

ME Group
Annual Report 2022

60 years of innovation

60 years
ANNIVERSARY



ME
GROUP

We have changed our name from Photo-Me International to ME Group.

In August 2022 we completed our transition to our new identity with the change of the Company name to ME Group International plc | LSE TIDM ticker: MEGP.¹

Over the last 60 years, the Group has evolved through innovation to expand and diversify its operations internationally. ME Group, which stands for 'Making Easy' better 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.

Our Company name change is an exciting and important milestone for the Group, which will support our plans for growth and continued diversification to meet the needs of customers and consumers today and in the future.

¹ The Company was previously called Photo-Me International plc | LSE ticker: PHTM.

60 years of innovation

Photo-Me International plc is listed on the London Stock Exchange

1962



Invention and launch of the minilab, the first minute photo printing machine (in 1 hour)

1981



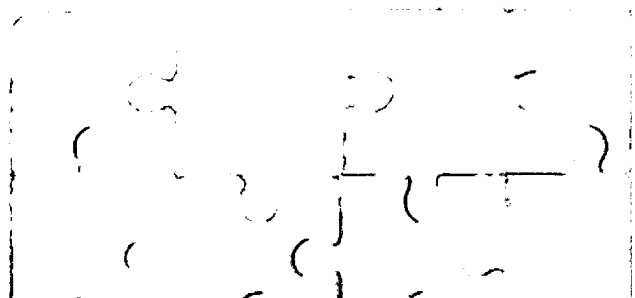
1963

Serge Crasnianski founds KIS, and invents Astro the first minute key machine



1994

KIS joins Photo-Me



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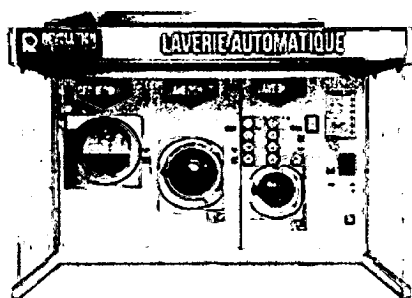
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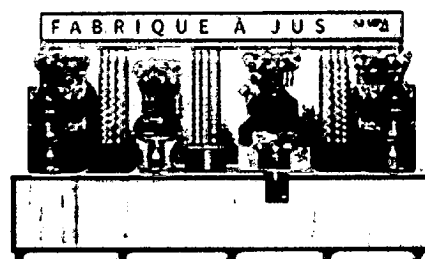
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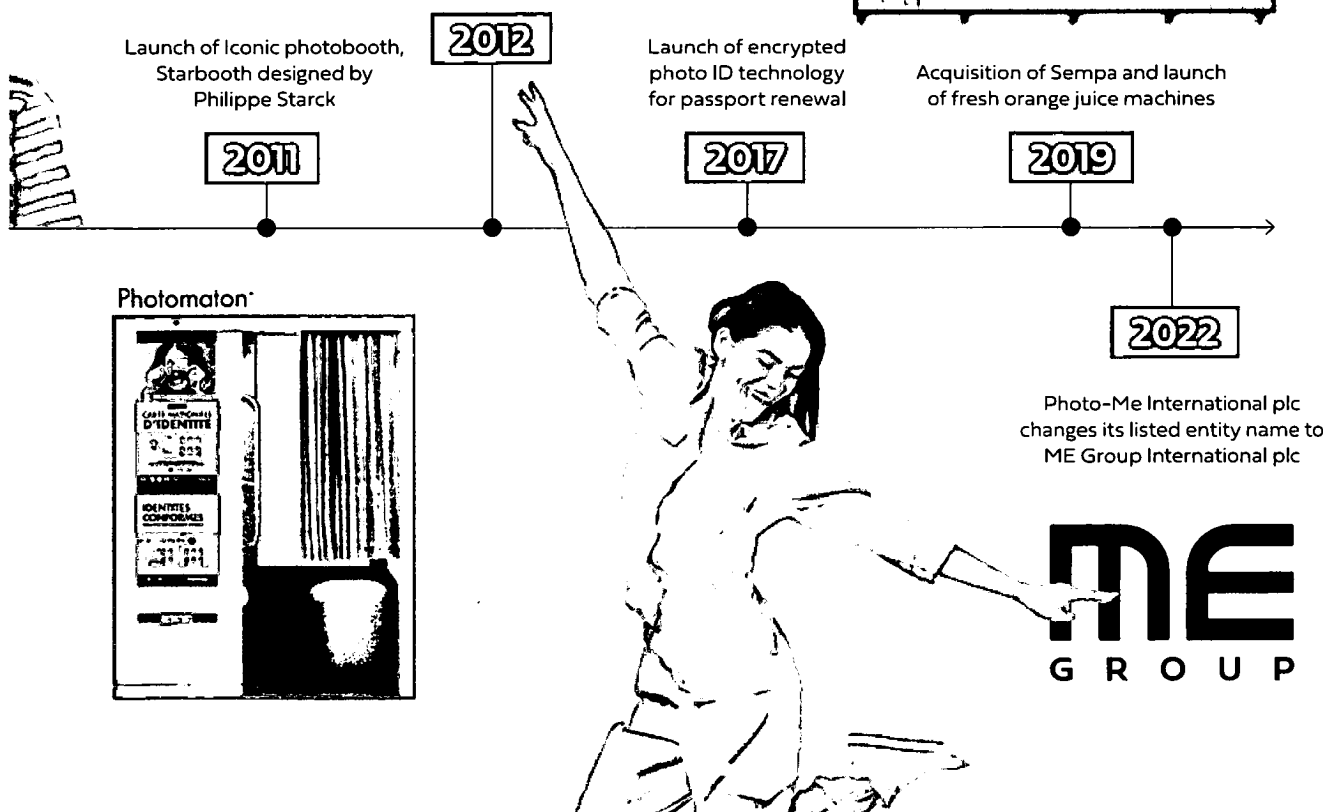
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Launch of new Revolution self-service laundry concept



Acquisition of Sempa and launch of fresh orange juice machines



2022 in summary

Key financial

For the 12 months ended 31 October 2022

REVENUE

£259.8m

2021: £214.4m

EBITDA¹

£92.2m

2021: £65.1m

PROFIT BEFORE TAX²

£53.4m

2021: £28.6m

PROFIT AFTER TAX

£38.8m

2021: £21.9m

CASH GENERATED FROM OPERATIONS

£87.9m

2021: £66.1m

GROSS CASH⁴

£136.2m

2021: £99.4m

NET CASH³

£34.0m

2021: £34.9m

EARNINGS PER SHARE (DILUTED)

10.23p

2021: 5.77p

TOTAL DIVIDEND PER ORDINARY SHARE⁵

12.10p

2021: 2.89p

Highlights

- Strong financial performance was driven by increased demand and a progressive increase of prices, particularly for photobooth and laundry services, across Continental Europe and in the UK & Republic of Ireland
- Photo.ME revenue increased by 25.2% to £154.3 million as activity continued to recover following the easing of travel and social restrictions across most territories
- Wash.ME revenue increased by 14.0% to £61.8 million reflecting the successful rollout, and uptake, of higher cost-per-use laundry machines. The total number of units in operation increased by 16.1% to 4,754 as the Group continued its strategic expansion of the estate
- Print.ME revenue decreased due to the removal of unprofitable machines. Replacement of 500 machines with newer model commenced in H2
- Feed.ME pizza vending business underwent a transition period, including reorganization of the sales teams and upgrading technical software across our pizza vending estate
- Continued to execute innovation and diversification strategy to meet ever-changing consumer needs, including the launch of new self-service machine formats and liveness detection technology to mitigate photo ID manipulation
- Company name changed to ME Group International plc (previously Photo-Me International plc), to better reflect the Group's operations today evolution of the Group over the past 60 years through innovation to expand and diversify its operations internationally

¹ EBITDA is Reported profit before tax, total depreciation and amortisation, other net gain, finance cost and income

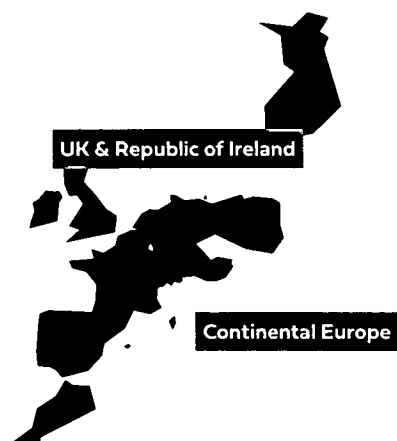
² Includes impairments and provisions

³ Net cash excludes investments in convertible bonds (£4.3m) and lease liabilities (£15.9m). See note 19 for details of net cash

⁴ Special dividend paid on 1 September 2022 (£24.57m), Interim Dividend paid on 3 November 2022. Declared Final Dividend will be paid on 12 May 2023, subject to approval at the AGM

⁵ South Korea subsidiary sold in November 2022. Following this disposal the Group has operations in 19 countries

Business at a Glance



Our purpose:
To create eco-responsible local services that make everyday life easier.



Three core geographies

OPERATIONS IN

20 countries⁵

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

2

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

VENDING UNITS
IN OPERATION

43,910



Four principal business areas

Photo.ME



Photobooths and integrated biometric identification solutions

Wash.ME



Unattended laundry services and launderettes

Print.ME



High-quality digital printing kiosks

Feed.ME



Vending equipment for the food service market

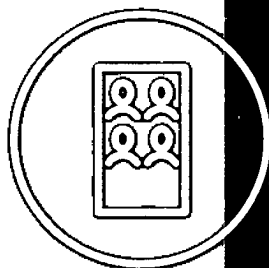


Photo.ME



GROUP TOTAL VENDING ESTATE

62.9%

PHOTOBOOTH UNITS
IN OPERATION

27,625

PHOTOBOOTH PRESENCE IN

20 countries¹

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

REVENUE²

△25.2%

2022: £154.3m

2021: £123.2m

¹ South Korea subsidiary sold in November 2022. Following this disposal the Group has operations in 19 countries

² For the 12 months ended 31 October

Photobooths with integrated biometric photo identification solutions.

A global leader in the photobooth market for instant photo ID, portraits and fun photographs with an established network of nearly 28,000 photobooths offering market-leading photographic quality and technology.

Services primarily aimed at the consumer market, with photobooths typically located in high-footfall locations such as supermarkets, shopping centres and transport hubs that provides convenient access.

Work closely with national institutions to ensure compliance with government Photo ID standards and security requirements.

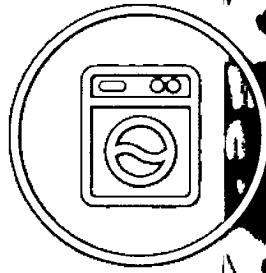
Our operations

Photo.ME offers:

Integrated proprietary software ensuring all photo ID conform to International Standards Organisation (ISO) and International Civil Aviation Organisation (ICAO) regulations.

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 photobooths. Agreements in place with governments for the direct and secure upload of photographs from our photobooths to their servers for official documents.

The Group pays the site owner a percentage of machine turnover or a fixed fee or a combination of these metrics.



Wash.ME

GROUP TOTAL VENDING ESTATE

10.8%

REVOLUTION LAUNDRY UNITS
IN OPERATION

4,754

OPERATIONS IN

12 countries

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

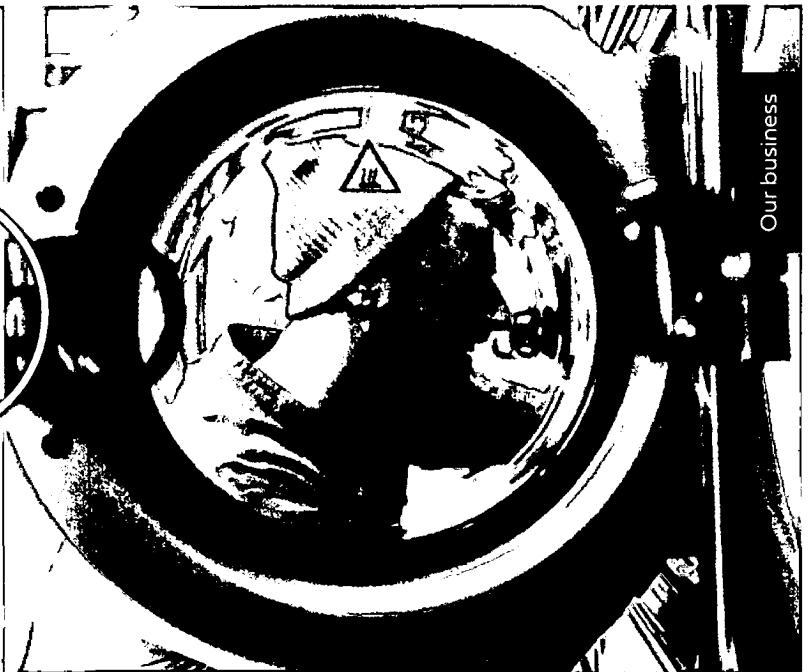
REVOLUTION REVENUE¹

△26.6%

2022: £56.7m

2021: £44.8m

¹ For the 12 months ended 31 October



Our business

Unattended 24/7 laundry services and launderettes.

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

Growing network of more than 4,750 Revolution units.

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

Our operations

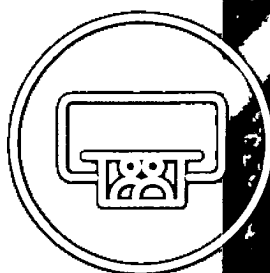
Revolution laundry services offer:

24/7 outdoor self-service machines, typically located on high-footfall sites such as car parks, petrol forecourts, campsites and university campuses.

Self-service launderette shops offer convenient and competitively priced large-capacity, self-service laundry amenities, typically located near town centres in France, Japan, Portugal, Republic of Ireland and the United Kingdom.

The Group pays the site owner a percentage of machine turnover or a fixed fee or a combination of these metrics.





Print.ME



GROUP TOTAL VENDING ESTATE

10.9%

UNITS IN OPERATION

4,785

OPERATIONS IN

8 countries

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

REVENUE¹

8.5%

2022: £10.7m

2021: £11.7m

¹ For the 12 months ended 31 October

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

Our operations

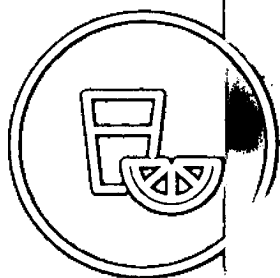
Print.ME offers:

Integrated proprietary software 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.

The Group pays the site owner a percentage of machine turnover or a fixed fee or a combination of these metrics.





Feed.ME

OPERATIONS IN

4 countries

Belgium, France, Japan, Switzerland

REVENUE FROM SALE OF
EQUIPMENT¹

▲52.4%

2022: £12.5m

2021: £6.3m

TOTAL REVENUE

£12.5m

¹ For the 12 months ended 31 October



Vending equipment for the food service market.

Our operations

Feed.ME offers:

Specialist high-end professional fresh 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).

Vending equipment is sold to customers, backed by an external leaser, with average contract length of 15 months for fruit juice machines and five years for Pizza machines with tacit renewal). Contracts typically includes a maintenance agreement for the Group to service the equipment for the duration of the contract.

GROUP TOTAL VENDING ESTATE

15.3%

UNITS IN OPERATION

6,483

Other vending equipment

Amuse.ME

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

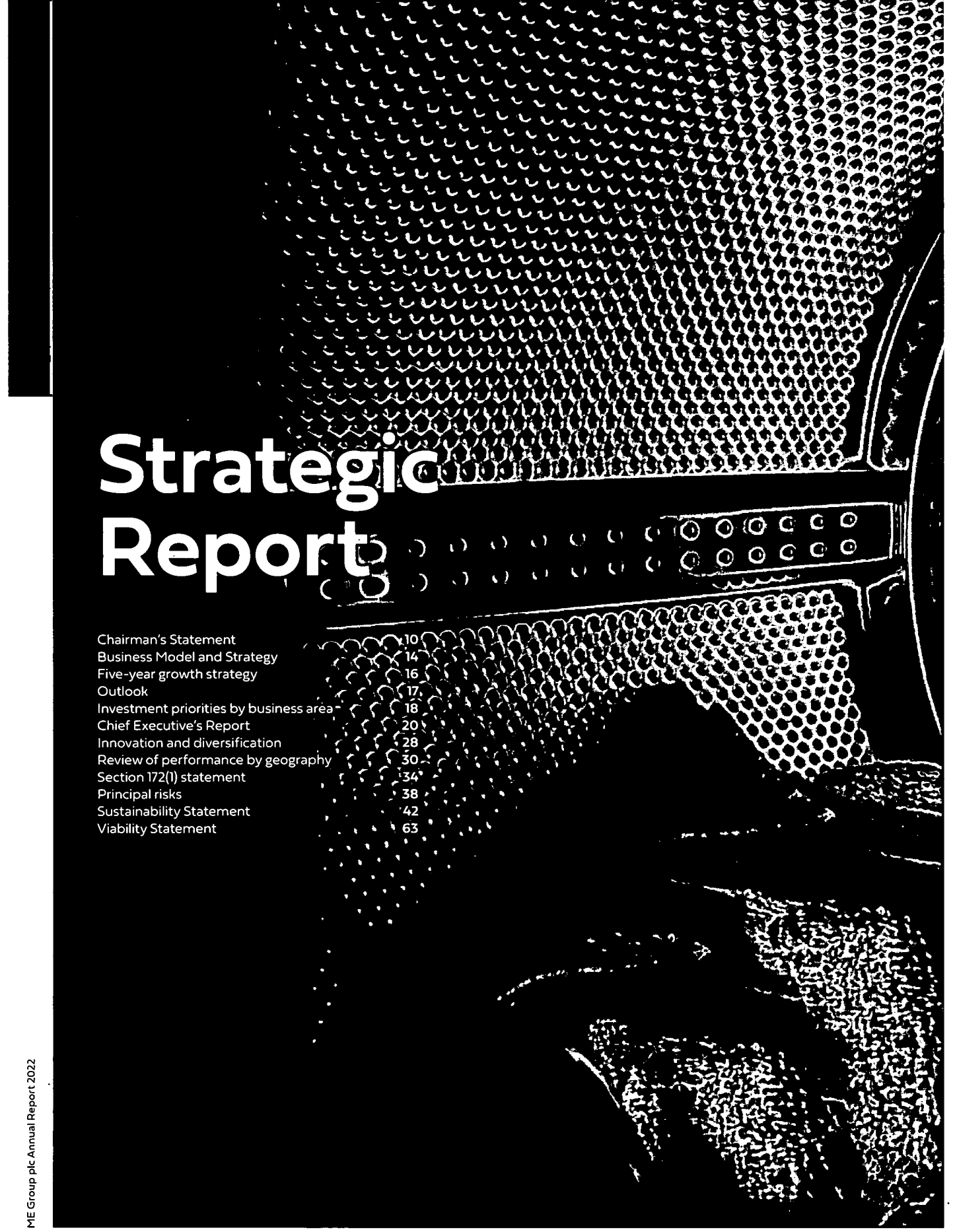
Units reliant on high footfall to generate consumer demand, and are usually situated at sites where the Group has an existing relationship with the site owner.

