPL	**–**	**745**	**745**
Trade and other receivables	**24,909**	**–**	**24,909**
Cash and cash equivalents	**4,903**	**–**	**4,903**
	29,812	**1,721**	**31,533**

	Other financial liabilities at amortised cost £'000	Total £'000
Liabilities per statement of financial position		
Borrowings	**1,868**	**1,868**
Trade and other payables excluding non – financial liabilities	**24,361**	**24,361**
	26,229	**26,229**

At 30 April 2019	Loans and receivables £'000	Financial instruments £'000	Total £'000
Assets per statement of financial position			
Financial assets – held at amortised cost	–	982	982
Financial assets held at FVTPL	–	1,176	1,176
Trade and other receivables	19,394	–	19,394
Cash and cash equivalents	3,202	–	3,202
	22,596	2,158	24,754

	Other financial liabilities at amortised cost £'000	Total £'000
Liabilities per statement of financial position		
Trade and other payables excluding non – financial liabilities	41,608	41,608
	41,608	41,608

15(B) FINANCIAL STATEMENT RISK MANAGEMENT

Financial risk factors and financial risk management

Overview

The Group and the Company are exposed to the following risks arising from financial instruments:

(i) Credit risk

(ii) Liquidity risk

(iii) Market risk

Credit risk is the risk of financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It mainly arises on trade and other receivables and bank balances.

Liquidity risk arises from the Group and the Company having insufficient cash resources to meet its obligations as and when they fall due for payment.

Market risk arises from changes in market prices, such as exchange rates, interest rates and equity prices that will impact on the Group's and the Company's income statement or the value of its holding of financial instruments.

Listed below are details of these risks, the Group's objectives, policies and processes for measuring and monitoring risks and the Group's management of capital.

Risk Management Framework

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential risks for the Group. Information has been disclosed relating to the Parent Company only where material risk exists.

There is a continuous process for identifying, evaluating and managing the key financial risks faced by the Group in line with changing market conditions and the Group's strategy. If necessary, the Group's internal audit function may assist in monitoring and assessing the effectiveness of controls and procedures. The Board retains responsibility for ensuring the adequacy of systems for identifying and assessing significant risks, that appropriate control systems and other mitigating actions are in place and that residual exposures are consistent with the Group's strategy and objectives. Assessments are conducted for all material entities.

The Group may use derivatives to manage exchange or interest rate risk. Approval for their use is given by the Board and the position is monitored constantly.

With regard to management of interest rate risk, the objectives are to lessen the impact of adverse interest rate movements on earnings and shareholders' funds and to ensure no breach of covenants. This is mainly achieved by reviewing the mix of fixed and floating rate borrowings.

The Group's liquidity risk management involves maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities.

(i) Credit risk

The Group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, and on outstanding trade and other receivables. Cash deposits are limited to high credit quality financial institutions. The Group has policies in place to ensure that sales of products and services are made to customers with an approved credit history.

Notes to the financial statements continued

For the period ended 31 October 2020

15(B) FINANCIAL STATEMENT RISK MANAGEMENT CONTINUED

Credit quality of financial assets

Individual Group companies have banking relationships with leading banks in the country in which the Group company operates. Surplus cash is placed with Group Treasury bank accounts, as described above. The Group has procedures in place to ensure that cash is placed with sound financial institutions.

The Group and the Company trade with a large number of customers, ranging from quoted companies and state organisations to individual traders. Individual Group companies have credit control procedures in place before making sales to new customers and levels of credit are reviewed in light of trading experience. The normal terms of trade are in the range 30–90 days. The collection of outstanding receivables is monitored at both the Group and subsidiary level.

The Group and the Company make provisions against trade and other receivables, such provisions being based on the previous credit history of the debtor and if the debtor is in receivership or liquidation.

The maximum credit risk for financial assets is the carrying value.

Trade receivables are normally interest free. The normal terms of settlement are between 30 and 90 days. Other receivables and prepayments and accrued income are interest free.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due or an impairment amount being required under the ECL model mandated by IFRS 9.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

The Directors have concluded that the credit risk of trade and other receivables has not increased significantly since initial recognition. The Directors have come to this conclusion having considered micro and macro-economic factors including Brexit, the Group's knowledge of its customers, payment history of the customers and industry trends.

The ageing of net current trade receivables is as follows:

	Group		Company	
	31 October 2020 £'000	30 April 2019 £'000	**31 October 2020 £'000**	30 April 2019 £'000
Current	**7,828**	6,377	**42**	65
Past due				
– overdue 1-30 days	**835**	778	**–**	–
– overdue 31-60 days	**113**	1,313	**–**	–
– overdue 61 days	**709**	1,844	**–**	90
Total past due	**1,657**	3,935	**–**	90
Total trade receivables	**9,485**	10,312	**42**	155

The credit quality of trade receivables that are neither past due nor impaired is assessed on an individual basis, based on credit ratings and experience. Management believes adequate provision has been made for trade receivables.

(ii) Liquidity risk

The Group's liquidity risk management involves maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Trading forecasts indicate that the current facilities provide more than sufficient liquidity headroom to support the business for the foreseeable future. The net cash position at 31 October 2020 and 30 April 2019 has reduced liquidity risk for the Group.

The Group has adequate undrawn facilities and, having regard to the Group's cash flow, it is considered that these facilities provide adequate headroom for the Group's needs. The facilities are generally reaffirmed by the banks annually. These undrawn facilities, if used, will be subject to floating rates of interest and may be subject to the normal covenant conditions attached to such borrowings.

Certain lending banks may impose loan covenants on borrowings, which are normal for these types of borrowings, and, during the years to 31 October 2020 and 30 April 2019, the Group and the Company have comfortably complied with such requirements.

The table below summarises the maturity profile of the Group's and Company's financial liabilities (including trade and other payables) at 31 October 2020 and 30 April 2019 based on contractual undiscounted payments.

Group contractual cash flows

	Within one year £'000	Year 2 £'000	Year 3 £'000	Year 4 £'000	Year 5 £'000	Over 5 years £'000	Total £'000
At 31 October 2020							
Interest bearing loans and borrowings and interest free loans	**49,817**	**15,624**	**13,635**	**8,706**	**5,768**	**1,479**	**95,029**
Finance leases	**151**	**115**	**92**	**54**	**12**	**–**	**424**
Trade and other payables	**39,712**	**–**	**–**	**–**	**–**	**–**	**39,712**
	89,680	**15,739**	**13,727**	**8,760**	**5,780**	**1,479**	**135,165**
At 30 April 2019							
Interest bearing loans and borrowings and interest free loans	15,471	14,864	15,019	12,896	7,955	2,464	68,669
Finance leases	133	139	55	22	4	–	353
Trade and other payables	47,412	–	–	–	–	–	47,412
	63,016	15,003	15,074	12,918	7,959	2,464	116,434

Company contractual cash flows

	Within one year £'000	Year 2 £'000	Year 3 £'000	Year 4 £'000	Year 5 £'000	Over 5 years £'000	Total £'000
At 31 October 2020							
Interest bearing loans and borrowings and interest free loans	**873**	**–**	**–**	**–**	**–**	**–**	**873**
Trade and other payables	**24,361**	**–**	**–**	**–**	**–**	**–**	**24,361**
	25,234	**–**	**–**	**–**	**–**	**–**	**25,234**
At 30 April 2019							
Trade and other payables	41,549	–	–	–	–	–	41,549

Financial instruments held at amortised cost and held to maturity

These largely comprise of restricted bank deposit accounts where the cash acts as security against possible shortfalls in the funding required to meet future payments in the course of business.

15(B) FINANCIAL STATEMENT RISK MANAGEMENT CONTINUED

(iii) Market risk

Foreign exchange risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the local functional currency. In addition, the Group faces currency risks arising from monetary financial instruments held in non-functional currencies. The income statement reflects the impact of realised and unrealised exchange differences on trading items and monetary financial instruments (note 4).

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The main currency translation risk relates to foreign operations whose functional currency is the Euro, Swiss Franc or Japanese Yen. The investments are not hedged. The translation reserve reflects the exchange differences arising on translation of the opening net assets and results of the foreign operation (note 20).

Operational foreign exchange exposure

Where possible, the Group tries to invoice in the local currency of the respective entity. If this is not possible, to mitigate exposure, the Group endeavours to buy from suppliers and sell to customers in the same currency. The exposure relating to receivables and payables denominated in the non-functional currency is normally less than 3 months as this is the normal settlement period for these items.

Subject to the requirements of Group Treasury, as noted above, where possible, the Group tries to hold the majority of its cash and cash equivalent balances in the local currency of the respective entity.

Monetary assets/liabilities

The Group continues to monitor exchange rates and buy or sell currencies in order to minimise the open exposure to foreign exchange risk.

