

Photo-Me International plc
Annual Report 2021

Making
Easy



Photo-Me International PLC has evolved over time.

Our new corporate brand, ME Group, which was launched in 2021, better defines how the Group has innovated and diversified its operations, and unifies the Group's strategy across all its markets.

Our new identity reflects our mission to revolutionise local retail by bringing innovative automated self-service solutions to consumers, delivered through a more self-sufficient customer experience every day.

So why ME?

ME captures the easy-to-use and convenient nature of the Group's diverse vending equipment portfolio and consumer experience and engagement.

MY EXPERIENCE MORE ENGAGED MINUTE EXPERIENCE MAKING EASY

The new brand strategy is an exciting and important development for the Group, which will support its plans for growth and continued diversification to meet the needs of customers and consumers today and in the future.

ME Group is a trading name and trademark of PHOTO-ME INTERNATIONAL PLC which remains the registered name of the Company for now.

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Photo.me

Facilitating the administrative procedures of several hundred thousand citizens every day throughout the world in government-approved connected photo ID booths.

Strategic report

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2021 in Summary

Results summary

For the 12 months ended 31 October 2021

REVENUE

£214.4m

2020³: £186.3m

Gross CASH⁴

£98.4m

2020³: £106.2m

EBITDA (EXCLUDING ASSOCIATES)¹

£65.1m

2020³: £41.4m

NET CASH

£34.9m

2020³: £21.9m

PROFIT BEFORE TAX²

£28.6m

2020³: £(27.8)m

EARNINGS PER SHARE(DILUTED)

5.77p

2020³: n/a

PROFIT AFTER TAX

£21.9m

2020³: £(24.9)m

TOTAL DIVIDEND PER ORDINARY SHARE

2.89p

2020³: nil

CASH GENERATED FROM OPERATIONS

£66.1m

2020³: £51.8m

Financial summary

- Revenue was up 15.1% to £214.4 million (2020: £186.3 million), as the Group benefited from the easing of COVID-19 restrictions on the movement of people compared with comparative period last year
- EBITDA increased by 57.2% to £65.1 million (2020: £41.4 million)
- Reported Profit before tax increased by £56.4 million to £28.6 million (2020: £(27.8) million)
- Cash generation from operations increased 27.6% to £66.1 million (2020: £51.8 million)
- Net cash of £34.9 million, an increase of 56.5% from the same in the prior year

Operational highlights

- Strong performance with a progressive recovery in demand for our vending services seen across most of our key markets
- Photobooth revenue up 15.2%, driven by a strong performance in France and Japan
- Revenue from Revolution laundry units was up 26.6%, and the total number of Revolution units in operation was up 19.1%
- Continued focus on new product innovation and diversification of operations to meet customer and consumer needs
- Launch of ME Group, new corporate brand strategy to reflect diversification of operations

¹ EBITDA is Reported profit before tax, total depreciation and amortization, other net gain, Finance cost and revenue.

² Includes impairments and provisions resulting directly and indirectly of the pandemic.

³ All 2020 figures stated are for the 12 months ended 31 October 2020

⁴ Total cash and cash equivalent were £99.4m with gross cash £98.4m + bank deposit account for £1.0m

Business at a Glance

OUR PURPOSE:

To make people's lives easier every day around the world through our innovative vending products and services, and deliver value to all our stakeholders in all our markets.

Three core geographies

OPERATIONS IN

20 countries

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

R&D CENTRES

3

supported by a team of more than 50 engineers, situated in France (primary facility), Vietnam and Japan

VENDING UNITS IN OPERATION

43,817

Four principal business areas

Photo.me

Photobooths and integrated biometric identification solutions

Print.me

High-quality digital printing kiosks

Wash.me

Unattended laundry services, laundrettes, B2B services

Feed.me

Vending equipment for the food service market

Chairman's Statement

Sir John Lewis

Non-executive Chairman

REPORTED REVENUE

£214.4m

at 31 October 2021

NET CASH POSITION

£34.9m

at 31 October 2021

In 2022 the Group will celebrate its 60th anniversary.

The year will also mark its rebirth, both in terms of our operational performance, if the pandemic recedes, and in terms of innovation, diversification and expansion of our historical business activities, photobooths, and laundry activities, alongside our newer self-service food vending equipment activities.

Photo-Me is a unique business. Our business model has proven its strength through the resilience of our performance in the 2021 financial year. Millions of people see our machines each day and we benefit from a dominant market position in many of the countries in which we operate, with limited or no competition. We have established and long-standing partnerships with site owners and customers, underpinned by long-term contracts. This gives the Group good revenue visibility and year-on-year recurring revenue streams and provides a significant barrier to potential competitors. We use cash generated from our operations to fund product innovation, to consolidate our offer and to extend our geographic presence. Shareholder value is delivered through growth and dividends.

Our strategy remains to provide consumers and our partners with an excellent customer experience. This approach is based on our three pillars: People, Service, and Customer Satisfaction.

Innovating local automatic services to meet the needs of consumers is in our DNA, and all our people work together to deliver this objective. We have rejuvenated the Group's corporate brand identity and are now trading under the ME Group brand. To further cement this adherence to our purpose and values, we have launched an ambitious policy of Corporate Social Responsibility (CSR). Our people, across our operations, play an important part in the Group's responsibility for reducing carbon emissions, reducing material consumption, and the circular economy.

The Group delivered a strong performance in the 2021 financial year. A progressive recovery in demand for our vending services across most of our key markets was driven by increased photobooth activity and a strong performance from our laundry operations.

Sir John Lewis

Non-executive Chairman

Finally, our sustained efforts in research and development, boosted tenfold by a true digital revolution launched in 2020, will continue to bring our machines to the forefront of innovation and customer attraction.

2021 Overview

The Group delivered a strong performance in the 2021 financial year. A progressive recovery in demand for our vending services across most of our key markets was driven by increased photobooth activity and a strong performance from our laundry operations. The Group also benefited from completion of its restructuring programmes to remove unprofitable machines from its estate (primarily photoboos and children's rides) in April 2021.

As a result, the Board is pleased to report that total revenue and profit before tax for the Period were at the upper end of its expectations.

As well as benefiting from increased activity in most of our markets, considerable strategic progress was made, despite ongoing disruption and challenges caused by the COVID-19 pandemic. The number of Revolution laundry units grew by c. 19% year-on-year. We extended our presence in the food vending equipment market with the acquisition of a pizza vending manufacturer and we launched a fresh apple juice and fresh pineapple juice machine for the B2B market. The Group also entered two new territories with plans to develop its operations in Finland and Australia.

ME Group corporate brand

The Group has a rich history spanning seven decades and its proposition has evolved significantly, particularly in recent years as our diversification strategy has been successfully implemented.

Today the Group has a presence in 20 countries, and operates, sells and services a wide range of instant-service equipment, primarily aimed at the end consumer. Whilst our photobooth services remain an important part of our operations, the Group now offers an extensive and diverse range of products and services beyond its photobooth heritage.

During the Period, the Group launched a new corporate brand "ME Group" to better reflect the change in the breadth and reach of our operations, and the wide range of easy to use and convenient vending products and solutions offered by the Group. ME GROUP is a trademark and trading name of Photo-Me International plc.

Whilst our principal business areas are unchanged, we have aligned these to our new branding. Identification and photoboos is called "**Photo.ME**", laundry services called "**Wash.ME**", digital printing kiosks, "**Print.ME**" and vending equipment for the food service market is now referred to as "**Feed.ME**".

Growth strategy

Our growth strategy is centred on further diversifying our operations, through product innovation and new technologies. Our aim is to expand the number of units in operation and increase the yield per unit by leveraging our technological and industry expertise, and our scale to rapidly rollout new products in existing and new markets, whilst minimising production and operational costs.

Product innovation remains at the core of the Group to support diversification of our operations. We have in-house R&D capabilities in France (primary facility), Vietnam and Japan, plus a team of more than 50 dedicated engineers.

We use cash flow generated by our long-established operations, such as photoboos, to invest in future growth.

Our key investment priorities are focused on three of our principal business areas:

- Diversification and commercialisation of the next generation photobooths (Photo.ME), a key margin contributor to the Group.
- Continued expansion of our laundry operations (Wash.ME), a key growth driver for the Group.
- Growth of our food vending equipment business (Feed.ME), with the aim of becoming a leader in the European market.

In addition to developing these business areas through organic growth, the Group will continue to identify selected bolt-on acquisitions which meet the Group's return on investment criteria.

As the Board drives this strategy forward, we expect that the Group's Wash.ME and Feed.ME business areas will contribute an increasing proportion of total Group revenue and profit.

Furthermore, the Group has extended its geographic footprint. In June 2021 we took the first commercial steps to expand vending operations into Finland, and in September 2021 we entered the Australian market via a small vending acquisition for a consideration of £1.9 million (A\$3.5 million). The Board is also considering opportunities in other European markets.

Further details of the growth strategy for each of our principal business areas and strategic progress in the Period are set out in the Business Review.

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.

Our systemic CSR approach and focus on inventing eco-responsible local services together supports our growth strategy and operations by integrating social, environmental, and economic expectations into the Group's strategy and operations. We are committed to strengthening our efficiency by better coordinating and aligning all our CSR-related actions across our organisation to accelerate delivery of our CSR goals. Our priorities are focused on our social commitment, our environmental footprint, and our responsibility toward society. Our aim is for the Group to be carbon neutral by 2040.

The Board

The Board of Directors has been working hard to refresh its membership for some time as it continues to plan for succession for both Executive and Non-executive Directors and we were delighted to announce the appointment of four new members on 23 June 2021.

Tania Crasnianski was appointed as an Executive Director, and Camille Clavier, René Proglie and Sigieri Diaz della Vittoria Pallavicini were appointed as Non-executive Directors. These new appointments bring a wealth of experience and breadth of skill sets and the Board is pleased to work with Tania, Camille, René and Sigieri to drive forward the Group's growth strategy.

Mr Yitzhak Apeloig tendered his resignation as a Non-executive director and left the Company in April 2021. The Board thanks Mr Apeloig for his invaluable contribution to the Group during his tenure of office.

Dividend

The Board is recommending a final dividend of 2.89p per ordinary share for the shareholders on the register at the close of business on 19 April 2022. The ex-dividend date will be 14 April 2022 and, if approved by shareholders at the Company's annual general meeting on 29 April 2022, the dividend will be paid on 13 May 2022.

Looking ahead

While there continues to be some disruption from the pandemic and market visibility is still somewhat limited, we remain highly vigilant and continue to take the steps needed to mitigate the impact of the current trading environment on our operations and our financial position.

The situation in Russia and Ukraine is being closely monitored by the Board. However, the Group has no activities at all in this region and therefore it does not currently expect Group revenue to be impacted.

The Board has carefully reviewed several scenarios and we are confident that the Group has sufficient financial resources to continue to deal with the economic risks over the next five years.

There has been a recovery in activity in most territories, except for Asia which is still severely impacted by COVID-19 government restrictions. The Board believes that the Group's recovery to date demonstrates its resilience and the benefits of its strategic activities, which gives us further confidence that our financial performance will return closer to pre-pandemic levels as the pandemic subsides.



Sir John Lewis
Non-executive Chairman

30 March 2022

Business Model and Strategy

Our business model has proven its strength through the resilience of our performance in the 2021 financial year.

Millions of people see our machines each day and we benefit from a dominant market position in many of the countries in which we operate, with limited or no competition.

We have established and long-standing partnerships, underpinned by long-term contracts which gives the Group good revenue visibility and year-on-year recurring revenue streams and provides a significant barrier to potential competitors.

Our business strategy is focused on diversifying our product portfolio, expanding the number of units in operation, and increasing the yield per unit, while minimising production and operational costs to the Group.

Key investment priorities

- **Diversification and commercialisation of our next generation photobooths, a key margin contributor**
- **Continued expansion of our laundry operations, a key growth driver for the Group**
- **Growth of Feed.ME, to become the food-vending equipment market leader in France by 2023**
- **Innovation and diversification focused on delivering a state-of-the-art user experience, backed by the best technology, and an Omnichannel approach**

Our key strengths support our growth strategy

Long-term partnerships with high footfall technology and innovation

Development of proprietary solutions and continuous focus on product diversification

Long-term partnerships with high footfall site owners, underpinned by long-term contracts

Supermarkets, shopping malls, public transport and public administration buildings

Brand recognition

Leading brands and household names in key territories

Network of skilled field engineers

Supporting growth across business areas at limited additional cost

Telemetry system

Sophisticated and tailored to the Group's proprietary technology

Industry expertise

More than 50 years working with regulatory bodies

Stable cash flows

Generated from existing network to fund R&D and support growth through product innovation and to consolidate our offer and extend our geographic presence

Value for all our stakeholders

Competitively priced, high-quality services for consumers

Meeting increasing demand for instant vending services on-the-go

Additional services for site owners

Support customer needs and footfall

Shareholder value

Delivered through growth and dividends

Corporate social responsibility

Focus on social commitment, environmental footprint, and responsibility towards society

Identification

GROUP TOTAL VENDING ESTATE

63.6%

PHOTOBOOTH UNITS IN OPERATION

27,867

PHOTOBOOTH PRESENCE IN

15 countries

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

REVENUE¹

▲ 15.2%

2021: £123.2m

2020: £106.9m

¹ For the 12 months ended 31 October

Photo.me

Photobooths and integrated biometric photo identification solutions

A global leader in the photobooth market for instant photo ID, portraits, and fun photographs

We have an established network of nearly 28,000 photobooths offering market-leading photographic quality and technology in 15 countries

Our services are primarily aimed at the consumer market, with machines typically located in convenient, high-footfall locations such as supermarkets, shopping centres and travel hubs

We work closely with national institutions to fully understand government Photo ID standards and security requirements

Our strategy

Photo.ME delivers stable cash flow that supports the Group's diversification strategy and investment in new product development.

Our Photo.ME growth strategy is focused around:

- Diversification and commercialisation of next generation photobooths, a key margin contributor to the Group
- Longer-term opportunities to expand presence outside of Europe, particularly in countries where self-taken ID photos are not permitted
- Deploying proven identification security technologies in existing and new territories
- Growing revenue through multiple service offering

Our operations

Photo.ME offers:

Integrated proprietary software ensuring all photographs conform to International Standards Organisation (ISO) and International Civil Aviation Organisation (ICAO) regulations for photo identification

Secure digital Photo ID technology providing solutions to governments seeking to improve and digitalise security ID to combat fraud and security threats, including biometric data capture, secure and direct transfer of data to government servers and 3D facial image capture via our photobooshs. Agreements in place with governments for the direct and secure upload of photographs from our photobooshs to their servers for official documents

Strong support and maintenance network in development such as beautifying, vintage pictures and editing

Our strategy in action

Photobooshs receive Biometric Presentation Attack Detection compliant accreditation

Developed at the Group's R&D centre in France, its liveness detection technology has been recognised as compliant under international Biometrics Presentation Attack Detection standards (ISO/IEC 30107-3) by the French biometrics and security technologies experts at Cabinet Louis Reynaud Labs

This accreditation is a key achievement and provides further evidence of the Group's security and industry-leading technology across its photobooth estate, which effectively detects and prevents potential biometric presentation attacks

The prevention of presentation attacks within photobooshs is an essential process to mitigate and eliminate the creation of real "fake" official identity documents

Photobooshs equipped with encrypted digital Photo ID upload technology:

2021 12 937

2020 12 000

2017 7 000

Laundry

GROUP TOTAL VENDING ESTATE

9.3%

REVOLUTION LAUNDRY UNITS IN OPERATION

4,094

OPERATIONS IN

13 COUNTRIES

Austria, Belgium, China, France, Germany, Ireland, Japan, Netherlands, Poland, Portugal, Spain, Switzerland, United Kingdom

REVOLUTION REVENUE¹

▲26.6 %

2021: £44.8m

2020: £35.4m

¹ For 12 months ended 31 October

Wash.me

Unattended 24/7 laundry services, launderettes, B2B laundry services

Large-capacity, energy-saving rapid unattended laundry services aimed at consumers and B2B market

Growing network of more than 4,000 Revolution units

Key markets include France, the United Kingdom, the Republic of Ireland, and Portugal

Our strategy

Our Wash.ME business is our highest margin and fastest growing business area. The Group's growth strategy is focused on:

- Expansion of Revolution laundry services in target territories through new and existing partnerships with strategic site owners
- Continued innovation of laundry units, upgrading existing machines and the commercialisation of new formats
- Continuing to increase laundry revenue as proportion of total Group revenue

Our operations

Wash.ME comprises three main areas of operation: Revolution laundry services (primarily), launderettes, and B2B laundry services

Revolution laundry services offer 24/7 outdoor self-service machines, typically located on high-footfall sites such as car parks, campsites and university campuses

- Operations in thirteen countries: Austria, Belgium, China, France, Germany, Ireland, Japan, Netherlands, Poland, Portugal, Spain, Switzerland and United Kingdom

Self-service launderette shops offer convenient and competitively priced large-capacity, self-service laundry amenities, typically located near town centres

- Operations in five countries: France, Japan, Portugal, Republic of Ireland and United Kingdom

B2B laundry operations sells laundry services, targeting hospitals, care homes and universities

- Operations in Spain¹

¹ The Group sold its UK B2B business (Revolution Max) in FY2021

Our strategy in action

Average of 60 machines installed per month

REPRESENTATION OF TOTAL GROUP VENDING ESTATE

2021 9.3%

2020 7.7%

2019 .4%

Increasing Revolution unit revenue contribution

REPRESENTATION AS PERCENTAGE OF GROUP REVENUE

2021 0.9%

2020 9%

2019 20.9%

Photovoltaic solar panels installed on 198 Revolution units in France, and these are being rolled out to other territories including United Kingdom and Germany

Kiosks

GROUP TOTAL VENDING ESTATE

11.8%

Units In Operation

5,173

OPERATIONS IN

8 countries

Portugal, Germany, Spain, Japan, Belgium, France, Netherlands, Switzerland

REVENUE¹

▲ 2.6%

2021: £11.7m

2020: £11.4m

¹ For the 12 months ended 31 October

Print.me

High-quality digital printing kiosks positioned in attractive high footfall locations across Europe

Our strategy

- Consider opportunities to extend digital kiosk services offered through the Group's instant-service machine network
- Identify product partnership opportunities within existing territories

Our operations

Industry-leading technology offers a wide range of printing formats (with multi-touch technology for cropping and editing) and personalised products. Products to print include vintage photos, personalised gifts, calendars, announcement cards

Fully integrated with major social media networks providing consumers with convenient, easy-to-use, reliable, competitively priced, and high-quality services from smartphones and other devices for a seamless customer experience

Other vending equipment

UNITS IN OPERATION

6,624

GROUP TOTAL VENDING ESTATE

15.1%**Amuse.me**

Safely entertaining thousands of children on traditional or interactive rides to enchant their parents' daily lives as well.

Operations include children's rides (Amuse.ME) and photocopiers (Copy.ME)

Units are reliant on high footfall to generate consumer demand, and are usually situated at sites where the Group has an existing relationship with the site owner

Operations benefit from operating synergies, leveraging the same 650-strong field engineer and maintenance network

Copy.me

Reproduce all your private or professional documents on your way to work or while you are shopping with the latest technology photocopiers.

Food

OPERATIONS IN 3 countries

Belgium, France, Switzerland

REVENUE¹

▲ **52.4%**

2021: £9.6m

2020: £6.3m

¹ For the 12 months ended 31 October

Feed.me

Vending equipment for the food service market

Entered the food vending equipment market in 2019 through the acquisition of Sempa SARL, a specialist in commercialised self-service fresh fruit juice equipment

Through innovation and bolt-on acquisitions, this business area has expanded into new markets

Our strategy

- Expand presence in the self-service fruit juice equipment market and offer a wider variety of self-service fresh juice options in all territories where the Group has an existing footprint
- Establish a presence in the pizza-vending equipment market with the aim of becoming a leader in the European market, and installing 100 machines per month by 2023
- Become the food-vending equipment market leader in France by 2023

Our operations

Specialist high-end professional fresh citrus fruit machines with proprietary technologies to produce high-quality fruit juices

Pizza vending equipment manufacturer offering consumers self-service pizza 24/7 ready in four minutes, as well as pizza machines aimed at the B2B hospitality market (restaurants and takeaways)

Our strategy in action

Innovative professional apple and pineapple machines developed for the B2B market. So far, 100 machines installed across France, Belgium and Japan

New 'juice wall concept' developed, which offers a variety of self-service fresh juice options, 25 of which were deployed in 2021

Prototype new grape juice machines developed and being tested

Entered a new business area through the acquisition of French manufacturers of pizza vending machines, Resto'Clock, in May 2021 with plans to increase manufacturing capacity and geographic distribution in the future. During the year installation rate was accelerated from 40 per year to 30 per month

Celebrating 60 years in 2022

The Group has a rich history driven by a strong culture of creativity and innovation. Over the past six decades it has rapidly grown to become one of the leading players in self-service automated services globally.

During this time, the services the Group provides to its customers and consumers around the world have evolved and diversified significantly. The Group's purpose is to develop everyday instant solutions that everyone can access, without exception, and this commitment remains true today.

1962

Photo-Me International shares list on the London Stock Exchange (PHTM.L)

2010

New generation iconic photobooth launched

1994

Merger with KIS (France), a leading instant printing business

1954

First customer uses a Photo-Me® photobooth and a few minutes later walks away with their picture – amazing technology for its time

2012

New Revolution self-service laundry concept launched, diversifying the Group's range of instant-services

Innovation remains at our core as we continue to make several hundred thousands lives easier each day.