The Group pays the site owner a percentage of machine turnover or a fixed fee or a combination of these metrics

Copy.ME

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

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



Strategic Report

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Chairman's Statement

2022 Overview

The Group delivered a strong performance in the Period, driven by the recovery across most of our markets and principal business areas. Most significant was the resurgence in activity across our photo ID and laundry services, which was most evident in Continental Europe, particularly France, the UK and Germany.

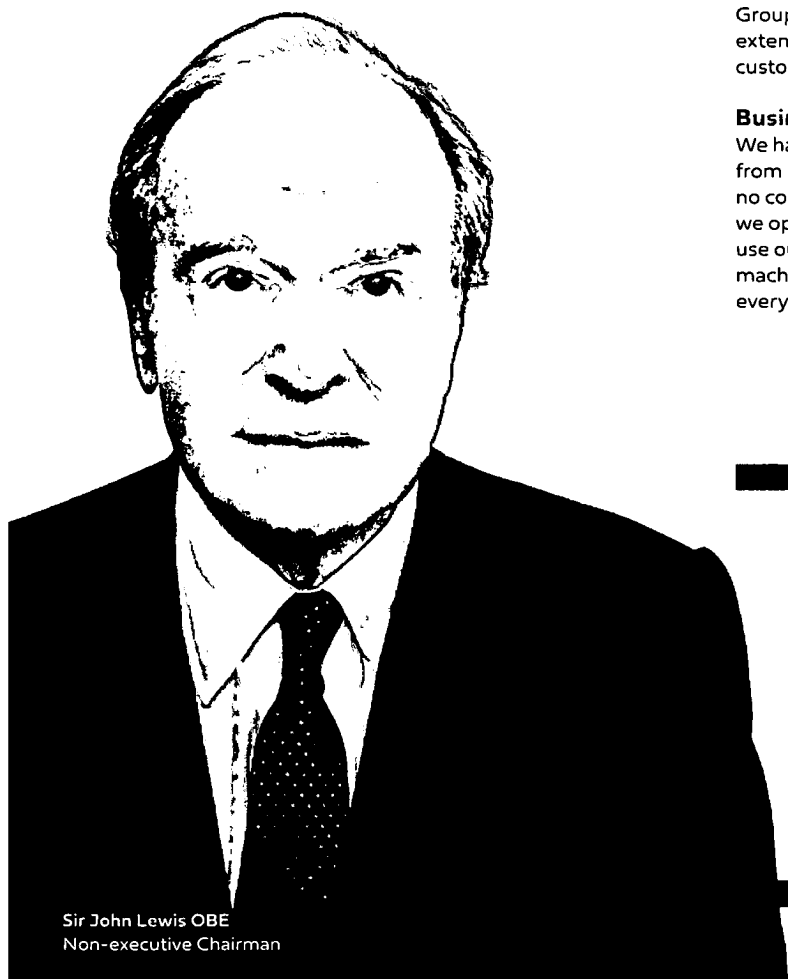
As a result of the positive trading momentum, the Group performed better than initially anticipated at the outset of FY 2022, which led to the Board revising its revenue and profit expectation on two separate occasions during the Period. Total Group revenue increased by 21.2% and EBITDA increased by 41.6% compared to the prior 12 months to 31 October 2021.

Change of the Company name to ME Group

In August, we announced the change of the Company name to ME Group International plc, with the new London stock market ticker 'MEGP'. The new Company name marked an important milestone for the Group in its 60th year as a publicly-listed company. Our new name better reflects our innovation and diversification strategy, as well as the evolution of our product offer today. We look forward to the next exciting chapter of the Group's growth as we continue to innovate and extend our product range to meet the needs of our customers and consumers across the world.

Business model and growth strategy

We have a proven business model which benefits from a dominant market position, with limited or no competition, in many of the countries in which we operate. Each day, millions of people see and use our conveniently positioned instant service machines as we strive to make people's lives easier every day around the world.



Sir John Lewis OBE
Non-executive Chairman

REPORTED REVENUE

£259.8m

12 months to 31 October 2022

NET CASH POSITION

£34.0m

12 months to 31 October 2022

Our growth strategy is focused on diversifying our product portfolio, expanding the number of units in operation and increasing the yield per unit. This is underpinned by our disciplined approach to minimising production and operational costs, enabling us to capitalise on operating leverage.

Our long-standing partnerships with site owners and utilisation of long-term contracts ensure consistent and solid recurring revenue streams and revenue visibility, year on year. These are characteristics similar to those of an infrastructure business which provide the Group with good visibility and predictability on revenue streams. In 90% of cases, contracts are tacit renewals. We also benefit from economies of scale through our extensive machine network and the increasing trend towards automation, where we have a depth of expertise, which also presents significant barriers to potential competitors.

Our five-year growth strategy is centred on five core pillars to support the development of each of the Group's principal business areas – photo identification (Photo.ME), laundry services (Wash.ME), digital printing services (Print.ME) and food vending equipment (Feed.ME) through:

1. Expansion into new geographic territories and continue to build the Group's international presence including recently entered markets of Italy, Finland and Australia.
2. Entering new market segments through securing new partnerships with businesses such as supermarkets and smaller retailers.
3. Ongoing new product and technology innovation to meet the vending needs of consumers through state-of-the-art user experience, backed by the best technology, and an omnichannel approach.
4. Continued expansion and diversification of services and revenue growth through a multi-service instant service offering and integration of centralised operating systems.
5. Merger & Acquisition strategy focused on enabling our growth strategy through bolt-on acquisitions, which meet the Group's return on investment criteria, to extend our geographic footprint, consolidate our market position and increase the breadth of our services available through our portfolio.

The Board believes this growth strategy will enable the Group to continue to drive sustainable revenue and profit performance over the next five years.

Unless there are major changes to the macroeconomic environment, the Board remains confident in the Group's long-term growth opportunities and its ability to deliver its key strategic priorities.

Sir John Lewis OBE
Non-executive Chairman

Chairman's Statement continued

Dividend

The strong performance delivered in FY 2022 continues to give the Board confidence in the future performance of the Company.

In July, the Board announced that it was adopting a distribution policy under which, for the foreseeable future, it will pay annual dividends in excess of 50% of its annual profits after tax subject to market and capital requirements. This total will be split between interim dividends (1/3) (generally to be paid in the month of November) and final dividends (2/3) (generally to be paid in the month of May).

The Board declared an interim dividend for the six months ended 30 April 2022 of 2.6 pence per Ordinary share (the "Interim Dividend"), which amounted to £9.84 million, paid to shareholders on 3 November 2022.

At the same time, the Board was also pleased to announce an additional return of £24.57 million to shareholders by way of a special dividend of 6.5 pence per ordinary share ("Special Dividend"). This was paid to shareholders on 1 September 2022.

The Board has declared a final dividend of 3.00 pence per Ordinary share ("Final Dividend") (this does not exactly correspond to the 2/3 split mentioned above since this year the Company paid a special dividend which, when added to the interim dividend, already exceeded 50% of PBT.

When combined with the Interim Dividend of 2.6 pence and the Special Dividend of 6.5 pence, this brings the total dividend for the year ended 31 October 2022 to 12.10 pence per Ordinary share.

Subject to approval at the Company's annual general meeting on 28 April 2023, the Final Dividend will be paid on 12 May 2023 to shareholders listed on the register at the close of business on 21 April 2023. The ex-dividend date will be 20 April 2023.

The Board & Executive Team

There were two changes in the composition of the Board of Directors. On 29 April 2022, Jean-Marcel Denis stepped down from the Board as a Non-Executive Director. I would like to extend my sincere thanks and gratitude to Jean-Marcel for his loyal service and continued support to both myself and the Board.

On 13 May 2022 Sigieri Diaz Della Vittoria Pallavicini resigned as an Independent Non-Executive Director having joined the Group in June 2021. I would like to extend my thanks to Sigieri and wish him all the best in his future endeavours.

The Board of Directors has worked hard to refresh its membership and believes it has a strong team in place to continue supporting the leadership team in delivering on the Group's long-term growth strategy.





The composition of the Executive Team has also evolved. Christian Autié, has been appointed as COO on 1 November 2022. Christian was previously the Group's Head of Asia where he held the role for 5 years.

Corporate responsibility

We remain committed to strengthening our Sustainability activity to deliver our goals through inventing eco-responsible local services to support growth by integrating social, environmental, and economic expectations into our strategy and operations. Details of our Sustainability approach and KPIs are available on the Group's website me-group.com.

Looking ahead

We have made great progress during FY 2022 during which most of our key markets continued to recover from the post-COVID impacts, despite the challenging backdrop that is facing so many sectors.

The Group remains highly cash generative and our financial position remains strong, driven by good momentum across the business, leaving the Group well placed to withstand the current macroeconomic headwinds. We are well positioned to deliver on our strategic priorities as we enter FY 2023 which includes the rollout of next-

generation multi-service photobooths as well as the continued expansion of our laundry operations and food vending equipment operations, whilst exploring further opportunities in new and existing geographies.

Unless there are major changes to the macroeconomic environment, the Board remains confident in the Group's long-term growth opportunities and its ability to deliver its key strategic priorities. For the 2023 financial year, the Board expects the Group to achieve revenue between £280 and £300 million, EBITDA between £95 and £105 million and profit before tax between £61 and 65 million.

Sir John Lewis OBE
Non-executive Chairman

28 February 2023

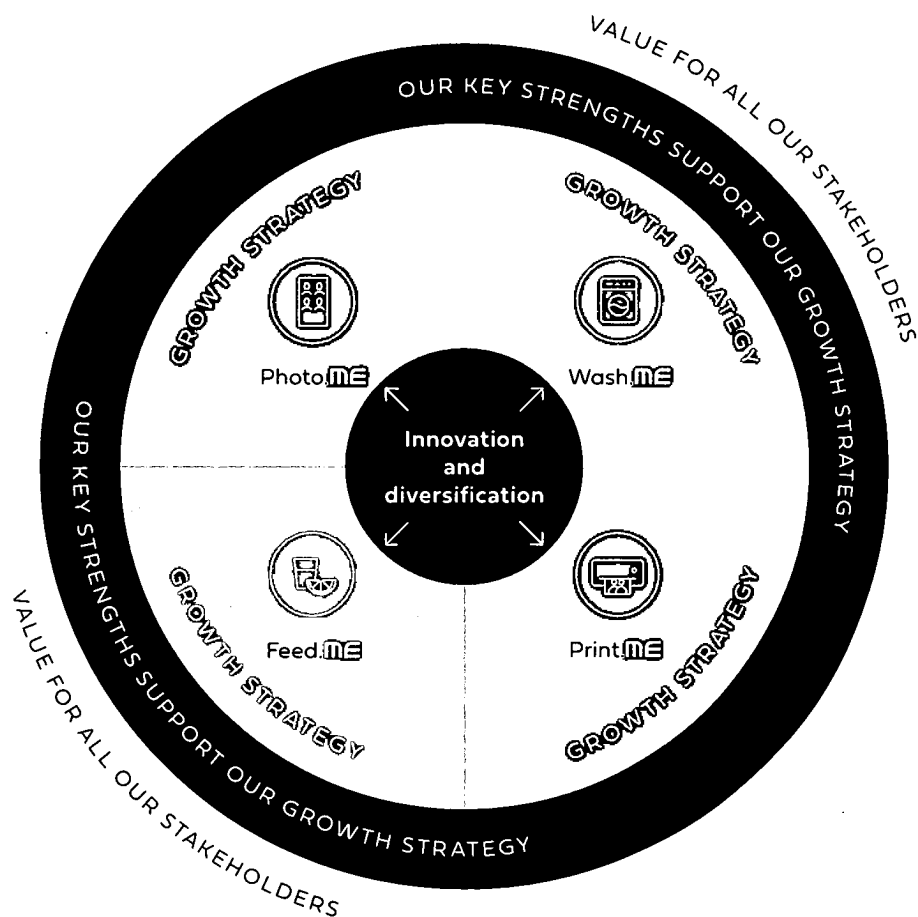
Business Model and Strategy

The Group benefits from a dominant market position, with limited or no competition, in many of the countries in which it operates.

We provide our consumers and our partners with an excellent customer experience focused on People, Service and Customer satisfaction. Each day, millions of people see and use our conveniently positioned machines as we strive to make people's lives easier every day around the world.

We have established and long-standing partnerships with site owners and our long-term contracts provide the Group with consistent, solid year-on-year recurring revenue streams and revenue visibility. The size of our machine network enables the Group to leverage economies of scale to expand its operations and benefit from the trend towards increased automation, while presenting significant barriers 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, which enables it to capitalise on its operating leverage.



Key strengths

1.

Predictable and stable cash flows

Generated from existing network to fund growth through product innovation

2.

Proven track record in technology development and innovation

In-house development of proprietary solutions and continuous focus on product diversification

3.

Long-term partnerships and contracts with high-footfall site owners

Machine portfolio positioned in accessible locations (supermarkets, shopping malls, transport hubs and public administration buildings), with circa. 90% tacit renewal

4.

International footprint and diversity of services offered

Providing resilience through location and service mix against geographic trends and demand patterns

5.

Competitively priced, high quality services with a focus on consumer experience

Meeting the increasing demand for instant vending services on-the-go through convenient, easy-to-use reliable, value for money services

6.

A market leader with more than 60 years of industry expertise

Providing leading brands and household names in key territories with expert know-how in autonomous vending equipment

7.

Established network of skilled field engineers

Supporting growth across business areas at limited additional cost

8.

Value for all our stakeholders

Meeting the needs of customers and consumers and delivering shareholder value with growth and dividends

9.

Corporate social responsibility

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

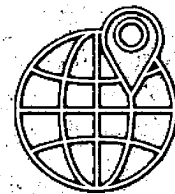
Five-year growth strategy

Our growth strategy is centred on four core pillars to support the development of each of the Group's principal business areas – photo identification, laundry services, digital printing services and food vending equipment.

We will continue to diversify and expand our historical business activities of photobooths and laundry activity alongside our newer self-service food vending equipment activities.

Expansion into new geographic territories

Continue to build the Group's international presence in recently entered markets of Italy, Finland and Australia.



Entering new market segments

Through securing new partnerships with businesses such as supermarkets and smaller retailers.

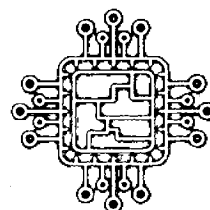


Outlook

- The Group has set out its five-year growth strategy, centered on five core pillars, to support the development of each of the Group's principal business areas and continue to drive sustainable revenue and profit performance
- Execution of next-generation multi-service photobooth rollout programme commenced in Q1 FY 2023, to deploy approx. 10,000 units by 2025, with an initial target of 3,000 machines installed in France by the end of October 2023 in France
- Continued focus on deployment of Revolution laundry units, with plans to accelerate installations at a rate of approx. 80-90 per month, alongside an increased focus on developing cost and energy-saving models
- Increase in activity around the expansion of Feed.ME business, targeting an increase in the number of lease agreements for further fruit juice vending equipment (in Japan) and pizza vending equipment (in France)

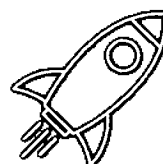
Ongoing new product and technology innovation

To meet the vending needs of consumers through state-of-the-art user experience, backed by the best technology, and an omnichannel approach.



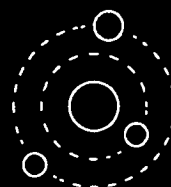
Continued expansion and diversification of services

Revenue growth through a multi-service instant service offering and integration of centralised operating systems.



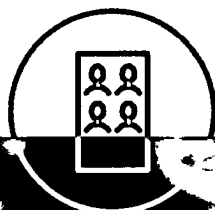
Merger and acquisition strategy

Focused on enabling our growth strategy through bolt-on acquisitions, which meet the Group's return on investment criteria, to extend our geographic footprint, consolidate our market position and to increase the breadth of our services available through our machines network.



Investment priorities by business area

Photo.ME



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

Growth drivers

- Consumer demand is primarily driven by government requirements for official photo ID documentation
- Government increasingly seeking improved and digitalised photo ID security to combat fraud and terrorist activity
- Increased consumer demand for multi-functional instant services in a single location and via a single machine

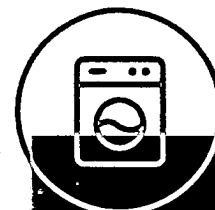
Growth strategy

- Commercialisation of multi-service next generation photobooths to grow revenue contribution
- Longer-term opportunities to expand presence in countries where self-taken ID photos are not permitted
- Deploying proven identification security technologies in existing and new territories
- Targeting new strategic partners for entry at high-footfall locations including major supermarkets and smaller retail shops and parks
- Pricing power through strong market position and regulatory requirement for photo ID for official documents

KPIs

- Roll out of next generation photobooths from H1 2023, with the aim of deploying approx. 3,000 in FY 2023
- Planned investment in FY2023: £15-20 million
- Target returns: 18 months
- Plans to deploy a total of 10,000 next generation machines by the end of FY 2025

Wash.ME



Our Wash.ME business is our fastest-growing business area.

Growth drivers

- Demand for convenient, high-capacity laundry services at competitive prices
- Cost effective and energy efficient offering for the consumer compared to at-home alternatives

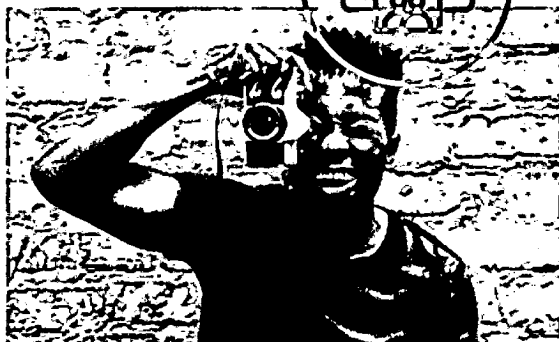
Growth strategy

- 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 attractive to new market segments, with a focus on sustainability
- Continuing to increase laundry revenue as a proportion of total Group revenue

KPIs

- Targeting an average installations of 80-90 units per month
- Rollout of photovoltaic solar panels on Revolution units across key territories, including France and United Kingdom
- Planned investment in FY2023: £23.0 million
- Target returns: Approx. 18 months

Print.ME



Our Print.ME business provides convenient, affordable and easy-to-use instant printing services to consumers.

Growth driver

- Increased use of smartphones and digital sharing across social media networks

Growth strategy

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

KPIs

- 500 new kiosks to be installed in France to refresh portfolio in France. Started in September 2022
- Target returns: 18-20 months

Feed.ME



Our Feed.ME mainly sells pizzas and fruit juice machines, backed by an external leaser, typically with a maintenance agreement.