The Group may use derivative financial instruments mainly to reduce the risk of foreign exchange exposure on trading items (sales or purchases in currencies other than the domestic currency of the company concerned) and interest rate movements. The Group does not hold or issue derivative financial instruments for financial trading purposes.

Borrowings

At 31 October 2020 and 30 April 2019 the Group had no borrowings which were not denominated in the functional currency of the Group company concerned.

Analysis of net cash by currency
Group

	Bank £'000	Financial assets £'000	Loans £'000	Leases £'000	Total £'000
31 October 2020					
Sterling	**17,828**	**975**	**(1,868)**	**–**	**16,935**
Euro	**72,838**	**–**	**(89,038)**	**(424)**	**(16,624)**
Swiss Franc	**4,417**	**9**	**(1,183)**	**–**	**3,243**
US Dollar	**28**	**–**	**–**	**–**	**28**
Japanese yen	**8,391**	**–**	**(2,916)**	**–**	**5,475**
Other currencies	**2,692**	**–**	**(25)**	**–**	**2,667**
	106,193	**984**	**(95,029)**	**(424)**	**11,725**
30 April 2019					
Sterling	26,270	974	–	(5)	27,239
Euro	48,426	–	(67,393)	(1,490)	(20,457)
Swiss Franc	2,278	8	–	–	2,286
US Dollar	29	–	–	–	29
Japanese yen	5,409	–	–	(347)	5,062
Other currencies	2,179	–	–	–	2,179
	84,591	982	(67,393)	(1,842)	16,338

Net cash 2020 include £10,153,000 of IFRS 16 liabilities.

Interest rate risk

	31 October 2020 £'000	30 April 2019 £'000
Net cash		
Mainly non-interest bearing current accounts:		
Cash at bank and in hand	**105,235**	83,646
Deposit accounts – generally interest bearing:		
Bank deposit accounts	**958**	945
Financial asset held at amortised cost/held to maturity	**984**	982
Other items		
Interest free and interest bearing loans	**(95,029)**	(67,393)
Interest bearing finance leases	**(424)**	(1,842)
	11,724	16,338

The above table shows which components of net debt are subject to interest. With the current low interest rates for bank base rates worldwide, the interest which can be earned on bank deposits is low. The Group's exposure to floating rate interest bearing debt is small and a change in interest rates will not have a material change on interest expense.

Notes to the financial statements continued

For the period ended 31 October 2020

15(B) FINANCIAL STATEMENT RISK MANAGEMENT CONTINUED

IFRS 7 sensitivity analysis

With current low interest rates and the Group's level of debt financing, the impact on the total interest payable charges due to a change of 100 basis points (1%) on borrowings subject to floating rates of interest is not material. Consequently, no sensitivity tables have been presented. The Group has total loans outstanding at 31 October 2020 of £95,030,000 (30 April 2019 of £67,393,000), of which £49,817,000 (30 April 2019 of £67,393,000) is subject to a fixed interest rate of 1.2%. An increase of 1% in the fixed rate of interest would result in an extra £500,000 (30 April 2019: £600,000) of interest expense.

Terms and debt repayment schedule

The table below shows the maturity profile and interest rates of the Groups borrowings at 31 October 2020 and 30 April 2019.Floating rate interest borrowings (loans and overdrafts) are based on LIBOR, EURIBOR or equivalent rates in other countries plus a margin (generally between 0.45% and 1.0%).

Group	Status	Currency	Interest Rate	Year of maturity	2020 Carrying amount £'000	2019 Carrying amount £'000
Finance leases	Fixed rate	Various	0.0% – 7.2%	2025	**424**	1,842
Loans	Fixed rate	Euro	0.49% – 1.2%	2022-2026	**95,029**	67,393
					95,453	69,235

Price risk

The Group and the Company are exposed to changes in prices on raw materials, consumables and finished goods purchased from suppliers. Wherever possible, price rises are passed on to customers via sales price increases to help manage this risk.

The Group's other investments in equity securities are not listed, and are not material thus the Group does not have any significant exposure to price risk on these equity investments.

15(C) CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to enhance long-term shareholder value, by investing in the business so as to improve the return on investment (by increasing profits available for dividends) and by managing the capital gearing ratio (mixture of equity and debt).

The Group manages, and makes adjustments to, its capital structure in light of the prevailing risks and economic conditions affecting its business activities. This may involve adjusting the rate of dividends, purchasing the Company's own shares, the issue of new shares and reviewing the level and type of debt. The Group manages its borrowings by appraising the mix of fixed and floating rate borrowings and the mix of long-term and short-term borrowings. Details of how the Group and subsidiaries are funded are shown below. There were no changes to the Group's approach to capital management during the period.

Group

The Group is funded by share capital and retained earnings; supplemented by external borrowing as required. The Group has had a strong net cash position throughout the current and comparative period.

Subsidiary companies

Subsidiary companies are funded by share capital and retained earnings, and where applicable local borrowings by the subsidiaries in appropriate currencies.

The capital structure of the Group is presented below.

	31 October 2020 £'000	30 April 2019 £'000
Cash and cash equivalents	**106,193**	84,591
Borrowings	**(95,029)**	(69,235)
Net cash (excluding restricted deposits)	**20,889**	15,356
Equity	**113,870**	143,847

The Group has various borrowings and available facilities that contain certain external capital requirements (covenants) that are considered normal for these types of arrangements. The Group remains comfortably within all such covenants.

During the period ended 31 October 2020 the Group increased its net borrowings by £30,964,000 (30 April 2019: £35,556,000) in order to take advantage of historically low interest rates, to reduce the Group's weighted average cost of capital, to increase the Group's capacity to invest in product offerings as it continues to evaluate potential acquisitions and to secure enough liquidity should the COVID-19 pandemic go on for longer or its impact on the business becomes bigger than expected.

15(D) OTHER FINANCIAL ASSETS HELD AT AMORTISED COST, AT FVTPL, TO MATURITY AND AVAILABLE FOR SALE

Group

	Financial instruments held at amortised cost 31 October 2020 £'000	**Financial instruments held at FVTPL 31 October 2020 £'000**	Financial instruments held at amortised cost 30 April 2019 £'000	Financial instruments held at FVTPL 30 April 2019 £'000
Non-current	**984**	**960**	982	1,387

Financial assets held to maturity reclassified as Financial assets held at amortised cost following adoption of IFRS 9 consist of restricted bank deposit accounts – see note 19.

Financial assets held at amortised cost, financial instruments held at FVTPL, Assets held to maturity and assets available for sale consist of short-term monetary funds of £nil (2019: £nil) and investments in listed and unlisted entities, net of impairment provisions.

Company

	Financial instruments held at amortised cost 31 October 2020 £'000	**Financial instruments held at FVTPL 31 October 2020 £'000**	Financial instruments held at amortised cost 30 April 2019 £'000	Financial instruments held at FVTPL 30 April 2019 £'000
Non-current	**976**	**745**	975	1,176

Financial assets held at amortised cost and assets held to maturity consist of restricted bank deposit accounts – see note 19.

Notes to the financial statements continued

For the period ended 31 October 2020

16 TRADE AND OTHER RECEIVABLES

	Group		Company	
	31 October 2020 £'000	30 April 2019 £'000	**31 October 2020 £'000**	30 April 2019 £'000
Non-current assets				
Other receivables	**1,799**	1,742	**–**	–
Prepayments and accrued income	**–**	22	**–**	–
	1,799	1,764	**–**	–
Current assets				
Trade receivables	**7,828**	10,312	**41**	155
Amounts due from subsidiaries	**–**	–	**24,725**	16,503
Other receivables	**7,959**	5,747	**143**	1,851
Prepayments and accrued income	**953**	4,858	**–**	3,104
	16,740	20,917	**24,909**	21,613

All trade receivables arise from contracts with customers.

Non-current other receivables include deposits relating to operating sites and properties. Current other receivables include deposits relating to operating sites and properties, indirect and other taxation and other receivables.

17 INVENTORIES

	Group		Company	
	31 October 2020 £'000	30 April 2019 £'000	**31 October 2020 £'000**	30 April 2019 £'000
Raw materials and consumables	**14,650**	14,157	**864**	1,858
Work-in-progress	**–**	346	**–**	–
Finished goods	**1,961**	7,836	**399**	1,999
	16,611	22,339	**1,263**	3,857

The replacement value of inventories is not materially different from that stated above.