2019

Entered the food vending sector, with acquisition of SEMPA Sarl, the French leader in the manufacture and distribution of fresh fruit juice machines, marking the start of the Group's food vending operations

2021

Acquisition of pizza vending machine manufacturer, Resto'Clock

Developed proprietary 'anti-spoofing' solution of ID photos

Launch of ME Group corporate brand strategy to better define how the Group has innovated and diversified its products, services and operations

2014

State-of-the-art encrypted upload technology providing digital photo ID for official documents launched, working in partnership with governments – including driving licenses in France, passports office in Ireland and in the United Kingdom

2020

Self-service apple and pineapple juice machines developed for the B2B market, and other machine innovation projects in the pipeline

2022

Celebrating 60th anniversary since being listed on the London Stock Exchange, as the Group gains new momentum supported by the ME Group corporate brand

Continuous innovation and diversification

The Group's in-house R&D team is continuously working on new product innovation to meet ever-changing customer and consumer needs, supported by a 50-strong team of dedicated engineers. Our approach is focused on two key pillars:

- 1. A state-of-the-art user experience, backed by the best technology**
 - Design of new, intuitive, and modern user interfaces across product categories
 - Integration of digital payment systems
 - Up-to-date functionalities, through an aggregate of the best of external technology providers
- 2. An omnichannel approach, leveraging digital functionalities to enhance user experience of our brands and explore new business models**
 - Use of a powerful CRM which offers a customised experience to end users
 - Launch of applications that connect to our machines to offer mobile-to-machine features
 - Remote management of our self-service vending equipment through a cloud-based infrastructure

Photobooths and digital kiosks:

Innovation to reinvent the offer

Face ID anti-spoofing support through biometric authentication

Fun products and social media sharing functions

Multiservice photobooths and kiosks to integrate the consumer journey into specific omnichannel automated services

Laundry

Innovation to enhance presence in self-service laundry market

Innovation to enhance presence in self-service laundry market

- Multiple configuration options tailored to customers' needs
- Reduced production costs
- Reduced catalogue product lines

Revolution Compact V3, new outdoor laundry unit with new features to benefit customers and the environment

- Uses less energy, detergent
- Equipped with solar panels, reducing carbon footprint

Flex, new indoor laundry unit

- Based on modular configurations
- For distribution into co-living locations

Food

Feed.me

Innovation to address market opportunities

Expansion of professional fresh fruit juice range to include grape, kiwi and pear products

Second generation pizza kiosks due to launch from June 2022 to address the independent pizzaiolos market and hypermarket global key accounts

- Pizza oven integrated with Boxpresso e-fridge
- 64-pizza Muliquattro V3
- 96-pizza capacity kiosk

The Group has plans to further digitalise pizza kiosks by using a centralised software platform to:

- Manage customer activity remotely
- Integrate a real-time inventory, sales and back-office functions
- Support cashless payments
- Offer a dedicated end-user application

Chief Executive's Report

Serge Crasnianski

Chief Executive Officer & Deputy Chairman

REVENUE

£214.4m

12 months ended 31 October 2020 £186.3m

PROFIT BEFORE TAX

£28.6m

12 months ended 31 October 2020 £(27.8)m

Business review

The Group has continued its recovery, despite the ongoing disruption in 2021 due to COVID-19 in all the countries in which the Group operates, which followed a difficult year in 2020.

Nonetheless, the Group has made progress towards returning to its pre-pandemic performance. The responsiveness of the management team, the rapid and decisive actions taken, and the efforts made by all have made it possible to overcome adversities and envisage the way forward post-pandemic with confidence.

The in-depth restructuring of the Group and its assets is now complete, and the Group is entering a new era. While maintaining the same strategic direction, focused on photobooth, laundry and food activities, we continue to expand our presence in all the territories where we operate, and extend our presence in Southern and Northern Europe and in Asia Pacific. Through targeted acquisitions we have consolidated our position in Japan and extended our Feed.ME business. Despite the pandemic, we have continued to invest in R&D, including a unique anti-spoofing patent for our photobooths, and solar panels for our Revolution laundry units. Our commercial performance has also been supported by our marketing activities, which are essential to ensure a high-quality customer experience.

Financial performance

Reported revenue in the Period increased by 15.1% to £214.4 million, compared with £186.3 million in the prior 12 months ended 31 October 2020, reflecting continued recovery in activity levels in most of our markets.

Continental Europe performed particularly well, with revenue up 22.7% and operating profit up 773.5%, primarily driven by activity in France.

Despite COVID-19, our results show our spectacular resilience, including on photoboosts. We are back to comparable figures for 2019 and all our efforts are focused on the diversification of our business.

Serge Crasnianski

Chief Executive Officer & Deputy Chairman

The UK & Ireland delivered a significant improvement in profitability, with operating profit at £5.0 million, compared with a loss of £20.9 million in the 12 months ended 31 October 2020. A breakdown of performance by region is set out in the Review of Performance by Geography.

Reported EBITDA (excluding associates) was £65.1 million, an increase of 57.2% on the prior 12-month period, which delivered an EBITDA margin of 30.4%.

Reported profit before tax improved significantly to £28.6 million compared with a loss of £27.8 million in the 12 months to 31 October 2020.

Capital expenditure in the Period was £29.9 million, primarily related to laundry operations (£16.2 million). The remainder relates to photoboosts, and other plant equipment. The investment in acquisitions (Photo Plaza in Japan, Resto'Clock in France and NRG in Australia) was £11.5 million.

Funding and liquidity

At 31 October 2021, the Group had gross cash of £98.4 million and a net cash balance of £34.9 million. This is net of £10.1 million net cash investment in acquisitions.

During the Period, the Group's French state-backed PGE loan with French banks was converted into a commercial loan. Subsequently, the Group is no longer restricted by conditions which meant it was unable to allocate surplus cash or return capital to shareholders under the original terms of the loan.

The Group remains confident that it has sufficient liquidity to navigate headwinds from the pandemic.

Overview of principal business areas

Below is an overview of the Group's four principal business areas: Identification (Photo.ME), Laundry (Wash.ME), Kiosks (Print.ME) and Food (Feed.ME). In addition, the Group operates other vending equipment.

Photo.me

Photobooths and integrated biometric identification solutions

	12 months to 31 Oct 2021	12 months to 31 Oct 2020
Number of units in operation	27,867	27,189
Percentage of total Group vending estate (number of units)	63.6%	61.0%
Operating Revenue	£123.2m	£106.9m
Capex	£5.0m	£5.7m

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

Our well-established network of photobooths is situated in attractive, high-footfall locations, such as travel hubs, shopping centres and retail parks. Over the years, our photobooth offer has diversified to include encrypted photo ID upload technology connected to government organisations including in the UK, France, Republic of Ireland, and the Netherlands. All our photobooths conform to ICAO and ISO rules for photo ID for official documentation, including passports.

While the photobooth market was severely and widely impact by the onset of the pandemic in 2020, the actions taken by the Board to mitigate the impact, including the removal and in some cases relocation of unprofitable machines, positioned this business area to benefit from the recovery seen during FY2021. As government lockdowns and restrictions were eased, we saw a return of consumer activity, albeit this varied across the countries in which we operate.

Revenue grew by 15.2% to £123.2 million, driven by a stronger than anticipated recovery in most of our key markets, particularly in France and Japan. Activity levels in the UK improved, although the market remains challenging due to both the pandemic. Whilst the UK Government's policy to accept photos taken at home (selfies) for official documentation including passports has had some negative impact on activity levels, this has not been as severe as initially anticipated when the acceptance of selfie's was first introduced by the Government.

Consequently, EBITDA was £36.4 million, and represented 55.8% of Group EBITDA.

In the Period, the Group's capital expenditure on the photobooth business was £5.0 million, a 12.3% decrease compared with the prior 12 months. In the prior 12 months during the pandemic, machines were removed and relocated to new sites.

At 31 October 2021, the Group had 27,867 photobooths in operation, an increase of 2.5% compared with 31 October 2020. Photobooths accounted for 63.6% of total vending units in operation.

We remain focused on diversification and commercialisation of our next generation photobooth, which is a key margin contributor to the Group, and to grow revenue through a multiple service offering.

We have been working to introduce additional security measures across our photobooths, developing anti-spoofing technology for the Photo.ME business. Whilst this is still at an early development stage, we believe this exciting new technology will help further differentiate the Group in the photobooth market.

The Board continues to believe that there are longer-term opportunities in the photo ID market and continues to install photobooths outside of the UK, particularly where self-taken ID photos for official documents are not permitted.

Wash.me

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

	12 months to 31 Oct 2021	12 months to 31 Oct 2020
Total Laundry units deployed (owned, sold and acquisitions)	5,533	5,568
Total revenue from Laundry operations	£54.2m	£47.3m
Revolution (excludes Launderettes and B2B):		
Number of Revolutions in operation ¹	4,094	3,437
Percentage of total Group vending estate (number of units)	9.3%	7.7%
Total revenue from Revolutions	£44.8m	£35.4m
Revolution capex	£15.9m	£14.4m

¹ There were 3,765 Revolution units in operation through the entirety of the 12 months ended 31 October 2021 compared with 3,216 in 12 months ended 31 October 2020.

The total number of laundry units has decreased by 35 machines due to the sale of the Group's UK B2B business (Revolution Max). The Group launched its laundry business in 2012 in France, and since then we have continuously, successfully expanded our operations and now operate in 13 countries. Our most important markets by number of laundry machines are France, the UK, Republic of Ireland and Portugal.

In the Period, total revenue from laundry operations increased by 14.6% to £54.2 million despite the sale of Revolution Max Ltd last year, which comprised 412 machines and contributed £4.5 million of revenue. The total number of Revolution units deployed (owned only) increased by 19.1% in the Period. This was despite some operational challenges related to our supply chain, namely around supply of vending machines, which restricted the number of laundry machines available for deployment. The Group believes these were short term issues and will not continue into 2022.

Nonetheless, total laundry EBITDA increased significantly to £22.6 million in the Period, which represented 34.7% of Group EBITDA.

Our Wash.ME business comprises of three areas of operation. Revolution laundry units, which remains a key growth driver for the Group, launderette, and business-to-business (B2B) laundry services. The Group has stopped installing new launderettes and sold its UK B2B business (Revolution Max) to focus on vending equipment.

Continued growth of Revolution laundry operations

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.

Our target geographies are the UK & Republic of Ireland and Continental Europe, including France, Portugal, Germany and Austria. We are also focused on the commercialisation of new indoor-format Revolution machines for the B2B market (University, administration, campsite, etc.).

In the year, the number of Revolution units (owned only) in operation grew by 19.1% to 4,094, from 3,437 at 31 October 2020. We installed an average of 60 machines per month with the aim of increasing this to 70 machines per month, subject to the pandemic. Our rollout strategy remains focused on Continental Europe (mainly France and Germany) and the UK & Republic of Ireland.

Total revenue from Revolution units increased by 26.6% to £44.8 million, from £35.4 million in the prior year, reflecting the Group's ongoing growth strategy of expanding Revolution operations as well as the continued recovery across key markets.

In the Period, capex for our Revolution operations increased by 10.4% to £15.9 million, mainly due to the installation of 716 units in the Period.

The Group is continually considering methods to reduce the impact of its laundry operations on the environment and good progress has been made. To date we have now installed Photovoltaic solar

panels on 198 Revolution units in France and have started to roll these out to other geographies including the UK and Germany.

Revolutions accounted for 9.3% of the Group's total vending estate, up from 7.7% at 31 October 2020.

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. As flagged at the interim results on 12 July 2021, the Group continues to review its Launderette operations and remove or sell unprofitable machines.

B2B laundry services

The Group sells laundry services. Customers include institutions such as hospitals, care homes, and universities. Following the sale of the UK B2B subsidiary, the Group has only one franchise in Spain.

Print.me

High-quality digital printing services

	12 months to 31 Oct 2021	12 months to 31 Oct 2020
Number of units in operation	5,173	5,304
Percentage of total Group vending estate (number of units)	11.8%	11.9%
Operating revenue	£11.7m	£11.4m
Capex	£0.5m	£1.4m

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 5,173, compared with 5,304 at 31 October 2020, and Print.ME operations represented 11.8% 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. As previously flagged, the Group is in the process of developing a new cloud architecture which aims to support multi-functional capabilities of photobooths and Speedlab units. We will aim to launch a prototype in May and provide an update on progress later in 2022.

Print.ME revenue increased slightly to £11.7 million compared to £11.4 million in the 12 months to 31 October 2020. EBITDA remained stable at £3.4 million and represented 5.3% of Group EBITDA.

Capex was reduced by 64.3% to £0.5 million, in line with the Group's current strategy to primarily focus expansion of its Wash.ME and Feed.ME operations.

Feed.me

Vending equipment for the food service market

The Group entered the food vending equipment market in 2019 with the acquisition of a B2B specialist in commercialised self-service fresh fruit juice equipment for freshly squeezed orange juice. Since then, our R&D team has developed innovative professional apple and pineapple machines for the B2B market. The rollout of these machines has been delayed due to the pandemic, however we installed 100 machines across France, Belgium and Japan which was very promising and plan to rollout many more during the 2022 financial year, subject to the pandemic.

In addition, a prototype of a new grape juice machine is being tested, and the Group has developed a 'juice wall concept' which offers a variety of self-service fresh juice options, 25 of which were deployed in the Period.

In the second half of the Period the Group extended its Feed.ME business with the acquisition of Resto'Clock, a French manufacturer of pizza vending machines, for a net cash consideration of £2.9 million, offering consumers pizzas 24/7 which are ready to eat in four minutes. The machines, aimed at the hospitality market, have been redesigned and the Group either sells or leases these machines to site owners. During the Period, the Group accelerated the rate of installations from 40 per year to 30 per month with the aim of scaling this up to c.100 machines per month by the end of 2023. The Group will target additional geographies and has earmarked the UK, Switzerland and Belgium for deployment in 2022.

In the Period, revenue was £9.6million and contributed 4.5% to Group revenue. EBITDA was £2.1 million, contributing 3.2% of Group EBITDA.

The Group's strategy is to continue to (i) expand its presence in the self-service fruit juice equipment market and offer a wider variety of self-service fresh juice options in all territories where the Group has an existing footprint; (ii) establish a presence in the pizza vending equipment market with the aim of becoming a leader in the European market, and install 100 machines per month by 2023; and (iii) become the food vending equipment market leader in France by 2023.

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

Other vending equipment

In addition to our four principal business areas, the Group operates 6,624 other vending units, which are primarily situated alongside the Group's principal activities, and benefit from existing site owner relationships and operating synergies, such as leveraging the same 650-strong field engineer and maintenance network. These units include 2,428 children's rides, 3,464 photocopiers and 732 other miscellaneous machines.

These machines are reliant on high footfall to generate consumer demand. The ongoing pandemic and lockdown measures continued to impact the performance of this business area during the Period. So far, no real recovery has been noted.

At 31 October 2021, other vending equipment accounted for 15.1% of the Group's total vending estate by number of units, down 4.1% compared with the prior 12 month period, and represented 2.5% of the total Group revenue.

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

Cyber security certification

We are proud that Photo-Me UK has been awarded PCI DSS certification. The acronym PCI DSS (Payment Card Industry Data Security Standard) refers to data security standards for the payment industry. Developed by the PCI Security Standard Council, the PCI DSS aims to reduce online fraud.

This certification, which is subject to annual renewal, reflects the dedication of our IT team and the Group's commitment to improving payment security across its portfolio. This certification has a bearing across the Group's operations, particularly in KIS where the payment process will soon need to be PCI DSS-certified.

Continuous innovation and diversification

We are continuously working to evolve our product offer to meet the constantly changing needs of our customers and consumers. This is supported by our 50-strong team of dedicated engineers within our in-house R&D department.

Our approach has been focused on two key pillars:

1. A state-of-the-art user experience, backed by the best technology

- Design new, intuitive and modern user interfaces (HMI) across all our product categories
- Integrate digital payment systems (ex: cashless / QR codes)
- Aggregate the best of external technology providers to offer up-to-date functionalities

2. An omnichannel approach, leveraging digital functionalities to enhance user experience of our brands and explore new business models

- Build a powerful CRM which offers a customised experience to end users
- Launch applications that connect to our machines to offer mobile-to-machine features
- Manage our self-service vending equipment remotely through a cloud-based infrastructure

Update on new product development

Photobooths and digital kiosks

The Group is reinventing its offer in the photobooth category through three main areas of development which support our innovation strategy; (i) face ID anti-spoofing support through biometric authentication; (ii) entertainment to meet the younger generation's expectations for fun products and social media sharing functions; and (iii) multiservice photobooths and kiosks to integrate the consumer journey into specific omnichannel automated services.

Laundry

We have developed an innovative modular self-service laundry range, Optimus, to further enhance our presence in the self-service laundry market. This module-based approach gives us the flexibility to offer multiple configuration options which can be tailored to the needs of our customers. In addition, this format of machine considerably reduces our production costs and the number of lines in our sales catalogue.

The new outdoor Revolution Compact V3 was released in Europe in 2021. This laundry unit offers new features, such as a better user interface, to benefit our customers and the environment. The unit uses less energy and detergent, and is equipped with solar panels on the roof, reducing the carbon footprint through the optimisation of renewable energy.

In addition, we are extending our distribution of launderettes into co-living locations, with our new indoor lineup unit (Flex), which is also based on modular configurations.

Food

The Group plans to launch a second-generation of pizza kiosks from June 2022 (Boxpresso, e-Fridge together with our oven) to October 2022 (64-pizza Multiquattro V3 and 96-pizza capacity kiosks).

These new models will enable the Group to address the independent pizzaiolos market as well as special-interest and hypermarket global key accounts. Furthermore, we will digitalise our pizza kiosks by using a centralised software platform to manage our customers' activity remotely. This digital multichannel platform will integrate a real-time inventory and sales management back-office functions, cashless payment systems, as well as an application dedicated for end users.

Our professional fresh fruit juice range is also due to be expanded in coming months, to include grape, kiwi, and pear products.

Our People

The pandemic has continued to cause disruption to our operations and has touched many people personally. On behalf of the Board, I would like to thank all our team members across the world for their continued commitment and ongoing hard work throughout the Period, supported by our country managers. We are proud of what they have achieved in difficult circumstances.

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 the Group. 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.

Vending units in operations

	12 months to 31 October 2021		12 months to 31 October 2020	
	Number of units	% of total estate	Number of units	% of total estate
Continental Europe	25,111	57.3%	25,097	56.3%
UK & Republic of Ireland	7,238	16.5%	9,499	21.3%
Asia	11,468	26.2%	9,955	22.3%
Total	43,817	100.0%	44,551	100.0%

As expected, the Group's total vending estate reduced slightly in the Period, in line with its strategy to remove unprofitable machines. The vending estate restructuring programmes were completed in April 2021. Consequently, the total number of vending units in operation was 1.6% lower at 43,817.

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

	12 months to 31 October 2021	12 months to 31 October 2020
Continental Europe	£145.0m	£118.2m
UK & Republic of Ireland	£29.6m	£30.5m
Asia	£39.8m	£37.6m
Total	£214.4m	£186.3m

Operating profit

	12 months to 31 October 2021	12 months to 31 October 2020
Continental Europe	£29.6m	£3.3m
UK & Republic of Ireland	£5.0m	£(20.9)m
Asia	£2.0m	£1.1m
Corporate costs	£(7.3)m	£(9.3)m
Total	£29.3m	£(25.8)m

The Group delivered a 15.1% increase in total revenue to £214.4 million. Subsequently, and driven by recovering markets as well as successful progression of the Group's restructuring programme, operating profit increased by £55.0 million to £29.3 million.

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 Period, compared with the similar period in the 12 months ended 31 October 2020.

	Nov 2020 to Jan 2021	Feb 2021 to Apr 2021	May 2021 to Jul 2021	Aug 2021 to Oct 2021	Total
Continental Europe					
Photo.ME	-6.9%	35.4%	68.0%	12.0%	25.3%
Print.ME	-2.8%	59.1%	0.5%	-6.5%	6.1%
Wash.ME	0.8%	29.5%	30.2%	33.4%	23.6%
Other Vending	-19.4%	8.1%	-15.6%	-5.0%	-10.1%
Total	-4.7%	34.8%	46.9%	15.4%	21.7%
UK & Republic of Ireland					
Photo.ME	-50.0%	-32.1%	59.0%	109.5%	-1.3%
Print.ME	-44.2%	2.9%	-18.2%	-16.4%	-24.0%
Wash.ME	15.4%	21.4%	46.1%	44.2%	31.3%
Other Vending	-78.4%	-77.3%	659.1%	78.7%	-43.2%
Total	-34.4%	-21.6%	57.4%	69.1%	5.5%
Asia					
Photo.ME	-13.6%	35.4%	7.7%	-14.0%	4.4%
Print.ME	-15.1%	-1.5%	-7.3%	-3.6%	-7.1%
Wash.ME	39.5%	50.9%	40.2%	65.0%	49.1%
Other Vending	-84.0%	605.2%	-199.7%	-51.5%	-41.6%
Total	-17.8%	41.2%	1.9%	-14.9%	2.9%
Total					
Photo.ME	-16.4%	24.7%	47.0%	10.7%	15.2%
Print.ME	-7.0%	52.3%	-0.8%	-7.1%	3.6%
Wash.ME	4.9%	27.3%	33.6%	36.0%	25.6%
Other Vending	-57.5%	-0.5%	-21.7%	3.6%	-27.0%
Total	-13.7%	25.4%	38.0%	15.3%	14.9%

Continental Europe

Continental Europe is the Group's largest region by both number of machines and contribution to Group revenue. The region experienced a strong rebound in activity, particularly in France, as restrictions were eased which supported a recovery of consumer demand in the region.

As a result, revenue increased 22.7% to £145.0 million. This was driven by a strong and sustained increase in Photo.ME and Wash.ME revenue from Q2 onwards. In total, Continental Europe contributed 67.6% of total Group revenue.

Operating profit increased by £26.3 million to £29.6 million.

At 31 October 2021, there were 25,111 units operating in the region which represented 57.3% of the Group's total estate.

UK & Republic of Ireland

Trading remained challenging due to the ongoing pandemic. In addition, the UK Government's policy to accept photos taken at home (selfies) for official documentation including passports has led to some

reduction in activity, albeit this has not been as dramatic as the Group initially anticipated. European regulation does not permit this method for photo ID, and the Board continues to be hopeful that at some stage official documents in the UK will once again need to conform to ICAO and ISO rules.

Our previously announced restructuring programme to remove unprofitable machines, renegotiation of site rent, and labour cost savings supported the Group's return to profitability in this region. At the same time, the Group continued with its expansion of Revolution units across the region in line with its growth strategy for the Wash.ME business.

As a result of the successful restructuring programme in the UK & Ireland, the region returned to profitability during FY21. Operating profit increased to £5.0 million from a loss of £20.9 million in the prior year.

At 31 October 2021 the Group had 7,238 vending units in operation across the region, 23.8% lower than at 31 October 2020 due to the actions taken to restructure operations.

The Group has expanded its laundry presence and now operates 887 Revolutions units in the region, of which 285 units were added in the Period. The average revenue per unit improved to £15,000, up 36.4% from £11,000 per unit in the 12 months ended 31 October 2020, mainly due to returning demand.

Asia

The performance in Asia was driven by photobooth activity in Japan, owing to the My Number card, the Japanese government's social security and taxation photo identification card scheme. The Group's photobooths in Japan are equipped to scan the unique "My Number card" QR code that every Japanese citizen has received and match the ID photo to the card application. The scheme (launched in 2015) is not mandatory, but a government-backed incentive scheme to drive adoption of the scheme and promote citizen applications was introduced in September 2020. This generated significantly more photobooth activity in the first half of the Period.