Growth driver

- Growth in demand for vending services within the food sector, particularly for fresh juice and pizza, and a wider range of products

Growth strategy focused on

- 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 larger presence in the pizza-vending equipment market
- Building new partnerships with site owners to sell/deploy food vending equipment to

KPIs

- Aim to become the food-vending equipment market leader in the European market

Chief Executive's Report

Business review

Our performance in FY 2022 showed strong recovery particularly within our photobooth operations. We have continued to benefit from our disciplined approach to cost management and our ability to increase pricing, as well as our ongoing marketing activity, all of which have underpinned the recovery in performance.

The Group has delivered figures comparable to the performance achieved in 2019. This is despite some continued disruption from COVID-19 in the Period, and the macro-economic challenges impacting business.

We continue with a strategic focus on innovation, R&D and diversification which remain important factors in the Group's long-term growth strategy, ensuring the continued delivery of solutions and services that can address ever-changing consumer needs.

Financial performance

Reported revenue in the Period increased by 21.2% to £259.8 million, compared with £214.4 million in the prior 12 months ended 31 October 2021. This performance was primarily driven by a strong performance across Continental Europe and in the UK & the Republic of Ireland. The Group benefited from a recovery in activity levels from Q2 onwards, particularly for photobooths and laundry services, as well as substantial price increases in Germany and France during H2 2022.

Revenue for Continental Europe was up 22.6% and operating profit up 73.3%, mainly driven by activity in France. In the UK & Republic of Ireland, revenue was up 41.9% and operating profit improved by 132.0%. Activity in Asia Pacific was more subdued, due to pandemic restrictions remaining in place for longer than in the Group's other operating regions, with revenue and operating profit both flat year-on-year.



Simon Chapman
Senior Chairman
Chief Executive Officer & Deputy Chairman

REVENUE

£259.8m

12 months to 31 October 2022

PROFIT BEFORE TAX

£53.4m

12 months to 31 October 2022

We continue with a strategic focus on innovation, R&D and diversification which remain important factors in the Group's long-term growth strategy.

Serge Crasnianski
Chief Executive Officer & Deputy Chairman

Profitability improved year-on-year across all regions, benefiting from a recovery in demand, our successful recent restructuring programme to remove unprofitable machines, and an increase in consumer pricing during the year. A breakdown of performance by region is set out in the Review of Performance by Geography.

Reported EBITDA (excluding associates) was £92.2 million, an increase of 41.6% on the prior 12-month period, which delivered an EBITDA margin of 35.5%.

Reported profit before tax increased by £24.8 million (+86.7%) to £53.4 million (2021: 28.6 million).

Capital expenditure in the Period was £38.2 million, primarily related to Machines costs (£28.2m), Plant and Machinery (£5.1m) and the rest is Intangible assets (£1.7m Goodwill, £1.4m R&D and £1.7m Other Intangibles).

Funding and liquidity

The Group continues to be highly cash generative. At 31 October 2022, the Group had gross cash of £136.2 million and a net cash balance of £34.0 million. This is net of £0.7 million cash investment in acquisitions and dividends paid during the year which amounted to £35.5 million. We did not have the benefit of any government facilities in the Period.

The Group remains in a strong financial and liquidity position to fund future growth whilst continuing to navigate the broader macroeconomic headwinds.

Innovation and diversification

We are proud of our track record in new product development and our innovative approach, supported by our team of 50 engineers located in our R&D centres situated in France (primary facility) and Vietnam. Our in-house R&D team is continuously working on new product innovation to meet ever-changing customer and consumer needs, providing them with a range of instant service equipment that is modern, convenient and user-friendly.

Our approach to innovation and diversification is focused on two key pillars:

1. **A state-of-the-art user experience, backed by the best proprietary technology**, including the design of new, intuitive, and modern user interfaces across multiple product categories; the integration of digital payment systems across vending estate; and up-to-date functionalities, through an aggregate of the best of external technology providers
2. **An omnichannel approach**, leveraging digital functionalities to enhance the user experience of our brands and explore new business models, including the use of a powerful CRM which offers a customised experience to end users; the launch of applications that connect to our machines to offer mobile-to-machine features; the remote management of our self-service vending equipment through a cloud-based infrastructure; multi-service functionality for the next-generation machines; and centralised operating system offers a seamless, connected user experience for the consumer

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 2022	12 months to 31 Oct 2021
Number of units in operation	27,625	27,867
Percentage of total group vending estate (number of units)	62.9%	63.6%
Revenue	£154.3m	£123.2m
Capex	£3.0m	£5.0m
EBITDA	£54.2m	£36.4m

We saw a strong recovery in photo ID demand for passports and other official documentation restrictions were eased and consumers were able to travel and socialise, as well as other products delivered via our photobooth estate. Notably, demand was strong in Continental Europe, particularly France, from February onwards. The UK showed a similar trend from May onwards, despite the Government's ongoing acceptance of home-taken photos for official documents. The Asia market was subdued due to covid restrictions.

We gradually and successfully implemented price changes in H2 2022. The cost per use of our photobooths increased from €6 to €8 in France (10% of machines remained at €6 per use), and from €8 to €10 in Germany and Austria, which did not have an adverse impact on consumer demand. Subsequently, similar price increases were implemented across most of our operating markets during the second half of the year. We anticipate that the full benefit of these price increases will be evident in FY 2023.

Revenue increased by 25.2% to £154.3 million (2021: £123.2 million), driven largely by the increase in cost per use implemented across the Group's machine estate in certain territories along with increasing

post-Covid demand. The average revenue per machine (excluding VAT) increased to £5,586 per year (2021: £4,421 per year).

Subsequently, EBITDA was £54.2 million, and represented 63.8% of Group EBITDA (excluding the property sale). EBITDA was 35.1% of the revenue during the Period.

Overall, this performance is a testament to the resilience and long-term future of our photobooth estate.

Capex in the Period decreased by 40.0% to £3.0 million, reflecting a deferral of investment in next-generation photobooths. The Group began the rollout and installation of next-generation photobooths during Q1 2023, initially with the deployment of 50 units in France. It is the Group's aim to deploy approximately 3,000 next-generation photobooths during FY 2023, with a view of rolling out c.10,000 units over the next three years. Consequently, the Group anticipates that Photo.ME capex will be significantly higher during FY 2023 in the range of £15.0 – £20.0 million. Whilst this materially increases capex, we expect our next-generation machines will achieve an attractive return on investment within one year.

At 31 October 2022, the number of photobooths in operation remained broadly flat at 27,625 units (2021: 27,867). Photo.ME operations accounted 62.9% of the Group's total vending units.

Growth strategy

Our photobooths meet the needs of consumers who are required to have official photo ID for documents such as passports and driving licences. This quasi-compulsory service and its strong market position give the Group pricing power for this service. Increasingly governments are seeking to improve and digitise photo ID security to combat fraud and terrorist activity. In addition, consumers are seeking multi-functional instant services through a single vending machine.

Alongside deploying our proven identification security technologies in existing and new countries of operation, we are continuously innovating with the aim of expanding the services available via our next-generation photobooth. This includes fun features and social media sharing functions providing customers with additional, diversified services. We are also targeting new strategic partnerships which will enable us to operate at



high-footfall locations, including supermarkets, smaller retail shops and retail parks.

Strategy in action

Since February 2022, our face ID anti-spoofing technology secured compliance recognition under the international Biometrics Presentation Attack Detection standards (ISO/IEC 30107-3) by Cabinet Louis Reynolds (CLR), the French biometrics and security technologies experts. This recognises the Group's anti-spoofing technology, which helps to ensure that all ME Group photobooths are biometrically secure and mitigative against "fake" photo ID for official documents, as credible by regulatory standards.

The Board continues to believe that there are longer-term opportunities in the photo ID market across both existing and new geographic markets. Our new multiservice next-generation photobooth will integrate the consumer journey into specific omnichannel automated services.



Wash.ME

Unattended Revolution laundry services and launderettes

	12 months to 31 Oct 2022	12 months to 31 Oct 2021
Total Laundry units deployed (owned, sold and acquisitions)	5,924	5,533
Total revenue from Laundry operations	£61.8m	£54.2m
Total Laundry EBITDA	£29.1m	£22.6m
Revolution (excludes Launderettes and B2B):		
Number of Revolutions in operation ¹	4,754	4,094
Percentage of total group vending estate (number of units)	10.8%	9.3%
Total revenue from Revolutions	£56.7m	£44.8m
Revolution capex	£20.2m	£15.9m

¹ There were 4,424 Revolution units in operation through the entirety of the 12 months ended 31 October 2022 compared with 3,765 in 12 months ended 31 October 2021.

Total revenue from our laundry operations grew by 14.0% to £61.8 million, driven by an increase in the number of Revolution units in operation. At 31 October 2022, the total number of laundry units deployed (owned, sold) was up to 5,924.

La Wash, our Spanish B2B laundry service franchise business, was sold in November 2021. La Wash represented a minor part of the laundry business. Following this disposal, we no longer operate B2B laundry services except for a small level of activity in Ireland.

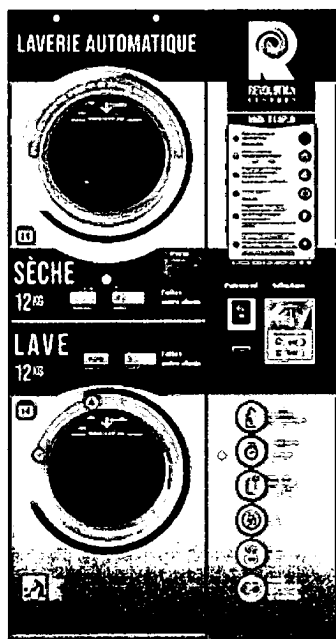
Chief Executive's Report continued

Continued growth of Revolution laundry operations

In line with our growth strategy, the Group installed an average of 70 machines per month, primarily in Continental Europe and the UK & Republic of Ireland. As a result, the number of units in operation grew by 16.1% to 4,754. Revolution laundry machines accounted for 10.8% of the Group's total estate by number of machines (2021: 9.3%).

Revenue increased by 26.6% to £56.7 million, which represented 21.8% of Group revenue. The average revenue per machine (excluding VAT) was £12,816 per year (2021: £11,899 per year). EBITDA was £29.1 million and contributed 34.3% of Group EBITDA (excluding property sales). EBITDA was 47.1% of revenue in the Period.

Revolution capex increased to £20.2 million (2021: £15.9 million) reflecting an increase in production and installation costs, along with the redeployment of selected machines to more profitable locations. Additionally, the Group has entered a period of machine refurbishment and maintenance, the first since we launched our laundry operations in 2012.

**Growth strategy**

Revolution laundry services remain a key growth driver for the Group and revenue from this business area is expected to continue to increase as a proportion of total Group revenue.

Our strategy is to further expand our operations through new and existing partnerships with site owners in target territories to address consumer demand for convenient and competitively priced high-capacity laundry services. Our R&D teams will also continue to innovate to improve and upgrade our product range and commercialise new formats aimed at specific market segments.

In FY 2023, we plan to invest approx. £23.0 million in Wash.ME and our aim is to increase Revolution installations to 80-90 units per month, targeting a return on investment of approx. 18 months.

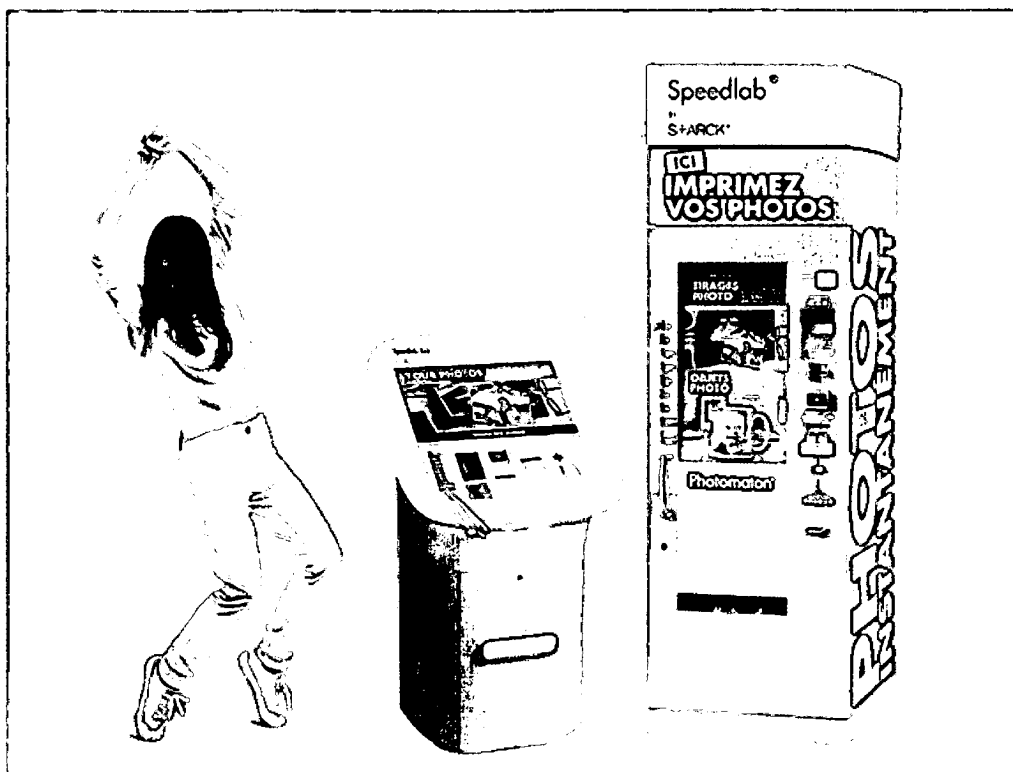
Strategy in action

During the Period the Group launched two newly developed laundry machine formats – the Revolution Compact V3 which offers a more environmentally friendly solution by using less energy and detergent, and the Revolution Flex which offers a compact format that can be deployed inside co-living locations.

We continue to innovate and over time we will deploy lower-cost models which will offer substantial savings in production costs and flexibility of deployment, along with improved energy efficiency features that aim to reduce water and electricity consumption.

We have continued to deliver on our sustainability commitment and reduce our impact on the environment. To date, we have installed 223 Photovoltaic solar panels on Revolution units primarily in France and expect to roll this out into other geographies in time.

Our strategy to expand existing and secure new long-term partnerships with site owners has enabled us to expand our Revolution estate in the key UK market and extend our footprint across major, high-footfall locations bringing our laundry services to even more existing and potential customers. We have begun pilot testing of our new indoor and outdoor "Flex" laundry machine format. We believe there is a large-scale opportunity in the European market for this compact machine format.



Print.ME

High-quality digital printing services

	12 months to 31 Oct 2022	12 months to 31 Oct 2021
Number of units in operation	4,785	5,173
Percentage of total group vending estate (number of units)	10.9%	11.8%
Revenue	£10.7m	£11.7m
Capex	£1.3m	£0.5m
EBITDA	£3.6m	£3.4m

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

At 31 October 2022 the Group had 4,785 kiosks in operation, down 7.5% compared with the prior year. Kiosks accounted for 10.9% of the total number of vending units in operation.

Revenue decreased to £10.7 million from £11.7 million in the prior year, due to a reduction in the number of digital printing kiosks in operation, following the removal of unprofitable machines. Print.ME revenue represented 4.6% of Group revenue. EBITDA was £3.6 million and contributed 4.2% of Group EBITDA in the Period.

The average revenue per machine (excluding VAT) was £2,279 per year (2021: £2,146).

Capex for the Period was £1.3 million in line with our strategy to focus our investment on expanding our growing Wash.ME and Feed.ME businesses during FY 2022. During the second half of the year, this capex was invested in 500 new kiosks to refresh our machine portfolio in France. The replacement of machines began in H2 2022 and will complete during H1 2023. The expected return on investment is 18 months and the benefit is expected to be evident in FY 2023.

Growth strategy

There remains demand for high-quality printing services reflecting the increased use of smartphones and digital sharing across social media networks. Print.ME's convenient, affordable and easy-to-use instant printing services enable consumers to print direct from smart devices.

The Group is considering opportunities to further extend its digital kiosk services offered through its instant-service machine network, as well as a focus on identifying product partnership opportunities within existing territories. Our next generation photobooths are multifunctional and will have similar functions as our digital printing kiosk, in line with our innovation and diversification plan for our service.

Feed.ME

Vending equipment for the food service market

Feed.ME business model is different from other business area, it's based mainly on sales and on a smaller scale on operating machines in Japan (214 orange juice machines). Capex are then non-significant yet.

Our food vending equipment operations, which further diversify our vending services, are the Group's newest business area. Activities are focused on (i) self-service fresh fruit juice equipment market and (ii) pizza vending machines aimed at the B2B retail and hospitality markets. The Group currently has such operations in Belgium, France, Japan and Switzerland.

The Group sells its vending equipment to customers, typically with a maintenance agreement for the Group to service the equipment. Customers typically (but not exclusively) choose to enter into a sale and leaseback arrangement with a third-party financing company for a period of 15 months for fruit juice machines and five years for pizzas machines. At the end of a sale and leaseback contract, the Group has the option to buy the machine back and to refurbish it. The machine can

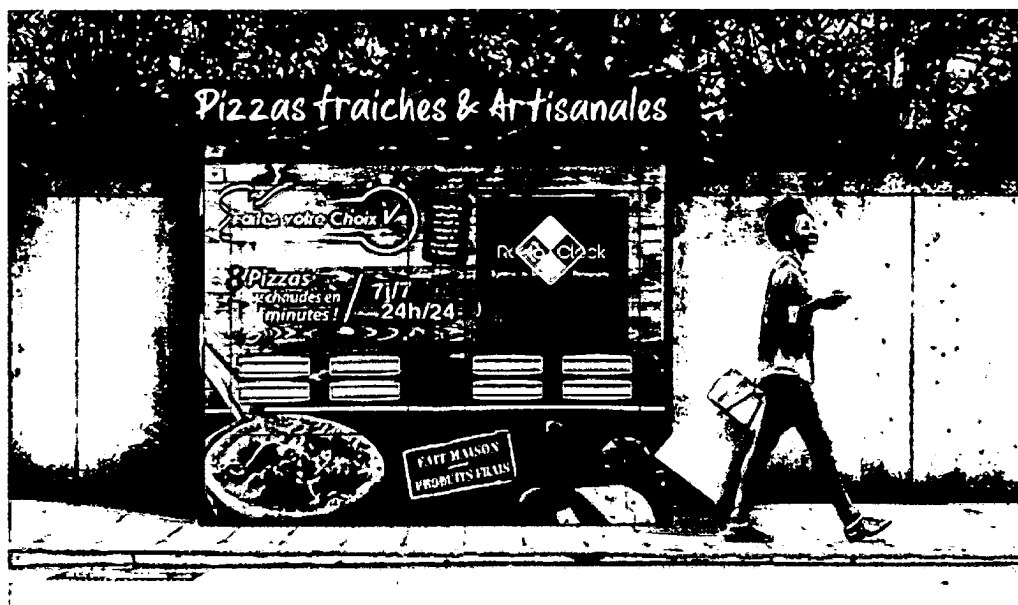
then be sold again. The renewal rate for existing customers is over 70%. The Group does not operate food vending equipment in Japan except for fresh fruit juice vending machines.