18 CASH AND CASH EQUIVALENTS

	Group		Company	
	31 October 2020 £'000	30 April 2019 £'000	**31 October 2020 £'000**	30 April 2019 £'000
Cash at bank and in hand	**91,963**	83,646	**4,903**	3,162
Deposit accounts (excluding restricted deposits)	**14,230**	945	**–**	–
Cash and cash equivalents per statement of financial position	**106,193**	84,591	**4,903**	3,162
Cash and cash equivalents per cash flow	**106,193**	84,591	**4,903**	3,162

Cash and cash equivalents per cash flow comprise cash at bank and in hand and short-term deposit accounts with an original maturity of less than three months, less bank overdrafts. The amounts placed in short-term deposit accounts depend on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rate. Cash at bank is generally interest free, but may earn interest at the applicable daily bank floating deposit rate.

19 NET CASH

		Group		Company	
	Notes	**31 October 2020 £'000**	30 April 2019 £'000	**31 October 2020 £'000**	30 April 2019 £'000
Cash and cash equivalents per statement of financial position	18	**106,193**	84,591	**4,903**	3,162
Financial assets restricted cash held to maturity	15	**984**	982	**976**	975
Non-current borrowings	21	**(39,444)**	(52,322)	**(995)**	–
Current borrowings	21	**(45,434)**	(15,071)	**(873)**	–
Non-current finance leases	21	**(272)**	(1,063)	**–**	–
Current finance leases	21	**(150)**	(779)	**–**	–
		21,877	16,338	**4,011**	4,137

At 31 October 2020, £984,000 of the total net cash (2019: £982,000) comprised bank deposit accounts that are subject to restrictions and are not freely available for use by the Group and Company. These amounts are shown under financial assets restricted cash/held to maturity.

Net cash is a non-GAAP measure since it is not defined in accordance with IFRS but is a key indicator used by management in assessing operational performance and financial position strength. The inclusion of items in net cash as defined by the Group may not be comparable with other companies' measurement of net cash/debt. The Group includes in net cash, cash and cash equivalents and certain financial assets, mainly deposits, less current and non-current borrowings outstanding excluding IFRS-16 liability impact of £10,153,000.

The tables below, which are not currently required by IFRS, reconcile the Group's net cash to the Group's statement of cash flows. Management believes the presentation of the tables will be of assistance to shareholders. Presentation of this information is recommended by the Financial Reporting Council (FRC) as good practice as being of use to shareholders and analysts, in their Financial Lab Project, Net Debt Reconciliations.

Group

	1 May £'000	**Exchange differences £'000**	**Other movements £'000**	**Cash flow £'000**	**31 October £'000**
18-months to 31 October 2020					
Cash and cash equivalents per statement of financial position and cash flow	**84,591**	**17**	**–**	**21,585**	**106,193**
Financial asset held at amortised cost	**982**	**2**	**–**	**–**	**984**
Non-current loans	**(52,322)**	**(1,060)**	**44,902**	**(30,964)**	**(39,444)**
Current loans	**(15,071)**	**(779)**	**(44,680)**	**(17,097)**	**(45,433)**
Leases	**(1,842)**	**(28)**	**1,713**	**(286)**	**(424)**
	16,338	**(1,848)**	**(46)**	**7,432**	**21,877**
12-months to 30 April 2019					
Cash and cash equivalents per statement of financial position and cash flow	58,657	22	–	25,912	84,591
Financial asset held at amortised cost	1,710	13	–	(741)	982
Non-current loans	(27,319)	532	18,213	(43,748)	(52,322)
Current loans	(6,006)	117	(17,579)	8,397	(15,071)
Leases	(354)	(28)	(1,627)	167	(1,842)
	26,688	656	(993)	(10,013)	16,338

Notes to the financial statements continued

For the period ended 31 October 2020

19 NET CASH CONTINUED

Company

	1 May £'000	Cash flow £'000	31 October £'000
18-months to 31 October 2020			
Cash and cash equivalents per statement of financial position and cash flow	**3,162**	**1,741**	**4,903**
Financial instrument held at amortised cost/held to maturity	**975**	**1**	**976**
	4,137	**1,742**	**5,879**

	£'000	£'000	£'000
12-months to 30 April 2019			
Cash and cash equivalents per statement of financial position and cash flow	11,500	(8,338)	3,162
Financial instrument held at amortised cost/held to maturity	974	1	975
	12,474	(8,337)	4,137

Other movements for finance leases relate to new finance leases during the period.

20 SHARE CAPITAL AND RESERVES

Share Capital	31 October 2020 Number	30 April 2019 Number	31 October 2020 £'000	30 April 2019 £'000
Allotted, issued and fully paid:				
Ordinary shares of 0.5p each				
At the beginning of the period	**377,981,637**	377,499,637	**1,889**	1,887
Issued in year – share options exercised	**11,000**	482,000	**–**	2
At the end of the period	**377,992,637**	377,981,637	**1,889**	1,889

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.

Share options, which have been granted to senior staff, including directors, to purchase Ordinary shares of 0.5p each, are as follows:

Date options granted	At 30 April 2019	Exercise price	Lapsed or forfeited during year	Exercised during year	At 31 October 2020	Exercise price	Date from which exercisable	Last date on which exercisable
4 Jul 2012	30,000	39.17p	30,000	–	**–**	39.17p	4-Jul-2015	3-Jul-2019
9 Jul 2013	998,000	90.63p	998,000	–	**–**	90.63p	9-Jul-2016	8-Jul-2020
11 Jul 2014	445,000	145.33p	445,000	–	**–**	145.33p	11–Jul- 2017	10-Jul-2021
9 Jul 2015	1,137,600	133.33p	276,000	–	**861,600**	133.33p	09-Jul-18	08-Jul-22
15-Dec-15	57,400	153.25p	–	–	**57,400**	153.25p	15-Dec-18	14-Dec-22
13-Jul-16	853,300	141.50p	230,584	–	**622,716**	141.50p	13-Jul-19	12-Jul-23
21-Jul-17	705,200	157.00p	350,700	–	**354,500**	157.00p	21-Jul-20	21-Jul-24
27-Apr-19	1,000,000	93.30p	-	–	**1,000,000**	93.30p	27-Apr-22	26-Apr-26
27-Aug-19	–	–	–	–	**1,006,509**	101.40p	27-Aug-22	26-Aug-26
27-Apr-20	–	–	–	–	**1,000,000**	93.30p	27-Apr-23	26-Apr-27
	5,226,500		2,330,284	–	**4,902,725**			

Full details of directors' share options are given in the Remuneration report on pages 68 to 83.

All options can be exercised, in normal circumstances, within a period of four years from the exercise of option date, providing that the performance criterion or performance condition has been achieved. The subscription price for all options is based upon the average market price on the three days prior to the date of grant. Options are restricted, or may lapse, if the grantee leaves the employment of the Group before the first exercise date.

All options are equity settled options.

Options granted after 2005 are covered by the new Photo-Me Executive Share Option Scheme. The vesting of options is subject to an EPS-based performance condition relating to the extent to which the Company's basic EPS for the third financial year, following the date of grant, reaches a sliding scale of challenging EPS targets.

Options are normally granted over shares worth up to 150% of a participant's salary each year. In exceptional cases as part of the terms of attracting senior management, options in excess of that number may be granted.

The weighted average exercise price of all options outstanding at 31 October 2020 is 113.42p (2019: 129.0p) and the weighted average exercise price of options exercisable at 31 October 2020 is 124.55p (2019: 118.5p).

There was no options exercised during the period ended 31 October 2020 (30 April 2019: the weighted average share price for option was 46.6p).

The weighted average remaining years for options outstanding at the period-end date is 3.2 years (2019: 3.2 years).

Share-based payments

In accordance with IFRS 2 Share-based Payments, share options granted to senior management including directors after November 2002 have been fair-valued and the Company has used the Black-Scholes option pricing model. This model takes into account the terms and conditions under which the options were granted.