The Group acquired Photo Plaza in February 2021, which added a further 1,500 photobooth units to the Group's operations in Asia. The business was integrated into our existing operations in Japan in Q2.

The second-half activity in Japan was impacted by COVID-19 restrictions. Similarly, trading conditions in China remained challenging owing to border closures and COVID-19 restrictions.

As shown in the table above (operating revenue evolution by quarter), photobooths revenue in the region increased only 4% due to a combination of a general decline in revenue from photobooths in China, and the impact of the pandemic in Japan, specifically during Q1 and Q2.

Nevertheless, overall revenue grew by 5.9% to £39.8 million, including a contribution of £4.2 million from Photo Plaza. Operating profit grew by £0.9 million to £2.0 million.

At 31 October 2021, there were 11,468 units situated in Asia, representing 26.2% of the Group's total units in operation.

Key performance Indicators (KPIs)

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.

Description	Relevance	Performance	
		12 months to 31 October 2021	12 months to 31 October 2020
Total Group revenue at actual rate of exchange		214.4m	£186.3m
Group profit before tax		28.6m	£(27.8)m
Increase in number of photoboosts		679	(1,250)
Increase in number of Laundry units (operated)	The increase in number of Revolutions is a constant priority and a main driver for growth	657	389

Financial Review

Financial performance

Financial performance

Reported revenue in Period was up at £214.4 million (2020: £186.3 million), underpinned by recurring revenue received from long-term customer contracts. Reported EBITDA (excluding associates) was up at £65.1 million (2020: £41.4 million) and reported profit before tax improved to £28.6 million from a loss of £27.8 million in 2020.

	12 months to 31 October 2021	12 months to 31 October 2020
Revenue	£214.4m	£186.3m
EBITDA (excluding associates)	£65.1m	£41.4m
Operating profit (excluding associates)	£29.3m	£(25.7)m
Reported profit / (loss) before tax	£28.6m	£(27.8)m
Profit / (loss) after tax	£21.9m	£(24.9)m

The movements in turnover are outlined in the following table.

Turnover at 31 October 2020 (12 months)	£186.3m
Change in turnover:	
Continental Europe	£26.8m
UK & Ireland	£(0.9)m
Asia	£2.2m
Turnover at 31 October 2021	£214.4m

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

Profit before tax at 31 October 2020	£(27.8)m
Changes in revenue	£28.1m
Changes in costs	£26.0m
Restructuring costs	£1.0m
Increase in net finance income & other gains	£1.4m
Impact of exchange rates	£(0.1)m
Profit before tax 31 October 2021 (12 months)	£28.6m

The movement in costs is mainly due to the variance of provisions and impairments impact between the prior period and FY2021 (£33.3 million in the prior period).

Provisions and impairment

The COVID-19 crisis has required an in-depth review of the Group's operations and increased rigor to address the current trading environment. As a result, in the 12 months to 31 October 2021, the same testings were made and no major new impairments were noted.

Earnings per share

Diluted earnings per share was 5.77 pence (2020: nil pence). Basic earnings per share was 5.78 pence (2020: nil pence).

Taxation

The Group tax charge of £6.8 million corresponds to an effective tax rate of 23.8% (30 October 2020: 578.0%).

Statement of financial position

At the end of October 2021, the Group had a gross cash of £98.4 million, and a net cash balance of £33.4 million. The Group continues to comply with its revised banking covenants.

The Group balance sheet can be summarised as follows:

	12 months to 31 October 2021	12 months to 31 October 2020
Non-current assets	£130.5m	£121.0m
Current assets	£141.7m	£140.8m
Non-current liabilities	£68.9m	£53.0m
Current liabilities	£73.6m	£94.9m
Cash and cash equivalent	£99.4m	£107.2m
Total equity	£128.0m	£112.2m
Minority interests	£1.7m	£1.7m
Total shareholders' funds	£129.7m	£113.9m

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

	12 months to 31 October 2021	12 months to 31 October 2020
Goodwill	£17.6m	£13.8m
Other intangible assets	£16.9m	£13.5m
Property, plant and equipment	£92.0m	£90.3m
Investment property	£0.6m	£0.7m
Financial instruments	£1.5m	£0.9m
Trade and other receivables	£1.9m	£1.8m
Total non-current assets	£130.5m	£212.0m

The £3.8 million increase in goodwill was due to the acquisitions of Resto'clock, Now Retail Group and Photo Plaza (+£4.6 million), net of additional impairments of £(0.6 million) and a foreign exchange translation impact of £(0.2 million).

Cash flow and net cash position

	31 October 2021	31 October 2020
Opening net cash	£22.3m	£18.2m
Cash generated from operations	£66.1m	£92.9m
Interest paid	£(3.0)m	£(2.6)m
Taxation	£(9.3)m	£(4.7)m
Net cash generated from operations	£53.8m	£85.6m
Net cash used in investing activities	£(33.9)m	£(45.9)m
Net cash (used) / generated in financing activities	£(6.8)m	£(1.8)m
Dividends paid net of shares issued	–	£(31.9)m
Net cash (utilised) / generated	£13.1m	£6.0m
Impact of exchange rates	£(0.5)m	£(1.9)m
Net cash (outflow) / inflow	£12.6m	£4.1m
Closing net cash	£34.9m	£22.3m

Net cash generated from operations reduced by 37.1% in the Period. The net cash used in investing activities decreased to £33.9 million (31 October 2020: £(45.9) million), despite acquisition of subsidiaries, which amounted to £10.1 million. The reduction is due to lower capital expenditure. The closing net cash was £34.9 million.

Outstanding debt of £65.9 million (excluding IFRS16 Lease Liabilities).

Total cash and cash equivalents at 31 October 2021 were £99.4 million (at 31 October 2020: £107.2 million).

At 31 October 2021, the Group's net cash was £34.9 million (31 October 2020: £22.3 million), and was split as follows:

	Cash and deposits	Borrowings	Net Cash
Balance at 31 October 2020	£107.2m	£(84.9)m	£22.3m
Cash flow	£(7.8)m	£15.0m	£7.2m
Non-cash movements	£0m	£5.4m	£5.4m
Balance at 31 October 2021	£99.4m	£(64.5)m	£34.9m

Serge Crasnianski

Chief Executive Officer & Deputy Chairman

30 March 2022

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 competitive 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 12 months have seen some of the measures brought in as a result of the COVID-19 pandemic continue with the emergence of the Omicron variant of COVID-19, not just for the benefit of employees but also consumers, customers and the public at large. The Company continues to monitor and follow government guidance.

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 12 months have seen some of the measures brought in as a result of the COVID-19 pandemic continue with the emergence of the Omicron variant of COVID-19, not just for the benefit of employees but also consumers, customers and the public at large. The Company continues to monitor and follow government guidance. 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. There are 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. The Company encourages 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 retention where possible; one example is where a reduction of hours was proposed as opposed to further redundancies. Although the CFO is 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 engaged 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 Directors 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

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 observations on current best practices and individual customer recommendations. These provide useful insights and guides to help shape the Group's activities.

How this engagement influenced Board discussions and decision-making

Green Awareness

The Group is actively working to decrease energy use and demand for natural resources.

Recycling Policy

The Group aims to recover, refurbish and re-sell 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 for persons with disabilities.

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 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 at 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 the very fast 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 note acceptor, credit card payment is available as an option. It is a service which facilitates the use of the launderette and thus increases its broad use

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 continuous 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, as newer cars tend to be more fuel efficient
- One of the criteria for new car orders is its level of CO₂ emissions
- Our regions are divided into specific areas and engineers must live within their area of work. This ensures that the distance driven to service machines is kept to an absolute minimum
- Other groups of drivers, such as commercial team members, 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 programme of one-to-one meetings and group meetings with institutional investors, fund managers and analysts. Meetings which relate to governance are attended by the Chairman or another Non-executive Director ■ Annual Report and Annual General Meeting (AGM) ■ Corporate website and market announcements ■ Active consultation on remuneration framework and policies	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. The Board reviews the Group's dividend policy and, following the outbreak of the COVID-19 pandemic, the Board suspended its interim dividend, as the Board considered this to be in the long-term interest of shareholders. The Board is, however, recommending a final dividend for the year ended 31 October 2021. Involvement of the Chairman highlights the importance of governance from the top down. 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 was not the case for the AGM in respect of the financial period 2019/2020 owing to the restrictions that were in place owing to COVID-19, however, members were encouraged to submit questions in advance of that AGM. 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	COVID-19 has continued to cause disruption to worldwide markets and supply chains, including those that Photo-Me operates within. In the UK government guidance around COVID-19, especially in light of the Omicron variant, continued to evolve and restrict footfall through the course of 2021.	The Group continues to monitor the COVID-19 situation closely particularly given the emergence of the Omicron variant of COVID-19, and continually reviews operational practices, updating its practices in line with government guidelines and other relevant guidance. The pandemic cleaning regime continues, to help reduce the risk of cross contamination between the Company's customers. Measures taken include providing employees with face shields, surgical masks, gloves, hand sanitizer. The cleaning equipment additions such as SD90 and DEW remain in use.
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. The group has no exposure to the invasion of Ukraine by Russia.
Volatility of foreign exchange rates	The majority of the Group's revenue and profit is generated outside the UK, and the Group's financial 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 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 has led 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 following the UK's leaving the EU. Any potential developments, including new information and policy indications from the UK Government and the EU, is scrutinised 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. Furthermore, the Group also ensures that its ID products remain affordable and of a high-quality.
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 and food businesses 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 trialled 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. 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's major key relationships are supported by medium-term contracts. The Group actively manages its site-owner relationships at all levels to ensure a high quality of service. 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 directly to government databases.	The Group undertakes 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 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 48
ISO certified ISO International Standards ensure that products and services are safe, reliable and of good quality	Eco friendly 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	Buyer friendly equipment We are also reducing their environmental impact User friendly Launderettes We are also reducing their environmental impact
Health & safety		See page 50
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)	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
Employees		See page 49
Equal opportunities and diversity ■ Fair and equitable policies and procedures for all ■ Support for employees who have or develop a disability ■ Retraining ■ Redeployment ■ Gender diversity	Employee engagement ■ Business networking ■ Notification of vacancies and policy updates ■ Monthly operational meeting for business leaders	
Environment		See page 52
	Green awareness We actively work to decrease energy use and demand for natural resources Circular economy 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 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 at 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)
- All new Revolution units are equipped with solar panels which leads to a reduction of between 10% to 15% of electricity use per machine

The Group was awarded the CSR price at System U exhibition in November 2021 for the Revolution laundry machine.

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 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 (8kg and 18kg), the user can wash and dry large or heavy loads such as duvets, blankets and pillows in just 30 minutes per washing cycle, representing a 60% time-saving for the user compared with home laundry
- 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 note acceptor, contactless-credit- and-debit-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 61).

They are also buyer-friendly

- Floor space used is less than 5m² – relatively small 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-requirement), 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 need

- 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.

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 standards 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.

Gender diversity

The table below shows the gender diversity of the Group's employees at 31 October 2021 with corresponding figures at 31 October 2020:

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	1
Employees (excluding above)	1,056	854	182
Total	1,056	875	183

As at 31 October 2021	Total	Male	Female
The Board of Photo-Me	10	7	3
Senior managers in the Group (excluding directors of Photo-Me)	18	15	3
Employees (excluding above)	995	831	164
Total	1,023	853	170

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 online training system supplied by Essential Skillz in 2014 to teach and refresh employee skills as required. This year the platform enabled us to produce our own in house training for all our employees on the importance of security awareness. As well as this, all regional engineers underwent refresher training. 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 our goals.

Throughout the pandemic our front line employees have been our priority. Whilst many were furloughed initially there was a skeleton crew working to ensure our machines were kept up and running where possible. In order for them to achieve this we brought in two new cleaning products in 2020 called SD90, a high performance self-disinfectant coating for up to 90 days as well as DEW, an antibacterial cleaner. Both products are still being used across the business as part of our routine service visits to reduce the risk of cross contamination between customers.

As the pandemic is still a part of our lives we continue to provide employees with PPE such as face masks, face shields, hand sanitiser and gloves as standard. Our COVID-19 risk assessment is regularly reviewed.

Photo-Me will continue to follow the government advice regarding the pandemic and home working. A new seating plan is in place to provide social distancing across our offices. Where social distancing cannot be enforced, lateral flow tests continue to be required before entering the office building.

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 as part of the scheme. This year the Company was selected for a manual audit by Avetta where they conduct an in-depth review which we passed.

Photo-Me UK has also been awarded PCI DSS (Payment Card Industry Data Security Standard) certification which, developed by the PCI Security Standard Council, aims to reduce online fraud.

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 61.

Environment

The Company recognises its responsibility towards the environment and the impact of its business activities. We integrate our environmental impact into the core business through our focus on circular economy, reduction of resource consumption and carbon footprint.

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

- Reducing the amount of waste produced;
- 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:
 - reducing the amount of waste produced;
 - introducing automatic shutdown (and restart) of photoboos during closing hours which saves approximately 30% of power consumption on site;
 - using remote telemetry systems to minimise the number of service visits and reduce wastage of consumables;
 - substituting old-technology lighting with new low-energy lamps in all photoboos. The latest generation Photobooth by Starck uses the latest LED lighting which also eliminates the hazardous waste associated with fluorescent tubes;
 - installing low energy LED lights in place of old-technology lighting in Photo-Me's factories;
 - upgrading 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
 - replacing 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 CO₂ 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.

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

Assessment parameters

Consolidation approach	The figures below 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.

Global (UK incl)

Emissions from	12 months ended 31 October 2021	12 months ended 31 October 2021	12 months ended 31 October 2020	12 months ended 31 October 2020
	Tons of CO ₂ e	kWh	Tons of CO ₂ e	kWh
Scope 1	2 912.90	12 780 741.05	2 858.66	12 261 549.48
Scope 1 – travel costs	2 577.83	11 057 012	2 446.51	10 493 734.81
Scope 1 – gas	335.07	1 723 729	412.15	1 767 814.67
Scope 2	25 075.50	107 269 011.89	18 852.24	80 862 330.21
Scope 2 – operating estate	24 673.63	105 831 816	18 473.01	79 235 678.87
Scope 2 – electricity, heat, steam or cooling	401.87	1 437 196	379.24	1 626 651.33
Total emissions	27 988.40	120 049 753	21 710.90	93 123 879.68
Intensity ratio				
Per number of units of operating equipment	0.6627	2 842.5580	0.47101	2 020.30

Focus UK only (Photo-Me International plc and Jolly Roger (Amusement Rides) Limited)

Emissions from	12 months ended 31 October 2021	12 months ended 31 October 2021	12 months ended 31 October 2020	12 months ended 31 October 2020
	Tons of CO ₂ e	kWh	Tons of CO ₂ e	kWh
Scope 1	235.62	1 323 489.18	312.06	1 338 529.01
Scope 1 – travel costs	210.99	905 005	191.41	820 991.68
Scope 1 – gas	24.62	418 484	120.66	517 537.33
Scope 2	2 807.41	11 728 884.64	2 127.68	9 126 188.33
Scope 2 – operating estate	2 709.85	11 623 271	2 057.65	8 825 798.33
Scope 2 – electricity, heat, steam or cooling	97.57	105 614	70.03	300 390.00
Total emissions	3 043	13 052 374	2 439.74	10 464 717.34
Intensity ratio				
Per number of units of operating equipment	0.5037	2 160.6313	0.24669	1 058.11

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 Directors' Report on pages 60 to 64.
- Data based on actual utilities invoices for Head Office consumption
- Kilometres travelled by cars, multiplied by the CO₂ 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. Mainly it is the partners who pay for the electricity consumed by the Group's operating machines, not the Group. A theoretical consumption has therefore been calculated based on an average hourly consumption and an average number of hours of uptime per day
- In order to provide data that can be easily compared from one year to the next, the Group has chosen to translate last year's figures over a 12-month period by means of a 3:2 ratio
- 12 months ended 31 October 2021 compared with the 18 months ended 31 October 2020

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.

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	The Company followed the Greenhouse Gas Protocol Corporate Standard.
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 five-year period to October 2026.

This assessment included stress tests on the future performance and solvency for changes in the base assumptions over the five 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 five-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 five years.

Del Mansi
Company Secretary

30 March 2022

Wash.me

To provide a professional laundry service, accessible 24 hours a day, 7 days a week, for all inhabitants of small towns and cities.

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Board of Directors & Company Secretary

Sir John Lewis OBE

Non-executive Chairman

Sir John joined the Board in 2008 and was appointed Chairman in 2010. He is Chairman of the Nomination Committee and a member of the Audit and Remuneration Committees. Until early 2019, Sir John was a Consultant to Eversheds Sutherland LLP (as now is).

He is a Director of AIM market company, Prime People plc, as well as various private companies. He was 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. He served as Chairman of Cliveden plc and Principal Hotels plc and as Vice Chairman of John D Wood & Co plc and Pubmaster Group Ltd.

Del Mansi

Company Secretary

Del, a qualified solicitor, joined the Group in 2006. He served as interim Company Secretary from April to July 2008, and was appointed Group General Counsel in 2009, a role retained on being appointed Company Secretary in May 2013.

Serge Crasnianski

Chief Executive Officer & Deputy Chairman

Serge was appointed to the Board in 2009, having previously served on the Board from 1990 to 2007 (as a Non-executive Director until 1994, and from 1994 as an Executive Director). He is Chief Executive Officer, Deputy Chairman and member of the Executive Committee. Serge founded KIS in 1963.

Tania Crasnianski

Executive Director

Tania has been an independent legal adviser for the past seven years and before that held the role of Head of Global Investments at Stratford Capital between 2006-2014. She spent 12 years in the legal field; having worked in that time as a Criminal Lawyer for SCP Versini-Campinchi & Associés, Paris. Tania joined the Group on 1 June 2020 as head of legal and general secretary, and shortly thereafter took over the supervision of the Group's entities in Germany and Austria.

Jean-Marc Janailhac

Executive Director

Jean-Marc joined the Board in 2019. He was designated Executive Director in July 2020, and appointed chairman of the newly formed Strategic Committee (now the Executive Committee) that is responsible for reviewing and implementing operational decisions across the Group.

He is 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.

Jean-Marcel Denis

Non-executive Director

Jean-Marcel was appointed to the Board in 2012. He is Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees. Jean-Marcel founded his own auditing firm in 1970 in Paris, Auditeurs & Conseils Associés (ACA), and sold his interest in ACA in 2005. He then became a consultant in Finance & Conseils Associés, which specialises in business valuation.

René Proglio

Non-executive Director

René was appointed to the Board in June 2021. He worked at Morgan Stanley for 17 years and during that time he held senior roles, including as Managing Director (2004-2007) and as Head of Investment Banking (2008-2010). He was then country head for France from 2010 to 2020, and he recently joined

PJT Partners as a Partner. Before this, he was a Partner at Ernst & Young. He is a member of the Audit Committee. The Board considers Mr Proglia to be independent.

Emmanuel Olympitis

Non-executive Director

Emmanuel was appointed to the Board in 2009. He is the 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), Canoe 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.

Françoise Coutaz-Replan

Non-executive Director

Françoise was appointed to the Board in 2009 as Group Finance Director and retired from that executive role in August 2015. She is a Non-executive Director and was appointed to the Audit Committee in October 2016. Françoise joined KIS in 1991.

Camille Claverie

Non-executive Director

Camille was appointed to the Board in June 2021. She has previously held roles at Sagard, latterly as Principal, and at Morgan Stanley and she is a Director at Montefiore Investment where her responsibilities cover deal origination, and execution and investment monitoring to support companies and management teams in their growth plans. The Board considers Ms Claverie to be non-independent because she works for FPCI Montefiore Investment IV which holds 9.8% of the issued share capital of Photo-Me.

Sigieri Diaz Della Vittoria Pallavicini

Non-executive Director

Sigieri was appointed to the Board in June 2021. He is the founder and managing partner of Italian private equity firm Armònia SGR. For 15 years he was the founder CEO and Chairman of GWM Financial Group and he was CEO of Greentech Energy Systems A.S, a Danish renewable energy company. During his career, Sigieri has worked in several financial institutions including Morgan Stanley, Lehman Brothers, Merrill Lynch and JP Morgan. The Board considers Mr Diaz della Vittoria Pallavicini to be independent.

Report of 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 year ended 31 October 2021.

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”, “Photo-Me”, “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, laundry machines, and business service equipment, and amusement machines. The Company’s subsidiary and associated undertakings are shown on pages 162 and 163. The Group entered the self-service fresh fruit juice equipment market in April 2019, with the acquisition of SEMPA Sarl. In 2021, the Group entered the pizza-vending market with the acquisition of Resto’Clock, a French manufacturer of pizza vending machines. Together, these acquisitions have created a new business area: vending equipment for the food service market (Feed.ME). The Board believes this will continue to develop as a key business area alongside Identification (Photo.ME), Laundry (Wash.ME) and Kiosks (Print.ME), 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 102. The Directors are recommending a final dividend for the year ended of 31 October 2021 of 2.89p per ordinary share. The ex-dividend date will be 14 April 2022 and, if approved by shareholders at the Company’s annual general meeting on 29 April 2022, the dividend will be paid on 13 May 2022. 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 year ended 31 October 2021, 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 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 46 to 54, 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 communications 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 Board understands the importance of considering the views of all stakeholders, including its employees. The Executive Directors have regular 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:

- A new office layout has been implemented, with social distancing measures introduced between workstations.
- Hand sanitiser has been provided at multiple locations around the site to promote good hygiene with notices asking employees to use them.
- Signage and posters have been placed around site reminding workers to maintain hygiene standards and maintain their distance.
- 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 instructions that they should follow government guidelines and self-isolate where necessary.
- 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 understands the importance of considering the views of all stakeholders, including its employees.

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 wishes and concerns, thereby acquiring 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 laundrettes, 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 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 12 months ended 31 October 2021, can be found in the Corporate Responsibility Statement on pages 46 to 54.

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 Executive Committee that is responsible for reviewing and implementing operational decisions across the Group. He 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

Tania Crasnianski

Executive Director

Camille Claverie

Non-independent Non-executive Director

René Proglio

Independent Non-executive Director and member of the Audit Committee

Sigieri Diaz della Vittoria Pallavicini

Independent Non-executive Director

Further details, together with a brief biography of each Director, can be found on pages 58 and 59.