Revenue solely from the sale of equipment was £9.9 million, adding other revenue (£2.6m), the total revenue of Feed.ME is £12.5m which reflected the good strategic progress made in the Period. This business area contributed 4.8% of total Group revenue.

EBITDA was £3.4 million and contributed 4.0% of Group EBITDA (excluding the property sale).

Growth strategy

There is a growing demand for vending services within the food sector, particularly for fresh fruit juice and pizza. Our growth strategy is built around new product innovation and is focused on three key areas (i) expanding our presence in the self-service fruit juice equipment market, (ii) establishing a larger presence in the pizza-vending equipment market, and (iii) building new partnerships with site owners to sell or deploy food vending equipment.



Strategy in action

Fresh Fruit Juice equipment

Our new product innovation capabilities have enabled us to further expand our presence in the self-service fruit juice equipment market through a wider variety of self-service fresh juice options. We have installed new professional apple, pineapple and grape juice vending machines in France, Belgium and Japan, as part of our juice wall concept. The orange juice vending model in Japan continued to grow with very satisfying results. There are now 214 machines active in Japan which are operated by ME Group, the only geography where the Group does operate food vending equipment.

Following delays due to the pandemic, the Group's professional apple and pineapple machines were installed across France and Belgium. Furthermore, nine of the Group's innovative 'juice wall concept' were deployed in the Period, which offers consumers different fruit juice options.

Pizza vending equipment

Our pizza vending machines, which are sold to site owners, offer consumers ready to eat pizza in four minutes available 24 hours a day, seven days a week. In line with our strategy, we accelerated the rate of machine sales during the year to an average of 20 machines per month in France. We have started to deploy further machines in Spain, Belgium and the Netherlands in the second half of the year.

In May we announced a new technological partnership with Digitiz.me, a ground-breaking digital platform, enabling the Group to accelerate development in the fast-growing connected food vending market. Through this new partnership, omnichannel software offering an all-in-one complete solution will be rolled out across all ME Group pizza vending equipment to offer consumers an easy and integrated experience, whilst also improving our ability to remotely manage units. We believe this will revolutionise the way our food vending machines function and deliver value for our partners. The deployment of this technology will start in H1 2023.

We continue to invest in new product innovation to enhance our product range. In June, we launched our second-generation pizza kiosk, which is aimed at the independent pizzaiolos market as well as global hypermarket key accounts. In October, we launched 64-pizza Muliquattro V3 and 96-pizza

capacity kiosks. These new design machines, and our new industrialisation process, have enabled us to decrease production costs and optimise logistics costs. The Group has started with the development of a new pizza vending machine unit, offering a smaller one-pizza format designed for more compact locations.

Our strategy is to enhance our presence in the pizza vending equipment market, with the aim of becoming a leader in the European market. We are also exploring new business models and opportunities to accelerate expansion of our presence in the growing food service vending equipment market.

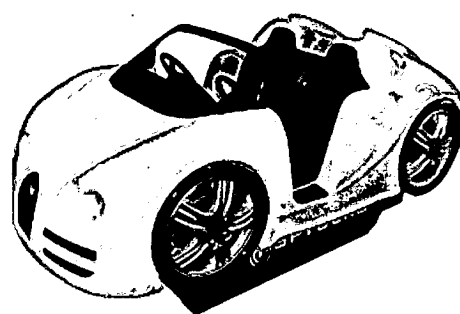
Amuse.ME Copy.ME

Other vending equipment

At 31 October 2022, the Group operated 6,483 (2021: 6,624) other vending units in addition to our four principal business areas. This included 2,489 children's rides (Amuse.ME), 3,456 photocopiers (Copy.ME) and 538 other miscellaneous machines.

These machines are typically located in high-footfall locations alongside the Group's principal activities, thereby benefiting from existing site owner relationships and operating synergies. The Group will continue to operate other vending units where profitable.

Other vending equipment accounted for 15.3% of the Group's total vending estate by number of units, down 0.2% compared to the previous year and represented 2.0% of the total Group revenue.



Innovation and diversification

Central to the Group's long-term growth strategy is a strategic focus on innovation and diversification which remain core to our business.

Our in-house R&D team is continually working on new-product innovation to meet ever-changing customer and consumer needs, providing them with a range of instant-service equipment that is modern, convenient and user-friendly.

Supported by a 50-strong R&D team, our approach to innovation and diversification 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

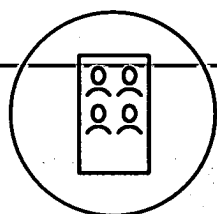


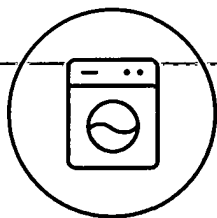
Photo.ME

Strategy in action

The Group's bespoke liveness-detection technology (with patent pending) was recognised by CLR Labs in France as compliant under international Biometrics Presentation Attack Detection standards (ISO/IEC 30107-3). ME Groups' photobooths are biometrically secured against morphing and "fake" photo ID and it mitigates consequently the risk of the identity usurpations for official ID documents.



- March 2022 – Acquisition of Vip Box, the French leader in the rental and sale of selfie stations for private and professional events, strengthening the Group's market presence

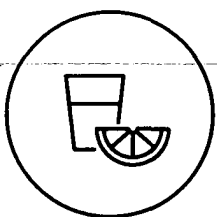
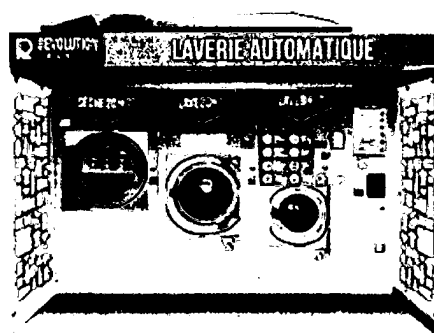


Wash.ME

Strategy in action

Strategy in action

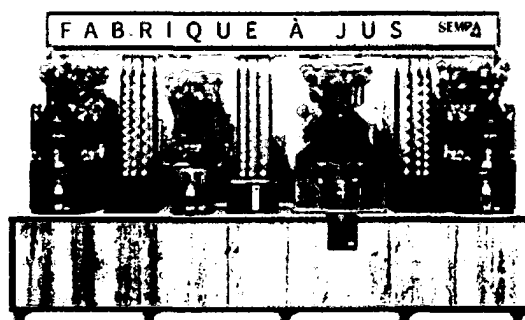
- Launch of Revolution Compact V3 new outdoor laundry unit, equipped with solar panels, using less energy and less detergent
- Launch of Revolution Flex, new indoor laundry unit, offering a compact format that can be deployed inside co-living locations
- Agreement signed with a major supermarket in the UK, expanding Revolution estate across market segment and providing laundry services in additional major high footfall locations
- More than 223 Photovoltaic solar panels installed on Revolution units in France to reduce the Group's impact on the environment



Feed.ME

Strategy in action

- May 2022 – ME Group partners with Digitz.me providing omnichannel solution for pizza vending estate and introducing new Boxpresso connected e-fridge
- June 2022 – second generation pizza kiosks launch to address the independent pizzaiolos market and hypermarket global key accounts
- October 2022 – launched 64-pizza Muliquattro V3 and 96-pizza capacity kiosks
- Further digitalisation of pizza kiosks through centralised software platform, enabling remote management of customer activity, integration of real time inventory whilst supporting cashless payment



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. Some commentary below relates to the performance of specific products in the relevant geographies.

Vending units in operations

	At October 2022		At October 2021	
	Number of units	% of total estate	Number of units	% of total estate
Continental Europe	25,331	57.7%	25,111	57.3%
UK & Republic of Ireland	6,858	15.6%	7,238	16.5%
Asia Pacific	11,721	26.7%	11,468	26.2%
Total	43,910	100%	43,817	100%

As expected, the total number of vending units in operation at 31 October 2022 increased slightly 0.2% to 43,910 compared with the prior year (2021: 43,817), reflecting the Group's strategy to remove unprofitable machines as part of the restructuring programme initiated in April 2021. This was compensated by the number of new installations.

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 Pacific.

Revenue by geographic region

	12 months ended 31 October 2022	12 months ended 31 October 2021
Continental Europe	£177.8m	£145.0m
UK & Republic of Ireland	£42.0m	£29.6m
Asia Pacific	£39.9m	£39.8m
Total	£259.7m	£214.4m

Operating profit by geographic region

	12 months ended 31 October 2022	12 months ended 31 October 2021
Continental Europe	£51.3m	£29.6m
UK & Republic of Ireland	£11.6m	£5.0m
Asia Pacific	£2.0m	£2.0m
Corporate costs	£(8.1)m	£(7.3)m
Total	£56.8m	£29.3m

The Group delivered a 21.2% increase in total revenue to £259.8 million driven by recovering markets, price increase as well as the successful completion of the Group's restructuring programme.

Operating revenue evolution (last 12 months by quarter)

The table below provides a detailed breakdown of changes in operating revenue by geographic region and business area for the Period, compared with the similar period in the 12 months ended 31 October 2022.

Operating revenue is sales revenue generated by vending units, less VAT. It excludes sales of machines and parts and other ancillary revenue streams.

	Nov 2021 to Jan 2022	Feb 2022 to Apr 2022	May 2022 to Jul 2022	Aug 2022 to Oct 2022	Total
Continental Europe					
Photo.ME	40.7%	38.4%	29.2%	30.2%	33.4%
Print.ME	(13.2%)	(6.7%)	5.0%	0.2%	(4.2%)
Wash.ME	32.2%	30.9%	19.8%	12.2%	21.9%
Other Vending and Feed.ME	(25.9%)	2.8%	4.3%	(13.2%)	(9.3%)
Total	28.1%	31.3%	24.5%	21.7%	25.7%
UK & Republic of Ireland					
Photo.ME	85.5%	127.3%	76.4%	26.4%	72.9%
Print.ME	(17.8%)	(73.8%)	(78.6%)	(73.6%)	(58.4%)
Wash.ME	49.4%	39.3%	32.0%	19.9%	34.0%
Other Vending and Feed.ME	93.8%	109.1%	37.8%	7.5%	46.7%
Total	63.2%	81.6%	52.3%	20.4%	50.5%
Asia Pacific					
Photo.ME	2.0%	(28.1%)	(5.1%)	20.8%	(6.4%)
Print.ME	(6.0%)	(19.7%)	(10.9%)	(12.5%)	(12.5%)
Wash.ME	78.6%	83.3%	63.4%	30.8%	60.5%
Other Vending and Feed.ME	524.0%	71.6%	(599.5%)	910.5%	510.9%
Total	8.7%	(22.8%)	11.6%	36.8%	3.6%
Total					
Photo.ME	31.4%	18.7%	25.3%	27.7%	25.4%
Print.ME	(13.4%)	(11.6%)	0.3%	(4.0%)	(7.5%)
Wash.ME	37.5%	33.3%	22.7%	14.2%	25.2%
Other Vending and Feed.ME	41.7%	47.0%	169.1%	82.1%	76.9%
Total	29.3%	20.9%	26.0%	23.7%	24.7%

Performance by geography continued

Continental Europe

Continental Europe is the Group's largest region by both number of machines and contribution to Group revenue.

Revenue increased 22.6% to £177.8 million driven by a strong recovery in photobooth and laundry activity throughout the Period. Kiosk demand improved in Q3 and Q4. Operating revenue for Photo.ME was up 33.6%, Wash.ME was up 12.2% and Print.ME up 4.6%. Operating profit increased by £21.7 million to £51.3 million.

France performed particularly strongly, benefiting from the recovery in activity alongside an increase in consumer pricing.

In April 2022, the Group sold an office building for £7.1 million, which had a positive impact on the region's operating profit.

In November 2021 we sold La Wash, our Spanish B2B laundry service franchise business at a loss of £(0.5) million. This item was not included in Continental Europe's operating profit but was reported in other net gains and losses, below operating profit.

At 31 October 2022, 25,331 units were in operation in Continental Europe which represented 57.7% of the Group's total estate. Continental Europe contributed 68.5% of total Group revenue.

UK & Republic of Ireland

Revenue in the UK & the Republic of Ireland grew by 41.9% to £42.0 million driven by a strong recovery in photobooth and laundry activity in the second half of the year, the Group's key business areas in the region. The significant increase in demand for photo ID for passports and official documents led to a 70.2% increase in Photo.ME operating revenue in the Period. Wash.ME performance was consistently strong, with operating revenue growth delivered each quarter which resulted in operating revenue for the year up 19.0%. The Group's other vending equipment in the region benefited from increased footfall matches in the second half of the year, following the lifting of pandemic restrictions.

Profitability in the region improved, with an operating profit of £11.6 million, compared to £5.0 million in the prior year. This performance reflected the successful restructuring programme in the region (completed in April 2021), which

included the removal of unprofitable machines and bolstering of the management team in the region.

As at 31 October 2022, there were 6,858 units in operation in the UK & Republic of Ireland, a decrease of 5.3%, representing 15.6% of the Group's total vending estate.

Asia Pacific

The Group's operations continued to be impacted by extended COVID-19 restrictions which severely limited consumer demand, notably in Japan and China. This particularly affected photobooth activity, our largest business area in the region, with Photo.ME operating revenue down 6.5% compared to the prior year. Our laundry operations were more resilient with operating revenue up 50.0% year-on-year.

Despite these challenges, revenue in the region grew slightly by 0.3% to £39.9 million whilst operating profit was flat year-on-year at £2.0 million.

As at 31 October 2022, there were 11,721 units in operation which represented 26.7% of the Group's total vending estate.

In October, Japan eased restrictions and since then trading has started to rebound as anticipated.

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	12 months ended 31 October 2022	12 months ended 31 October 2021
Total Group revenue at actual rate of exchange		£259.8m	£214.4m
Group Profit before tax		£53.4m	£28.6m
Increase in number of photobooths		(242)	679
Increase in number of Laundry units (operated)	The increase in number of Revolutions is a constant priority and a main driver for growth	660	657



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.

Employees continued

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 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	How this engagement influenced Board discussions and decision-making
The Board relies on regular updates from senior management who in turn rely on direct or indirect feedback from colleagues and customers, as well as general observations on current best practices and individual customer recommendations. These provide useful insights and guides to help shape the Group's activities.	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 Community and Environment continued

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

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" on page 48 *et seq.*

The Community and Environment continued

How we engage	How this engagement influenced Board discussions and decision-making
The Board relies on regular updates from senior management who in turn rely on direct or indirect feedback from colleagues and customers, as well as general observations on current best practices and individual customer recommendations. These provide useful insights and guides to help shape the Group's activities.	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 2022. 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 ME Group operates within.	The Group continues to monitor the COVID-19 situation closely and update 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 sanitiser. 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 and a period of high inflation 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. Like most businesses around the world, the Group has had to face a significant increase in supply chain and raw material costs, however, its strong position in the markets in which it operates gives the Group significant pricing power. 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.

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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 the 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 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.

Principal risks continued

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 6-9 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 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 are 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 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.

Sustainability Statement

Our approach to sustainability

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 sustainability can influence our ability to create long-term financial and non-financial values and impacts on our relationship with shareholders and other stakeholders.

Principal Activities

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

We prioritise our sustainability activities based on four main drivers:

- legal requirements and future policy trends;
- customer, employee and investor preferences on sustainability;
- cost savings and business efficiency; and
- employee awareness and employer brand.

We aim at ensuring 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 sustainability

The Board is ultimately accountable for sustainability. 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 sustainability lie primarily with national business managers, who are best placed to ensure compliance with national legislation and market expectations. The Group Executive Committee, who report to the Board, therefore take a holistic approach to overseeing the sustainability

initiatives implemented at a national level and take responsibility for ensuring that such initiatives are in line with investor expectations, and for consolidating the outcomes of such initiatives into the five strategic areas, as further explained below.

Materiality matrix

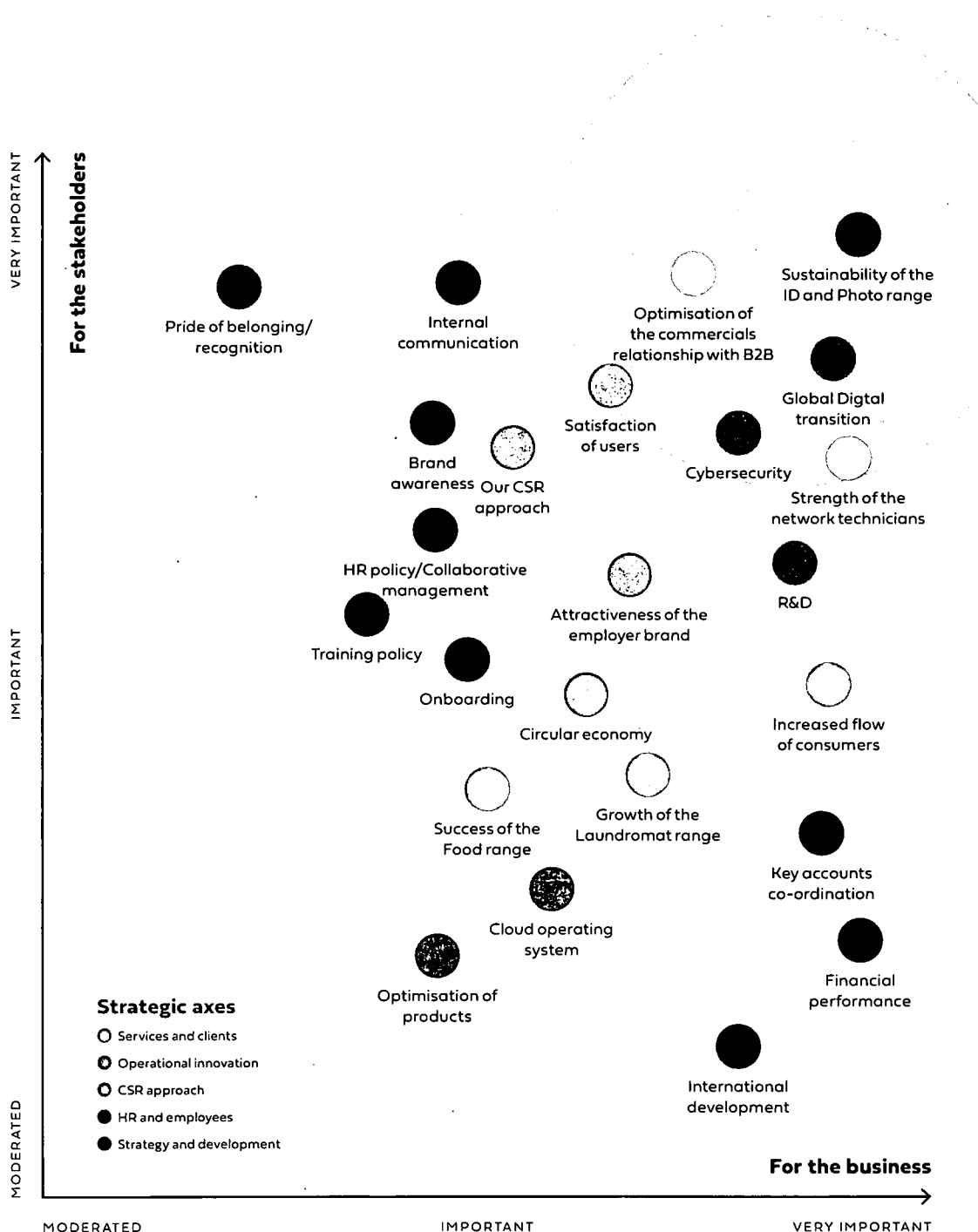
The materiality analysis was carried out in accordance with the spirit and the process of a sustainability approach. That is to say through dialogue with our internal and external stakeholders.