The following table lists the inputs to the model used for the years ended 31 October 2020 and 30 April 2019:

Date of grant	**13 December 2011**	**4 July 2012**	**9 July 2013**
Vesting period	3 years	3 years	3 years
Share price volatility	63.20%	58.30%	48.50%
Share price on date of grant	50.25p	38.00p	94.00p
Option price	53.50p	39.17p	90.63p
Expected term	3.25 years	3.25 years	3.25 years
Dividend yield	4.48%	6.58%	3.83%
Risk free interest rate	0.50%	0.46%	0.62%
Fair value	16.38p	10.23p	26.20p

Date of grant	**11 July 2014**	**9 July 2015**	**15 December 2015**
Vesting period	3 years	3 years	3 years
Share price volatility	39.10%	30.70%	26.16%
Share price on date of grant	141.00p	113.50p	154.00p
Option price	145.33p	133.33p	153.25p
Expected term	3.25 years	3.25 years	3.25 years
Dividend yield	2.66%	4.02%	3.32%
Risk free interest rate	1.28%	0.82%	0.90%
Fair value	32.20p	21.00p	21.78p

Notes to the financial statements continued

For the period ended 31 October 2020

20 SHARE CAPITAL AND RESERVES CONTINUED

Date of grant	13 July 2016	31 July 2017	27 August 2019
Vesting period	3 years	3 years	3 years
Share price volatility	26.35%	36.00%	32.5%
Share price on date of grant	146.75p	159.00p	101.40p
Option price	141.50p	157.00p	103.00p
Expected term	3.25 years	3.25 years	3.25 years
Dividend yield	3.99%	4.00%	0.00%
Risk free interest rate	0.11%	0.62%	0.00%
Fair value	19.72p	30.61p	45.51p

Date of grant	27-Apr-19	27-apr-20
Vesting period	3 years	3 years
Share price volatility	32.59%	31.64%
Share price on date of grant	92.80p	42.30p
Option price	93.30p	93.30p
Expected term	3.25 years	3.25 years
Dividend yield	3.98%	0.00%
Risk free interest rate		
Fair value		

The charge for share-based payments is £171,000 (2019: £141,000) and for the Company the charge is £5,000 (2019: £77,000).

Share price volatility is based on historical data.

Reserves

Group

Treasury shares (Group and Company)

In accordance with shareholders' resolutions passed at Annual General Meetings, the Company may purchase its own shares up to a maximum of 10% of the Ordinary shares in issue. At 31 October 2020 and 30 April 2019 the Company held no shares in treasury.

Other reserves

Other reserves mainly arise in subsidiaries, are generally not distributable, and arise as a result of local legislation regarding capital maintenance.

Translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and associates. In accordance with the options allowed under IFRS 1, only exchange rate differences arising on translation after the date of transition, 1 May 2004, are shown in this reserve. When an overseas subsidiary or associate is disposed, the cumulative exchange difference relating to the entity disposed is recycled through the income statement as part of the profit or loss on sale in finance revenue/cost and is shown as a movement in other comprehensive income.

Company

Other reserves

The Company's other reserves include £201,000 (2019: £201,000) arising on the redemption of the deferred shares and £2,450,000 (2019: £1,997,000) relating to the fair value of options granted to employees of Group undertakings (note 14).

21 FINANCIAL LIABILITIES

	Group		Company	
	31 October 2020 £'000	30 April 2019 £'000	**31 October 2020 £'000**	30 April 2019 £'000
Non-current liabilities				
Non-current instalments due on bank loans	**39,444**	52,322	**995**	–
Finance lease creditors	**273**	1,063	**–**	–
	39,717	53,385	**995**	–
Current liabilities				
Current instalments due on loans	**45,433**	15,071	**873**	–
Finance lease creditors	**151**	779	**–**	–
	45,584	15,850	**873**	–

The above financial liabilities exclude £10,153,000 of IFRS 16 liabilities.

Bank loans bear interest rates based on LIBOR or foreign equivalent rates appropriate to the country in which the borrowing is incurred. Further details are provided in note 15 and in the tables below. Margins are generally between 0.4% and 1.0%.

Obligations under finance leases

The Group has entered into finance lease arrangements for certain items of property, plant and equipment, largely for periods of up to five (2019: four) years (note 12). The total finance lease creditor at 31 October 2020 was £424,000 of which £151,000 was due within one year and the remaining £273,000 due between two and five years, (2019: total finance lease creditor £1,842,000, £779,000 due within one year and £1,063,000 due within two to five years).

22 POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Company and its principal subsidiaries operate pension and other retirement and post-employment schemes including both funded defined benefit schemes, and defined contribution schemes.

Defined benefit plans

A defined benefit plan is a pension arrangement under which participating members receive a benefit at retirement. The amount is determined by the plan rules and is dependent on such factors as age, years of service and pensionable pay and is not dependent on contributions made by the Company or members. The income statement service cost, in respect of defined benefit plans represents the increase in the defined benefit liability arising from pension benefits accrued by members in the current period. The Company having such plans is exposed to investment and other experience risks and may need to make additional contributions where it is estimated that the benefits will not be covered by the assets of the plan.

The Group's and the Company's policy is to recognise actuarial gains and losses immediately each year in the statement of changes in equity, under other comprehensive income. These comprise the impact on the defined benefit liability of changes in demographic and financial assumptions compared with the start of the year, actual experience being different to those assumptions and the return on plan assets above the amount included in net pension interest.

Defined contribution plans are arrangements in which the benefits paid to participants are linked to the amount of contributions paid and the performance of the scheme. Such plans are independent of the Company and the Group and the Company and the Group have no exposure to investment and experience risks. The income statement charge for these plans represents the contributions paid by the Group based on a percentage of employees' pay.

Notes to the financial statements continued

For the period ended 31 October 2020

22 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

The Group's and the Company's defined benefit pension schemes are included in the statement of financial position under employment benefit obligations, as are other overseas retirement provisions.

The amounts charged to profit and loss for all post-employment benefits are shown in note 5.

The amount shown in the statement of financial position is detailed as follows:

	Group		Company	
	31 October 2020 £'000	30 April 2019 £'000	**31 October 2020 £'000**	30 April 2019 £'000
Employment benefit obligations	**4,793**	4,578	**–**	–
Defined benefit schemes	**1,179**	1,057	**–**	–
	5,973	5,635	**–**	–

Photo-Me International plc defined benefit pension scheme

The Company operates a final salary defined benefit scheme in the UK for some long-serving employees, which is funded by contributions from the Company and by members of the scheme. This pension scheme (the Photo-Me International plc Pension and Life Assurance Fund) is closed to new entrants. The defined benefits are based upon then employee's length of service and final pensionable salary.

The actuarial valuation of the UK Pension scheme has revealed a surplus at 31 October 2020, 30 April 2019, 30 April 2018, 30 April 2017 and 30 April 2016. This surplus has not been recognised as an asset, in accordance with IFRIC 14, as in the future the surplus will not be recovered by a reduction in future contributions to the scheme. The scheme has been closed to new members for over 30 years.

The Fund is administered by a corporate Trustee, with Trustee Directors, which is legally separate from the Company. The Trustee Directors include representatives of both the Company and Fund members. The Trustee Directors are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day to day administration of the benefits.

The level of benefits provided by the Fund depends on a member's length of service and salary at date of leaving or retiring from the Fund. Annual pension increases between leaving the Fund and retirement are linked to increases in the Retail Prices Index (RPI). After retirement, annual pension increases are at 3.0% per annum for pension accrued before April 1997 and in line with increases in the RPI, up to a maximum of 5.0% pa, for pension accrued from April 1997.

The benefit payments are from a trustee administered fund containing assets held in trust and governed by UK regulations and practice. The amount of Company contributions is decided jointly by the Trustee Directors and the Company.

The Fund's investment strategy is decided by the Trustee Directors, in consultation with the Company. The Trustee Directors exercise their powers of investment (or delegation where these powers have been delegated to a fund manager) in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In order to avoid an undue concentration of risk a spread of assets is held. The diversification is both within and across asset classes. The assets are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Fund. Day to day selection of stocks is delegated to fund managers appointed by the Trustee Directors. As regards the review and selection of their fund managers, the Trustee Directors take expert advice.

UK legislation requires that pension schemes are funded prudently. The most recent triennial funding valuation of the Fund was carried out by a qualified actuary with an effective date of 1 June 2018. At this date the Fund had a funding level of 103% and a surplus of approximately £0.3 million on a technical provisions basis. This basis uses actuarial assumptions adopted by the Trustee Directors of the Fund that are consistent with the Fund continuing on an ongoing basis with support from the Company.

The last active member ceased employment with the Company in 2020 so contributions are no longer required in respect of the accrual of benefits in the Fund.

Risks associated with the Fund

The fund exposes the Company to a number of risks, the most significant of which are described below.