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

From 31 October 2020 to 30 April 2021

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

From 1 May 2021 to 22 June 2021

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

From 23 June 2021 to date

Sir John Lewis, Serge Crasnianski, Jean-Marc Janailhac, Emmanuel Olympitis, Françoise Coutaz-Replan, Jean-Marcel Denis, Camille Claverie, Tania Crasnianski, Sigieri Diaz della Vittoria Pallavicini and René Proglia

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 74 to 90.

Directors' And Officers' Liability Insurance

The Company maintained directors' and officers' liability insurance cover throughout the 12-month period ended 31 October 2021. 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 28 February 2022, the Company had been notified of the following disclosable interests in the ordinary shares of the Company:

Major shareholders

Shareholder Name (Director ¹)	% Voting Rights	Amount
Serge Crasnianski ¹	36.49	137,948,596
Schroders PLC	10.56	39,914,994
FIL Ltd	9.98	37,747,309
FPCI Montefiore Investment IV	9.8	37,058,915

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 2020 AGM (held on 30 April 2021), the Company is authorised to purchase its own shares in the market. The Company will seek approval at the 2022 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. 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 12-month period financial period ended 31 October 2021.

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 65 to 71. 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 12-month period ended 31 October 2021.

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 on 29 April 2022 at the offices of Hudson Sandler LLP, 25 Charterhouse Square, London EC1M 6AE at 10 a.m. 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.

By order of the Board

/s/ Del Mansi

Del Mansi

Company Secretary

30 March 2022

Corporate Governance

Statement of compliance with the UK Corporate Governance Code.

The Board has complied with the UK Corporate Governance Code (2018 edition) (the “Code”) except as set out in the table on page 66.

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 30 April 2021, the Board comprised seven directors; Mr Apeloig resigned as a director on 30 April 2021. On 23 June 2021, Ms Tania Crasnianski was appointed an Executive Director, Ms Claverie was appointed Non-independent Non-executive Director and Messrs Diaz della Vittoria Pallavicini and Proglia were appointed Independent Non-executive Directors.

The Chairman

The Chairman has the overall responsibility for managing the Board. The Chief Executive Officer has responsibilities for strategy, operations and results. The Chief Executive Officer has responsibility for the day-to-day operation of the Group. 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, Deputy Chairman and member of the Executive Committee. 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 not complied with the Code provision that requires that at least half the Board, excluding the chairman, should be Non-executive Directors whom the Board considers to be independent. The table overleaf contains more details on this.

The Senior Independent Director

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

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.

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 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 12-month period ended 31 October 2021, complied with those provisions of the Code that are applicable to it, except for the following:

Point of non-compliance with Code	Reason for non-compliance
At least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent.	Excluding the Executive Directors and Chairman, the Board comprised six Non-executive Directors, four of whom are considered independent by the Board. Strict compliance would have required an additional independent non-executive director. The Board considers its composition to be sufficiently close to the Code's prescription on this point to render its non-compliance in this regard inconsequential.
For engagement with the workforce, one or a combination of the following methods should be used: ■ Director appointed from the workforce; ■ formal workforce advisory panel; and ■ 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 with the Executive Directors about anything. Also, the whistle-blowing policy is in place as a further avenue should anyone wish to use it. Therefore, the Board believes that given the size of the Group and its resources, this 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 judgments.
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 the Ms Crasnianski, Ms Clavierie, Mr Diaz della Vittoria Pallavicini and Mr Proglia were appointed directors in June 2021. It was considered unnecessary given the high quality of the resumés of these appointees.
Mr Janailhac was a member of the Audit and Remuneration Committees although he is an Executive Director.	Mr Janailhac resigned from those Committees before either of those Committees met 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 in order for the Executive Directors to liaise with the work force. If anyone felt uncomfortable, for whatever reason, about liaising with the Executive Directors there was recourse to the Non-executive Directors, as well as recourse to the whistleblowing process.
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 Group's 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 the opinion of the Board 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 in the opinion of the Board 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 policies in general as the former have most interaction with them and are therefore best placed to make meaningful and equitable assessments of their performance and remuneration levels.
Did not self-evaluate.	As a result of the coronavirus, the Board for the second year running 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.

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 Chairman and Chief Executive Officer 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 and video 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, disposals and other transactions; 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). 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; those of the Nomination, Audit and Remuneration Committees are available on the Company's website (www.photo-me.com). Decision-making relating to operational matters is handled by the Executive Directors 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 five 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	5(5)	2(2)	2(2)	2(2)
S Crasnianski	5(5)			
T Crasnianski	2(5) ¹			
J-M Janailhac				
Y Apeloig	1(5) ²	1(2)		
F Coutaz-Replan	5(5)	2(2)		
J-M Denis	5(5)	2(2)		0(2)
E Olympitis	5(5)	2(2)	2(2)	2(2)
C Claverie	2(5) ¹	–		
S Diaz della Vittoria Pallavicini	2(5)	1(5) ¹		
R Proglia	2(5)	1(5) ¹		

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

² The maximum number of meetings for Mr Apeloig could have been two.

Board committees

The Audit Committee

For the whole of the year ended 31 October 2021, this comprised Jean-Marcel Denis (Committee Chairman), Emmanuel Olympitis (Senior Independent Director), Sir John Lewis (Chairman of the Board), and Françoise Coutaz-Replan (the Group's former Finance Director). Mr Yitzhak Apeloig (who is a qualified accountant) served on the Committee until his resignation from the Board on 30 April 2021. Mr Proglia joined the Committee when he was appointed a Director in June 2021. The composition of the Committee was not Code-compliant to the extent that Sir John Lewis remains a member, and Ms Coutaz-Replan is not independent. Nonetheless, the Board considers that Ms Coutaz-Replan provides 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 Sir John Lewis and René Proglia have suitable recent and relevant financial experience to satisfy the requirements of the Code.

Meetings are normally held at least twice a year. Two meetings were held during the year ended 31 October 2021. 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, 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 usually 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 amount 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.

The Audit Committee has obtained confirmation from Mazars LLP that no non-audit services were provided by Mazars LLP during the year. The Audit Committee is satisfied that Mazars LLP remains independent.

Key matters considered

In March 2022, 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. 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 judgments 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. 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.
 - 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.
 - Valuation of Defined Benefit Obligations. Defined benefit obligations contain significant judgments 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 judgments 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. Besides, the Group acquired three companies during the period (Photo Plaza in Japan, Resto' Clock in France and NRG in Australia).

The Intangible Assets of Resto'Clock and NRG subsidiaries will be considered in the subsequent 2022-2023 period (brand, customer relationships, and contract-related assets distributor agreement) and will be depreciated over an appropriated period. The residual amount will be booked as Goodwill and consequently not amortized.

Regarding Photo Plaza, On 1 February 2021 the Group acquired 100% of the issued share capital of Photo Plaza Co Ltd.

The goodwill of £647,000 arising from the acquisition is attributable to the anticipated operational benefits and improvements to the Group's commercial offering.

As part of the purchase price allocation, the Group 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 following intangible assets were identified and recognised at their fair value:

- Order backlog of £1,440,000
- Customer relationships of £6,198,000

UEL for the acquired intangibles is seven years.

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

The remuneration committee

During the year period ended 31 October 2021, 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 but stepped down in December 2020. 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 year ended 31 October 2021.

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 74 to 90 provides details of how the Committee applies the directors' remuneration principles of the Code.

The Nomination Committee

During the year ended 31 October 2021, the Nomination Committee comprised Sir John Lewis (Committee Chairman), Emmanuel Olympitis and Jean-Marcel Denis. The Chairman of the Board would not chair the Remuneration Committee when it addresses the appointment of his or her successor. Thus the Committee is compliant with the applicable provisions of the Code which requires that a majority of members of the Committee are independent non-executive directors, and that its chairman should not chair the committee when it is dealing with the appointment of his or her successor.

The Committee, which meets as required, makes recommendations to the Board on the appointment of new directors. The Committee met twice in the year ended 31 October 2021.

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 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.

Executive Committee

As part of actions to further stabilise executive governance, the Group has taken the decision to evolve what was the Strategic Committee into a new Executive Committee. The Group believes this is the correct Committee to provide coherence, optimise synergies, share best practices and support the Group's succession process.

Led by key operational management, the Executive Committee will provide sustainable management and allow the Group to better plan for the future.

The Executive Committee will comprises:

- Serge Crasnianski, Chief Executive Officer and Deputy Chairman
- Jean-Marc Janailhac, Executive Director (Chair of the Executive Committee)
- Tania Crasnianski, Executive Director
- Stéphane Gibon, Chief Financial Officer
- Alessandro Reitelli, France and Continental Europe
- Christian Autié, Asia Pacific
- Pascal Faucher, President KIS, Food Division
- Nathalie Lamri, Chief Marketing Officer

■ Virginie Winkelmuller, HR Director

The Executive Committee will meet once a month to decide all strategies, resources and Group actions. Each member of the operational management team will be responsible for, and in charge of, implementing the decisions from within their business area.

A larger Group Managers Committee will meet every three months, gathering country managers together with the Executive Committee in order to discuss and review the implementation of communication, decisions and actions that have been decided by the Executive Committee meetings.

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. 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. These 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 other things):
 - 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 62, 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 respective 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.

The Directors 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 62, 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 72 and 73.

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 109 and following 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 2020/2021 consolidated financial statements.

Statement of Compliance with UK Listing Rules, Rule 9.8.4(14)

The Company is putting in place a written and legally binding agreement as required by Listing Rule 9.2.2ADR(1). The election and re-election of Independent Directors at the Company's annual general meeting to be held on 29 April 2022 will be conducted in accordance with Listing Rules 9.2.2ER and 9.2.2FR.

By order of the Board

Sir John Lewis OBE

Non-executive Chairman

30 March 2022

Directors' Remuneration Report

Emmanuel Olympitis

Chairman of the Remuneration Committee

In the 12 months ended 31 October 2021, the Committee's work has largely been focused on addressing the challenges arising as a result of the ongoing global pandemic.

Dear Shareholder,

On behalf of the Board, I am pleased to present our Directors' Remuneration Report which covers the 12 months ended 31 October 2021.

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 2020/21 and how the Remuneration Policy will be operated in 2021/22;
- The Remuneration Policy Report, which details the Company's Remuneration Policy (Policy) for the remuneration of Executive and Non-executive Directors, which was approved by shareholders at the 2020 AGM held on 30 April 2021; and
- The Annual Report on Remuneration, which discloses details of the Committee, how the Policy was implemented in the year ended 31 October 2021, and how the Policy will operate for the year ending 31 October 2022.

The Annual Statement and Annual Report on Remuneration will be subject to an advisory shareholder vote at the AGM on 29 April 2022.

Work of the committee during the 12 months ended 31 October 2021

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

- Setting the targets for the 2021/2022 annual bonus;
- Agreeing the performance against the targets for the 2017 ESOS awards and determining vesting levels;
- Agreeing the award levels and performance targets for the 2021 ESOS awards;
- Agreeing the remuneration arrangements for joiners and leavers; and
- Agreeing the fees and salaries/fees of the new directors appointed on 23 June 2021.

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

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.

Emmanuel Olympitis

Chairman of the Remuneration Committee

Clarity – The 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 hurdles; (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 2020/21

The performance of the Group is summarised on page 4 and in the financial statements on pages 92 to 168.

In respect of the annual bonus for the year ended 31 October 2021, while the profit and personal/strategic targets were met in full, Mr Crasnianski and Mr Janailhac recommended to the Remuneration Committee post year end that no annual bonuses should be paid to them. The Remuneration Committee accepted this recommendation for the last financial year. However, subject to ongoing individual and company performance, and only after appropriate consultation with major shareholders, the Committee will consider if it is appropriate to pay some or all of the bonuses that would have been payable, after the announcement of the 2022 interim results. Tania Crasnianski was not eligible for an annual bonus as she was only recently appointed to the Board.

The Directors unanimously agreed to a salary/fee reduction of 20% as from 1 July 2020; this voluntary reduction ceased as of 1 August 2021 and rates resumed to 100%.

No share option awards held by current Executive Directors vested in the year ended 31 October 2021.

Implementation of the remuneration policy for 2021/22

The Committee proposes to operate the Policy for the year ending 31 October 2022 as follows:

Executive Directors' current base salaries are as follows:

Role	Name	Salary from 1 November 2021	Salary from 1 November 2020
CEO	Serge Crasnianski ¹	£560,211	£560,211
Executive Director	Jean-Marc Janailhac	£195,029 ^{2,4}	£180,000 ^{3,4}
Executive Director	Tania Crasnianski	£257,000 ⁵	—

¹ Or appointment if later

² Based on a conversion rate.

³ Based on a conversion rate as at 1 November 2020 of €1:£0.90.

⁴ Delivered in two parts, namely £45,000 and £216,000. Following a review of Jean-Marc Janailhac's time commitment and responsibility levels, the amount paid in Euros was increased from €150,000 to €216,000 from 1 August 2021.

⁵ Ms Crasnianski has been paid €230,000 from appointment under a contract with Photomaton France SAS, and £50,000 under a contract with Photo-Me Limited. The salary is shown using a conversion rate as at 1 November 2021 of €1.1513:£1.

- Benefit and pension provisions will be in line with the approved 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 2022 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.
- Future grants of ESOS awards to Executive Directors will be kept under review.

Use of discretion

In determining remuneration outcomes for the year ended 31 October 2021, 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 2021 AGM (approval of the current Remuneration Policy and the Annual Statement and Remuneration Report), with both relevant resolutions supported by a significant majority of shareholders.

Yours faithfully,

/s/ Emmanuel Olympitis

Emmanuel Olympitis

Chairman of the Remuneration Committee

30 March 2022

Remuneration Policy Report

A summary of the Policy approved by shareholders at the 2020 AGM held on 30 April 2021 is set out below. The full Policy is set out in the Annual Report 2020.

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.

Component	Purpose and link to strategy	Operation	Maximum	Performance measures
Salary	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	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	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	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

Component	Purpose and link to strategy	Operation	Maximum	Performance measures
Executive Share Option Scheme (ESOS)	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	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	
Non-Executive Directors	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 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 AGM held in 2021, with 94.84% shareholder support (of votes cast) 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 Directors' service contracts are as follows:

Executive Director	Date of contract	Notice period
Serge Crasnianski ¹	01/05/2010	12 months ²
Jean-Marc Janailhac ³	19/06/2020 and 12/12/2019	6 months
Tania Crasnianski	23/06/2021	12 months ²

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 ⁴	26/07/2010	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
Camille Claverie ⁷	23/06/2021	n/a	2021
Sigieri Diaz della Vittoria Pallavicini ⁸	23/06/2021	n/a	2021
René Proglio ⁹	23/06/2021	n/a	2021

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 Where served by the Company; six months, notice where served by the Director or where applicable their service company.

³ Appointed to the Board on 22 July 2019 as a Non-executive director, he became an Executive director on 27 in July 2020. Mr Janailhac's services are also made available under a consultancy agreement with Photo-Me Limited and a third party that makes Mr Janailhac's services available to the Company.

⁴ First appointed to the Board on 3 July 2008.

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. Mr Denis's services are made available under a consultancy agreement with Photo-Me Limited and a third party that makes Mr Denis's services available to the company.

⁷ First appointed to the Board on 23 June 2021. Ms Claverie's contract is with Photo-Me Limited, a wholly-owned subsidiary of the Company.

⁸ First appointed to the Board on 23 June 2021. Mr Pallavicini's contract is with Photo-Me Limited, a wholly-owned subsidiary of the Company.

⁹ First appointed to the Board on 23 June 2021, Mr Proglio's services are made available under a consultancy agreement with Photo-Me Limited and a third party that makes Mr Proglio's services available to the Company.

Annual Report on Remuneration

Implementation of the Remuneration Policy for the year ending 31 October 2022.

The following section provides the details of how the Remuneration Policy will be implemented during the year ending 31 October 2022.

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 2021 ¹	1 November 2020
Serge Crasnianski	£560,211	£560,211
Jean-Marc Janailhac ²	£239,400	£180,000
Tania Crasnianski ³	£257,000	—

1 Or appointment

2 Mr Janailhac was originally appointed to the Board in July 2019 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 latter portion of his salary was increased to £216,000 with effect from 1 August 2021 to reflect the Remuneration Committee's assessment of his role and responsibilities. The 2021/2022 salary is shown using a conversion rate as at 1 November 2020 of €1:£0.93

3 Ms Crasnianski has been paid £230,000 under a contract with Photomaton France SAS, and £50,000 under a contract with Photo-Me Limited. The salary is shown using a conversion rate as at 1 November 2021 of €1:£0.85.

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 that either or both of Ms Crasnianski and Mr Janailhac receive any pension contribution for 2021/2022, it will be aligned with that of the work force. Mr Crasnianski also received private healthcare as a benefit.

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 2022 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

The Remuneration Committee is not currently considering granting any options to the CEO or the other Executive Directors under the 2014 Executive Share Option Scheme (ESOS) this year.

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 2021 £	1 November 2020 £
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	–	n/a ¹	44,000
Camille Claverie	Non-executive Director	–	0 ²	n/a
Sigieri Diaz Pallavicini	Non-executive Director	–	45,000	n/a
René Proglío	Non-executive Director	–	45,000	n/a

1 Mr Apeloig resigned from the Board on 30 April 2021.

2 Ms Claverie has chosen not to receive any fee.

Single total figure of remuneration (audited)

The detailed emoluments received by the Executive and Non-executive Directors for the 12 months ended 31 October 2021 and the 18 months ended 31 October 2020 are shown below:

Executive Directors	Year	Months	Salary/ Fees £	Benefits ¹ £	Bonus ² £	LTI £	Pension ³ £	Total	Total fixed remuner- ation	Total variable remuner- ation
Serge Crasnianski ⁴	2021	12	476,180	16,498	0	–	71,427	564,105	564,105	0
	2020	18	830,035	30,248	0	–	123,965	984,248	984,248	0
Jean-Marc Janailhac ⁸	2021	12	195,029 ⁷	–	0	–	–	195,029 ⁷	195,029 ⁷	0
	2020	18	52,703	–	0	–	–	52,703	52,703	0
Tania Crasnianski	2021	12	88,954 ⁷	–	0	–	–	88,954 ⁷	88,954 ⁷	0
	2020	n/a	n/a	–	–	–	–	–	–	–

Non-executive Directors	Year	Months	Salary/ Fees £	Benefits ¹ £	Bonus ² £	LTI £	Pension ³ £	Total	Total fixed remuner- ation	Total variable remuner- ation
Sir John Lewis ⁶	2021	12	108,900	–	–	–	–	108,900	108,900	0
	2020	18	189,200	–	–	–	–	189,200	189,200	0
Yitzhak Apeloig ⁹	2021	12	14,667	–	–	–	–	14,667	14,667	0
	2020	18	66,000	–	–	–	–	66,000	66,000	0
Françoise Coutaz- Replan ⁵	2021	12	37,400	–	–	–	–	37,400	37,400	0
	2020	18	110,317	–	–	–	–	110,317	63,067	47,250
Jean-Marcel Denis ¹⁰	2021	12	42,075	–	–	–	–	42,075	42,075	0
	2020	18	70,950	–	–	–	–	70,950	70,950	0
Emmanuel Olympitis	2021	12	46,750	–	–	–	–	46,750	46,750	0
	2020	18	78,834	–	–	–	–	78,834	78,834	0
Camille Claverie	2021	12	0	–	–	–	–	0	0	0
	2020	18	–	–	–	–	–	n/a	n/a	0
Sigieri Diaz Pallavicini	2021	12	14,250	–	–	–	–	14,250	14,250	0
	2020	18	–	–	–	–	–	–	–	0
René Proglio ¹¹	2021	12	14,250	–	–	–	–	14,250	14,250	0
	2020	18	–	–	–	–	–	–	–	0

1 Taxable benefits comprise the provision of 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 respect of the 12 months ended 31 October 2021.

3 The pension payment to Mr Crasnianski in the financial period ended 31 October 2021 represented 15% of base salary.

4 The emoluments of Mr Crasnianski shown above for the 12 months ended 31 October 2021 include fees totalling £396,834.30 (£608,952 for the 18 month-period ended 31 October 2020), 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 in the 2020 financial year. Realin Ltd repaid the overpayment thus made during the 2021 financial year. The reduction was lifted from and including 1 August 2021.

5 Ms 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 £38,775 paid to a third party in respect of making available the services of Sir John Lewis to the Company (£70,8950 for the 18 month-period ended 31 October 2020).

7 Exchange rate: of €1.1513:£1

8 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 £31,269.12 (2020: £39,836) 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 until 31 July 2021) and partially delivered in euros which when converted amounted to £158,672 fees which include a flat payment of £6,886 for travel expenses) (£39,836 for the 18 month-period ended 31 October 2020). The euro amount has been translated at an exchange rate using the same exchange rate mentioned in note 7 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.

9 The emoluments of Mr Apeloig (who resigned from the Board on 30 April 2021) shown above were paid to a third party in respect of making available the services of Mr Apeloig to the Company. No reduction of 20% had been applied to Mr Apeloig's fee due in the 2020 financial year due to an administrative oversight. This was rectified in the 2021 financial year.

10 The emoluments of Mr Denis shown above were paid to a third party in respect of making available the services of Mr Denis to the Company.

11 The emoluments of Mr Proglio shown above were paid to a third party in respect of making available the services of Mr Proglio to the Company.

Annual Bonus

Details of the performance against the profit before tax targets for the year ended 31 October 2021 annual bonuses were as follows:

Financial Targets (80% of Bonus Potential)

Executive	2020/21 Annual Bonus (% of salary)
Group pre-tax profit between 100% and 105% of prior year ¹	Committee discretion depending on year-on-year growth
Group pre-tax profit 5% more but less than 10% higher than that of prior year ¹	60%
Group pre-tax profit 10% or more than prior year ¹	120%
Prior year profit ¹	£0.5m
Current year actual profit result	£28.6m
% of bonus payable (out of 120% of salary)	0% of salary

¹ 18 months to 31 October 2020 (annualised).

Personal/Strategic Targets (20% of Bonus Potential)

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

Executive	Serge Crasnianski	Jean-Marc Janailhac
Maximum Bonus	20% of bonus (30% of salary)	20% of bonus (30% of salary)
Target 1 (10% of salary)	Continue to drive the expansion of the Company's business activities – with particular emphasis on identifying and negotiating acquisitions	Identify and manage strategic acquisitions including post acquisition management in respect of delivering planned synergies and operational benefits
Target 2 (10% of salary)	Devising and implementing succession management for senior colleagues	Build a new senior management team
Target 3 (10% of salary)	Manage and minimise the impact of Covid-19 on the Company's business activities and financial results where possible, maximising employee and customer safety at all times	Manage and minimise the impact of Covid-19 on the Company's business activities and financial results where possible, maximising employee and customer safety at all times
Committee Assessment	Achieved, but please see note below	Achieved, but please see note below
Bonus Award	0% of salary ¹	0% of salary ¹

¹ However, subject to ongoing individual and company performance, and only after appropriate consultation with major shareholders, the Committee will consider if it is appropriate to pay some or all of the bonuses that would have been payable, after the announcement of the 2022 interim results.