This matrix aims at prioritizing the main challenges of the Group, with regard to its short- and long-term ambitions and the expectations of its main stakeholders. In total, more than 30 individual interviews were conducted, prepared beforehand by a questionnaire to be completed by the people interviewed, in order to analyse the context of the Group's activity, current or suggested sustainability best practices, as well as the risks, opportunities and challenges.

In a second step, the results were validated by the Group Executive Committee before being shared during five workshops involving all of the Group's businesses at the national level. The last workshop was organised with international managers. In total, around 50 employees were mobilised.

This approach made it possible to analyse the risks and opportunities in order to identify 25 issues reflecting the economic, environmental, and social impacts of our activities. These issues have been classified into five strategic areas highlighting the uniqueness of our activity. The last step consisted of prioritizing the issues in the materiality matrix.

Materiality matrix



Products

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

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

Revolution laundry units are eco-friendly

- The built-in washing liquid pump provides the ideal quantity for each washing cycle and reduces waste
- The highly concentrated washing liquid, free of phosphates, colouring agents and preservatives, meets the French ECOCERT 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 30% of electricity use per machine

The Group was awarded the CSR (corporate social responsibility) prize at System U exhibition in November 2021 for the Revolution laundry machine.

Our laundry units are user-friendly

- The launderettes comply with CE standards and the new decree N°2012-412 effective since 1 July 2012
- Accessibility for disabled customers has been a priority in the design of our launderettes 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. (Not all launderettes are accessible for disabled customers at present.)
- 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 page 47)

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 set to reduce the environmental impact of our laundry units

- 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
- In light of our concerns regarding increased energy costs and man-made impact on climate change, we have embraced technological advances by investing in energy-saving improvements to our products, which are explained further under “Environment” below

Responding to customer needs

- Our customers’ needs 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.

Sustainability Statement continued

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 in which we operate.

Equal opportunities and diversity

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

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

Gender diversity

The table below shows the gender diversity of the Group's employees as of 31 October 2022 with corresponding figures at 31 October 2021:

As at 31 October 2022	Total	Male	Female
The Board of ME Group	8	5	3
Senior managers in the Group (excluding directors of ME Group)	20	14	6
Employees (excluding above)	1,055	875	180
Total	1,083	894	189
As at 31 October 2021	Total	Male	Female
The Board of ME Group	10	7	3
Senior managers in the Group (excluding directors of ME Group)	18	15	3
Employees (excluding above)	995	831	164
Total	1,023	853	170

Health & safety

We are committed to ensuring that customers, site owners and employees are protected 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 are essential ingredients 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 photoboos meet current electrical standards through a declaration of conformity (DOC) and Conformité Européenne (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, which business has been transferred to the Company, are produced in accordance with industry guidance issued by the British Amusement and Catering Trades Association (BACTA) and conform to CE marking confirming RoHS2 product compliance. This supplements the various British, European and International standards that apply to children's

rides and ensures a minimum standard of quality and safety. The Company is also a registered inspection body within the UK of ADIPS Scheme administered by BACTA and enables its qualified operatives to inspect children's rides and issue the required safety certification.

Within the UK, the General Manager fully supports the health and safety policy and ensures there is provision on the agenda of regular senior executive meetings to address health and safety matters.

Policies and procedures developed over the years continue to be reviewed and adjusted as part of the process of continual improvement and keeping pace with legislative advances. Risk assessments are regularly undertaken for any new tasks and all are reviewed every 12 months.

To achieve the standard of health and safety performance to which the Company aspires, we believe that it is important to empower individuals at all levels and equip them with the tools and skills they require by providing relevant training and information. The Company continues to improve its employee-induction process following the introduction of an alternative 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.

The Group 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.

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.

ME Group 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.

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 environmental risks to the business in this area arise from increased potential legislation and the rising cost of waste disposal. Energy consumption, water scarcity, and rising car fuel prices (for employees, suppliers, transportation and final consumers) and raising awareness of the climate crisis amongst consumers, are the main potential climate risks to disrupt our business. 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 ME Group's factories;

- upgrading to certain of ME Group'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
- 20% of the photoboos are reconditioned every year and 50% of the new photoboos are made up of reconditioned elements. To go even further, 90% of the materials in photoboos are recycled at the end of their life.

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, plus the above measures, constitutes the principal measures taken by the Company during the reporting period to increase the Company's energy efficiency.

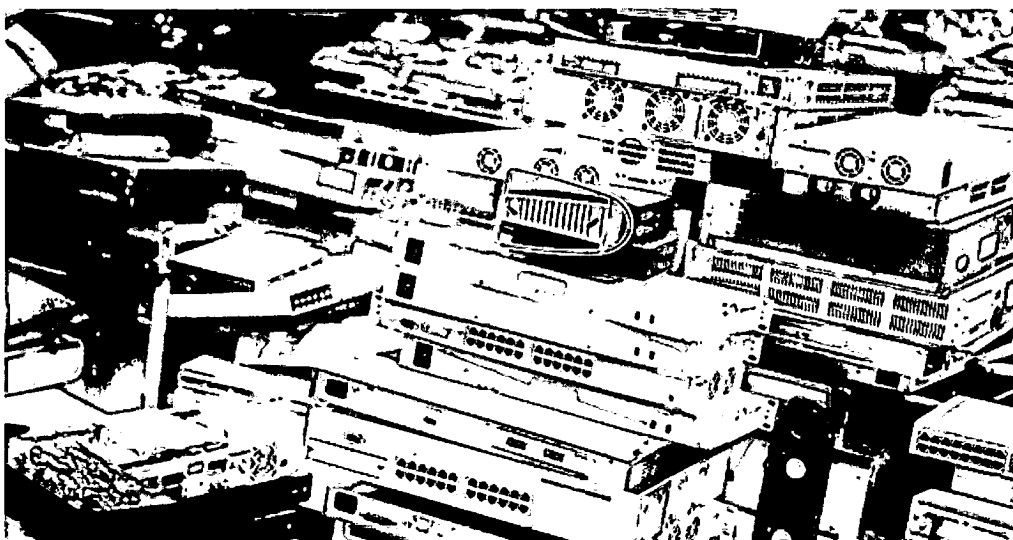
Greenhouse gas (GHG) and energy emissions

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 on the right, the Group explains what data has been included in this report and why. In particular, 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 ME Group, 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. It would not be practicable for the Company to include sites where the consumption is below this threshold.
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.)

Scope	CO ₂ emissions items	12 months ended 31 October 2022	12 months ended 31 October 2021
		tons of CO ₂ e	tons of CO ₂ e
1	Energy – Gas	236	335
2	Energy – Electricity	343	402
3	Use (machines operation)	29,058	24,674
	Travel	5,287	2,578
	Inputs for machine production	5,176	no data
	Car fleet	1,108	no data
	Purchasing for the Group	446	no data
	Inputs for machine user	178	no data
	Direct Waste	115	no data
Total		41,947	27,989
Intensity ratio	Per number of units of operating equipment	0.984	0.6627

Focus UK only (ME Group International plc and Jolly Roger (Amusement Rides) Limited)

Scope	CO ₂ emissions items	12 months ended 31 October 2022	12 months ended 31 October 2021
		tons of CO ₂ e	tons of CO ₂ e
1	Energy – Gas	1	25
2	Energy – Electricity	59	98
3	Use	7,239	2,710
	Travel	524	211
	Inputs for machine production	no data	no data
	Amortisation	no data	no data
	Purchasing for the Group	no data	no data
	Inputs for machine user	no data	no data
	Direct Waste	22	no data
Total		7,845	3,044
Intensity ratio	Per number of units of operating equipment	1.2973	0.5037

Methodology used:

- The data detailed in the table above represents the emissions and energy used for which ME Group is responsible and is incorporated by reference in the Corporate Governance section on pages 73 to 99.
- 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 2022 compared with the 12 months ended 31 October 2021

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 Sustainability Statement.
The Company's employees	This is found above in the Sustainability Statement.
Social matters	This is found above in the Sustainability 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. This can be found on the Company's website (https://me-group.com/).

Steps taken in 2022

Throughout 2022, the Group carried out work to continue structuring its approach to sustainability that it had initiated in 2021.

As a reminder, this work had allowed the identification of more than 50 good practices, the co-construction of the materiality matrix and the purpose as well as the prioritization of the indicators to be monitored regularly in order to reduce the social, environmental impacts, and societal aspects of the Group across its entire geographical reach.

In 2022, the structuring of the approach was carried out in consultation with several external recognised for their expertise in CSR and in particular for the quality of their methodology and commitments: Montefiore Investissement, EcoVadis, Sirsa, and Kelony.

- Sirsa validated the definition of a 2023/25 strategic plan based on five pillars: Suppliers, Governance; carbon footprint; energy consumption; and social dialogue with areas for improvement, actions and defined KPIs
- "Sirsa/Reporting 21" as a reporting activity branch of Sirsa, delivered a specific data platform enabling the Company to manage new data CSR throughout the Group, collecting figures in order to reinforce the Company's commitment and has set up an information-feedback platform to enable CSR reporting around 25 priority indicators at the international level
- Sirsa helped the Group to assess its carbon footprint on scopes 1, 2 and 3 at the international level. Furthermore, for its part, the Group has initiated carbon offsetting through the Microsol association in Guatemala, on an environmental and societal project which covers 7 of the 17 SDGs – Sustainable Development Goals – targeted by the UN for an amount of the emission of 400 teq CO₂ saved
- EcoVadis gave a rating of 53 out of 100 (bronze) to the Group's new approach to CSR and indicated areas for improvement: Responsible Purchasing; Environment; Ethics and Social & Human Rights. The conclusion of the report made some suggestions in line with Montefiore

and Sirsa's conclusions. Some new actions are required particularly as regards reduction of energy consumption, transportation of machines, and social dialogue plus the support of new data formalization

By way of reminder, the 2015 Paris Agreement highlights the need to work together to reduce greenhouse gas emissions in order to stay below the +1.5°C mark at an international level

Whether on a personal or industrial level, it is important to measure these emissions accurately. This is where emissions Scopes 1, 2 and 3 come into play. In order to realize a good measurement of the Group's emission it is important to go through the following:

Bilan Carbone® or Carbon footprint by GHG protocol supported by GRI (based on ISO 26000)
or Carbon Disclosure Project (CDP)

Scope 1 : direct emissions produced by the company

Scope 2 : indirect emissions related to energy consumption by the company

Scope 3 : the rest of the emission of CO₂, which today regulates the majority of greenhouse gas emissions produced upstream and downstream by companies, including supply chain, purchasing, final clients using our products or services and their emissions

- The international scientific committee of Kelony has granted the Group the Qualification of Excellence "Kelony Assured" 2021 for the progress made in the protection of personal data as well as information assets in general, above all the new process on data dedicated for the B2B client, reinforcing our contractual and commercial link in confidence

Our three-year sustainability plan

1

Integrating sustainability into ME Group's corporate strategy

2022	2023	2024	2025
Actions			
A group of CSR referents was created at the end of 2021	- Integration of sustainability in the risk management chapter of the 2022 Annual Report - Important sustainability matters will be discussed during COMEX meetings - Annual audit by Ecovadis on the Group's sustainability performance - The Company will align its commitments with and communicate its progress towards the United Nations Sustainable Development Goals (SDG)	- Annual audit by Ecovadis on our sustainability performance - Important sustainability matters will be discussed during COMEX meetings - Official anti-corruption statement from the group and national and international communication	
KPIs			
	4 review meetings on the sustainability strategy between referents 2 sustainability strategic meetings to define the course and readjustments	4 review meetings on the sustainability strategy between referents 2 sustainability strategic meetings to define the course and readjustments	

2

Carbon footprint

2022	2023	2024	2025
Actions			
Carbon footprint analysis with Reporting 21			

3

Energy consumption of the machine park

2022	2023	2024	2025
Actions			
24674 tons of CO ₂ (=81% of our global carbon footprint)	- Discussion group on the energy and electricity consumption of machines - Develop the areas for improvement detected during the 1st discussion group in 2022: adaptation of the number of cycles and weight of linen, shorten the rinsing cycle, generalize the Stop and Go device on all machines, equip all machines with LEDs - Integration of sustainability in the product design process	- Reporting of energy consumption of machines - Integration of CSR in the product design process	- Reporting of energy consumption of machines - Integration of CSR in the product design process - External audit on areas for improvement to reduce our energy consumption
KPIs			
	(3%) tons of CO₂ compared to 2021 for the total machine park (5%) tons of CO₂ compared to 2021 for new machines	(5%) tons of CO₂ compared to 2021 for the total machine park (7%) tons of CO₂ compared to 2021 for new machines	(7%) tons of CO₂ compared to 2021 for the total machine park (10%) tons of CO₂ compared to 2021 for new machines

4

Offsetting our carbon footprint

2022	2023	2024	2025
Actions			
Investment in carbon offset projects (Microsol)			
KPIs			
400 Tons compensated with Microsol	600 tons compensated with Microsol	800 tons compensated with Microsol	1,000 tons compensated with Microsol

Our three-year sustainability plan continued

5

Renewable energies

2022	2023	2024	2025
Actions			
Laundry units with solar panels represent 10% of the laundry estate	- Development of the use of solar panels across laundry units - Create a customer interview highlighting the advantages of solar panels from a profitability and communication point of view	- Development of the use of solar panels across laundry units - Testing of solar heaters	Development of the use of solar panels across laundry units
KPIs			
	Laundry units with solar panels will represent 11% of the laundry estate	Laundry units with solar panels will represent 12% of the laundry estate	Laundry units with solar panels will represent 13% of the laundry estate

6

Transport of people

2022	2023	2024	2025
Actions			
	- Reduce the fuel consumption of our vehicles by setting up an eco-driving and safety competition between technicians in France - Driver training with the lowest eco-driving ratings	Replicate eco-driving competition in 2 other European countries	Replicate eco-driving competition in 4 other European countries
KPIs			
	(2%) litres of fuel saved in France (2%) of trained French drivers	(4%) litres of fuel saved in France and Europe (5%) of French drivers trained + 2% of European drivers	(7%) litres of fuel saved in France and Europe (5%) of French drivers trained + 2% of European drivers

7

Transport of machinery, pieces and waste

2022	2023	2024	2025
Actions			
- Transportation of machines in France and between countries - Transport of spare pieces to be repaired in France - Transport of waste between the operating sites and KIS	- Find a service provider for waste management at each operating site to relocate and re-duce transport between operating sites and at KIS - Implementation of the "Iteca" project in France to optimize the repairs of technicians by ordering the right spare pieces	Think tank on the relocation of the production of machines in relation to the markets – logistics optimization work between subsidiaries	Creation of a "Green logistics" policy guaranteeing maximum optimization of the transport of machines and a reduction of related emissions
KPIs			
	(5%) km traveled by waste from operating sites	(10%) km traveled by waste from operating sites	(15%) km traveled by waste from operating sites

ME Group International Plc

- TCFD Report

The Company recognises its responsibility towards the environment and the impact of its business activities. Consideration of our environmental impact is integrated into the core business through our focus on the circular economy, reduction of resource consumption and carbon footprint as detailed in the sustainability statement on pages 42 to 62

The Company is reporting for the first time on climate-related issues in line with the UK Listing Rule 9.8.6(8), the Task Force on Climate-related Financial Disclosures ("TCFD") framework and the Companies Act 2006. The Company's disclosure is aligned to the four pillars of the TCFD below:

1. **Governance**
2. **Strategy**
3. **Risk Management**
4. **Metrics and Targets.**

TCFD Compliance Index

Recommended disclosure	FY 22 Compliance	Description, location of disclosure progress to date and reason for omission (if appropriate)
Governance	Disclosure of the Company's governance around climate-related risks and opportunities	
a) Describe the Board's oversight of climate-related risks and opportunities	Full	The Board is ultimately accountable for environmental responsibility and exercises oversight of climate-related risks and opportunities through: - information received from senior management on any significant matter; - general observations on current best practices and individual customer recommendations (among the 50 Best Practices identified in 2021, some directly concern climate change: water, energy and recycling for instance); and - recommendations (if any) from major shareholders and other stakeholders. For further details of the Company's integrated corporate governance and organisational structure, and how climate is dealt with within the governance and organisation structure, please see the Corporate Governance section on pages 73 to 99.
b) Describe management's role in assessing and managing climate-related risks and opportunities	Full	As referenced on page 42, the Chief Operating Officer has specific responsibility for risk management and health, safety and environmental matters, with delegated authority through line management. The CSR Steering Committee comprises the Executive Director, the Group Human Resources Director and the CSR and Internal Communications Manager as well as a global network of CSR representatives. The CSR Steering Committee makes recommendations to the Executive Committee.