Asset volatility	The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit.
Changes in bond yields	A decrease in corporate bond yields will increase the value placed on the Fund's liabilities for IAS 19, although this will be partially offset by an increase in the value of the Fund's bond holdings and insurance policies backing pensions in payment.
Inflation risk	Some of the Fund's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.
Life expectancy	The majority of the Fund's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

Reconciliation of the movement in the present value of the defined benefit obligation

	31 October 2020 £'000	30 April 2019 £'000
Present value of defined benefit obligation at beginning of the period	**5,940**	5,947
Current service cost	**9**	7
Interest cost	**206**	156
Actuarial gains on fund liabilities arising in demographic assumptions	**23**	(80)
Actuarial losses/(gains) from changes in financial assumptions	**523**	242
Actuarial losses on liabilities from experience	**67**	(9)
Benefits paid	**(501)**	(323)
Present value of defined benefit obligation at end of the period	**6,267**	5,940

Reconciliation of the movement in the fair value of plan assets

	31 October 2020 £'000	30 April 2019 £'000
Fair value of plan assets at beginning of the period	**6,675**	6,657
Interest income on fund assets	**231**	175
Remeasurement gains on assets	**622**	160
Contributions by the Company	**13**	6
Benefits paid	**(501)**	(323)
Fair value of plan assets at end of the period	**7,040**	6,675

Notes to the financial statements continued

For the period ended 31 October 2020

22 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

Amount to be recognised in the statement of financial position

	31 October 2020 £'000	30 April 2019 £'000
Present value of funded obligations	**6,267**	5,940
Fair value of scheme assets	**7,040**	(6,675)
Net surplus	**(773)**	(735)
Effect of limit of recognition of an asset	**773**	735
Amount recognised in statement of financial position	**–**	–

The cumulative amount of remeasurement gains and losses recognised since 1 May 2004 in the Group and Company statements of comprehensive income, within other comprehensive income, is a loss of £1,363,000 (2019: loss of £1,375,000) in respect of the Company's defined benefit scheme. This has been charged to retained earnings.

Amount recognised in profit and loss

	31 October 2020 £'000	30 April 2019 £'000
Amount recognised in profit and loss		
Current service cost	**9**	7
Interest on net defined liability/(asset)	**–**	–
Total charge	**9**	7
Pension expense recognised in profit and loss	**9**	7
Remeasurement in Other Comprehensive Income		
Return on Scheme assets in excess of that recognised in net interest	**(622)**	(160)
Actuarial losses due to changes in financial assumptions	**523**	242
Actuarial losses/(gains) due to changes in demographic assumptions	**23**	(80)
Actuarial losses/(gains) on liabilities arising from experience	**67**	(9)
Adjustment due to the asset ceiling	**12**	6
Total expense/(income) amount recognised in Other Comprehensive Income	**3**	(1)
Total expense amount recognised in Comprehensive Income	**12**	6

The amounts shown above are included in staff costs (note 5) and in administrative expenses.

An analysis of the assets of the plan is as follows:

	31 October 2020		30 April 2019	
	£'000	%	£'000	%
Bonds	**4,405**	**63**	3,988	60
Insurance policies	**2,622**	**37**	2,650	40
Other	**13**	**–**	37	–
	7,040	**100**	6,675	100

There were no financial instruments of the Company included in the plan assets (2019: none) and there were no property assets occupied by the Company (2019: none).

Principal actuarial assumptions

	31 October 2020	30 April 2019
Discount rate for scheme liabilities	**1.6**	2.4
Rate for increase in salaries	**n/a**	1.5
Price inflation	**3.1**	3.4
Pension increases	**3.0**	3.3

The mortality tables used for 2020 are S3NXA Light tables for males and S3NXA All lives for females, with CMI 2019 projections and a long-term rate of improvement of 1.25% pa. The mortality tables used for 2019 are also S3NXA Light tables, but with CMI 2018 projections and a long term rate of improvement of 1.25% pa. The mortality assumptions allow for expected future improvements in mortality rates.

	31 October 2020	30 April 2019
Male currently aged 65	**23.3 years (age 88.3)**	23.2 years (age 88.2)
Female currently aged 65	**24.6 years (age 89.6)**	24.4 years (age 89.4)
Male currently aged 45	**24.5 years (age 89.5)**	24.4 years (age 89.6)
Female current aged 45	**26.0 years (age 91.0)**	25.8 years (age 90.8)

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Fair value of defined benefit obligation	**6,267**	5,940	5,947	6,639	6,303
Fair value of assets	**7,040**	6,675	6,657	7,223	6,716
Surplus/(deficit)	**773**	735	710	584	413

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Experience gains/(losses) on fund assets	**622**	160	(409)	653	(75)
Experience (losses)/gains on plan liabilities	**(67)**	(9)	(87)	49	76

Liabilities for 2020, 2019, 2018, 2017 and 2016 relate to gains/(losses) in respect of liability experience only, and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

Sensitivity to key assumptions

The key assumptions used for the IAS 19 valuation are: discount rate, inflation rate and mortality. If different assumptions were used, this could have a material effect on the results disclosed. The table below shows the sensitivity to the key assumptions noted above.

Period ended 31 October 2020	Service cost £'000	Net Interest £'000	Total profit and loss charge £'000	Plan assets £'000	Defined benefit obligation £'000	Surplus £'000
As reported	**9**	**–**	**9**	**7,040**	**6,267**	**773**
Following a 0.1% decrease in the discount rate	**9**	**–**	**9**	**7,061**	**6,337**	**724**
Following a 0.1% increase in the inflation assumption	**9**	**–**	**9**	**7,043**	**6,286**	**757**
Following an increase in the life expectancy of one year	**9**	**–**	**9**	**7,171**	**6,580**	**591**

The sensitivity information shown above has been prepared using the same method as adopted when adjusting the results of the latest valuation to the statement of financial position data. This is the same approach as has been adopted in previous years.

Notes to the financial statements continued

For the period ended 31 October 2020

22 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

Overseas pension schemes

The Group's Swiss subsidiary, Prontophot (Schweiz) A.G. participates in funded multi-employer pension schemes. A guaranteed return for such employees' schemes is mandated by the Swiss state. An actuarial valuation was performed at 31 October 2020 and 30 April 2019 by independent actuaries.

Reconciliation of the movement in the present value of the defined benefit obligation

	31 October 2020 £'000	30 April 2019 £'000
Present value of defined benefit obligation at start of the period	**4,144**	3,826
Exchange difference	**481**	105
Contribution by members	**69**	38
Current service cost	**282**	196
Past service cost	**(269)**	–
Interest cost	**43**	28
Remeasurement losses on plan liabilities	**93**	144
Prepaid risk premiums	**(69)**	(38)
Benefits paid	**(54)**	(157)
Administration costs	**3**	2
Present value of defined benefit obligation at end of the period	**4,792**	4,144

	31 October 2020 £'000	30 April 2019 £'000
Fair value of plan assets at start of the period	**3,087**	2,894
Exchange difference	**361**	81
Contributions by company and members	**306**	190
Expected return on plan assets	**53**	21
Remeasurement gain on plan assets	**(69)**	96
Benefits paid	**(54)**	(157)
Prepaid risk premiums	**(69)**	(38)
Fair value of plan assets at end of the period	**3,615**	3,087

	31 October 2020 £'000	30 April 2019 £'000
Net liability at start of the period	**1,057**	932
Exchange difference	**250**	24
Increase in liability	**93**	101
Net liability at end of the period	**1,400**	1,057

Amounts recognised in comprehensive income

	31 October 2020 £'000	30 April 2019 £'000
Amount recognised in profit and loss		
Amounts recognised in comprehensive income		
Current service cost	**282**	196
Past service cost	**(269)**	–
Administrative expenses	**3**	2
Net pension interest	**(10)**	7
Total charge	**6**	205
Amount recognised in other comprehensive income		
Return on scheme assets	**69**	(96)
Actuarial losses on defined benefit obligation	**93**	144
Total amount recognised in other comprehensive income	**162**	48
Total amount recognised in profit and loss and other comprehensive income	**168**	253

	31 October 2020		30 April 2019	
	£'000	**%**	£'000	%
Cash	**36**	**1**	164	5
Equities & debt instruments	**2,459**	**68**	2,016	65
Other	**1,120**	**31**	907	29
Total plan assets	**3,615**	**100**	3,087	100

Principal actuarial assumptions

	31 October 2020 %	30 April 2019 %
Discount rate	**0.20**	0.60
Expected return on plan assets at end of year	**n/a**	n/a
Rate of increase in salaries	**1.20**	1.20
Price inflation	**0.00**	0.00

The normal retirement age for males is between 60 – 65 years and for females between 59 – 64 years for both 2020 and 2019.

The mortality tables used in 2020, 2019 and 2018 were the BVG 2015 GT tables.

The mortality tables used in 2017 and 2016 were the BVG 2010 GT tables.

Notes to the financial statements continued

For the period ended 31 October 2020

22 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

History of assets, liabilities and actuarial gains and losses

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Present value of defined benefit obligation	**4,715**	4,144	3,826	4,062	3,526
Fair value of assets	**3,615**	3,087	2,894	3,047	2,604
Deficit	**(1,100)**	(1,057)	(932)	(1,015)	(922)

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Experience (losses)/gains on plan liabilities	**(93)**	(144)	131	(186)	(107)
– as a percentage of the present value of plan liabilities	**2%**	3%	3%	(5%)	3%
Difference between expected and actual return on plan assets	**(69)**	96	(78)	218	168
– as a percentage of the present value of plan assets	**2%**	3%	(3%)	7%	6%

The 2016 figures in the table above represent actuarial gains on plan liabilities and plan assets.