² While the profit and personal/strategic targets were met in respect of the year ended 31 October 2021, Mr Crasnianski and Mr Janailhac recommended to the Remuneration Committee post year end that no annual bonuses should be paid to them. The Remuneration Committee accepted this recommendation.

ESOS (Audited)

Scheme Interests Awarded In The Year (Audited)

The Company granted the following market value share option awards (exercise price of 77.5 pence per share) to Executive Directors during the year ended 31 October 2021:

Executive Director	Number of ESOS Awards	Basis	Face Value ¹
Serge Crasnianski	1,000,000	150% of salary	£775,000
Jean-Marc Janailhac	400,000	150% of salary	£310,000
Tania Crasnianski	96,774	150% of director's fee only	£75,000

¹ Based on a share price of £0.775 which was the average share price over the three days immediately prior to grant.

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

2023 EPS	Options exercisable to maximum percentage of salary
Below 8.00p	None
8.00p	25% of salary
8.5p	50% of salary
9.00p	75% of salary
9.5p	100% of salary
10p	125% of salary
10.5p	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 2021 and the date of this report, Mr Crasnianski and persons closely associated with him increased their interest to 137,948,596 ordinary shares of 0.5p of the Company.

Executive Director	Beneficially owned at		31 October 2020 ESOS Awards ¹	ESOS Awards ²	Requirement (% of salary)	Shareholding (% of salary) ³	Guideline
	31 October 2021	31 October 2020					
Serge Crasnianski ⁴	108,837,410	105,105,381	816,509	1,000,000	200%	12,861%	Yes
Jean-Marc Janailhac ^{7,8}	80,000	27,000	—	400,000	200%	12.5%	No
Tania Crasnianski ⁷	—	—	—	96,774	200%	29.2	No

Non-executive Director	Beneficially owned at		31 October 2020 ESOS Awards ¹	ESOS Awards ²	Requirement (% of salary)	Shareholding (% of salary) ³	Guideline
	31 October 2021	31 October 2020					
Sir John Lewis	25,000	25,000	—	—	—	—	—
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, 29 October 2021, being 66.2 p. The shareholding guideline is calculated using only beneficially owned shares.

⁴ Of the shares beneficially owned by Serge Crasnianski, 63,750 shares (2020: 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.

Directors' interests in share options (audited)

Details of outstanding share awards held by Directors are set out below.

Executive Director	Number of options As at 1 November 2020	Granted during period	Exercised during period	Lapsed during period	As at 31 October 2021	Exercise price	Exercisable from	Expiry date
Serge Crasnianski			–	–				
27 August 2019	816,509				816,509	101.4p	27 August 2022	27 August 2026
5 August 2021		1,000,000			1,000,000	77.5p	5 August 2024	4 August 2028
Jean-Marc Janailhac			–	–				
5 August 2021	Nil	400,000			400,000	77.5p	5 August 2024	27 August 2028
Tania Crasnianski			–	–				
5 August 2021	Nil	96,774			96,774	77.5p	5 August 2024	27 August 2028
Françoise Coutaz-Replan							10 July 2017	9 July 2021
10 July 2014	195,000			195,000		145.33p	9 July 2018	8 July 2022
9 July 2015	212,600				212,600	133.33p		

Relative importance of the spend on pay

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

	Year ended October 2021		18 months ended 2020	
	Pence per share	£'000	Pence per share	£'000
Interim	–	–	–	–
Final	2.89	–	–	–
Total	2.89	–	–	–

1 Paid on 10 May 2019

2 Paid on 8 November 2019

	Group	
	2021 £'000	2020 £'000
Wages and salaries	38,919	44,279
Social security costs	7,491	8,930
Share options granted to directors and employees	493	171
Post-employment benefit costs		
■ defined benefit schemes	252	351
■ defined contribution schemes	446	656
■ other post-employment costs		
	47,601	54,387

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 2021.

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.

Total shareholder return

CHART

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			
Serge Crasnianski	0%	0%	0%
Jean-Marc Janailhac	27%	0%	0%
Non-executive Directors			
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	11%	1%	0%

¹ With the exception of Inox Equip Limited

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 vesting.

	CEO	Total (£)	Annual (% of max)	Long-term incentives (% of max) ¹
2021 (12 months to 31 October 2021)	Serge Crasnianski	564,105	0%	–
2020 (18 months to 31 October 2020)	Serge Crasnianski	984,248	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%	–

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 ended 31 October 2021 compares with 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 have been annualised for 2020 to aid with future year comparison.

Period	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021	Option A	35:1	28:1	19:1
2020	Option A	44:1	30:1	24:1

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 statistically robust approach in respect of gathering the required data for 2021.

The respective quartile salary and total pay and benefits numbers are as follows:

Period	Salary			Total pay and benefits		
	25th % percentile	Median	75th percentile	25th percentile	Median	75th percentile
2021	£18,309	£23,533	£32,187	£18,858	£24,286	£34,336
2020	£14,410	£21,185	£25,687	£14,825	£21,824	£27,579

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 pages 58 and 59. 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)

It remains the Committee's policy that it will 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 and Non-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

Payments to past Directors

The Company did not make any payments to past Directors in the year ended 31 October 2021.

Advisers

FIT Remuneration Consultants LLP advised the Committee during the period ended 31 October 2021 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 year ended 31 October 2021 totalled £23,498 (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 2019/20 Directors' Remuneration Report at the 2021 AGM Remuneration Report and the last binding vote on the Remuneration Policy at the 2021 AGM.

	Total Votes For	%	Total Votes Against	%	Total Votes Cast (excluding withheld)	% of total votes cast / issued capital	Votes Withheld ¹
Directors' Remuneration Report (excluding the Remuneration Policy)	241,461,350	91.34%	22,902,100	8.66%	264,363,450	69.94%	14,544
Directors' Remuneration Policy	250,728,194	94.84%	13,636,756	5.16%	264,364,950	69.94%	13,044

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

/s/ Emmanuel Olympitis

Emmanuel Olympitis
Chairman of the Remuneration Committee
30 March 2022

It remains the Committee's policy that it will meet on an ad hoc basis when the needs of the Company require it.

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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 (together the 'group') for the year ended 31 October 2021 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 parent company financial statements, as applied in accordance with the provisions 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 2021 and of the group's profit for the year 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 the 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 and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered including consideration of events after balance sheet date and the implication of those when assessing the group's and the parent company's future financial performance;

- Assessing the appropriateness of the directors' key assumptions in their cash flow forecasts, as described in note 1, by reviewing supporting and contradictory evidence in relation to these key assumptions and assessing the directors' consideration of severe but plausible scenarios;
- Testing the accuracy and functionality of the model used to prepare the directors' forecasts;
- Assessing the historical accuracy of forecasts prepared by the directors;
- Considering the consistency of the directors' forecasts with other areas of the financial statements and our audit including the viability statement; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

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

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

In relation to Photo Me International Plc's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the director's considered it appropriate to adopt the going concern basis of accounting.

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 matter in forming our opinion above, together with an overview of the principal audit procedures performed to address this matter and our key observations arising from those procedures.

This matter, together with our findings, was communicated to those charged with governance through our Audit Completion Report.

Recognition, valuation and impairment of intangible assets including goodwill (Group)

The Risk

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

Intangible assets including goodwill represented £32.7m at 31 October 2020 and £34.5m at 31 October 2021.

In the year ended 31 October 2021, in accordance with IFRS 3 – Business Combinations. The group remeasured the value of intangibles arising from the acquisition of Photo Plaza (a Japanese entity) on 1 February 2021 with the allocation of £7.6m to other intangibles assets and the recognition of a residual goodwill of £0.6m.

The group recognised an additional £4m goodwill corresponding to the temporary entries resulting from the acquisition of two entities in France and Australia. These acquisitions were made close to the year-end and the Purchase Price Allocation has therefore not been completed.

Further, as a result of a strategic review during the year in relation to the group's operations in Spain, an impairment of £2.6m was recognised to fully impair the carrying value of intangible assets including goodwill of the corresponding CGU.

As described in note 1.4, management performs impairment reviews at least once a year for all goodwill and other non-amortisable intangible assets or more frequently where there is an impairment trigger. 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.

How our scope addressed this matter

Our audit procedures included, but were not limited to:

- For the acquisitions in the year, we reviewed the sale and purchase agreements and financial information of the entities acquired at the date of acquisition to confirm the level of initial goodwill to be recognised before remeasurement.
- In connection with the recognition of other intangible assets arising from these acquisitions, management obtained an expert report to determine the required purchase price adjustments within the remeasurement period. We engaged our valuation experts to assess the proposed purchase price adjustments, including the review of the methodology and key inputs used by management.
- In connection with impairment charges, we reviewed the impairment testing process implemented by group management, which is based on actual performance, cash-flow forecasts from the budget and five-year plan presented to and approved by 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 were most sensitive to the projections.
- We assessed the sensitivity of the impairment test to key changes in assumptions.

Our observations

We confirmed that the movements in intangible assets including goodwill in the year and their carrying value reflected in the financial statements as appropriate. Overall, the assumptions used by management in arriving at the impairment charge for the year were considered to be reasonable.

We identified a number of audit adjustments and internal control recommendations to strengthen the group's approach to goodwill recognition and impairment assessments that were shared with the Audit Committee.

Our application of materiality and an overview of the scope of our audit

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 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:

Group materiality and Parent company materiality

	Group	Parent company
Overall materiality	£1,500,000	£1,400,000
How we determined it	Our materiality has been determined with reference to a benchmark of profit before tax of which it represents 5%.	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 as described above as, in our view, this is the most relevant measure of the 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	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £1,100,000, which represents 70% of overall materiality. This was based on our risk assessments, together with our assessment of the group's overall control environment.	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £1,000,000, which represents 70% of overall materiality. This was based on our risk assessments, together with our assessment of the group's overall control environment.

As part of designing our audit, we 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 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 our risk assessment, our understanding of the group and the parent company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

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 eight most significant entities within the group including the group shared service centre, representing 78% of the relevant materiality benchmark (profit before tax) were subject to full scope audit which was performed by the group audit team for two entities including the shared service centre and by component auditors for the other entities. Where we relied on work performed by component auditors, we issued audit instructions, reviewed component audit files and exercised group oversight throughout the audit. For entities that did not subject to a 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 group materiality and obtaining an understanding of account balances through analytical review.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, 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 their environment obtained in the course of the audit, we have not identified material misstatements in the:

- Strategic Report or the Directors' Report; or
- 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.

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to Photo-Me International plc's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 64;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why they period is appropriate, set out on page 55;
- Directors' statement on fair, balanced and understandable, set out on page 73;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 55;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 71; and;
- The section describing the work of the audit committee, set out on page 68.

Responsibilities of Directors

As explained more fully in the statement of directors' responsibilities on page 72, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation the FCA Rules and Listing Rules.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the group and the parent company, the industry in which they operate, and the structure of the group, and considering the risk of acts by the group and the parent company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant regulatory authorities;
- Reviewing minutes of directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to management bias through judgements and assumptions in significant accounting estimates, in particular in relation to recognition, valuation and impairment of intangible assets including goodwill, and valuation of investments (company level), revenue recognition, and significant one-off transactions.

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

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing including consolidation journals;
- Reviewing accounting estimate for management bias when making significant judgements; and
- Reviewing transaction outside of normal course of business.

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 are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities is available 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. The period of total uninterrupted engagement is 2 years and 6 months, covering the 18-month period ended 31 October 2020 and the year-ended 31 October 2021.

No non-audit services prohibited by the FRC's Ethical Standard were provided to the group or the parent company during the year and we remain independent of the group and the parent company in conducting our audit.

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

Use of the audit report

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

A handwritten signature in black ink, appearing to read 'D Herbinet', with a long horizontal flourish extending to the right.

David Herbinet (Senior Statutory Auditor)

for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
London

31 March 2022

Group Statement of Comprehensive Income
For the 12 months ended 31 October 2021

	Notes	12 months to 31 October 2021 £'000	12 months to 31 October 2020 £'000	18 months to 31 October 2020 Audited £'000
Revenue	3	214,404	186,384	310,245
Cost of sales		(161,467)	(168,895)	(255,258)
Gross profit		52,937	17,489	54,987
Other operating income	4	317	318	910
Administrative expenses		(23,919)	(43,428)	(52,580)
Share of post-tax profits from associates	14	—	(53)	—
Operating profit/(loss)		29,335	(25,674)	3,317
Other gains and losses	4	1,998	(283)	(283)
Finance revenue	6	177	(15)	51
Finance cost	6	(2,955)	(1,879)	(2,593)
Profit/(loss) before tax		28,555	(27,851)	492
Total tax (charge)/credit	7	(6,703)	2,960	(2,844)
Profit/(loss) for the period		21,852	(24,891)	(2,352)
Other comprehensive income				
Items that are or may subsequently be classified to profit and loss:				
Exchange differences arising on translation of foreign operations		(6,987)	3,796	3,948
Taxation on exchange differences		—	(15)	(3)
Total items that are or may subsequently be classified to profit and loss		(6,987)	3,781	3,945
Items that will not be classified to profit and loss:				
Remeasurement gains/(losses) in defined benefit obligations and other post-employment benefit obligations		560	340	340
Deferred tax on remeasurement (losses)/gains		(94)	(65)	(65)
Total items that will not be classified to profit and loss		466	275	275
Other comprehensive income/(loss) for the period net of tax		(6,521)	4,056	4,220
Total comprehensive income/(loss) for the period		15,331	(20,835)	1,869
Profit/(loss) for the period attributable to:				
Owners of the Parent		21,713	(24,797)	(2,305)
Non-controlling interests		139	(94)	(47)
		21,852	(24,891)	(2,352)
Total comprehensive income attributable to:				
Owners of the Parent		15,192	(20,769)	1,888
Non-controlling interests		139	(65)	(19)
		15,331	(20,835)	1,869
Earnings per share				
Basic earnings per share	10	5.78p	(6.58p)	(0.62p)
Diluted earnings per share	10	5.77p	(6.58p)	(0.62p)

All results derive from continuing operations.

The notes on pages 109 to 168 are an integral part of these consolidated financial statements.

Group Statements of Financial Position
As at 31 October 2021

		Group	
		31 October 2021	31 October 2020
	Notes	£'000	£'000
Assets			
Goodwill	11	17,642	13,767
Other intangible assets	11	16,860	13,466
Property, plant & equipment	12	91,973	90,285
Investment property	13	597	652
Investment in associates	14	21	57
Financial instruments held at FVTPL	15	1,501	960
Trade and other receivables	16	1,868	1,799
Non-current assets		130,462	120,986
Inventories	17	18,458	16,611
Trade and other receivables	16	22,452	16,740
Current tax		1,417	217
Cash and cash equivalents	18	99,362	107,177
Current assets		141,688	140,745
Total assets		272,150	261,731
Equity			
Share capital	20	1,889	1,889
Share premium		10,599	10,599
Translation and other reserves		9,435	15,245
Retained earnings		106,051	84,448
Equity attributable to owners of the Parent		127,974	112,181
Non-controlling interests		1,720	1,689
Total Shareholders' funds		129,694	113,870
Financial liabilities	21	55,058	40,937
Post-employment benefit obligations	22	4,933	5,973
Deferred tax liabilities	24	8,571	6,058
Provisions	23	338	–
Non-current liabilities		68,900	52,968
Financial liabilities	21	25,877	54,516
Provisions	23	1,828	1,262
Current tax		3,367	4,909
Trade and other payables	25	42,484	34,206
Current liabilities		73,556	94,893
Total equity and liabilities		272,150	261,731

The notes on pages 109 to 168 are an integral part of these consolidated financial statements.

The accounts were approved by the Board on 30 March 2022 and signed on its behalf by:



Serge Crasnianski
Chief Executive Officer

Registration number: 00735438



John Lewis
Non-executive Chairman

Company Statements of Financial Position
As at 31 October 2021

		Company	
		31 October 2021 £'000	31 October 2020 £'000
	Notes		
Assets			
Property, plant & equipment	12	10,933	8,755
Investment in associates	14	–	35
Investment in subsidiaries	14	46,901	45,496
Financial instruments held at FVTPL	15	1,292	745
Deferred tax assets	24	–	670
Non-current assets		59,125	55,701
Inventories	17	1,492	1,263
Trade and other receivables	16	19,454	24,909
Cash and cash equivalents	18	4,002	5,879
Current tax		583	–
Current assets		25,531	32,051
Total assets		84,656	87,752
Equity			
Share capital	20	1,889	1,889
Share premium		10,599	10,599
Translation and other reserves		2,207	2,207
Retained earnings		46,405	45,632
Total Shareholders' funds		61,100	60,327
Liabilities			
Financial liabilities	21	1,727	995
Non-current liabilities		1,727	995
Financial liabilities	21	830	873
Current tax		–	1,196
Trade and other payables	25	20,999	24,361
Current liabilities		21,829	26,430
Total equity and liabilities		84,656	87,752

The notes on pages 109 to 168 are an integral part of these consolidated financial statements.

The company recognised a profit after tax for the period of £785,000 (2020: profit of £41,632,000).

The accounts were approved by the Board on 30 March 2022 and signed on its behalf by:



Serge Crasnianski
Chief Executive Officer

Registration number: 00735438



John Lewis
Non-executive Chairman

Group Statements of Cash Flows
For the period ended 31 October 2021

	Notes	31 October 2021 £'000	30 October 2020 £'000
Cash flow from operating activities			
Profit before tax		28,555	492
Finance cost		697	791
IFRS 16 Interest		2,258	1,801
Finance income		(177)	(51)
Other gains		(1,998)	283
Operating profit		29,335	3,317
Amortisation and impairments of intangible assets including goodwill	4	5,419	18,939
Depreciation and impairments of property, plant and equipment	4	30,328	64,610
Loss/(profit) on sale of property, plant and equipment		(368)	–
Exchange differences		(355)	(2,597)
Other items		680	215
Changes in working capital:			
Inventories		(1,847)	5,728
Trade and other receivables		(5,580)	4,177
Trade and other payables		8,278	(1,170)
Provisions		400	(112)
Cash generated from operations		66,090	93,107
Interest paid		(2,956)	(2,594)
Taxation paid		(9,269)	(4,688)
Net cash generated from operating activities		53,865	85,825
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	29	(10,133)	(786)
Proceeds from disposal of associate		–	357
Proceeds from sale of subsidiary		1,050	–
Investment in intangible assets		(2,529)	(2,326)
Proceeds from sale of intangible assets		–	50
Purchase of property, plant and equipment		(26,376)	(44,782)
Proceeds from sale of property, plant and equipment		3,904	1,474
Interest received		73	259
Dividends received		104	(184)
Net cash utilised in investing activities		(33,907)	(45,938)
Cash flows from financing activities			
Issue of Ordinary shares to equity shareholders		–	11
Repayment of lease liabilities	19	(4,600)	(286)
Repayment of borrowings	19	(22,365)	(17,097)
Increase in borrowings	19	5,093	30,964
Decrease in assets held to maturity	19	25	–
Dividends paid to owners of the Parent	9	–	(31,894)
Net cash utilised in financing activities		(21,847)	(18,302)
Net increase in cash and cash equivalents		(1,889)	21,585
Cash and cash equivalents at beginning of the period		107,177	85,573
Exchange gain on cash and cash equivalents		(5,926)	19
Cash and cash equivalents at end of the period		99,362	107,177

The notes on pages 109 to 168 are an integral part of these consolidated financial statements.

Company Statements of Cash Flows
For the period ended 31 October 2021

	Notes	31 October 2021 £'000	31 October 2020 £'000
Cash flow from operating activities			
Profit before tax		2,050	41,632
Finance costs		36	—
IFRS 16 Interest		247	285
Finance income		(76)	250
Other gains		311	975
Operating profit		2,568	43,142
Amortisation of intangible assets		—	186
Depreciation of property, plant and equipment		3,436	7,567
COVID-19 impairments		—	8,000
Loss/(profit) on sale of property, plant and equipment		31	(51)
Other items		(848)	(2)
Changes in working capital:			
Inventories		(230)	2,594
Trade and other receivables		5,455	(3,296)
Trade and other payables		(3,362)	(17,705)
Cash generated from operations		7,049	40,435
Interest paid		(283)	(284)
Taxation paid		(2,373)	—
Net cash (utilised in)/generated from operating activities		4,394	40,151
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired		(2,440)	—
Proceeds from disposal of subsidiaries		1,050	—
Purchase of property, plant and equipment		(4,387)	(7,603)
Proceeds from sale of property, plant and equipment		450	1,085
Interest received		—	(8)
Dividends received		76	—
Net cash generated from investing activities		(5,251)	(6,526)
Cash flows from financing activities			
Issue of Ordinary shares to equity shareholders		—	11
Repayment of lease liabilities		(1,020)	—
Increase in assets held to maturity		—	(1)
Dividends paid to owners of the Parent	9	—	(31,894)
Net cash utilised in financing activities		(1,020)	(31,884)
Net increase/(decrease) in cash and cash equivalents		(1,877)	1,741
Cash and cash equivalents at beginning of the period		5,879	4,137
Cash and cash equivalents at end of the period	18	4,002	5,879

The notes on pages 109 to 168 are an integral part of these consolidated financial statements.