Recommended disclosure	FY 22 Compliance	Description, location of disclosure progress to date and reason for omission (if appropriate)
Governance continued		
b) Describe management's role in assessing and managing climate-related risks and opportunities	Full	A more detailed overview of the Company's corporate governance and organisational structure is included within the Corporate Governance section on pages 73 to 99. The Group operates in highly differentiated national markets with differing national laws, preferences and cultures. As a result, operational direction and management of sustainability lie primarily with national business managers, who are best placed to ensure compliance with their national legislation and market expectations. The Group Executive Committee, who report to the Board, therefore take a holistic approach to overseeing sustainability and take responsibility for assessing climate-related risks and opportunities.
Strategy		
Disclosure of the actual and potential impacts of climate-related risks and opportunities on the Company's material business, strategy, and financial planning		
a) Describe the climate-related risks and opportunities the Company has identified over the short, medium and long term	In progress, with respect to whether such risks are best categorised as short, medium or long term.	The Group, through its risk monitoring undertaken in accordance with the Company's corporate governance and organisational structure, has identified: 1) Increased potential legislation (in climate change area), 2) the increasing awareness of the climate crisis amongst consumers, 3) energy consumption 4) rising car fuel prices 5) water scarcity (due to the climate change) as potential areas of future risk and opportunity. The Company has identified a number of further key opportunity focus areas which are explained in the Sustainability Statement on pages 42 to 62. This strategy is particularly visible in the issues placed in the Materiality Matrix, some of which are directly connected to climate risks. The Company is currently in the process of assessing further which of the above should be appropriately categorised as a short, medium or long term risks and opportunities, though would acknowledge that each is likely to result in risks and opportunities across the short, medium and long term in different ways. Considering the need to react and adapt in the face of climate change, the Company is well-equipped to meet these new challenges. By launching its collective long-term transformation initiative, the Company aims to improve its competitiveness, performance, and resilience throughout its value chain. As part of this transformation, it will continue to monitor short, medium and long-term climate-related risks and opportunities to ensure full disclosure in the future.
b) Describe the impact of climate-related risks and opportunities on the Company's businesses, strategy and financial planning	In progress, the Company will continue to enhance its assessment of climate-related issues in order to understand their impact on the business financially, on its strategy and business model, as well as on all stages of the supply chain.	Although not presently exposed to material risks related to climate change, the Company is taking steps to ensure that its use of natural resources, such as energy and water, are reduced wherever possible. The Company mitigates its exposure to these risks, and the emissions which the business generates, by taking the actions detailed in the Environment section on page 48 et seq. The Company understands the wider impact of climate-related issues on the whole business which is one of the reasons why the Company adopted its new systemic sustainability approach. This approach supports the Group's growth strategy and operations by integrating social, environmental, and economic expectations into its strategy and operations. In addition to the work undertaken to formulate the Group Sustainability Materiality Matrix disclosed on page 43 above, The Company will continue to further assess climate-related issues in order to understand their impact on the business financially, on its strategy and business model, as well as on all stages of the supply chain.

ME Group International Plc – TCFD Report continued

Recommended disclosure	FY 22 Compliance	Description, location of disclosure progress to date and reason for omission (if appropriate)
Strategy continued		
c) Describe the resilience of the Company's strategy, taking into consideration different climate scenarios, including a 2°C or lower scenario	Non-compliant.	As for the current reporting period, the Company did not perform climate scenarios analysis. As it looks to the future, it will continue to monitor climate-related risks and opportunities that impact its operations and will also consider performing scenario analysis to assess transition and physical risk when the state of climate-related operations is sufficiently advanced to render such analysis meaningful for long-term strategic planning.
Risk Management		
Disclosure of how the Company identifies, assesses, and manages climate-related risks.		
a) Describe the Company's processes for identifying and assessing climate-related risks.	Full	As per the Strategy disclosure, (a) above, the Company has identified its main climate-related risks through its existing governance framework. However, as per the Strategy disclosure at b), we do not consider these to be material risks. In relation to the identified risk of an increase in potential legislation (including in relation to climate reporting), the Company ensures its policies and procedures keep pace with legislative advances as part of continual improvement. As part of this, the Company has started the process of reporting on climate changed related risks and mitigation actions and it is committed to complying in full with the TCFD recommendations in future reporting periods. A broad range of economic, environmental and social risks were considered and each risk was prioritised according to its importance to the Company and in relation to its short and long-term ambitions, and the expectations of our key stakeholders.
b) Describe the Company's processes for managing climate-related risks.	Full	Given the nature of the Company's business, it is not presently exposed to material risks related to climate change. However, steps are being taken to mitigate any exposure to the risks highlighted above, and the emissions which the business generates. Further details in relation to mitigating actions are outlined in the Sustainability Statement to be found on pages 42 to 62.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the Company's overall risk management.	Full	Since 2021, the Company has been integrating a systemic CSR approach that involves all its business to help deliver its aim of being carbon neutral by 2040. This systemic CSR approach and focus on inventing eco-responsible local services together supports the company's growth strategy and operations by integrating social, environmental, and economic expectations into the Group's strategy and operations. The Company's materiality matrix prioritises the main challenges of the Group, with regard to its short and long-term ambitions. The materiality analysis identified 25 issues classified into five strategic areas: (i) operational innovation; (ii) strategy and development; (iii) services and clients; (iv) HR and employees; and (v) CSR, with sustainability of the ID and the Photo range ranking as very important for stakeholders and the business. For further details of the Company's integrated corporate governance and organisational structure, please see the Corporate Governance section on pages 73 to 99. The Company will continue to review its risk management framework and the best way to effectively integrate climate-related risks into its processes, considering how climate change may interact with the Company's Principal Risks whilst not being a principal risk itself.

Recommended disclosure	FY 22 Compliance	Description, location of disclosure progress to date and reason for omission (if appropriate)
Metrics and Targets	Disclosure of the Company's metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
a) Disclose the metrics used by the Company to assess climate-related risks and opportunities in line with its strategy and risk management process.	In progress, as appropriate metrics kept under continual review.	The Company follows the Greenhouse Gas Protocol Corporate Standard in calculating its Scope 1, Scope 2. See pages 49 and 50 for the assessment parameters and detailed methodology. The Company is currently working to identify metrics in line with its business strategy and risk management processes as recommended and will consider whether additional metrics may be developed and added over time (with the support of Sirsa data reporting platform).
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	In progress in relation to Scope 3	See page 50 for Scope 1 and Scope 2 emissions related to the Company's operations in line with the GHG Protocol methodology and page 49 for the assessment parameters. The Company 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 Company, management did not consider such emissions to be material. The Group's current climate change strategy has been formulated based on its Scope 1 and Scope 2 emissions. The Company does not yet report Scope 3 emissions in full compliance with the TCFD recommendations, as it is currently impracticable to collate this data owing to its decentralised model, which increases the scale and complexity of collating such data. The Group will keep the appropriateness of collating Scope 3 emissions data under review each year and will disclose to the market when it has determined that collating such data is appropriate. The evolution will consist in evaluating the scope 3, the indirect emissions upstream, the downstream freight transport and distribution, the other downstream indirect emissions and the other upstream indirect emissions of the supply chain.
c) Describe the targets used by the Company to manage climate-related risks and opportunities and performance against targets.	Full	In line with our purpose "Create eco-responsible local services that make everyday life easier", the Company is aiming for carbon neutrality by 2040. To achieve this, we have identified the following materiality focus areas: - Carbon footprint reduction - Circular economy through eco-design and continuous improvement of its machines - Protection of natural resources through reduction of energy and water consumption - Reduction of paper consumption More information on carbon emissions reduction targets can be found in the section Our three-year sustainability plan of the current report page 52 et seq. Additionally, several KPIs have been identified relating to (i) the Company's circular economy, (ii) energy saving for Photobooths, (iii) energy saving for laundry machines and (iv) organic detergent. Further information is available on me-group.com (Our approach and KPIs) and the Company's Sustainability Report.

ME Group International Plc - TCFD Report continued

Miscellaneous

a) Governance arrangements for assessing and managing climate-related risks and opportunities

The Group operates in a sector with a very low risk regarding climate change but nonetheless decided to initiate a CSR strategy supported by a Steering Committee on behalf of the Executive Committee.

In 2022 Montefiore Investment made an audit to evaluate the risks and opportunities of managing CSR approach including climate change impacts in the business model.

2022

- A group of CSR referents was created at the end of 2021

2023**Actions**

Integration of CSR in the risk management chapter of the 2021 Annual Report

- Important CSR matters will be discussed during COMEX meetings
- Annual audit by Ecovadis on our CSR performance
- The company aligns its commitments and communicates its progress towards the United Nations Sustainable Development Goals (SDG)

KPIs

- 4 review meetings on the CSR strategy between referents
- 2 CSR strategic meetings to define the course and readjustments

2024**Actions**

- Annual audit by Ecovadis on our CSR performance
- Important CSR matters will be discussed during COMEX meetings
- Official anti-corruption statement from the group + national and international communication

KPIs

- 4 review meetings on the CSR strategy between referents
- 2 CSR strategic meetings to define the course and readjustments

Carbon footprint**Actions :**

- 2022 Carbon footprint analysis with SIRSA
- 2023 Carbon footprint analysis with SIRSA
- 2024 Carbon footprint analysis with SIRSA

b) The process for identifying, assessing and managing climate-related risks and opportunities

Therefor the company the company has established a Materiality Matrix (created in 2021) adjusted this year, and to do this has highlighted its risks and opportunities. They have been discussed and validated internally by several groups of employees, businesses and external stakeholders.

Obviously, the risks associated with climate change played a large part in this.

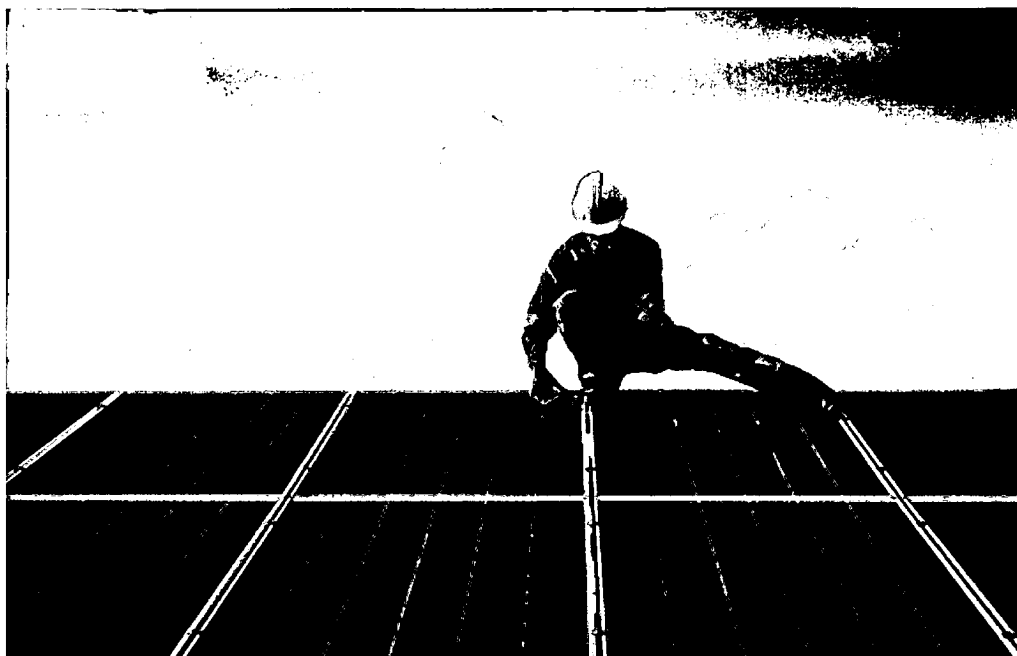
The result is that energy consumption, water scarcity, and rising car fuel prices (for employees, suppliers, transportation and final consumers) are the main potential risks to disrupt our business.

c) How such process is integrated into Me Group's overall risk management process

- First of all training and inform our staff and executive people to CSR approach and share our Best Practices relative to reduce energy consumption, reduce water use, go to new "green energy" as soon as possible on our machines, and internally the way for hybrid and finally electric vehicles
- Due to the impact and importance of our R&D department in Grenoble, we organized discussions groups of employees for suggestions and ideas about "green solutions" to be implemented and on the better understanding of the Group's approach to sustainability
- A data collection platform is being studied to feed and make solid a set of 25 to 70 CSR indicators and facilitate the monitoring of the Group's actions in favour of the climate. After a few tests in 2022, it could be operational in 2023 and provide follow-up for the next few years (platform supplier: SIRSA)

d) Principal climate-related risks and opportunities for Me Group's operations and the applicable time periods

- Energy consumption : increase "green energy" usage (directly and in our electric supplier contract)
- Water scarcity:
 - improve our laundry machine process (Revolution is 30 litres less than the previous model) and integrate "green energy";
 - in 2023: suggest an original calculation (to be patented and registered in our 20 countries) where we highlight and underline in public



communication: the litres of water saved by washing in our machines compared to the washing done in individual machines at home.

- Rising car fuel prices:
 - for employees: develop eco-driving for users of fuel or hybrid vehicles;
 - suppliers: dialogue and encouraging them to change their vehicles; and
 - final consumers: inform them of the good usage of our machine comparing with other mode of laundry (versus individual one).

e) The impact of such risks and opportunities on Me Group's business model and strategy

- That depends on the higher or lower level of risk, for water scarcity our business could be impacted by a reduction or an increase, thereby motivating people to use our machines rather than their own (and this might be in accordance with local authority information and guidance given to the public)
- For fuel and its price, being located in shopping centre areas is an opportunity because it allows customers to combine various activities in the course of a single trip to town

f) The resilience of Me Group's business model and strategy taking into account different climate-related scenarios

R&D is an important part of the Group ME. It supports the business and seeks to continually innovate. From originating, recycling and reintegrating a lot of components (20% to 50% of a machine) has not only been compulsory but has now become intrinsic to the way the Group does business.

g) Targets used by the Company to manage such risks and opportunities and KPIs to assess the process of such risks and opportunities, and any calculations on which those KPIs are based

Energy consumption: increase "green energy" usage

2022

- Laundromats with solar panels to represent 10% of the estate

2023

Actions:

- Development of the use of solar panels on laundry machines
- Communicate to potential and actual customers the advantages of solar panels

KPIs:

- Laundromats with solar panels to represent 11% of the estate

2024

Actions:

- Development of the use of solar panels on laundries
- Testing of solar heaters

KPIs:

- Laundries with solar panels to represent 12% of the estate

2025

Actions:

- Develop the use of solar panels in laundry machines

KPIs:

- Laundromats with solar panels to represent 13% of the estate

ME Group International Plc – TCFD Report continued

- Water scarcity:
 - expand in 2023 the deployment of our Revolution machines in our total estate k, which is 30 litres per year less than the previous model;
 - **25 CSRV indicators** via a robust data collection platform valid for the next few years; and
 - display a “water saved for the planet” indicator. It could become specific indicator for “water saved” in 2023 to prove through an original calculation (to be patented and registered in our 20 countries) that lots of litres of water are saved by washing in our machines compared with washing done in domestic individual washing machines.
- Rising car fuel prices:
 - develop eco-driving for users of fuel or hybrid vehicles inside the Group.

2023

Actions:

- Reduce the fuel consumption of our cars by setting up an eco-driving and safety competition between technicians in France
- Driver training with the lowest eco-driving ratings

KPIs:

- (2%) litres of fuel saved in France
- (2%) of trained French drivers

2024

Actions:

- Replicate the eco-driving competition in 2 other European countries

KPIs:

- (4%) litres of fuel saved in France and Europe
- (5%) of French drivers trained + 2% of European drivers

2025

Actions:

- Replicate the eco-driving competition in 4 other European countries

KPIs:

- (7%) litres of fuel saved in France and Europe
- (5%) of French drivers trained + 2% of European drivers

Compliance Statement

As this is the first year the Company has been required to comply with these measures it has identified where disclosures are not yet fully consistent with the recommendations in the Compliance column, on page 56 *et seq.*

The path to full disclosure in line with the TCFD Recommendations is a complex process. Whilst the Company is not able to fully disclose in line with all the recommended disclosures, the Company is working towards full disclosure and it has implemented plans for how it intends to fully comply with the recommendations in the future. The Company believes that it has included in this report climate-related financial disclosures consistent with the TCFD Recommendations and Recommended Disclosures as much as was reasonably practicable so to do.

Year-one Progress and Next Steps

The Company recognises its responsibilities to the community and the environment and also that environmental issues are integral and important components of best practice in business management. In line with the disclosures made in this table and the above compliance statement, it intends to (i) enhance climate-related risks and opportunities management, (ii) identify and address areas of improvement year by year, and (iii) set specific greenhouse gas emissions and financial climate-related targets.

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 2027.

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.

The assessment of the prospects of the Group includes the following factors that are identified as having potentially a significant impact on the Group's results:

- **Reliance on one single supplier:** inflation/paper price increase; from 10 to 30% increase (according to the scenarios) of paper price and then consumption;
- **Inflation/impact on spare parts price and fixed costs and labour cost:** from 5 to 20% increase in average for spare parts; from 1 to 4% in average for fixed costs and labour cost;
- **Reliance on foreign customers:** machine supply issues (delivery shortage): from 10 to 30% decrease in machine installations. This was evaluated as such in 2022;
- **Commercial relationships:** potential loss of key accounts: risk evaluated as being between 1 to 3% decrease in the revenue. Main contract of the Group represents 2% of the revenue;
- **Covid impact:** risk evaluated as being between 1 to 5% decrease in the revenue. People are now used to the pandemic and 5% was the last impact noted; and
- **Centralisation of the production of ID Booths:** The Company assumes that change in regulations, introduction of selfies (as in UK) will be partially compensated by ANTS or assimilated and more specifically by the improvement of machines' performance: No impact for the most likely scenario but 5% revenue decrease in the lowest scenario.

Serge Crasnianski
Chief Executive Officer

28 February 2023



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Board of Directors & Company Secretary



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1. 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.

2. 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.

3. 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 and 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.

4. Jean-Marc Janailhac Executive Director

Jean-Marc joined the Board in 2019. He was designated Executive Director in July 2020. He was the first chairman of Strategic Committee (now the Executive Committee) that is responsible for reviewing and implementing operational decisions across the Group until 31 October 2022. He chaired that committee until the 31 October 2022. Since 1 November 2022, he has responsibility for overseeing M&A activities for ME 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.

5. René Proglia Non-executive Director

René was appointed to the Board in June 2021, and appointed chairman of the Audit Committee on 29 April 2022. 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.

6. 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.

7. 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. The Board considers Miss Coutaz-Replan to be independent.

8. 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 11.18% of the issued share capital of ME Group.

9. 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.

Jean-Marcel Denis Non-executive Director

Jean-Marcel was appointed to the Board in 2012. He resigned as a director (and as chair of the audit committee and a member of both the nomination and remuneration committees) on 29 April 2022. He remains as a consultant to the Group.

Sigieri Diaz Della Vittoria Pallavicini Non-executive Director

Sigieri was appointed to the Board in June 2021. He resigned as a director on 13 May 2022.

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 ME Group International plc as required by law for the year ended 31 October 2022.

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", "ME Group", "we", or "our", refer to ME Group 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 173 to 175. 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 110. The Directors are recommending a final dividend for the year ended 31 October 2022 of 3p per ordinary share. The ex-dividend date will be 20 April 2023 and, if approved by shareholders at the Company's annual general meeting on 28 April 2023, the dividend will be paid on 12 May 2023 to shareholders listed on the register at the close of business on 21 April 2023. An interim dividend of

2.6p pence per share was paid for the year ended 31 October 2022 as was a special dividend of 6.5 pence per share.