Sensitivity to key assumptions

The key assumptions used for the IAS 19 valuation are: discount rate, inflation rate and mortality.

If different assumptions were used, this could have a material effect on the results disclosed.

The table below shows the sensitivity to the key assumptions noted above.

		Defined benefit obligation £'000	Increase/ (decrease) in defined benefit obligation £'000
Defined benefit obligation as reported		4,715	–
Defined benefit obligation	– with discount rate – 0.25%	4,919	204
	– with discount rate 0.25%	4,526	(189)
	– with salary decrease – 0.25%	4,678	(37)
	– with salary increase 0.25%	4,755	40
	– with life expectancy 1 year	4,788	73
	– with life expectancy – 1 year	4,641	(74)

The Group's best estimate for contributions to be paid by the company next year to the scheme is £169,000 (2019: £189,000).

The amount recognised in the income statement for this scheme was £6,000 (30 April 2019: £211,000).

Overseas post-employment benefit obligations

Provisions for obligations to make termination payments on retirement, to employees who are not members of the pension and retirement schemes, are as follows:

- The Group's Japanese subsidiary undertaking, Nippon Auto–Photo K.K, has an unfunded post-employment retirement provision based on an employee's length of service with the company and their current salary. The allowance is paid to an employee when they leave the company. This has been provided for in full within the accounts. Nippon Auto –Photo K.K, agreed with the employees that 50 % of the liability for the retirement provision will be paid in cash to an independently controlled defined contribution scheme, with the balance to be met by the company when the employee leaves.
- To meet the legal obligations within France, the Group's subsidiary undertakings have unfunded retirement provisions, which were valued by an independent actuary using the Projected Unit Credit Method at 31 October 2020 and 30 April 2019. This actuarial valuation incorporated the following principal assumptions in arriving at the present value of the obligations:

	31 October 2020	30 April 2019
Discount rate	**0.40%**	1.20%
Rate of increase in salaries	**1.75%**	1.75%
Retirement age	**61-63 years**	61-63 years
Inflation rate	**1.75%**	1.75%
Mortality table	**TGH/TGF 05**	TGH/TGF 05

23 PROVISIONS

Group

	Employee related claims £'000	**Product warranties £'000**	**Other £'000**	**Total £'000**
At 30 April 2018	11	128	57	196
Exchange differences	–	(5)	–	(5)
Utilised and other movements	13	(38)	(300)	(325)
Charged to income statement	86	23	243	352
At 30 April 2019	**110**	**108**	**–**	**218**
Amount shown as current liability	110	108	–	218
At 30 April 2019	110	108	–	218
Exchange differences	–	12	–	12
Reclassification	–	–	886	886
Charged to income statement	239	(21)	(72)	146
At 31 October 2020	**349**	**99**	**814**	**1,262**
Amount shown as current liability	349	99	814	1,262

Notes to the financial statements continued

For the period ended 31 October 2020

24 DEFERRED TAXATION

Deferred tax comprises:

	Group		Company	
	31 October 2020 £'000	30 April 2019 (restated) £'000	**31 October 2020 £'000**	30 April 2019 £'000
Temporary differences relating to property, plant and equipment	**18**	3,279	**–**	(656)
Other temporary differences in recognising revenue and expense items in other periods for taxation purposes:				
– capitalised development costs	**16**	101	**–**	–
– post-employment benefit provisions	**–**	(645)	**–**	–
– losses	**30**	(209)	**–**	–
– acquisition related intangibles	**2,378**	2,959	**–**	–
– other short-term temporary differences	**3,616**	1,411	**–**	(14)
	6,058	6,896	**–**	(670)
The closing balance comprises:				
Deferred tax assets	**–**	(912)	**–**	(670)
Deferred tax liabilities	**6,058**	7,808	**–**	–
	6,058	6,896	**–**	(670)

The movements on deferred taxation during the period were as follows:

	Group		Company	
	31 October 2020 £'000	30 April 2019 (restated) £'000	**31 October 2020 £'000**	30 April 2019 £'000
Opening balance	**6,896**	736	**(670)**	(945)
Exchange differences	**1**	42	**–**	–
Arising on acquisition of subsidiary	**–**	3,011	**–**	–
Charge for the period in income statement	**(839)**	3,149	**670**	275
Amounts (credited)/charged to other comprehensive income	**–**	(42)	**–**	–
	6,058	6,896	**–**	(670)

Temporary differences associated with Group investments

Unremitted earnings of overseas affiliates

No deferred tax liability has been recognised on the unremitted earnings of overseas subsidiaries as no tax is expected to be payable on them in the foreseeable future based on current legislation or where the Group is able to control remittance of earnings and it is possible that such earnings will not be remitted in the foreseeable future.

Unrecognised deferred tax assets

Deferred tax assets amounting to £399,000 (2019: £1,220,000) arising on temporary differences of £2,065,000 (2019: £5,052,000), in respect of unrelieved tax losses and other temporary differences have not been recognised, as their future economic benefit is uncertain.

The expiry dates of unrelieved tax losses are as follows:

	Group	
	31 October 2020 £'000	30 April 2019 £'000
Expiring in less than one year	**–**	–
Expiring between two and 20 years	**2,065**	228
No expiry date	**399**	992
	2,465	1,220

In addition, the Group has an unrecognised deferred tax asset on gross capital losses of £3,756,000 (2019: £3,756,000), of which £3,627,000 (2019: £3,627,000) relate to the Company, which have not been recognised as their future economic benefit is not certain.

Factors that may affect future tax charges

There will be a reduction in the corporation tax rates in one of the major jurisdictions in which the Group operates, in France to 25% from 2022. The deferred tax assets and liabilities have been recognised based on the respective corporation tax rates at which they are anticipated to unwind in each jurisdiction.

25 TRADE AND OTHER PAYABLES

	Group		Company	
	31 October 2020 £'000	30 April 2019 £'000	**31 October 2020 £'000**	30 April 2019 £'000
Amounts shown as current liabilities				
Trade payables	**21,799**	24,699	**3,227**	4,038
Amounts owed to subsidiaries	**–**	–	**19,072**	36,373
Other taxes and social security costs	**2,900**	3,517	**536**	517
Other payables	**8,466**	6,880	**77**	442
Accruals and deferred income	**6,547**	5,786	**1,448**	696
	39,712	40,882	**24,360**	42,066

26 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Contingent liabilities

The Company and subsidiary undertakings have given guarantees in the normal course of business to third parties, including to the Group's bankers. No losses are expected from guarantees given by the Company and subsidiary undertakings.

In the opinion of the Directors, adequate provision has been made for claims and legal disputes and the Directors therefore consider that no contingent liability for litigation exists.

The Group has no contingent liabilities with regard to its interest in the associated undertakings (2019: none).

Notes to the financial statements continued

For the period ended 31 October 2020

27 RELATED PARTIES

The Group's related parties are its associated undertakings, subsidiary undertakings and its key management personnel, which comprises the Board of Directors as set out on pages 52 and 53.

The following transactions were carried out with related parties:

Directors' compensation

	Group		Company	
	31 October 2020 £'000	30 April 2019 £'000	**31 October 2020 £'000**	30 April 2019 £'000
Salaries and other short-term employee benefits excluding long-term incentives and pension contributions	**2,212**	1,433	**–**	–
Share-based payment charge	**171**	61	**–**	–
	2,383	1,494	**–**	–

The remuneration of the directors, both executive and non-executive, of the Company, who are the key management personnel of the Group, is set out in the table above. These figures include amounts payable to third party companies for services of the directors. Further information about the remuneration of the directors is given in the Remuneration report on pages 70 to 74. Certain executive directors, with UK salaries, are entitled to join the Company's Group Personal Pension Plan, to which the Company contributes 5% of their basic salaries. The charge for the period in respect of this was £nil (2019: £nil). No director who served during the year was a member of the Company's defined benefit pension scheme (2019: none).

Directors of the Company control 26,64% of the Ordinary shares of the Company. The interests of the directors are shown on page 78 of the Remuneration report.

Company

	31 October 2020 £'000	30 April 2019 £'000
Transactions with subsidiaries		
Sales	**–**	17
Purchases	**1,096**	6,646
Amounts owed by subsidiaries	**23,466**	16,503
Amounts owed to subsidiaries	**19,072**	36,373
Other items		
Intercompany fees charged by subsidiaries	**13,309**	3,049
Property, plant and equipment		
acquired from subsidiaries	**5,037**	3,374
Dividend income		
– from subsidiaries	**184**	2,239

	31 October 2020 £'000	30 April 2019 £'000
Transactions with Associates		
Dividends received from associates	**–**	36

28 GROUP UNDERTAKINGS

This disclosure is made in accordance with Section 409 of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended by the Companies, Partnerships and Groups (accounts and reports) Regulations 2015. A full list of subsidiary undertakings and associated undertakings (showing country of incorporation, which is also the main trading location of the company, and the effective percentage of equity shares held) at 30 April 2019 is shown below. Unless indicated otherwise the equity shares held are in the form of ordinary shares or common stock.