Group Statements of Changes in Equity
For the period ended 31 October 2021

	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 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)
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 (expense)/income	—	—	—	3,945	275	4,220	—	4,220
Total comprehensive (expense)/income	—	—	—	3,945	(2,030)	1,915	(47)	1,868
Shares issued in the period	—	11	—	—	—	11	—	11
Share options	—	—	—	—	172	172	—	172
Dividends paid	—	—	—	—	(31,894)	(31,894)	—	(31,894)
Disposal of minority	—	—	—	—	—	—	(134)	(134)
Total transactions with 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
At 1 November 2020	1,889	10,599	1,781	14,533	83,379	112,181	1,689	113,870
Profit for the period	—	—	—	—	21,713	21,713	139	21,852
Other comprehensive (expense)/income	—	—	—	—	—	—	—	—
Exchange differences	—	—	—	(6,879)	—	(6,879)	(108)	(6,987)
Tax on exchange	—	—	—	—	—	—	—	—
Remeasurement gains in defined benefit pension scheme and other post-employment benefit obligations	—	—	—	—	560	560	—	560
Deferred tax on remeasurement gains	—	—	—	—	(94)	(94)	—	(94)
Total other comprehensive (expense)/income	—	—	—	(6,879)	466	(6,413)	(108)	(6,521)
Total comprehensive (expense)/income	—	—	—	(6,879)	22,179	15,300	31	15,331
Transactions with owners of the Parent	—	—	—	—	—	—	—	—
Share options	—	—	—	—	493	493	—	493
Dividends	—	—	—	—	—	—	—	—
Total transactions with owners of the Parent	—	—	—	—	493	493	—	493
At 31 October 2021	1,889	10,599	1,781	7,654	106,051	127,974	1,720	129,694

The notes on pages 109 to 168 are an integral part of these consolidated financial statements.

Company Statements of Changes in Equity
For the period ended 31 October 2021

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 1 May 2019	1,889	10,588	2,197	35,791	50,465
Profit for the period	–	–	–	41,632	41,632
Other comprehensive income	–	–	–	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 income for the period	–	–	10	41,735	41,745
Shares issued	–	11	–	–	11
Dividends	–	–	–	(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
At 1 November 2020	1,889	10,599	2,207	45,632	60,327
Profit/(loss) for the period	–	–	–	785	785
Other comprehensive expense	–	–	–	(12)	(12)
Total other comprehensive expense	–	–	–	(12)	(12)
Total comprehensive income for the period	–	–	–	773	773
At 31 October 2021	1,889	10,599	2,207	46,405	61,100

Notes to the Financial Statements

For the period ended 31 October 2021

The Group's prior financial year, ended 31 October 2020, was an extended period of 18 months due to the extension of the year end date from 30 April 2020. Consequently, the comparative period for all income statement related disclosure notes is the 18-month period ended 31 October 2020.

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 2021 were authorised for issue by the Directors on 30 March 2022 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 60.

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.

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 117.

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 Parent Company have been prepared on the going concern basis.

In reaching this conclusion, the Directors have reviewed detailed budgets, which reflect, where applicable, the current economic conditions, with regard to the level of demand for the Group's and Parent Company's manufactured products, the level of consumer confidence including the potential prolonged impact of the COVID 19 pandemic and cash flow forecasts for at least the next twelve months.

Directors assessed the Group's and Parent Company's going concern by stress testing four scenarios and their projected financial impact over a five-year period. The Directors' have used the five- year business plan in this assessment which covers a period of 12 months for the assessment of going concern and a period of five years for the assessment of viability as disclosed on page 55 The following scenarios were tested:

Scenario 1:

The budget, elaborated with each country manager and validated by the top management, which we consider as the best scenario.

Scenario 2:

The “most likely scenario” is based on the budget, but includes a less ambitious deployment plan for machine installations over the year (half of budget), and an assumption of 7% lower average revenue per machine. In addition, it includes a 5% price increase in spare parts and consumables, a 5% drop in machine installations due to supply chain issues, a 1% drop in total revenue due to loss of key accounts, and a 1% drop in revenue due to a prolonged impact from the pandemic. This scenario does not consider the potential impact of new regulations regarding photo identification or permission of selfies as official photos within the five-year forecast.

Scenario 3:

The “mild” scenario is as per Scenario 2, but with the following changes to assumptions: a 15% increase in the price of spare parts and consumables, a 5% drop in the number of machine installations due to delivery problems, a loss of key accounts amounting to 1% of total revenue and 3% of revenue due to a prolonged impact from the pandemic. Revenue is reduced by 2% each year due to the potential impact of new regulations regarding photo identification or permission of selfies as official photos.

Scenario 4:

The “worst case” scenario is as per Scenario 3, but with the following changes to assumptions: a 20% increase in the price of spare parts and consumables, a drop in the number of machine installations by 25 machines due to delivery problems, a loss of key accounts of 3% of total revenue and 5% of revenue due to a prolonged impact from the pandemic. Revenue is reduced by 3% each year due to the potential impact of new regulations regarding photo identification or permission of selfies as official photos.

In all four scenarios, exchange rate assumptions are as per the budget. The forecasts assume payment of dividends commensurate with results.

In all four scenarios tested, the group continues to comply with its bank covenants and loan repayment terms and is in a strong financial position after five years.

Brexit impact was considered by management to have no significant impact on the business of the Group, nor will the Ukrainian conflict, as the Group has no activity in this region.

Management does not consider interest rate risk to be a threat to the Group’s going concern, as all current debt is at fixed rates and the forecasts indicate no requirement for new debt facilities.

As a result, the cash flow projections indicate that the Group and the Parent Company will remain within their available banking facilities over the 12 months from signing these financial statements. Additional information on these facilities is provided in note 15.

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.

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 was significantly impaired in the prior period due to impact of the COVID 19 pandemic on the business.

The carrying value of goodwill and intangible assets at the period end were £17,642,000 and £17,860,000 respectively.

For both goodwill and intangible assets, we have used for impairment tests the discounted cash flows method to evaluate the asset value. 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. The Growth rate assumption for the Group's Japanese CGUs was 0%. For all other CGUs the growth rate assumption was 1%.

WACC discount rates were calculated for each territory and ranged between 12.6% and 14.5%. Further details of impairment testing are disclosed in note 11.

Goodwill impairments are not reversed or adjusted.

2) Impairment of property, plant and equipment – notes 1.5, 1.8, 12 and 13.

Management make estimates of the useful life of 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 COVID 19 pandemic and its impact on the business, there were significant indications in the prior period that machines should be impaired. Consequently, at the prior year end each unit was subject to impairment testing, based on each individual unit's projected EBITDA, as described in note 12.

At the current year end all units were subject to an updated impairment test and impairments were updated accordingly. Where impairment tests indicated a reduced level of impairment, the impairment held was reduced, with care taken to ensure that the closing net book value did not exceed what it would have been had the original impairment never occurred. Further details are disclosed in note 12.

The carrying value of property, plant and equipment at the period end was £91,973,000.

3) Taxation – note 7

The Group continues to follow the transfer pricing policy implemented in the previous years. The Group recognises deferred tax assets based upon management's judgement of the expected recoverability of the balance. Management's expectation of recoverability is based on forecast profits of the Group's subsidiaries. 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.

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 28.

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 28.

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 2021 or 2020.

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.

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.

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 IFRS16 leases

The Group adopted IFRS 16 on 1 May 2019.

The Group has arrangements across three main categories that meet the definition of a lease under IFRS 16: site agreements, property and motor vehicles. 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 relevant country discount rate. The discount rate per country is the sum of the Group incremental borrowing rate, the country risk adjustment, a size premium adjustment and the Term-adjustment.

Site agreements

The Group operates vending units which 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.

Non-IFRS16 leases

Some of the Group's lease arrangements do not meet the criteria for IFRS16 treatment (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.

1.11 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.

1.12 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.

1.13 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.

1.14 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.

1.15 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.

1.16 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.

1.17 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 no unbundling required for accounting purposes.
- Revenue from the provision of services, principally maintenance contracts, is recognised at the time the service is delivered to the customer. Services are sold on their own as stand-alone products with no unbundling required.

1.18 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.

1.19 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.

1.20 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 with no material impact.

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)

Not yet adopted by the Group

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
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021

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.

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.

The segment results are as follows:

12 months to 31 October 2021	Asia £'000	Continental Europe £'000	United Kingdom & Ireland £'000	Corporate £'000	Total £'000
Total revenue	39,751	152,257	29,644	–	221,652
Inter segment sales	–	(7,248)	–	–	(7,248)
Revenue from external customers	39,751	145,009	29,644	–	214,404
EBITDA	8,062	54,809	8,587	(6,381)	65,077
Depreciation, amortisation and impairment	(6,024)	(25,174)	(3,643)	(901)	(35,742)
Operating profit/(loss) excluding associates	2,038	29,635	4,944	(7,282)	29,335
Operating profit					29,335
Other gains					1,998
Finance income					177
Finance costs					(2,955)
Profit before tax					28,555
Tax					(6,703)
Profit for the period					21,852
Capital expenditure (excluding Right of Use assets)	2,993	20,749	5,974	245	29,961
Non-current assets	28,088	85,150	18,643	(419)	131,462

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, amortisation, impairment and provisions against investments	(8,721)	(46,736)	(27,038)	(1,500)	(83,996)
Operating profit/(loss) excluding associates	4,501	28,750	(19,115)	(10,819)	3,317
Operating profit					3,317
Other losses					(284)
Finance income					51
Finance costs					(2,593)
Profit before tax					491
Tax					(2,844)
Loss for the period					(2,353)
Capital expenditure (excluding Right of Use assets)	4,972	31,797	9,855	484	47,108
Non-current assets	20,023	85,360	17,178	3,930	126,492

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	
	12 months ending 31 October 2021 £'000	18 months ending 31 October 2020 £'000
Total revenue from external customers		
Asia and rest of the world	39,751	60,392
Europe	145,009	195,230
UK	29,644	54,623
	214,404	310,245

	12 months ending 31 October 2021 £'000	18 months ending 31 October 2020 £'000
Total revenue from external customers		
Sales of equipment, spare parts & consumables	21,013	23,761
Sales of services	3,772	5,599
Other sales	130	239
	24,915	29,599
Vending revenue	189,488	280,646
Total revenue	214,404	310,245

There were no key customers in the period ended 31 October 2021 (2020: none).

4 Profit for the period

Costs and overhead items charged/(credited) in arriving at profit for the period, include the following:

	12 months ending 31 October 2021 £'000	18 months ending 31 October 2020 £'000
Amortisation, depreciation and impairment		
Amortisation of previously capitalised research and development expenditure	1,396	4,031
Amortisation of intangible assets other than research and development	(49)	3,516
Impairment of/(reversal of impairment of) previously capitalised research and development expenditure	(112)	1,660
Impairment of intangible assets other than research and development	3,602	5,290
Impairment of goodwill	582	5,143
	5,419	19,640
Depreciation of property, plant and equipment and investment property		
Depreciation of owned assets	28,767	39,152
Depreciations of Right of Use asset	4,420	7,400
Impairment of/(reversal of impairment of) property, plant and equipment and investment property – owned	(2,875)	15,794
	30,312	62,346
Amortisation of previously capitalised research and development expenditure		
– reflected in income statement in cost of sales	1,396	4,031
Amortisation of intangible assets other than research and development		
– reflected in income statement in cost of sales	1,181	794
– reflected in income statement in administrative expenses	(1,231)	271
	1,346	5,096
	12 months ending 31 October 2021 £'000	18 months ending 31 October 2020 £'000
Short term and low value leases		
– property	537	774
– plant and equipment	888	1,436
	1,425	2,210
Inventory cost		
Cost of inventories recognised as an expense	8,537	20,450
	8,537	20,450

During the period the Group provided £1,268,000 in respect of obsolete stock (2020: £809,000).

	12 months ending 31 October 2021 £'000	18 months ending 31 October 2020 £'000
Other items		
Research and development current period expenditure, not capitalized	(608)	913
Trade receivables impairment (note 15)	850	324
Net foreign exchange loss/(gain)	689	(346)
Loss/(gains) on sale of property, plant and equipment	(368)	402
Direct expenses for investment properties generating rental income	12	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 (2020: Mazars) and its associates.

	12 months ending 31 October 2021 £'000	18 months ending 31 October 2020 £'000
Fees for the audit of the company and the group – Mazars LLP	232	263
Fees for the audit of the subsidiaries – other Mazars	192	102
Audit related services – Mazars	–	124
Non audit related services – Mazars	–	25
Fees for the audit of the subsidiaries – Other firms	83	310
Fees for the audit of the prior year incurred in the year – other firms	–	27
	507	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

	12 months ending 31 October 2021 £'000	18 months ending 31 October 2020 £'000
Other operating income	317	910

Other operating income principally includes rental income from investment property (note 13) of £98,000, logistics income of £44,000, other rental income of £27,000 and other small items of non-trading income.

Other gains and losses

Other gains and losses comprise of profits arising on financial instruments held at FVTPL, profit on disposal of subsidiaries and gains 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.

	12 months ending 31 October 2021 £'000	18 months ending 31 October 2020 £'000
Other gains and losses		
Investment in associate	–	140
Disposal of subsidiary	1,093	–
Fair value gain on financial instrument held at FVTPL	546	7
Gain/(loss) on available for sale financial instruments	26	(431)
Other gains	333	–
	1,998	(284)

Period ended 31 October 2021

The gain of £1,093,000 relates to the disposal of the Group's investments in Revolution Max Limited and Inox Limited, previously subsidiary undertakings.

5 Employees

Employment costs

	12 months ending 31 October 2021 £'000	18 months ending 31 October 2020 £'000
Wages and salaries	38,920	56,605
Social security costs	7,491	9,634
Share options granted to directors and employees	493	171
Post-employment benefit costs		
– defined benefit schemes	251	351
– defined contribution schemes	447	656
	47,602	67,417

Directors' emoluments

Full details of directors' remuneration and share options are given in the Remuneration Report on pages 74 to 90.

Number of employees

The average number of employees during the period (including executive directors) comprised:

	12 months ending 31 October 2021	18 months ending 31 October 2020
Full – time	860	932
Part – time	113	124
	973	1,056
UK : Full – time	103	186
UK : Part – time	0	5
Continental Europe : Full – time	625	605
Continental Europe : Part – time	35	37
Asia and rest of the world : Full – time	132	141
Asia and rest of the world : Part – time	78	82
	973	1,056

Employees by category

	As at 31 October 2021	As at 31 October 2020
Senior managers in the Group (excluding directors of Photo-Me)	31	13
Employees– Sales	113	70
Employees-Administration	184	115
Employees-Operating	645	858
Total	973	1,056

6 Finance revenue and costs

	12 months ending 31 October 2021 £'000	18 months ending 31 October 2020 £'000
Finance income		
Dividends received from investments	104	56
Other financial income	73	(5)
	177	51
Finance costs		
Bank loans and overdrafts at amortised cost	(691)	(794)
Interest on IFRS16 lease liabilities	(2,259)	(1,801)
Other loans at amortised cost and lease liabilities	(5)	2
	(2,955)	(2,593)

7 Taxation expense

Tax charges/(credits) in the statement of comprehensive income

	12 months ending 31 October 2021 £'000	18 months ending 31 October 2020 £'000
Taxation		
Current taxation		
UK Corporation tax		
– current period	3,562	700
– prior periods	(259)	–
	3,303	700
Overseas taxation		
– current period	3,415	4,209
– prior periods	259	–
	3,674	4,209
Total current taxation	6,977	4,909
Deferred taxation		
Origination and reversal of temporary differences		
– current period – UK	(301)	(175)
– current period – overseas	119	(1,890)
Impact of change in rate	–	–
Total deferred tax	(181)	(2,065)
Tax charge in the statement of comprehensive income	6,796	2,844

Tax relating to items (credited)/charged to other components of comprehensive income

	12 months ending 31 October 2021 £'000	18 months ending 31 October 2020 £'000
Corporation tax	–	(3)
Deferred tax	94	(65)
Tax (credit)/charge in other comprehensive income	94	(68)

Reconciliation of total tax charge

The difference between the Group tax charge and the standard UK corporation tax rate of 19% (2020: 19%) is explained below:

	12 months ending 31 October 2021 £'000	18 months ending 31 October 2020 £'000
Profit before tax	28,560	492
Tax using the UK corporation tax rate of 19% (2020: 19%)	5,426	93
Effect of:		
– non-taxable items	63	–
– change in UK tax rates	–	–
– overseas tax rates	354	157
– income not assessable	–	–
– losses not recognised in deferred tax (relieved)/incurred	648	–
– non-deductible impairment	–	2,378
– adjustments to tax in respect of prior periods	–	215
– other items	212	–
Total tax charge	6,703	2,844
Effective tax rate	23.8%	578.0%

The Group tax charge of £6.7m (2020: £2.8m) corresponds to an effective tax rate of 23.8% (2020: 578.0%). The distorted ETR in the prior year was due to the non-deductibility of goodwill impairment.

The corporation tax rate for the period ended 31 October 2021 was 19%. The Finance Bill 2021 was substantively enacted on 24 May 2021, legislating that the UK Corporation Tax rate will increase from 19% to 25% with effect from 1 April 2023.

The Group undertakes business in multiple tax jurisdictions.

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 £785,000 (2020: £41,632,000), including dividends received from subsidiaries.

9 Dividends paid and proposed

	31 October 2021		31 October 2020	
	Pence per share	£'000	Pence per share	£'000
Interim				
2019 paid on 11 May	–	–	3.71	14,014
Final				
2019 approved at AGM held on 25 October 2018	–	–	4.73	17,880
	–	–	8.44	31,894

Periods ended 31 October 2021 and 31 October 2020 – Proposed dividends not yet paid

The Board is recommending a dividend of 2.89p per ordinary share for the period ended 31 October 2021 (2020: no dividend).

10 Earnings per share

Basic earnings per share amounts are calculated by dividing net earnings attributable to shareholders of the Parent of £21,852,000 (2020: loss of £2,352,000) 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 2021			31 October 2020		
	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	21,852	378,012	5.78	(2,352)	377,749	(0.62)
Effect of dilutive share options	–	927	(0.01)	–	765	–
Diluted earnings per share	21,852	378,938	5.77	(2,352)	378,514	(0.62)

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.

11 Goodwill and other intangible assets

Goodwill

Group

	£'000
Cost :	
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
At 1 November 2020	19,246
Exchange differences	(370)
Additions	4,685
At 31 October 2021	23,561
Impairment charges:	
At 1 May 2019	298
Exchange differences	37
Impairment charge in the period	5,143
At 30 April 2020	298
At 31 October 2020	5,478
At 1 November 2020	5,478
Exchange differences	(141)
Impairment charge in the period	582
At 31 October 2021	5,919
Net book value:	
At 31 October 2020	13,767
At 31 October 2021	17,642

Additions to goodwill in the year are in relation to the following acquisitions of subsidiaries:

	£'000
Restoclock	2,253
Now Retail Group	1,823
Photo Plaza Co Ltd	609
	4,685

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 Administrative costs.

Goodwill has been allocated for impairment testing purposes to nine (2020: seven) cash-generating units (CGUs); allocated between geographical areas and activity in accordance with impairment testing in the prior period:

	31 October 2021 £'000	31 October 2020 £'000
Carrying amount		
UK & Ireland		
CGU 1 – Photo-Me Ireland Limited	154	154
CGU 2 – Photo-Me Northern Ireland	14	14
Total UK & Ireland	168	168
Continental Europe		
CGU 1 – Photomaton SAS	303	322
CGU 2 – Fotofix-Schnellphotoautomaten G.m.b.H.	1,941	2,068
CGU 3 – LaWash Group	–	604
CGU 4 – Sempa	3,299	3,360
CGU 5 – Restoclock	2,254	–
Total Continental Europe	7,797	6,354
Asia		
CGU 1 – Nippon Auto-Photo Kabushiki Kaisha*	7,854	7,245
CGU 2 – Now Retail Group Pty Ltd	1,823	–
Total Asia	9,677	7,245
Total	17,642	13,767

* Asia CGU 1 includes goodwill from the acquisition of Photo Plaza Co Ltd, which was merged into Nippon Auto-Photo Kabushiki Kaisha on 15th March 2021.

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. As a result of the impairment tests we fully impaired CGU 3 in Continental Europe (£0.6m), due to a reduction in forecasted cash generation.

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 0% – 1% (2020: 1%)

The Growth rate assumption for the Group's Japanese CGUs was 0%. For all other CGUs the growth rate assumption was 1%. 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.

Discount rate 12.63%-14.50% (2020: 10.42%-11.96%)

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 13.14%, (2020: 11.00%), Ireland 13.39% (2020: 11.24%), France 13.05% (2020: 10.90%), Germany 12.61% (2020: 10.42%), Spain 13.97% (2020: 11.96%), Japan

13.20% (2020: 11.10%), Portugal 14.50%, Belgium 13.14%, Netherlands 12.63%, Switzerland 12.67% and Austria 12.96%. The Board is confident, overall, that these discount rates reflect the circumstances in each region, and are in accordance with IAS 36.

Other intangible assets – Group

	Capitalised development costs £'000	Other intangible assets £'000	Total £'000
Cost:			
At 30 April 2019	10,848	13,420	24,268
IFRS 3 remeasurement	–	10,553	10,553
At 30 April 2019 (restated)	10,848	23,973	34,821
At 1 May 2019	10,848	23,973	34,821
Exchange differences	487	466	953
Additions external	2,296	150	2,446
Disposals	(712)	(1,553)	(2,265)
At 31 October 2020*	12,919	23,036	35,955
At 1 November 2020*	12,919	23,036	35,955
Exchange differences	(710)	(1,311)	(2,021)
Additions – external	1,802	727	2,529
Additions – new subsidiary	–	7,700	7,700
Disposals	(1,000)	(42)	(1,042)
At 31 October 2021	9,243	30,110	43,121
Amortisation:			
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 30 October 2020	13,011	13,246	22,489
At 1 November 2020	9,243	13,246	22,489
Exchange differences	(1,157)	(1,066)	(2,223)
Provided during the period	1,284	3,553	4,837
New subsidiaries	–	56	56
Transfers	758	386	1,144
Disposals	–	(42)	(42)
At 31 October 2021	10,128	16,133	22,261
Net book value:			
At 30 April 2019	6,135	9,087	15,222
At 30 April 2019 (restated)	6,135	19,640	25,775
At 30 October 2020	3,676	9,790	13,466
At 31 October 2021	2,883	13,977	16,860

* A reclassification of £5.5m was made between intangible assets and Creditors.

Capitalised research and development expenditure is amortised over a maximum of four years, with no residual value.

Other intangible assets consist of software, customer related assets and patents and licenses.

Other intangible assets

A credit for reversal of impairments of £112,000 (2020: impairment charge of £1,660,000) is recognised in the line "Costs of sales" and an impairment charge of £3,602,000 (2020: £5,290,000) is recognised in "Administrative expenses".

An amortisation charge was recognised against the intangible assets of Sempa SARL (£1,538,000) and an impairment was recognised against the intangibles assets of Global Network Investment SL (£2,064,000) in accordance with our stated accounting policy.

Impairment losses were mostly due to a reduction in forecast cash generation of the affected subsidiaries.