Review of business and future developments

The Strategic Report describes the activities of the business during the year ended 31 October 2022, 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 1.4 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 Sustainability Statement on pages 42 to 62, 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 the year 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. These meetings provide an opportunity for the Directors to learn about 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 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.



Charitable Donations

The following is a list of charitable donations made by Group companies in the financial year ended 31 October 2022 (all amounts are in €). These are disclosed on a voluntary basis.

Me-Group GSS	10,000	
	2,000	Projet Togo: humanitarian project by students of Grenoble Business to finance mosquito nets to fight against malaria in Togo.
	2,000	L'Outil en Main: Association whose aim is to introduce young people from 9 years old to manual and heritage trades, by retired people with real tools in real workshops.
	2,000	Petits Frères des Pauvres: French association fighting against isolation and loneliness of the elderly, especially the most deprived.
	2,000	Les Robins de la Rue: Association whose mission is to provide help and support to people in precarious situations in Bordeaux.
	2,000	Care – Solidarité Ukraine: Setting up emergency distributions: food, water, hygiene kits and also providing financial and psychosocial support to people affected by the violence.
Me-Group France	7,000	
	7,000	Pref'érance: Professional association Préfecture des Hauts-de-Seine.

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 2022, can be found in the Sustainability Statement on pages 42 to 62.

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.

Tania Crasnianski

Executive Director.

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.

Camille Claverie

Non-independent Non-executive Director.

René Proglio

Independent Non-executive Director and member of the Audit Committee.

The Directors who served during the year, with their periods of tenure are listed below.

The following directors served throughout the financial year ended 31 October 2022

Sir John Lewis, Serge Crasnianski, Jean-Marc Janailhac, Tania Crasnianski, Emmanuel Olympitis, Françoise Coutaz-Replan, René Proglio and Camille Claverie.

In addition, Mr Jean-Marcel Denis served as a director from 1 November 2021 to 28 April 2022 and Sigieri Diaz della Vittoria Pallavicini served as a director from 1 November 2021 to 13 May 2022.

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 82 to 99.

Directors' and Officers' Liability Insurance

The Company maintained directors' and officers' liability insurance cover throughout the 12-month period ended 31 October 2022. 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 23 February 2023, 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	36.47	137,866,791
FPCI Montefiore Investment IV	11.39	42,263,556
Schroders PLC	11.20	42,367,002
FIL Ltd	9.94	37,581,073

¹ Except for 63,750 ordinary shares for him by a nominee, 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 2021 AGM (held on 29 April 2022), the Company is authorised to purchase its own shares in the market. The Company will seek approval at the 2022 AGM (to be held on 28 April 2023) 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 did not repurchase any of its shares in the 12-month period ended 31 October 2022.

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 73 to 99. 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 2022.

Corporate Governance

The Sustainability Statement shall be deemed to form part of the Directors' Report.

Going concern

In adopting the going concern basis for preparing these financial statements, the directors have considered the Group's business activities, together with factors likely to affect its future development and performance, as well as the principal risks and uncertainties that could affect the Group up to October 2027. The directors have also considered the factors described under the heading 'Viability Statement' as having potentially a significant impact on the Group's results.

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.

Controlling shareholder – Relationship Agreement

The Company's majority shareholder is Tibegest PTE Ltd which owns 36.48 % of the issued share capital of ME Group International plc. Tibegest PTE Ltd is wholly owned by Mr Crasnianski.

Mr Crasnianski and Tibegest PTE Ltd have entered into a Relationship Agreement with the Company (the "Relationship Agreement") to ensure that the Group is capable of carrying on its business independently, that transactions and arrangements between the Group, Tibegest PTE Ltd and Mr Crasnianski (and each of their associates) are at arm's length and on normal commercial terms, and that at all times a majority of the Directors of the Company shall be independent of Tibegest PTE Ltd and Mr Crasnianski. Statement of Compliance with UK Listing Rules, Rule 9.8.4 (14).

The Company has complied with, and so far as the Company is aware, the controlling shareholder and its associates have complied with the following undertakings: (a) transactions have been conducted at arm's length and on normal commercial terms; (b) neither the controlling shareholder nor any of its associates will take action that would prevent the Company from complying with the Listing Rules; and (c) neither the controlling shareholder nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules. So far as the Company is aware, the controlling shareholder can and does procure the compliance of its associates.

Annual general meeting

The Company's AGM this year will be held on 28 April 2023 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

Serge Crasnianskii
Chief Executive Officer

28 February 2023

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 74.

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 13 May 2022, the Board comprised ten directors; Mr Denis resigned as a director on 29 April 2022, and Mr Pallavicini resigned as a director on 13 May 2022. The Directors who served throughout the financial year ended on 31 October 2022 are: Sir John Lewis, Serge Crasnianski, Tania Crasnianski, Jean-Marc Janailhac, Manoli Olympitis, Françoise Coutaz- Replan, René Proglgio and Camille Claverie.

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.

Election of new Director

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 2022, complied with those provisions of the Code that are applicable to it, except for the following:

Corporate Governance continued

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 Claverie, Mr Diaz della Vittoria Pallavicini and Mr Proglia were appointed directors in June 2021. It was considered unnecessary given the high quality of the resumes of these appointees.
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.
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, in the opinion of the Board did not impede that committee's functioning but enhanced it.
The Remuneration Committee should have delegated responsibility...for senior management. It should review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive Director remuneration.	The Remuneration Committee thinks it is advisable that the Executive Directors address remuneration of the senior management and workforce pay 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.
Mr Crasnianski receives a pension contribution equal to 15% of his basic remuneration. The Code recommends that pension contribution rates for executive directors, or payments in lieu, should be aligned with those available to the workforce.	Following a review of Mr Crasnianski's pension provision and how this compares with that of the general workforce, the Committee has agreed to maintain the CEO's current pension at 15% of salary going forward. Given the diverse nature and geographies of the Company's businesses and employees, no single Group-wide pension plan operates and therefore pension contribution rates vary across the Group with pension levels not necessarily reflecting seniority.

¹ 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

The Chairman and Chief Executive Officer review the performance of other Executive Directors. The Chairman reviews the performance of the Chief Executive, the other two Executive Directors and each Non-executive Director. The Non-executive Directors, led by the Senior Independent Non-executive Director evaluate the performance of the Chairman, taking into account the views of the Executive Directors. During the year, the Chairman meets with the Non-executive Directors without the Executive Directors being present.

The Board undertakes 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.

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 (<https://me-group.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 Independent Directors meeting alone had five meetings in that period.

The attendance of Directors at those meetings and meetings of Board Committees is set out below:

	Board ²	Meeting of Independent Directors only ³	Audit committee	Remuneration committee	Nomination committee
J Lewis	5(5)	5(5)	1 (1)	1(1)	0(0)
S Crasnianski	5(5)	5(5)	-	-	-
T Crasnianski	5(5)	5(5)	-	-	-
J-M Janailhac	5(5)	5(5)	-	-	-
F Coutaz-Replan	4(5)	5(5)	1 (1)	-	-
J-M Denis	3(3) ¹	4(5) ¹	1 (1)	0(1) ¹	0(0)
E Olympitis	4(5)	5(5)	1 (1)	1 (1)	0(0)
C Claverie	5(5)	5(5)	-	-	-
S Diaz della Vittoria Pallavicini	3(3) ¹	5(5)	-	-	-
R Proglia	4(5)	5(5)	-	-	-

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

² These represented the maximum number of meetings that these Directors were open to attend.

³ These do not include one meeting of a committee of the Independent Directors.

Board committees

The Audit Committee

From 1 November 2021 until 29 April 2022, this comprised Jean-Marcel Denis (Committee Chairman), Emmanuel Olympitis (Senior Independent Director), Sir John Lewis (Chairman of the Board), René Proglio and Françoise Coutaz-Replan (the Group's former Finance Director). Since 29 April 2022 until now, the Audit Committee comprised René Proglio (Committee Chairman), Emmanuel Olympitis (Senior Independent Director), Sir John Lewis (Chairman of the Board) and Françoise Coutaz-Replan. The Board considers that René Proglio, Emmanuel Olympitis, Françoise Coutaz-Replan and Sir John Lewis have (and during his membership of the committee, Mr Denis had) suitable recent and relevant financial experience to satisfy the requirements of the Code.

Meetings are normally held at least twice a year. One meeting was held during the year ended 31 October 2022. Other Directors, together with the Chief Financial Officer and representatives of the external auditor, are generally invited to attend meetings.

External auditor

The Audit Committee aims to meet 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 (when one has been in place) and external auditor, and compliance with policies, procedures and applicable legislation. In addition, the Committee monitors the effectiveness of both the external and (when applicable) 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.

The Audit Committee does not believe that the Group would benefit from a discrete internal audit function as such because it obtains the internal as well as external reassurances it requires from the statutory audit. This audit is group-wide and considered to be a more cost-effective approach. (This is based on the Company's experience when it used to have an internal auditor.)

Key matters considered

In February 2023, 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. 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, valuation and impairment of intangible assets, including goodwill (group). 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, 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 and country risk adjustment.

2. Besides, the Group acquired one company (Dreamakers) during the period.

- Investment in subsidiaries (parent company). Investments in subsidiaries and associates are stated at cost less impairment. Management should review any indicators of impairment, and perform an impairment assessment where indicators have been identified.
- Going concern. There is a risk that the going concern assumption has been inappropriately applied in preparing the financial statements.

Further, the global pandemic, and other factors including Brexit and the Russian invasion of Ukraine, have resulted in a shortage of labour and increasing energy and materials costs.

Mazars' audit of the Group's Financial Statements for the period ended 31 October 2020 was reviewed by the FRC and irrespective of a number of comments raised by the FRC during their review, we remain comfortable with the level of quality provided by Mazars and re-election of Mazars as our auditor for 2023.

The Remuneration Committee

During the year period ended 31 October 2022, the Remuneration Committee comprised Mr Emmanuel Olympitis (Committee Chairman) and Sir John Lewis (Chairman of the Board). Mr Jean-Marcel Denis (Chairman of the Audit Committee) was also a member until he resigned as a director on 29 April 2022.

The Committee meets at least once per year. It met once in the year ended 31 October 2022.

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 82 to 99 provides details of how the Committee applies the directors' remuneration principles of the Code.

The Nomination Committee

During the year ended 31 October 2022, the Nomination Committee comprised Sir John Lewis (Committee Chairman), Emmanuel Olympitis. Mr Jean-Marcel Denis was a member until his resignation on 29 April 2022. 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 did not meet in the year ended 31 October 2022.

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
- Christian Autié, Chief Operating Officer (Committee Chairman)
- Alessandro Reitelli, France and Continental Europe
- Pascal Faucher, President KIS, Food Division

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 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 67, 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 UK-adopted international accounting standards 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 UK-adopted international accounting standards; 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 67, confirms that, to the best of his or her knowledge:

- The financial statements, prepared in accordance with UK-adopted international accounting standards, 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 79 and 80.

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 117 and following of the consolidated financial statements and conform to UK-adopted international accounting standards. These policies and applicable estimation techniques have been reviewed by the Directors who have confirmed them to be appropriate for the preparation of the 2021/2022 consolidated financial statements.

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

The Company has in place a written and legally binding agreement as required by Listing Rule 9.2.2ADR(1). If there were any Independent Directors being elected or re-elected at the Company's annual general meeting to be held on 28 April 2023, their election/re-election would be conducted in accordance with Listing Rules 9.2.2ER and 9.2.2FR. In fact, no such elections/re-elections are due under the Company's Articles of Association at the Company's Annual General Meeting to be held on 28 April 2023.

By order of the Board

Sir John Lewis OBE
Non-executive Chairman

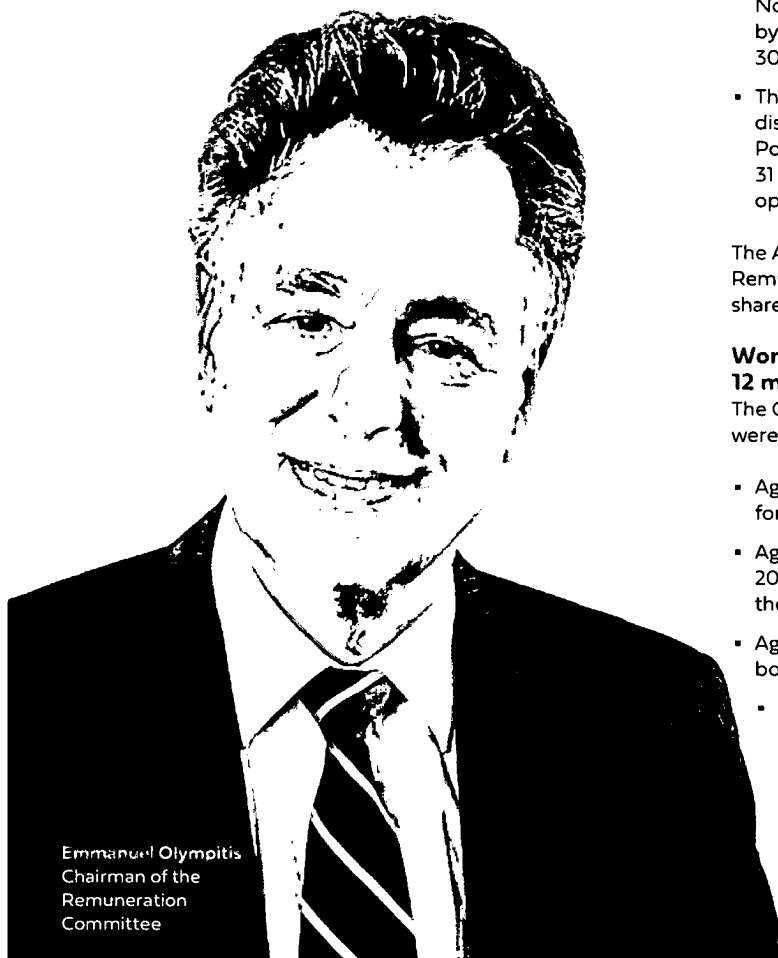
28 February 2023

Directors' Remuneration Report

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

Dear Shareholder,

On behalf of the board, I am pleased to present our Directors' Remuneration Report which covers the 12 months ended 31 October 2022.



Emmanuel Olympitis
Chairman of the
Remuneration
Committee

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.

This report is divided into three sections being:

- This **Annual Statement**, which summarises the work of the Committee, remuneration outcomes in 2021/22 and how the Remuneration Policy will be operated in 2022/23;
- 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 2022, and how the Policy will operate for the year ending 31 October 2023.

The Annual Statement and Annual Report on Remuneration will be subject to an advisory shareholder vote at the AGM on 28 April 2023.

Work of the committee during the 12 months ended 31 October 2022

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

- Agreeing the performance against the targets for the 2021/2022 annual bonus awards;
- Agreeing the approach in respect of the 2020/2021 annual bonus awards and discussing the proposals with our major shareholders;
- Agreeing the targets for the 2022/2023 annual bonus; and
- Agreeing the award levels and performance targets for the 2022 ESOS awards.

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:

In the 12 months ended 31 October 2022, the Committee's work has largely been focused on ensuring Executive Directors and senior executives are appropriately incentivised and rewarded in respect of the Company's continued growth post the Covid-19 pandemic.

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 2021/22

The performance of the Group is summarised on pages 5 to 9, and in the financial statements on pages 117 to 175.

In respect of the annual bonus for the year ended 31 October 2022, the profit and strategic targets were met in full. As a result, Mr Crasnianski received a maximum bonus of 150% of salary. Also in consequence of the performance against the targets, and following a reallocation of some of

responsibilities following an internal group reorganisation, Jean-Marc Janailhac received an annual bonus of €200,000. As a further reflection of these changes, Miss Tania Crasnianski was eligible for a pro-rated bonus which equated to 20% of the maximum potential (based on 150% of the salary she receives in Euros).

In respect of the annual bonus for the year ended 31 October 2021, shareholders will recall that Mr Crasnianski and Mr Janailhac recommended to the Remuneration Committee post year end that no annual bonuses should be paid to them despite the profit and strategic targets being met in full. However, while the Remuneration Committee accepted this recommendation, it agreed to review and consider paying some or all of the bonuses that would have been payable, after the announcement of the 2022 interim results subject to ongoing individual and Company performance, and only after appropriate consultation with major shareholders. Following this review, and as a result of strong ongoing individual and Company performance and a positive consultation exercise with major shareholders following the announcement of the 2022 interim results, the Committee agreed to pay Mr Crasnianski all of the 150% of salary annual bonus that would have been payable in respect of the year ended 31 October 2021. No bonus award was paid to Mr Janailhac in respect of the year ended 31 October 2021 given the reorganisation of responsibilities noted above. No share options held by current Executive Directors vested in the year ended 31 October 2022. However, as the EPS for the year ended 31 October 2022 was 10.26p as against a target range of 9p to 11 p, of the ESOS awards granted on 27 August 2019 to Mr Crasnianski over 816,509 shares, 564,752 vested post year end following audit completion. As at 31 October 2022, the options had no intrinsic value as a result of the share price at the end of the year being lower than the exercise price of 101.4p.

Directors' Remuneration Report continued

Role	Name	Salary from 1/11/2022		Salary from 1/11/2021	
		€	£	€	£
CEO	Serge Crasnianski	–	560,211	–	560,211
Executive Director	Jean-Marc Janailhac	204,000 ²	45,000 ²	216,000	45,000
Executive Director	Tania Crasnianski	230,000 ³	50,000	230,000	50,000

¹ Delivered in two parts, namely £45,000 p.a. and a Euro amount.

² Note, following a change in Jean-Marc Janailhac's role and after consultation with major shareholders, his salary paid in Euros was increased from €216,000 to €420,000 p.a. from June 2022. It was subsequently reduced to €204,000 p.a. in October 2022 as a result of a reallocation of some of his responsibilities following an internal group reorganisation. He also receives £45,000 under a contract with Photo-Me Limited.

³ Ms Crasnianski is paid €230,000 under a contract with ME Group GSS (previously known as Photo Me France SAS), and £50,000 under a contract with Photo-Me Limited.

Implementation of the remuneration policy for 2022/23

The Committee proposes to operate the Policy for the year ending 31 October 2023 as follows:

Executive Director base salaries were not increased from 1 November 2022. Executive Directors' current base salaries, together with prior year comparators (split between Euro and GBP where salaries are split into two currencies) are as above:

- Benefit provision will be in line with the approved Policy.
- Following a review of Mr Crasnianski's pension provision and how this compares with that of the general workforce, the Committee has agreed to maintain the CEO's current pension at 15% of salary going forward. Given the diverse nature and geographies of the Company's businesses and employees, no single Group-wide pension plan operates and therefore pension contribution rates vary across the Group with pension levels not necessarily reflecting seniority.
- The annual bonus for the year ending 31 October 2023 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). Only Mr Crasnianski and Miss Crasnianski will participate in the annual 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 2022, the Committee has not exercised discretion except in determining the bonus of Mr Janailhac for the year ended 31 October 2021 where, as described above, downward discretion was applied following a reallocation of some of his responsibilities following an internal Group reorganisation.