Principal group undertakings which affect the financial statements of the Group are highlighted in bold. Together with the parent company, Photo-Me International plc, these companies contributed over 90% of the Group's revenue and operating profit.

Company name	Principal Activity	Group interest	Registered office address	Country of incorporation
UK & Ireland				
Revolution Max Ltd	Operations	100%	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
Jolly Roger (Amusement Rides) Limited	Production	100%	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
MgInvest Investments Limited	Investment	100%*	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
Photo-Me (2016) Limited	Dormant	100%	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
Photo-Me (Retail) Limited	Operations	100%	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
Photo-Me Limited	Corporate	100%	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
Photo-Me Trustees Limited	Dormant	100%	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
Xpand Investments Limited	Investment	100%	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
Power-Me Limited	Dormant	100%	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
Inox Equip Limited	Operations	100%	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
Tersus Equip Limited	Dormant	100%	Unit 3B, Blenheim Road, Epsom, KT19 9AP	UK
Photo-Me Ireland Limited	Operations	100%	Unit A4, Alexander House, Tallaght Cross East, Tallaght, Dublin 24	Republic of Ireland
Continental Europe				
Prontophot Austria G.m.b.H.	Operations	100%	Viktor Kaplan Strasse 9B, 2201 Gerasdorf bei Wien	Austria
Prontophot Belgium NV	Operations	100%	Boulevard Paepsem 8a, 1070 Anderlecht	Belgium
Photo-Me Czech Republic s.p.o.l. s.r.o.	Dormant	100%*	Husova 2117, 256 01 Benešov	Czech Republic
KIS SAS	Production	100%*	7 Rue Jean-Pierre Timbaud, 38130 Echirolles	France
Photomaton SAS	Operations	100%*	4 Rue de la Croix Faron, 93217 La Plaine Saint-Denis	France
Sempa SARL	Operations	100%*	73 D rue du Général Mangin, 38000 Grenoble	France
Photo-Me France SAS	Corporate	100%	7 Rue Jean-Pierre Timbaud, 38130 Echirolles	France
SCI du Lotissement d'Echirolles	Property	61%*	2110 Avenue Du Général De Gaulle, 38130 Echirolles	France
SCI Immobilière du 21	Property	100%*	7 Rue Jean-Pierre Timbaud, 38130 Echirolles	France
Fotofix-Schnellphotoautomaten G.m.b.H.	Operations	100%	Medienstrasse 4, 47807 Krefeld	Germany
Kis Italia Srl	Dormant	100%	Via Tiziano 32, 20145 Milano	Italy
Prontophot Holland B.V	Operations	100%	Loonseweg 14, 5527 AC Hapert	Netherlands
KIS Poland s.p.z.o.o.	Operations	100%	ul. Targowa 46/5, 03-733 Warszawa	Poland
Animate Fotofixe Limitada	Operations	100%	Rua Sto António do Zaire, n°138, 2685-492 Camarate	Portugal
Global Network Investment SL	Operations	100%	Provença 385, entrelo. 2º, 08025 Barcelona	Spain
Smart Real Estate & Refurbishment SL	Operations	100%	Provença 385, entrelo. 2º, 08025 Barcelona	Spain
Prontophot (Schweiz) AG	Operations	100%	Sonnentalstrasse 5, 8600Dübendorf	Switzerland

Notes to the financial statements continued

For the period ended 31 October 2020

28 GROUP UNDERTAKINGS CONTINUED

Company name	Principal Activity	Group interest	Registered office address	Country of incorporation
Asia & ROW				
Photo-Me (Shanghai) Co Limited	Operations	100%*	Room 1102 Tongyong Tower, No. 1346 Gong he Xin Road, Zha bei District, Shanghai 200070	China
Photo-Me Beijing Co Limited	Dormant	100%*	Room 1124, Ocean Natural Xintiandi, No.106 East Majiapu Road, Fengtai District, Beijing 100000	China
Nippon Auto-Photo Kabushiki Kaisha	Operations	100%	Room 1302, Atlas Tower Roppongi, Roppongi 7-7-13,Minato-Ku, 106 0032	Japan
Photo-Me Korea Company Limited	Operations	100%*	Room #203-1, Daeryung techno town 1st, Gasan Digital 2 ro 18, Geumcheon-gu, Seoul, 08592	Korea
Photomatico (Singapore) Pte Limited	Operations	100%	26 Sin Ming Lane, Singapore 573971	Singapore
KIS (Thailand) Limited	Dormant	49%	53/3, 4th Floor, Unit 4, Goldenland Bldg, Soi Mahardlekluang 1, Badmiri Rd, Lumpini Phathumwan, 10330 Bangkok	Thailand

* Investments in subsidiaries not owned directly by Photo-Me International plc.

Photo-Me CR.s.p.o.l.s.r.o. is owned 20% by Photo-Me International plc and 80% by Prontophot Austria G.m.b.H.

Photo-Me International plc owns 49% common shares in KIS (Thailand), 51% preferred stock is owned by other shareholders.

The results of the Group's subsidiaries and associates are consolidated for the period ended 31 October 2020. Certain subsidiaries and associates have a different statutory year end, sometimes due to legal requirements in the country concerned. The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Companies Act:

– Jolly Roger (Amusement Rides) Limited;
– Photo-Me (Retail) Limited;
– Revolution Max Ltd;
– Xpand Investments Limited;
– Inox Equip Limited; and
– Mginvest Investments Limited.

The business figures for 18 months of Fotofix-Schnellphotoautomaten G.m.b.H.are part of the consolidated financial statements of the Company. Fotofix-Schnellphotoautomaten GmbH is exempted from local audit as of 30 April 2020.

By virtue of section 394A of the Companies Act 2006, the group companies below which are currently dormant are exempt from the requirement to prepare individual accounts:

– Photo-Me (2016) Limited;
– Power-Me Limited;
– Photo-Me Trustees Limited;
– Tersus Equip Limited

The following subsidiaries and associates have year-ends which are not 31 October:

SCI du Lotissement d'Echirolles	31 December
Photo-Me Beijing Co Limited	31 December
Photo-Me Shanghai Co Limited	31 December
KIS Technology Company Limited	31 March

29 BUSINESS COMBINATIONS

Sempa

On 24 April 2019, the Group acquired 96% of the issued share capital of Sempa SARL for a consideration of €20,640,000 million, obtaining control of the Company on that date. Sempa SARL is the French market leading provider of fresh fruit juice equipment. This acquisition is in line with Photo-Me's strategy to diversify its vending operations and will develop a new segment alongside its Identification, Laundry and Kiosk businesses.

The acquisition was financed with borrowings from the Group's bankers.

Due to the proximity of the transaction to the prior period reporting date, the purchase price allocation, including determination of the fair value of intangible assets recognised on consolidation, had not been finalised when the prior period financial statements were approved. The Group has therefore during the period adjusted the provisional amounts that were recorded in the prior period financial statements by increasing intangible assets by £10,553,000 and reducing goodwill by the same amount (see note 11).

As part of the purchase price allocation, Photo-Me has recognised 'separately identifiable acquired intangible assets' in accordance with International Financial Reporting Standards, and had their fair values assessed by an independent expert. The fair values being attributed to the intangible assets for the year ended 30 April 2020 are noted below.

The fair value adjustments in respect of acquired intangible assets are due to the recognition of €7.71m in respect of key customer relationships that provide Sempa with recurring annual revenue; €2.03m in respect of the Sempa brand and related assets which commands more than 50% share of the juice press market in France; and, €2.97m in respect of a key supplier agreement which secures Sempa with exclusive rights to distribute its key product offering throughout France. There is a small balance of residual goodwill that we believe is attributable to Sempa's acquired workforce. A deferred tax liability of £2,4m was recognised in connection to these intangible assets and reflected in goodwill.

In the current period, the Group increased its ownership of Sempa SARL by purchasing the remaining 4% of the issued share capital in the company.

30 IMPACT OF COVID-19

Due to the significant impact of COVID-19 on consumer activity in all the Group's end markets, the Group's performance in the period was significantly impacted. COVID-19 started to impact trading in Asia (especially China) in mid-January 2020 and by March 2020 the entire Group's end markets were severely disrupted, and the majority of expected revenue did not materialise as a result.

- COVID-19 has severely impacted each business area: B2B, children's rides and, laundry operations to a lesser extent. Identification will be the most challenging to recover.
- Identification was significantly impacted by the pandemic and ongoing challenging market conditions in the UK, due to home-taken photos being accepted for official documents such as passports.