Company

	Other intangible assets £'000
Cost:	
At 1 May 2019	776
At 31 October 2010	776
At 1 November 2020	776
At 31 October 2021	
Amortisation:	
At 1 May 2019	776
At 31 October 2020	776
At 1 November 2020	776
At 31 October 2021	776
Net book value:	
At 30 April 2019	—
At 31 October 2020	—
At 31 October 2021	

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 excludes general overheads and administration costs. When relevant, profits made by the selling company are eliminated on consolidation.

Group

	Land & Buildings £'000	Photoboosts and vending machines £'000	Plant, machinery, furniture, fixtures and motor vehicles £'000	Total £'000
Cost:				
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	11,719	–	4,814	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	20,311	278,800	42,787	341,898
Exchange difference	(1,408)	(17,747)	(2,235)	(21,390)
Additions – right of use	7,873	–	1,868	9,741
Additions – internal	–	22,450	4	22,454
Additions – external	425	113	4,437	4,975
Additions – new subsidiaries	–	9,876	581	10,457
Disposals – right of use	(1,047)	–	(998)	(2,045)
Disposals	(313)	(20,991)	(2,362)	(23,666)
At 31 October 2021	25,841	272,501	44,082	342,424
Depreciation				
At 30 April 2019	4,363	170,304	23,566	198,233
Exchange difference	220	7,502	270	7,992
Right of Use assets	5,018	–	1,828	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)
31 October 2020	9,981	213,280	28,532	251,613
Exchange difference	(812)	(13,922)	(1,675)	(16,409)
Right of Use assets	2,974	–	1,446	4,420
New subsidiaries	–	7,669	307	7,976
Provided during the period	330	25,931	2,506	28,767
Impairments	95	(4,167)	1,197	(2,875)
Transfers to intangible assets	–	(1,144)	–	(1,144)
Disposals – right of use	(866)	–	(901)	(1,767)
Disposals	(56)	(18,960)	(1,114)	(20,130)
At 31 October 2021	11,646	208,687	30,118	250,451
Net book value:				
At 30 April 2019	3,187	81,804	10,362	95,353
At 31 October 2020	10,330	65,520	14,435	90,285
At 31 October 2021	14,195	63,814	13,964	91,973

Internal additions for photoboosts and vending machines of £22,454,000 (2020: £36,540,000) relate to own work capitalised, being equipment produced by the subsidiaries and capitalised by the group companies.

The Group and the Company test 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 every each assets was measured on the basis of its value in use, by applying cash flow projections based on financial forecasts. Per unit, discounted cash flows were summed over the remaining depreciation period, plus 4 years as all machines continue to operate with adequate maintenance beyond the depreciation period of at least 4 to 7 years. This was compared to the net book value of each asset and then impaired partially or totally when needed.

The key assumptions for the value in use calculation were those regarding the discount rates, growth rates 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 1% (2020: 0%– 3%). Pre-tax discount rates ranging between 12.6% and 14.5% (2020: 11%) were applied to the cash flows.

At the current year end all units were subject to an updated impairment test and impairments updated accordingly. Where impairment tests indicated a reduced level of impairment, the impairment held was reduced, with care taken to ensure that the closing net book value did not exceed what it would have been had the original impairment never occurred.

For the purpose of impairment testing, the recoverable amount of every assets was measured on the basis of its value in use, by applying cash flow projections based on financial forecasts. Per unit, discounted cash flows were summed over the remaining depreciation period, plus 4 years as all machines have a longer life than the depreciation period of at least 4 to 7 years. This was compared to the net book value of each asset and then impaired partially or totally when needed.

The key assumptions for the value in use calculation were those regarding the discount rates, growth 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 1% (2020: 0%– 3%). Pre-tax discount rates ranging between 12.6% and 14.5% (2020: 11%) were applied to the cash flows.

At the current year end all units were subject to an updated impairment test and impairments updated accordingly. Where impairment tests indicated a reduced level of impairment, the impairment held was reduced, with care taken to ensure that the closing net book value did not exceed what it would have been had the original impairment never occurred.

Company

	Land & Buildings £'000	Photoboosts and vending machines £'000	Plant, machinery, furniture, fixtures and motor vehicles £'000	Total £'000
Cost:				
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
Additions				
– internal	–	3,226	–	3,226
– external	–	193	969	1,162
– right of use	1,011	–	880	1,891
Disposals				
– external	–	(7,517)	(128)	(7,645)
– right of use	–	–	(959)	(959)
At 31 October 2021	4,403	38,432	2,202	45,037
Depreciation				
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	36,612	400	38,609
Right of Use assets charge	269	–	820	1,089
Provided during the period	–	1,524	822	2,346
Disposals				
– external	–	(7,128)	(35)	(7,163)
– right of use	–	–	(777)	(777)
At 31 October 2021	1,866	31,008	1,230	34,104
Net book value:				
At 30 April 2019	–	13,633	860	14,493
At 31 October 2020	1,796	4,321	1,041	7,158
At 31 October 2021	2,537	7,424	972	10,933

Internal additions for photoboosts and vending machines of £3,226,000 (2020: £3,521,000) relate to new equipment produced by subsidiaries and equipment previously capitalised by the Group's subsidiaries and sold to the parent.

13 Investment property

Group

	£'000
Cost:	
At 30 April 2019	13,088
Exchange differences	572
At 31 October 2020	13,660
Exchange differences	(838)
At 31 October 2021	12,822
Depreciation:	
At 30 April 2019	12,440
Exchange differences	545
Provided during the period	23
At 31 October 2020	13,008
Exchange differences	(799)
Provided during the period	16
At 31 October 2021	12,225
Net book value:	
At 30 April 2019	648
At 31 October 2020	652
At 31 October 2021	597

The investment property is freehold and is stated at cost less depreciation and any impairment charges. 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 £98,000 (2020: £481,000) (note 4) and finance costs were £2,500 (2020: £2,500).

Company

The Company has no investment property.

14 Investments in associates and subsidiaries

Investment in associates

Group

	£'000
Cost:	
At 30 April 2019	415
Exchange differences	16
Disposal (see note 4)	(374)
At 31 October 2020	57
Exchange differences	(1)
Disposal (see note 4)	(35)
At 31 October 2021	21

In May 2020, the group sold its shares in PHOTO DIRECT Pty Ltd, an Australian based associate.

Name	Country of incorporation	Assets £'000	Liabilities £'000	Revenue £'000	Share of profit £'000	Dividends received	Interest %
At 31 October 2020							
Other associates		69	12	—	—	—	
		69	12	—	—	—	
At 31 October 2021							
Globe Connect & Photomaton Maroc	Morocco	90	69	—	—	—	50
		90	69	—	—	—	50

Company

	Associated undertakings £'000	Subsidiary undertakings £'000	Total £'000
Costs:			
At 30 April 2019	38	48,119	48,157
Capital contribution relating to share-based payment (net)	3	–	3
At 30 October 2020	41	48,119	48,160
At 1 November 2020	41	48,119	48,160
Addition	–	2,953	2,953
Disposal	(35)	(2,251)	(2,286)
At 31 October 2021	6	48,821	48,827
Provision:			
At 30 April 2019	3	372	375
Impairment	–	2,251	2,251
At 31 October 2020	3	2,623	2,626
Impairment	3	1,548	1,552
Disposal	–	(2,251)	(2,251)
At 31 October 2021	6	1,920	1,926
Net book value:			
At 30 April 2019	35	47,747	47,782
At 31 October 2020	38	45,496	45,534
At 31 October 2021	–	46,901	46,901

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 28.

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.

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 2021 (31 October 2020: 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 lease liabilities 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 valued at 0,125 HKD per share at the end of October 2021 (£1,291,597).

There are no material Level 2 or Level 3 investments held by the Group or Company.

Financial instruments by category

The tables below show financial instruments by category for the Group

At 31 October 2021	Loans and receivables £'000	Financial instruments £'000	Total £'000
Assets per statement of financial position			
Financial instruments held at FVTPL	–	1,501	1,501
Trade and other receivables	25,464	–	25,464
Cash and cash equivalents	99,362	–	99,362
	124,826	1,501	126,327
		Other financial liabilities at amortised cost £'000	Total £'000
Liabilities per statement of financial position			
Borrowings		64,443	64,443
Leases		16,493	16,493
Trade and other payables excluding non – financial liabilities		42,484	42,484
		123,420	123,420
At 31 October 2020	Loans and receivables £'000	Financial instruments £'000	Total £'000
Assets per statement of financial position			
Financial instruments held at FVTPL	–	960	960
Trade and other receivables	18,539	–	18,539
Cash and cash equivalents	107,177	–	107,177
	125,716	960	126,676

	Other financial liabilities at amortised cost £'000	Total £'000
Liabilities per statement of financial position		
Borrowings	84,878	84,878
Leases	10,577	10,577
Trade and other payables excluding non – financial liabilities	34,206	34,206
	129,661	129,661

Company

	Loans and receivables £'000	Financial instruments £'000	Total £'000
At 31 October 2021			
Assets per statement of financial position			
Financial assets held at FVTPL	–	1,292	1,292
Trade and other receivables	19,454	–	19,454
Cash and cash equivalents	4,002	–	4,002
	23,456	1,292	24,748

	Other financial liabilities at amortised cost £'000	Total £'000
Liabilities per statement of financial position		
Leases	2,557	2,557
Trade and other payables excluding non – financial liabilities	20,999	20,999
	23,556	23,556

	Loans and receivables £'000	Financial instruments £'000	Total £'000
At 31 October 2020			
Assets per statement of financial position			
Financial assets held at FVTPL	–	745	745
Trade and other receivables	24,909	–	24,909
Cash and cash equivalents	5,879	–	5,789
	30,788	745	31,533

	Other financial liabilities at amortised cost £'000	Total £'000
Liabilities per statement of financial position		
Leases	1,868	1,868
Trade and other payables excluding non – financial liabilities	24,361	24,361
	26,229	26,229

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.

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 2021 £'000	31 October 2020 £'000	31 October 2021 £'000	31 October 2020 £'000
Current	7,061	7,828	(2)	42
Past due				
– overdue 1-30 days	–	835	–	–
– overdue 31-60 days	1,280	113	65	–
– overdue 61 days	1,370	709	(52)	–
Total past due	2,650	1,657	13	–
Total trade receivables	9,711	9,485	11	42

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 2021 and 31 October 2020 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 2021 and 31 October 2020, 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 2021 and 31 October 2020 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 2021							
Interest bearing loans and borrowings and interest free loans	20,120	17,770	13,593	7,381	4,410	1,169	64,443
Lease liabilities	5,727	2,556	2,141	2,082	2,071	1,887	16,493
Trade and other payables	42,484	–	–	–	–	–	42,484
	68,361	20,326	15,734	9,463	6,481	3,056	123,420
At 31 October 2020							
Interest bearing loans and borrowings and interest free loans	45,433	15,624	13,635	8,706	1,480	–	84,878
Lease liabilities	4,535	115	92	54	4,300	1,481	10,577
Trade and other payables	34,206	–	–	–	–	–	34,206
	84,174	15,739	13,727	8,760	5,780	1,481	129,661

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 2021							
Lease liabilities	830	361	361	361	361	282	2,557
Trade and other payables	20,999	–	–	–	–	–	20,999
	21,829	361	361	361	361	282	23,556
At 31 October 2020							
Lease liabilities	873	–	–	–	–	–	873
Trade and other payables	24,361	–	–	–	–	–	24,361
	25,234	–	–	–	–	–	25,234

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.

(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 2021 and 31 October 2020 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	Loans/IFRS16 liabilities £'000	Total £'000
31 October 2021			
Sterling	5,146	(2,557)	2,590
Euro	80,199	(70,780)	9,419
Swiss Franc	3,493	(225)	3,268
US Dollar	25	-	25
Japanese yen	8,539	(7,239)	1,300
Other currencies	1,960	(135)	1,825
	99,362	(80,936)	18,426
31 October 2020			
Sterling	18,803	(1,868)	16,935
Euro	72,838	(89,461)	(16,624)
Swiss Franc	4,426	(1,183)	3,243
US Dollar	28	-	28
Japanese yen	8,391	(2,916)	5,475
Other currencies	2,692	(25)	2,667
	107,177	(95,452)	11,725

Net cash at 31 October 2021 includes £15,016,000 of IFRS 16 liabilities (2020: £10,153,000).

Interest rate risk

	31 October 2021 £'000	31 October 2020 £'000
Net cash		
Mainly non-interest bearing current accounts:		
Cash at bank and in hand	97,683	105,235
Deposit accounts – generally interest bearing:		
Bank deposit accounts	695	958
Financial asset held at amortised cost/held to maturity	984	984
Other items		
Interest free and interest bearing loans	(64,443)	(84,878)
	34,919	22,299

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.

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 2021 of £64,443,000 (31 October 2020 of £95,030,000), all of which is subject to fixed interest rates, which range from 0.25% to 1.2% (31 October 2020: £49,817,000 was subject to a fixed interest rate of 1.2%, the remainder being variable rate).

An increase of 1% in the fixed rate of interest would result in an extra £644,000 (31 October 2020: £500,000) 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 2021 and 31 October 2020. 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	2021 Carrying amount £'000	2020 Carrying amount £'000
Lease liabilities	Fixed rate	Various	0.0% – 7.2%	2025	1,477	424
Loans	Fixed rate	Euro	0.25% – 1.2%	2022-2026	64,443	84,878
IFRS16 lease liabilities	Fixed rate	Various	6.1% – 18.6%	Various	15,016	10,153
					80,936	95,455

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 2021 £'000	31 October 2020 £'000
Cash and cash equivalents	99,362	107,177
Borrowings	(64,443)	(84,878)
Net cash (excluding restricted deposits)	34,919	22,299
Equity	129,694	113,870

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.

15(D) Other financial assets held at amortised cost, at fvtpl, to maturity and available for sale

Group

	Financial instruments held at FVTPL 31 October 2021 £'000	Financial instruments held at FVTPL 31 October 2020 £'000
Non-current	1,501	960

Financial instruments held at FVTPL consist of investments in listed and unlisted entities.

Company

	Financial instruments held at FVTPL 31 October 2021 £'000	Financial instruments held at FVTPL 31 October 2020 £'000
Non-current	1,292	745

Financial instruments held at FVTPL consist of investments in listed and unlisted entities.

16 Trade and other receivables

	Group		Company	
	31 October 2021 £'000	31 October 2020 £'000	31 October 2021 £'000	31 October 2020 £'000
Non-current assets				
Trade receivables	1,648	–	–	–
Other receivables	136	1,799	–	–
Prepayments and accrued income	84	–	–	–
	1,868	1,799	–	–
Current assets				
Trade receivables	9,711	7,828	11	41
Amounts due from subsidiaries	–	–	17,020	24,725
Other receivables	9,162	7,959	127	143
Prepayments and accrued income	3,578	953	2,296	–
	22,451	16,740	19,454	24,909

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 2021 £'000	31 October 2020 £'000	31 October 2021 £'000	31 October 2020 £'000
Raw materials and consumables	14,271	14,650	999	864
Finished goods	4,187	1,961	493	399
	18,458	16,611	1,492	1,263

The replacement value of inventories is not materially different from that stated above.

18 Cash and cash equivalents

	Group		Company	
	31 October 2021 £'000	31 October 2020 £'000	31 October 2021 £'000	31 October 2020 £'000
Cash at bank and in hand	97,683	91,963	3,026	4,903
Deposit accounts (excluding restricted deposits)	695	14,230	–	–
Restricted bank deposit accounts	984	984	976	976
Cash and cash equivalents per statement of financial position	99,362	107,177	4,002	5,879
Cash and cash equivalents per cash flow	99,362	107,177	4,002	5,879

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.

The restricted bank deposit accounts are subject to restrictions and are not freely available for use by the Group or Company.

19 Net cash

	Notes	Group		Company	
		31 October 2021 £'000	31 October 2020 £'000	31 October 2021 £'000	31 October 2020 £'000
Cash and cash equivalents per statement of financial position	18	99,362	107,177	4,002	5,879
Non-current borrowings	21	(44,323)	(39,444)	–	–
Current borrowings	21	(20,120)	(45,434)	–	–
Net cash*		34,919	22,299	4,002	5,879

* Net cash was reported at 31 October 2020 net of certain lease liabilities of £421,000. The Group no longer includes any lease liabilities in its calculation of net cash. The net cash at 31 October 2020 has been restated to reflect the change of definition.

At 31 October 2021, £984,000 of the total net cash (2020: £984,000) comprised bank deposit accounts that are subject to restrictions and are not freely available for use by the Group and Company.

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 lease liabilities of £15,016,000 (2020: £10,577,000).

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 November £'000	Exchange differences £'000	Other movements £'000	Cash flow £'000	31 October £'000
12-months to 31 October 2021					
Cash and cash equivalents per statement of financial position and cash flow	107,177	(5,926)	–	(1,889)	99,362
Non-current loans	(39,444)	2,413	(3,295)	(3,997)	(44,323)
Current loans	(45,434)	2,989	3,295	19,030	(20,120)
	22,299	(524)	–	13,144	34,919
18-months to 31 October 2020					
Cash and cash equivalents per statement of financial position and cash flow	85,573	19	–	21,585	107,177
Non-current loans	(52,322)	(1,060)	44,902	(30,964)	(39,444)
Current loans	(15,071)	(779)	(12,486)	(17,097)	(45,434)
	18,180	(1,820)	32,416	(26,476)	22,299

Company

	1 November £'000	Cash flow £'000	31 October £'000
12-months to 31 October 2021			
Cash and cash equivalents per statement of financial position and cash flow	5,879	(1,877)	4,002
	5,879	(1,877)	4,002

	£'000	£'000	£'000
18-months to 31 October 2020			
Cash and cash equivalents per statement of financial position and cash flow	4,137	1,742	5,879
	4,137	1,742	5,879

20 Share capital and reserves

	31 October 2021 Number	31 October 2020 Number	31 October 2021 £'000	31 October 2020 £'000
Share Capital				
Allotted, issued and fully paid:				
Ordinary shares of 0.5p each				
At the beginning of the period	377,992,637	377,981,637	1,889	1,889
Issued in year – share options exercised	19,000	11,000	–	–
At the end of the period	378,011,637	377,992,637	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 31 October 2020	Exercise price	Lapsed or forfeited during year	Exercised during year	At 31 October 2021	Exercise price	Date from which exercisable	Last date on which exercisable
9-Jul-15	861,600	133.33p	100,600	–	761,000	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	622,716	141.50p	123,416	–	499,300	141.50p	13-Jul-19	12-Jul-23
21-Jul-17	354,500	157.00p	94,500	–	260,000	157.00p	21-Jul-20	21-Jul-24
27-Aug-19	1,006,509	101.40p	30,000	–	976,509	101.40p	27-Aug-22	26-Aug-26
4-Oct-19	1,000,000	93.30p	–	–	1,000,000	93.30p	4-Oct-22	4-Oct-26
5-Oct-20	1,000,000	51.05p	–	–	1,000,000	51.05p	5-Oct-23	5-Oct-27
19-Apr-21	–	–	–	–	1,265,000	61.40p	19-Apr-24	19-Apr-28
5-Aug-21	–	–	–	–	788,000	77.50p	5-Aug-24	5-Aug-28
5-Oct-21	–	–	–	–	1,000,000	61.10p	5-Oct-24	5-Oct-28
	4,902,725	–	405,916	–	7,549,809			

Full details of directors' share options are given in the Remuneration report on pages 74 to 90.

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 2021 is 86.91p (2020: 113.42p) and the weighted average exercise price of options exercisable at 31 October 2021 is 140.06p (2020: 124.55p).

There were no options exercised during the period ended 31 October 2021 (31 October 2020: no options exercised).

The weighted average remaining years for options outstanding at the period-end date is 4.9 years (2020: 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 2021 and 31 October 2020:

Date of grant	9 July 2015	15 December 2015	13 July 2016
Vesting period	3 years	3 years	3 years
Share price volatility	30.70%	26.16%	26.35%
Share price on date of grant	113.50p	154.00p	146.75p
Option price	133.33p	153.25p	141.50p
Expected term	3.25 years	3.25 years	3.25 years
Dividend yield	4.02%	3.32%	3.99%
Risk free interest rate	0.82%	0.90%	0.11%
Fair value	21.00p	21.78p	19.72p

Date of grant	31 July 2017	27 August 2019	4 October 2019
Vesting period	3 years	3 years	3 years
Share price volatility	36.00%	32.5%	32.59%
Share price on date of grant	159.00p	101.40p	92.80p
Option price	157.00p	103.00p	93.30p
Expected term	3.25 years	3.25 years	3.25 years
Dividend yield	4.00%	0.00%	3.98%
Risk free interest rate	0.62%	0.00%	
Fair value	30.61p	45.51p	

Date of grant	5 October 2020	19 April 2021	5 August 2021
Vesting period	3 years	3 years	3 years
Share price volatility	31.64%	51.40%	77.50%
Share price on date of grant	42.30p	63.20p	77.50p
Option price	93.30p	61.40p	77.50p
Expected term	3.25 years	3.25 years	3.25 years
Dividend yield	0.00%	0.00%	0.00%
Risk free interest rate		0.17%	0.15%
Fair value		34.89p	28.18p

Date of grant	5 October 2021
Vesting period	3 years
Share price volatility	49.48%
Share price on date of grant	65.50p
Option price	61.10p
Expected term	3.25 years
Dividend yield	0.00%
Risk free interest rate	0.56%
Fair value	24.47p

The charge for share-based payments is £493,000 (2020: £171,000) and for the Company the charge is £5,000 (2020: £5,000).

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 2021 and 31 October 2020 the Company held no shares in treasury.

Share premium

Share premium reserve is the cumulative value of the excess received for shares above their nominal value.

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 (2020: £201,000) arising on the redemption of the deferred shares and £2,006,000 (2020: £2,006,000) relating to the fair value of options granted to employees of Group undertakings.

21 Financial liabilities

	Group		Company	
	31 October 2021 £'000	31 October 2020 £'000	31 October 2021 £'000	31 October 2020 £'000
Non-current liabilities				
Non-current instalments due on bank loans	44,323	39,444	—	—
Current liabilities				
Current instalments due on loans	20,120	45,434	—	—

The above financial liabilities exclude current Lease liabilities of £5,757,000 (2020: £4,535,000) and non-current Lease liabilities of £10,736,000 (2020: £6,042,000).

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%.

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.