The COVID-19 crisis has required an in-depth review of the Group's operations to address the current trading challenges. This has led to a £33.6 million impact on the results, from exceptional items to provisions and impairment for the 18 months ended 31 October 2020. The largest elements being:

- The write down of the carrying value of non-profitable machines (mainly photo booths and children's rides – see note 12) amounting to over £17.5 million due to the disruption caused by the COVID-19 situation, and the likely slow recovery in consumer spending habits should social distancing measures remain in place for the foreseeable future. A further £15.3 million on impairment of intangibles and £2.1 million on provisions and relocation.
- The impairment of intangibles includes impairment of goodwill and investments, especially for the B2B companies in the UK as well as the impairment of R&D and other intangibles (see note 11).

Provisions include the provision for bad debt, receivables from customer attrition or bankruptcy and machines costs provisions, such as dilapidation costs that will be incurred on relocation from non-profitable sites and stocks impairment.

Decisive action was taken to preserve the Group's cash position, including reducing capital and other expenditure where feasible, using government job retention schemes available to the Group to support payroll costs (amounting to £2.3 million). This was shown as a deduction of the related expenses.

31 EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

The group continues to expand with the recent acquisition of the Japanese ID photobooth business of Plaza Create Co. Ltd. The transaction completed on the 1st of February 2021 by a Photo-Me international subsidiary in Japan (Nippon Auto-Photo) for a consideration of JPY 1,013,000,000.

UK subsidiary FOWLER UK.COM Ltd which had its name changed to REVOLUTION MAX Ltd in May 2020 merged with another UK subsidiary INOX EQUIP ltd on 1 November 2020.

Notes to the financial statements continued

For the year ended 30 April 2020

32 TRANSITION TO IFRS 16 LEASES

The table below shows reclassification of assets and liabilities on transition to IFRS 16 and the initial effect at 01 May 2019

	01 May 2019 Before £'000	IFRS-16 Impact £'000	01 May 2019 After £'000
Assets			
Non-current assets	**143,277**	**18,582**	**161,859**
Current assets	**128,723**	**–**	**128,723**
Total assets	**272,000**	**18,582**	**290,582**
Equity			
Equity attributable to owners of the Parent	**141,977**	**–**	**141,977**
Non-controlling interests	**1,870**	**–**	**1,870**
Total equity	**143,847**	**–**	**143,847**
Liabilities			
Non-current liabilities	**64,450**	**13,755**	**78,205**
Current liabilities	**63,703**	**4,827**	**68,530**
Total equity and liabilities	**272,000**	**18,852**	**290,582**

33 PERIOD SUMMARY

Income statement (unaudited)

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Revenue					
UK & Ireland	**54,623**	52,919	63,707	53,639	45,783
Continental Europe	**195,230**	130,661	121,134	111,670	93,712
Asia	**60,392**	44,538	44,973	49,344	44,499
Total revenue	**310,245**	228,118	229,814	214,653	183,994
Operating profit after special items before finance costs	**3,317**	42,739	46,106	46,807	39,734
Net finance (cost)/income & Other gains	**(2,825)**	(146)	4,069	1,232	372
Profit before taxation	**492**	42,593	50,175	48,039	40,106
Taxation	**(2,844)**	(11,314)	(9,889)	(12,901)	(10,907)
Profit after taxation	**(2,352)**	31,279	40,286	35,138	29,199
Attributable to:					
– equity owners of the Parent	**(2,305)**	31,226	40,134	34,991	29,066
– Non-controlling interests	**(47)**	53	152	147	133
	(2,352)	31,279	40,286	35,138	29,199
Earnings per share – Basic	**(0.62)p**	8.27p	10.64p	9.30p	7.77p
Earnings per share – Diluted	**(0.62)p**	8.26p	10.60p	9.27p	7.72p
Dividends – interim	**0.00p**	3.71p	3.71p	3.09p	2.575p
Dividends – final	**0.00p**	4.73p	4.73p	3.94p	3.285p
Dividends – special	**–**	–	–	–	2.815p
Total dividends	**0.00p**	8.44p	8.44p	7.03p	8.675p

Statements of financial position

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Intangible assets	**32,739**	41,816	27,395	25,263	20,312
Property, plant and equipment	**90,937**	95,353	93,232	75,651	56,723
Other non-current investments	**57**	415	1,583	2,095	1,713
Other non-current assets	**3,743**	5,693	10,047	8,136	8,092
Current assets	**139,760**	128,723	106,652	85,753	103,382
Assets held for sale	**–**	–	–	96	96
Total assets	**267,237**	272,000	238,909	196,994	190,318
Share capital	**1,889**	1,889	1,887	1,882	1,877
Share premium	**10,599**	10,588	10,366	8,999	8,156
Reserves	**99,693**	129,500	131,004	117,080	111,608
Equity of the Parent	**112,181**	141,977	143,257	127,961	121,641
Non-controlling interests	**1,689**	1,870	1,553	1,341	1,109
Total equity	**113,870**	143,847	144,810	129,302	122,750
Total non-current liabilities	**52,968**	64,450	35,959	19,045	17,656
Total current liabilities	**100,399**	63,703	58,140	48,647	49,912
Total equity and liabilities	**267,237**	272,000	238,909	196,994	190,318
Net cash	**21,877**	16,338	26,688	39,212	62,415

Note: The figures above have been extracted from the accounts for the relevant period and have not been adjusted for changes in accounting policies as a result of adoption of new accounting standards.

Financial & operating statistics

	2020	2019	2018	2017	2016
Capital expenditure – photobooth & vending machines £'000	**38,435**	24,938	35,588	33,787	19,402
Capital expenditure – research & development £'000	**2,296**	1,631	2,510	2,390	2,935
EBITDA £'000	**87,313**	69,705	70,981	69,034	56,530
EBITDA % of revenue	**28.1**	30.6	30.9	32.2	30.7
Number of vending sites	**44,500**	47,000	47,000	48,000	45,500

Company Information & Advisers

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Shareholder Information

ANALYSIS OF REGISTERED SHAREHOLDINGS AT 28 FEBRUARY 2021

Category:	Number of holdings	Number of Ordinary shares	% Ordinary share capital
Individuals	1,738	7,195,811	1.90%
Nominees	317	365,080,151	96.58%
Other corporate bodies	38	5,735,675	5.52%
Total	**2,093**	**378,011,637**	**100%**

Size of holding:	Number of holdings	Number of Ordinary shares	% Ordinary share capital
1 – 1,000	1,065	512,077	0.14%
1,001 – 10,000	743	2,254,808	0.61%
10,001 – 100,000	167	5,918,347	1.61%
100,001 – 500,000	64	14,951,936	4.22%
500,001 – 1,000,000	21	16,328,506	4.56%
1,000,001 and above	33	338,045,963	88.90%
Total	**2,093**	**378,011,637**	**100%**

CAPITAL GAINS TAX

For shareholders wishing to calculate United Kingdom capital gains tax, the example below shows the effect on 100 shares at 31 March 1982 after all subsequent capitalisations and subdivisions:

		Ordinary shares of 50p each
31 March 1982	100	(at market value of 445p per 50p share)
9 December 1983 (1 for 5 Cap.)	20	Ordinary shares of 50p each
	120	
12 December 1985 (1 for 6 Cap.)	20	Ordinary shares of 50p each
	140	
12 December 1985 (subdivision)	140	(50p to 25p)
	280	Ordinary shares of 25p each
18 December 1987 (subdivision)	1,120	(25p to 5p)
	1,400	Ordinary shares of 5p each
13 December 1989 (subdivision)	1,400	(5p to 2.5p)
	2,800	Ordinary shares of 2.5p each
8 November 1999 (subdivision)	11,200	(2.5p to 0.5p)
	14,000	Ordinary shares of 0.5p each

INVESTOR RELATIONS WEBSITE

Investor relations information, including share price, is available through the Company's website www.photo-me.com

Shoreholder Information continued

TRANSFER OFFICE AND REGISTRATION SERVICES

Link Group act on behalf of the Company. All shareholder enquiries, notifications of change of address, dividend mandates, etc. should be referred to them at:

Link Group
10th floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

Tel: 0371 664 0300
Overseas Tel: 00 44 371 664 0391

Link Group also offer a range of shareholder information online at www.capitashareportal.com

The Register of directors' interests is maintained at the Registered Office at Epsom.

Copies of the Annual Report should be requested from:

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FINANCIAL CALENDAR

Annual General Meeting	30 April 2021
Half year results	
(to 30 April 2021)	Announcement in July 2021
Full year results	
(to 31 October 2021)	Announcement in February 2022

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