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 2021 £'000	31 October 2020 £'000	31 October 2021 £'000	31 October 2020 £'000
Employment benefit obligations	4,425	4,793	—	—
Defined benefit schemes	508	1,179	—	—
	4,933	5,973	—	—

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 2021, 31 October 2020, 30 April 2019, 30 April 2018 and 30 April 2017. 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 2021 £'000	31 October 2020 £'000
Present value of defined benefit obligation at beginning of the period	6,267	5,940
Current service cost	—	9
Interest cost	98	206
Actuarial gains on fund liabilities arising in demographic assumptions	(8)	23
Actuarial losses/(gains) from changes in financial assumptions	(151)	523
Actuarial losses on liabilities from experience	(79)	67
Benefits paid	(339)	(501)
Present value of defined benefit obligation at end of the period	5,788	6,267

Reconciliation of the movement in the fair value of plan assets

	31 October 2021 £'000	31 October 2020 £'000
Fair value of plan assets at beginning of the period	7,040	6,675
Interest income on fund assets	110	231
Remeasurement gains on assets	(170)	622
Contributions by the Company	—	13
Benefits paid	(339)	(501)
Fair value of plan assets at end of the period	6,641	7,040

Amount to be recognised in the statement of financial position

	31 October 2021 £'000	31 October 2020 £'000
Present value of funded obligations	5,788	6,267
Fair value of scheme assets	6,641	7,040
Net surplus	(853)	(773)
Effect of limit of recognition of an asset	853	773
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 (2020: loss of £1,363,000) in respect of the Company's defined benefit scheme. This has been charged to retained earnings.

Amount recognised in profit and loss

	31 October 2021 £'000	31 October 2020 £'000
Amount recognised in profit and loss		
Current service cost	—	9
Interest on net defined liability/(asset)	—	—
Total charge	—	9
Pension expense recognised in profit and loss	—	9
Remeasurement in Other Comprehensive Income		
Return on Scheme assets in excess of that recognised in net interest	170	(622)
Actuarial losses due to changes in financial assumptions	(151)	523
Actuarial losses/(gains) due to changes in demographic assumptions	(8)	23
Actuarial losses/(gains) on liabilities arising from experience	(79)	67
Adjustment due to the asset ceiling	68	12
Total expense/(income) amount recognised in Other Comprehensive Income	—	3
Total expense amount recognised in Comprehensive Income	—	12

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 2021		30 October 2020	
	£'000	%	£'000	%
Bonds and insurance policies	6,628	100	7,027	100
Other	13	—	13	—
	6,641	100	7,040	100

There were no financial instruments of the Company included in the plan assets (2020: none) and there were no property assets occupied by the Company (2020: none).

Principal actuarial assumptions

	31 October 2021	31 October 2020
Discount rate for scheme liabilities	1.9	1.6
Rate for increase in salaries	n/a	n/a
Price inflation	3.3	3.1
Pension increases	3.2	3.0

The mortality tables used for 2021 are S3NXA Light tables for males and S3NXA All lives for females, with CMI 2020 projections and a long-term rate of improvement of 1.25% pa. The mortality tables used for 2020 were also S3NXA Light tables, but with CMI 2019 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 2021	31 October 2020
Male currently aged 65	23.3 years (age 88.3)	23.3 years (age 88.3)
Female currently aged 65	24.6 years (age 89.6)	24.6 years (age 89.6)
Male currently aged 45	24.5 years (age 89.5)	24.5 years (age 89.5)
Female current aged 45	26.0 years (age 91.0)	26.0 years (age 91.0)

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Fair value of defined benefit obligation	5,788	6,267	5,940	5,947	6,639
Fair value of assets	6,641	7,040	6,675	6,657	7,223
Surplus/(deficit)	853	773	735	710	584

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Experience gains/(losses) on fund assets	(170)	622	160	(409)	653
Experience (losses)/gains on plan liabilities	79	(67)	(9)	(87)	49

Liabilities for 2021, 2020, 2019, 2018 and 2017 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 2021	Plan assets £'000	Defined benefit obligation £'000	Surplus £'000
As reported	6,641	5,788	853
Following a 0.1% decrease in the discount rate	6,661	5,853	808
Following a 0.1% increase in the inflation assumption	6,644	5,806	838
Following an increase in the life expectancy of one year	6,765	6,077	688

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.

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 2021 and 31 October 2020 by independent actuaries.

Reconciliation of the movement in the present value of the defined benefit obligation

	31 October 2021 £'000	31 October 2020 £'000
Present value of defined benefit obligation at start of the period	4,792	4,144
Exchange difference	(329)	481
Contribution by members	37	69
Current service cost	214	282
Past service cost	—	(269)
Interest cost	8	43
Remeasurement losses on plan liabilities	(436)	93
Benefits paid	(667)	(54)
Administration costs	2	3
Present value of defined benefit obligation at end of the period	3,621	4,792

	31 October 2021 £'000	31 October 2020 £'000
Fair value of plan assets at start of the period	3,615	3,087
Exchange difference	(190)	361
Contributions by company and members	183	306
Expected return on plan assets	6	53
Remeasurement gain on plan assets	166	(69)
Benefits paid	(667)	(54)
Prepaid risk premiums	—	(69)
Fair value of plan assets at end of the period	3,113	3,615

	31 October 2021 £'000	31 October 2020 £'000
Net liability at start of the period	1,177	1,057
Exchange difference	(138)	120
Increase in liability	(531)	—
Net liability at end of the period	508	1,177

Amounts recognised in comprehensive income

	31 October 2021 £'000	31 October 2020 £'000
Amount recognised in profit and loss		
Amounts recognised in comprehensive income		
Current service cost	214	282
Past service cost	–	(269)
Administrative expenses	2	3
Net pension interest	2	(10)
Total charge	218	6
Amount recognised in other comprehensive income		
Return on scheme assets	(166)	69
Actuarial losses on defined benefit obligation	(436)	93
Total amount recognised in other comprehensive income	(602)	162
Total amount recognised in profit and loss and other comprehensive income	(384)	168

	31 October 2021		30 October 2020	
	£'000	%	£'000	%
Cash	31	1	36	1
Equities & debt instruments	2,117	68	2,459	68
Other	965	31	1,120	31
Total plan assets	3,113	100	3,615	100

Principal actuarial assumptions

	31 October 2021 %	31 October 2020 %
Discount rate	0.30	0.20
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 2021 and 2020.

The mortality tables used in 2021 were the BVG 2020 GT tables.

The mortality tables used in 2020, 2019 and 2018 were the BVG 2015 GT tables.

The mortality tables used in 2017 were the BVG 2010 GT tables.

History of assets, liabilities and actuarial gains and losses

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Present value of defined benefit obligation	3,621	4,792	4,144	3,826	4,062
Fair value of assets	3,113	3,615	3,087	2,894	3,047
Deficit	(508)	(1,177)	(1,057)	(932)	(1,015)

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Experience (losses)/gains on plan liabilities	436	(93)	(144)	131	(186)
– as a percentage of the present value of plan liabilities	(12%)	2%	3%	3%	(5%)
Difference between expected and actual return on plan assets	166	(69)	96	(78)	218
– as a percentage of the present value of plan assets	5%	2%	3%	(3%)	7%

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	3,621	–
Defined benefit obligation		
– with discount rate – 0.25%	3,767	146
– with discount rate 0.25%	3,485	(136)
– with salary decrease – 0.25%	3,590	(31)
– with salary increase 0.25%	3,652	31
– with life expectancy 1 year	3,681	60
– with life expectancy – 1 year	3,560	(61)

The Group's best estimate for contributions to be paid by the company next year to the scheme is £142,000 (2020: £169,000).

The amount recognised in the income statement for this scheme was £218,000 (31 October 2020: £6,000).

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 2021 and 31 October 2020. This actuarial valuation incorporated the following principal assumptions in arriving at the present value of the obligations:

	31 October 2021	31 October 2020
Discount rate	0.65%	0.40%
Rate of increase in salaries	1.75%	1.75%
Retirement age	62-67 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 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
At 31 October 2020	349	99	814	1,262
Exchange differences	84	(10)	(177)	(103)
Charged to income statement	255	675	77	1,007
At 31 October 2021	688	764	714	2,166
Amount shown as current liability	688	426	714	1,828
Amount shown as non-current liability	–	338	–	338

Other provisions represent potential obligations to suppliers and tax authorities.

24 Deferred taxation

Deferred tax comprises:

	Group		Company	
	31 October 2021 £'000	31 October 2020 £'000	31 October 2021 £'000	31 October 2020 £'000
Temporary differences relating to property, plant and equipment	140	18	(732)	(670)
Other temporary differences in recognising revenue and expense items in other periods for taxation purposes:				
– capitalised development costs	514	16	–	–
– post-employment benefit provisions	99	–	–	–
– losses	30	30	–	–
– acquisition related intangibles	4,740	2,378	–	–
– other short-term temporary differences	3,049	3,616	–	–
	8,571	6,058	(732)	(670)
The closing balance comprises:				
Deferred tax assets	(833)	–	(732)	(670)
Deferred tax liabilities	9,454	6,058	–	–
	8,571	6,058	(732)	(670)

The movements on deferred taxation during the period were as follows:

	Group		Company	
	31 October 2021 £'000	30 October 2020 £'000	31 October 2020 £'000	30 April 2019 £'000
Opening balance	6,058	6,896	(670)	(670)
Exchange differences	98	1	–	–
Arising on acquisition of subsidiary	2,362	–	–	–
Post-employment benefit provisions	98	–	–	–
Charge for the period in income statement	(181)	(839)	(62)	–
Amounts (credited)/charged to other comprehensive income	136	–	–	–
	8,571	6,058	(732)	(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

Unrecognised deferred tax assets amounting to £3,012,000 (2020: £2,465,000) arising on temporary differences 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	31 October 2020 £'000
Expiring in less than one year	0	–
Expiring between two and 20 years	2,713	2,065
No expiry date	299	399
	3,012	2,465

In addition, the Group has an unrecognised deferred tax asset on gross capital losses of £3,756,000 (2020: £3,756,000), of which £3,627,000 (2020: £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 2021 £'000	31 October 2020 £'000	31 October 2021 £'000	31 October 2020 £'000
Amounts shown as current liabilities				
Trade payables	24,599	21,799	3,624	3,227
Amounts owed to subsidiaries	–	–	15,030	19,072
Other taxes and social security costs	3,820	2,900	871	536
Other payables	7,232	2,960	62	77
Accruals and deferred income	6,833	6,547	1,412	1,448
	42,484	34,206	20,999	24,360

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 (2020: none).

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 58 and 59.

The following transactions were carried out with related parties:

Directors' compensation

	Group		Company	
	31 October 2021 £'000	31 October 2021 £'000	31 October 2021 £'000	31 October 2021 £'000
Salaries and other short-term employee benefits excluding long-term incentives and pension contributions	1,110	2,212	–	–
Share-based payment charge	127	171	–	–
	1,237	2,383	–	–

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 74 to 90. 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 (2020: £nil). No director who served during the year was a member of the Company's defined benefit pension scheme (2020: none).

Directors of the Company control 36.52% of the Ordinary shares of the Company. The interests of the directors are shown on page 85 of the Remuneration report.

Company

	31 October 2021 £'000	31 October 2020 £'000
Transactions with subsidiaries		
Sales	–	–
Purchases	20	1,096
Amounts owed by subsidiaries	18,279	23,466
Amounts owed to subsidiaries	15,030	19,072
Other items:		
Intercompany fees charged by/(received from) subsidiaries	1,646	(13,309)
Property, plant and equipment acquired from subsidiaries	3,226	5,037
Dividend income – from subsidiaries	–	184

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 31 October 2021 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				
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
Me Group International 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 Trustee Company 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
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
SGER	Dormant	100%	Z.I du Pre Brun, 38530 PONTCHARRA	France
Me-Group Italia Srl	Dormant	100%	Roma (RM) Via Lovanio 1, CAP 00198	Italy
Kis Italia Srl	Dormant	100%	Roma (RM) Via Lovanio 1, CAP 00198	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, nº138, 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, 8600 Dübendorf	Switzerland

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 Phatumwan, 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 2021. 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;
- Xpand Investments Limited;
- Mginvest Investments Limited; and
- Photo-Me Limited.

Fotofix-Schnellphotoautomaten GmbH is exempted from local audit as of 30 April 2020.

29 Business combinations

Photo Plaza Co Ltd

On 1 February 2021 the Group acquired 100% of the issued share capital of Photo Plaza Co Ltd for a consideration of JPY 950,000,000 (£6,624,000), obtaining control of the company on that date.

Photo Plaza is a Japanese photobooth owner and operator and this acquisition adds a further 1,500 photobooth units to the Group's operations in Asia. This acquisition is in line with the Group's strategy to expand the number of units in operation.

The acquisition was financed with borrowings from the Group's bankers.

On 15 March 2021 Photo Plaza Co Ltd was merged into Nippon Auto Photo KK, another subsidiary of the Group and Photo Plaza Co Ltd's immediate parent company.

Deferred consideration

There is no contingent or deferred consideration.

Goodwill

The goodwill of £647,000 arising from the acquisition is attributable to the anticipated operational benefits and improvements to the Group's commercial offering.

Acquired assets and liabilities

As part of the purchase price allocation, the Group 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 following intangible assets were identified and recognised at their fair value:

- Order backlog of £1,440,000
- Customer relationships of £6,198,000

A deferred tax liability of £2,337,000 was recognised in relation to these intangible assets, calculated at the local corporation tax rate.

The net book value and fair value of the assets and liabilities acquired, and the calculation of goodwill, are shown in the table opposite.

The final table of this note shows the fair values of the assets and liabilities acquired, cash outlay on acquisition and results of the acquired business included in Group results in the year ended 31 October 2021.

	Net book value of assets and liabilities acquired £'000	Fair value adjustments £'000	Fair value of identifiable acquired net assets £'000	Goodwill calculation £'000
Purchase consideration	—	—	—	6,624
Fair value of debt	—	—	—	1,974
Implied total purchase consideration	—	—	—	8,598
Fixed assets	2,476	—	2,476	—
Intangible assets:				
Contractual	—	1,440	1,440	—
Non-contractual	—	6,198	6,198	—
Inventory	228	—	228	—
Trade and other receivables	221	—	221	—
Cash and cash equivalents	124	—	124	—
Trade and other payables	(229)	(170)	(399)	—
Deferred tax liability	—	(2,337)	(2,337)	—
Net assets	2,820	5,131	7,951	(7,951)
Goodwill				647

SGER (Resto'clock)

On 30 June 2021 the Group acquired 100% of the issued share capital of SGER for a consideration of €3,489,000 (£2,948,000), obtaining control of the company on that date.

SGER, which operates under the trading name 'Resto'clock', is a France based, market leader in pizza vending equipment. This acquisition supports the Group's strategic aim of diversification and becoming a European market leader in food vending equipment.

The acquisition was funded from the Group's cash resources.

Deferred consideration

There is no contingent or deferred consideration.

Acquired assets and liabilities

Due to the proximity of the transaction to the reporting date, the purchase price allocation, including determination of the fair value of intangible assets recognised on consolidation has not been finalised.

The provisional fair values of the assets and liabilities acquired, cash outlay on acquisition and results of the acquired business included in Group results in the year ended 31 October 2021 are shown in the table below.

Now Retail Group

On 3 September 2021 the Group acquired 100% of the issued share capital of Now Retail Group Pty Ltd for a consideration of AUD 3,477,000 (£1,913,000), obtaining control of the company on that date.

Now Retail Group is an Australian owner and operator of automated retail units, with a focus on health, beauty and consumer electronics products. This acquisition supports the Group's strategic aims of geographic and product diversification.

The acquisition was funded from the Group's cash resources.

Contingent consideration

Of the total £1,913,000 consideration, £880,000 is payable to the vendors contingent on earnings performance in the 12-month period ending 30 June 2021 and the 16 month period from 1 July 2021 to 31 October 2022. The directors consider it likely that the performance conditions will be met and have therefore recognised the maximum amounts payable.

Acquired assets and liabilities

Due to the proximity of the transaction to the reporting date, the purchase price allocation, including determination of the fair value of intangible assets recognised on consolidation has not been finalised.

The provisional fair values of the assets and liabilities acquired, cash outlay on acquisition and results of the acquired business included in Group results in the year ended 31 October 2021 are shown in the table below.

£'000	Photo Plaza	SGER	Now Retail Group	Total
Property, plant and equipment	2,476	165	5	2,646
Intangibles: order backlog	1,440	–	–	1,440
Intangibles: customer relationships	6,198	–	–	6,198
Intangibles: other	–	6	–	6
Total non-current assets	10,114	171	5	10,290
Inventory	228	433	163	824
Trade and other receivables	221	347	20	588
Cash and cash equivalents	124	1,185	42	1,351
Total current assets	573	1,965	225	2,763
Trade and other payables	(399)	(1,176)	(140)	(1,715)
Deferred tax	(2,337)	–	–	(2,337)
Total current liabilities	(2,736)	(1,176)	(140)	(4,052)
Borrowings	(1,974)	(265)	–	(2,239)
Total liabilities	(4,710)	(1,441)	(140)	(6,291)
Total identifiable net assets excluding goodwill	5,977	695	90	6,762
Goodwill	647	2,253	1,823	4,723
Total identifiable net assets acquired	6,624	2,948	1,913	11,485
Satisfied by:				
Cash	6,624	2,948	1,913	11,485
Deferred consideration	–	–	–	–
Total consideration	6,624	2,948	1,913	11,485
Cash consideration per cashflow:				
Cash consideration	6,624	2,948	1,913	11,485
Net cash acquired	(124)	(1,185)	(42)	(1,351)
Initial cash outlay on purchase of subsidiaries	6,499	1,763	1,871	10,133
The following results were included in the Group's results for the year ended 31 October 2021:				
Revenue	292	3,103	1,100	4,495
Profit before tax	45	124	33	161

30 Events after statement of financial position date

On 21 January 2022, Tibergest PTE Ltd, a company wholly-owned by Mr. Serge Crasnianski, agreed to buy 29.1 million Photo-Me shares from the Dan David Foundation, taking its and its associates' total holding to 138.0 million shares, or a 37% stake, triggering a mandatory offer under UK takeover rules and announced its intention to make a mandatory cash offer for all of the issued and to be issued Photo-Me Shares not already held.

Shareholders of Tibergest would be set to receive 75p for every share held, if the buy-out proceeds.

Tibergest announced on January 21 that it intends to make a mandatory cash offer for all of Photo-Me's shares that are not already held by the company. The offer document was published and sent to Photo-Me shareholders on February 15. It is a non-recommended mandatory cash offer.

On 8 March 2022, The board of Photo-Me announces that the unrecommended mandatory offer, has lapsed as the Acceptance Condition (50%) was not satisfied. Consequently, the Company is now no longer in an offer period.

31 Period summary**Income statement (unaudited)**

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Revenue					
UK & Ireland	29,644	54,623	52,919	63,707	53,639
Continental Europe	145,009	195,230	130,661	121,134	111,670
Asia	39,751	60,392	44,538	44,973	49,344
Total revenue	214,404	310,245	228,118	229,814	214,653
Operating profit	29,335	3,317	42,739	46,106	46,807
Net finance (cost)/income & Other gains	(780)	(2,825)	(146)	4,069	1,232
Profit before taxation	28,555	492	42,593	50,175	48,039
Taxation	(6,703)	(2,844)	(11,314)	(9,889)	(12,901)
Profit after taxation	21,852	(2,352)	31,279	40,286	35,138
Attributable to:					
– equity owners of the Parent	21,713	(2,305)	31,226	40,134	34,991
– Non-controlling interests	139	(47)	53	152	147
	21,852	(2,352)	31,279	40,286	35,138
Earnings per share – Basic	5.78p	(0.62)p	8.27p	10.64p	9.30p
Earnings per share – Diluted	5.77p	(0.62)p	8.26p	10.60p	9.27p
Dividends – interim	0.00p	0.00p	3.71p	3.71p	3.09p
Dividends – final	0.00p	0.00p	4.73p	4.73p	3.94p
Dividends – special	–	–	–	–	–
Total dividends	0.00p	0.00p	8.44p	8.44p	7.03p

Statements of financial position

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Intangible assets	34,502	32,739	41,816	27,395	25,263
Property, plant and equipment	91,973	90,937	95,353	93,232	75,651
Other non-current investments	21	57	415	1,583	2,095
Other non-current assets	3,966	3,743	5,693	10,047	8,136
Current assets	141,688	139,760	128,723	106,652	85,753
Assets held for sale	–	–	–	–	96
Total assets	272,150	267,237	272,000	238,909	196,994
Share capital	1,889	1,889	1,889	1,887	1,882
Share premium	10,599	10,599	10,588	10,366	8,999
Reserves	115,486	99,693	129,500	131,004	117,080
Equity of the Parent	127,974	112,181	141,977	143,257	127,961
Non-controlling interests	1,720	1,689	1,870	1,553	1,341
Total equity	129,694	113,870	143,847	144,810	129,302
Total non-current liabilities	68,900	52,968	64,450	35,959	19,045
Total current liabilities	73,556	100,399	63,703	58,140	48,647
Total equity and liabilities	272,150	267,237	272,000	238,909	196,994
Net cash	34,919	21,877	16,338	26,688	39,212

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

	2021	2020	2019	2018	2017
Capital expenditure – photobooth & vending machines £'000	22,563	38,435	24,938	35,588	33,787
Capital expenditure – research & development £'000	1,802	2,296	1,631	2,510	2,390
EBITDA £'000	65,077	87,313	69,705	70,981	69,034
EBITDA % of revenue	30.4	28.1	30.6	30.9	32.2
Number of vending sites	43,800	44,500	47,000	47,000	48,000

Company Information & Advisers

Registered in England and Wales

Number 735438

Registered Office

Unit 3B
Blenhiem Road
Epsom
KT19 9AP

Tel: 44 (0)1372 453399
Web: www.photo-me.com
e-mail: ir@photo-me.com

Auditor

Mazars LLP
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London
E1W 1DD

Brokers

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88 Wood Street
London
EC2V 7QR

finnCap Limited
1 Bartholomew Close
London
EC1A 7BL

Bankers

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

Santander UK plc
2 Triton Square
Regent's Place
London
NW1 3AN

Financial Public Relations

Hudson Sandler LLP
25 Charterhouse Square
Barbican
London
EC1M 6AE

Registrars

Link Group
10th floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

Shareholder Information
For the 12 months ended 31 October 2021

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

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:

Photo-Me International plc
Unit 3B
Blenheim Road
Epsom
KT19 9AP

Tel 44 (0)1372 453399
e-mail: ir@photo-me.com

Financial Calendar

Annual General Meeting	29 April 2022
Half year results (to 30 April 2022)	Announcement in July 2022
Full year results (to 31 October 2022)	Announcement in February 2023

Photo-Me International plc

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