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. During the year ended 31 October 2022, the Remuneration Committee consulted with major shareholders on the annual bonus award in respect of the year ended 31 October 2021 and increased salary level for Mr Janailhac (noting that it has subsequently been reduced following a change in responsibilities) and the Remuneration Policy more generally and was pleased with the level of support it received. The Committee hopes that shareholders continue to support the Remuneration Committee, and specifically the Directors' Remuneration Report for the year ended 31 October 2022 at the forthcoming AGM.

Yours faithfully,

Emmanuel Olympitis
Chairman of the Remuneration Committee

28 February 2023

Remuneration Policy Report

A summary of the Policy approved by shareholders at the 30 April 2021 AGM 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

Remuneration Policy Report continued

Component	Purpose and link to strategy	Operation	Maximum	Performance measures
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
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 on 30 April 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.

Remuneration Policy Report continued

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.

Director	Appointment letter date	Year of last election	Expected year of expiry of current
Sir John Lewis ⁴	03/07/2008	2021	2024
Françoise Coutaz-Replan ⁵	27/08/2015	2021	2024
Jean-Marcel Denis ⁶	01/03/2012	2021	n/a
Emmanuel Olympitis	11/11/2009	2022	2025
Camille Clavier ⁷	23/06/2021	2022	2025
Sigieri Diaz della Vittoria Pallavicini ⁸	23/06/2021	2022	n/a
René Proglio ⁹	23/06/2021	2022	2025

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.

^{3a} No Directors participate in any company pension schemes (noting that the CEO receives a cash salary supplement in lieu of pension).

⁴ Appointed Chairman on 26 July 2010.

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 was with Photo-Me Limited, a wholly-owned subsidiary of the Company. Mr Denis's services were made available under a consultancy agreement with Photo-Me Limited and a third party that made Mr Denis's services available to the Company. Mr Denis left the Board on 29 April 2022.

⁷ First appointed to the Board on 23 June 2021. Ms Clavier'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 was with Photo-Me Limited, a wholly-owned subsidiary of the Company. Mr Pallavicini left the Board on 13 May 2022.

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 2023.

The Committee proposes to operate the Policy for the year ending 31 October 2023 as follows:

- Executive Director base salaries were not increased from 1 November 2022. Details of the current salary levels are set out in the Annual Statement.
- Benefit provision will be in line with the approved Policy.
- Following a review of Mr Crasnianski's pension provision and how this compares to that of the general workforce, the Committee has agreed to maintain the CEO's current pension at 15% of salary going forward. Given the diverse nature and geographies of the Company's businesses and employees, no single Group-wide pension plan operates and therefore pension contribution rates vary across the Group with pension levels not necessarily reflecting seniority.
- The annual bonus for the year ending 31 October 2023 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). Mr Crasnianski and Miss Crasnianski will participate in the annual 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.

Non-executive Directors

The fees for Non-executive Directors are reviewed at least once every three years although the last increase was in 2018. Following a review of time commitments and market fee levels, Non-executive Director fee levels were increased as follows (with prior year comparators also presented):

Non-executive Director	Role	Committee chairman	1 November 2022 £	1 November 2021 £
Sir John Lewis	Chairman	Nomination Committee	145,000	132,000
Emmanuel Olympitis	Senior Independent Director	Remuneration Committee	67,500	55,000
Françoise Coutaz-Replan	Non-executive Director	–	47,500	44,000
Camille Claverie ¹	Non-executive Director	–	0 ¹	0 ¹
René Proglio	Non-executive Director	Audit Committee	57,500	45,000

¹ 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 2022 and the 12 months ended 31 October 2021 are shown below:

Executive Directors	Year	Months	Salary/ Fees £	Benefits ¹ £	Bonus ² £	LTI ³ £	Pension ⁴ £	Total	Total fixed remuner- ation	Total variable remuner- ation
Serge Crasnianski ⁵	2022	12	560,212	18,774	840,318	0	84,032	1,503,336	663,018	840,318
	2021	12	476,180	16,498	840,318	–	71,427	1,404,423	564,105	840,318
Jean-Marc Janailhac ⁶	2022	12	285,340	–	169,851	–	–	455,191	285,340	169,851
	2021	12	195,029 ⁶	–	0	–	–	195,029 ⁶	195,029 ⁶	0
Tania Crasnianski ⁷	2022	12	245,333	–	58,598	–	–	303,931	245,333	58,598
		12	88,954 ⁷	–	0	–	–	88,954 ⁷	88,954 ⁷	–
Non-executive Directors	Year	Months	Salary/ Fees £	Benefits ¹ £	Bonus ² £	LTI ³ £	Pension ⁴ £	Total	Total fixed remuner- ation	Total variable remuner- ation
Sir John Lewis ⁸	2022	12	132,000	–	–	–	–	132,000	132,000	0
	2021	12	108,900	–	–	–	–	108,900	108,900	0
Françoise Coutaz-Replan ⁹	2022	12	44,000	–	–	–	–	44,000	44,000	0
	2021	12	37,400	–	–	–	–	37,400	37,400	0
Jean-Marcel Denis ¹⁰	2022	12	29,895	–	–	–	–	29,895	29,895	0
	2021	12	42,075	–	–	–	–	42,075	42,075	0
Emmanuel Olympitis	2022	12	55,000	–	–	–	–	55,000	55,000	0
	2021	12	46,750	–	–	–	–	46,750	46,750	0
Camille Clavierie	2022	12	0	–	–	–	–	0	0	0
	2021	12	0	–	–	–	–	0	0	0
Sigieri Diaz Pallavicini	2022	12	24,231	–	–	–	–	24,231	24,231	0
	2021	12	14,250	–	–	–	–	14,250	14,250	0
René Proglgio ¹¹	2022	12	45,316	–	–	–	–	45,316	45,316	0
		12	14,250	–	–	–	–	14,250	14,250	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 (see annual bonus section below).

³ The EPS for the year ended 31 October 2022 was 10.26p against a target range of 9p to 11p, therefore of the ESOS awards granted on 27 August 2019 to Mr Crasnianski over 816,509 shares, 564,752 vested post year end following audit completion. As the share price at 31 October 2022 was lower than the exercise price of 101.4p, no value is shown in the table above.

⁴ No Directors participate in any company pension schemes (noting that the CEO receives a cash salary supplement in lieu of pension).

⁵ The pension payment to Mr Crasnianski in the financial period ended 31 October 2022 represented 15% of base salary.

⁶ The emoluments of Mr Crasnianski shown above for the 12 months ended 31 October 2022 include fees totalling £405,969 (£396,834 for the 12 month-period ended 31 October 2021), payable to a third party in respect of making available the services of Serge Crasnianski to the Company.

⁷ Mr Janailhac was paid partially in GBP (£45,000) and partially in euros which when converted amounted to £240,340 which were paid to a third party in respect of making available the services of Mr Janailhac to the Company. The euro amounts have been translated at the exchange rate set out in note 11.

⁸ Ms Crasnianski was paid €230,000 under a contract with Photomaton France SAS, and £50,000 under a contract with Photo-Me Limited. The euro amount has been translated at the exchange rate set out in note 11.

⁹ The emoluments of Sir John Lewis shown above include fees of £49,500 paid to a third party in respect of making available the services of Sir John Lewis to the Company (£38,775 for the 12 month-period ended 31 October 2021).

¹⁰ 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.

¹¹ 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. Consultancy fees paid to him post his stepping down from the Board totalled £5,145.

¹² The emoluments of Mr Proglgio shown above were paid to a third party in respect of making available the services of Mr Proglgio to the Company.

¹³ Exchange rate: of €1.1775:£1

Annual Bonus for the year ended 31 October 2022

Details of the performance against the profit before tax targets for the year ended 31 October 2022 annual bonuses is as follows:

Financial Targets (80% of Bonus Potential)

Executive	2021/22 Annual Bonus (% of salary)
Group pre-tax profit between 100% and 105% of prior year	Committee discretion depending on year-on-year growth
Group pre-tax profit 5% more but less than 10% higher than of prior year	60%
Group pre-tax profit 10% or more than prior year	120%
Prior year profit	£28.6m
Current year actual profit result	£53.4m
% of bonus payable (out of 120% of salary)	120% of salary

Personal/Strategic Targets (20% of Bonus Potential)

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

Targets	Weighting	Committee Assessment
Strategic delivery Continue to drive the expansion of the Company's business activities – with particular emphasis on identifying and negotiating acquisitions	10% of salary	Met in full. Continued focus on new product innovation and diversification of operations to meet ever-changing consumer needs, with new products launched and technology partnerships announced.
Branding Deliver the ME Group corporate brand roll out successfully and on time	10% of salary	Met in full. ME Group corporate brand rolled out across the majority of operations, the listed entity name change was completed as planned to align to the new corporate brand strategy and reflect broader based concession offer.
Succession Devise and implement succession management for senior colleagues	10% of salary	Met in full. A detailed succession plan was presented to the Board and its recommendations were accepted in full. Following approval, a number of senior hires and a reorganisation of a number of roles and responsibilities have been completed to good effect.
		30% of salary

Following the Committee's assessment of the financial and personal/strategic targets, the Committee awarded Mr Crasnianski a maximum bonus of 150% of salary.

Also in consequence of the performance against the targets, and following a reallocation of some of responsibilities following an internal group reorganisation, Jean-Marc Janailhac received an annual bonus of €200,000. As a further reflection of these changes, Miss Tania Crasnianski was eligible for a pro-rated bonus which equated to 20% of the maximum potential (based on 150% of the salary she receives in Euros).

ESOS (Audited)

Scheme Interests Awarded In the Year (Audited)

The Company granted the following market value share option awards (exercise price of 68.73 pence per share) to Executive Directors during the year ended 31 October 2022:

Executive Director	Number of ESOS Awards	Basis	Face Value ¹
Tania Crasnianski	100,000	137% of £50,000 salary	£68,730

¹ Based on a share price of £0.6873 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:

EPS 2024	Portion of option that becomes exercisable
10.5p	Up to portion with an aggregate Exercise Price of no more than 25% of the Participant's Salary
11p	Up to portion with an aggregate Exercise Price of no more than 50% of the Participant's Salary
11.5p	Up to portion with an aggregate Exercise Price of no more than 75% of the Participant's Salary
12p	Up to portion with an aggregate Exercise Price of no more than 100% of the Participant's Salary
12.5p	Up to portion with an aggregate Exercise Price of no more than 125% of the Participant's Salary
13p	Up to portion with an aggregate Exercise Price of no more than 150%
Between the above points	On straight-line basis between the above

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 2022 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		ESOS Awards ¹	ESOS Awards ²	Requirement (% of salary)	Shareholding (% of salary) ³	Guideline
	31 October 2022	31 October 2021					
Serge Crasnianski ⁴	137,866,791	108,837,410	816,509	1,000,000	200%	18,029%	Yes
Jean-Marc Janailhac	225,555	80,000	–	400,000	200%	96%	No
Tania Crasnianski	–	–	–	196,774	200%	0%	No
Non-executive Director	Beneficially owned at		ESOS Awards ¹	ESOS Awards ²	Requirement (% of salary)	Shareholding (% of salary) ³	Guideline
	31 October 2022	31 October 2021					
Sir John Lewis	25,000	25,000	–	–	–	–	–
Françoise Coutaz-Replan ⁵	200,000	200,000	–	–	–	–	–
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 2022 (92.8p) and current salary levels (based on an exchange rate of €1.1775: £1 where relevant). 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.

Annual Report on Remuneration continued

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 2021	Granted during period	Exercised during period	Lapsed during period	As at 31 October 2022	Exercise price	Exercisable from	Expiry date
Serge Crasnianski			–	–				
27 August 2019	816,509				816,509	101.4p	27 August 22 ¹	27 August 26
5 August 2021	1,000,000				1,000,000	77.5p	5 August 24	4 August 28
Jean-Marc Janailhac			–	–				
5 August 2021	400,000				400,000	77.5p	5 August 24	27 August 28
Tania Crasnianski			–	–				
5 August 2021	Nil				96,774	77.5p	5 August 24	27 August 28
12 May 2022		100,000			100,000	68.7p	12 May 25	11 May 29

¹ Awards partially vested post year end following Remuneration Confirmation that the EPS targets were partially met. Full details will be set out in next year's Directors Remuneration Report.

Relative importance of the spend on pay

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

	Paid during FY 2022	
	Pence per share	£'000
Special	6.5 ^{1,2}	24,572
Final for FY 2021	2.89 ^{1,3}	10,925
Total	9.39	35,497

¹ 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 2022.

² Paid on 1 September 2022

³ Paid 13 May 2022

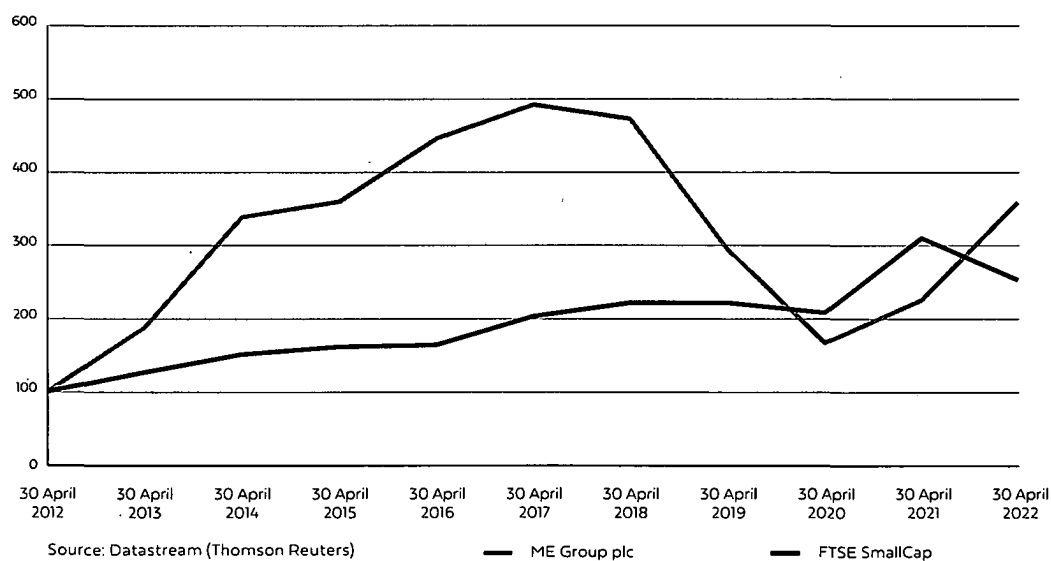
	Group	
	2022	2021
Wages and salaries	41,394	38,920
Social security costs	9,017	7,491
Share options granted to directors and employees	884	493
Post-employment benefit costs		
– defined benefit schemes	383	251
– defined contribution schemes	265	447
– other post-employment costs	0	0
Total	51,943	47,602

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

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 2012. 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



Annual Report on Remuneration continued

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.

	Year to 31 October 2022			Year to 31 October 2021		
	Base salary	Benefits	Annual bonus	Base salary	Benefits	Annual bonus
Executive Directors						
Serge Crasnianski	18%	14%	0%	0%	0%	0%
Jean-Marc Janailhac	46%	0%	100%	27%	0%	0%
Tania Crasnianski	176%	0%	100%	N/A	N/A	N/A
Non-executive Directors						
Sir John Lewis	21%	N/A	N/A	0%	N/A	N/A
Françoise Coutaz-Replan	18%	N/A	N/A	0%	N/A	N/A
Jean-Marcel Denis	-29%	N/A	N/A	0%	N/A	N/A
Emmanuel Olympitis	18%	N/A	N/A	0%	N/A	N/A
René Proglio	218%	N/A	N/A	0%	N/A	N/A
Camille Clavierie	0%	N/A	N/A	0%	N/A	N/A
UK Employee Population	11%	0%	16%	11%	1%	0%

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
2022 (12 months to 31 October 2022)	Serge Crasnianski	1,503,336	100%	69%
2021 (12 months to 31 October 2021)	Serge Crasnianski	1,404,423	100%	-
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. For the year ended 31 October 2022, partial vesting was achieved between the 9p and 11p target range in respect of the 2020 ESOP awards.

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 2022 compares with equivalent single figure remuneration for full-time equivalent UK employees, ranked at the 25th, 50th and 75th percentile. The ratio for 2021 has been restated for the restatement of the CEO single figure for his 2021 bonus. The 2020 salary and total pay and benefits data (18 months) have been annualised to aid with year on year comparison.

Period	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022	Option A	58:1	53:1	42:1
2021	Option A	74:1	58:1	41:1
2020	Option A	44:1	30:1	24:2

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 2022.

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
2022	£25,094	£26,662	£34,795	£25,847	£28,555	£36,189
2021	£18,309	£23,533	£32,187	£18,858	£24,286	£34,336
2020	£14,410	£21,185	£25,687	£14,825	£21,824	£28,579

Committee role and membership

The Remuneration Committee comprises two Non-executive Directors: Emmanuel Olympitis (Committee Chairman, member of the Audit and Nomination Committees, and Senior Independent Director), and Sir John Lewis (Chairman of the Board and the Nomination Committee, and member of the Audit and Remuneration Committees). Jean-Marcel Denis (former Chairman of the Audit Committee and member of the Nomination and Remuneration Committees) was also a member until he retired from the Board on 28 April 2022. The Board considers Mr Olympitis to be independent, and also considered Mr Denis to be independent whilst he was a director. The Board also considers Sir John Lewis to have been independent on his appointment as Chairman.

Annual Report on Remuneration continued

Biographies of the members of the Committee are set out on page 67. 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	1(1)
Sir John Lewis	Committee Member	3 July 2008	1(1)
Jean-Marcel Denis	Committee Member	1 March 2012	0(1) ¹

¹ Mr Denis retired from the Board and its committee on which he served on 28 April 2022.

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 <https://me-group.com/>

Payments to past Directors

Jean-Marcel received consultancy fees of £5,145 after he stepped down from the Board in April 2022 up to 31 October 2022.

Advisers

FIT Remuneration Consultants LLP advised the Committee during the period ended 31 October 2022 in respect of the preparation of this Remuneration Report. Fees paid to FIT in respect of the year ended 31 October 2022 totalled £25,530 (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 2020/21 Directors' Remuneration Report at the 2022 AGM Remuneration Report held on 29 April 2022 and the last binding vote on the Remuneration Policy at the 2021 AGM.

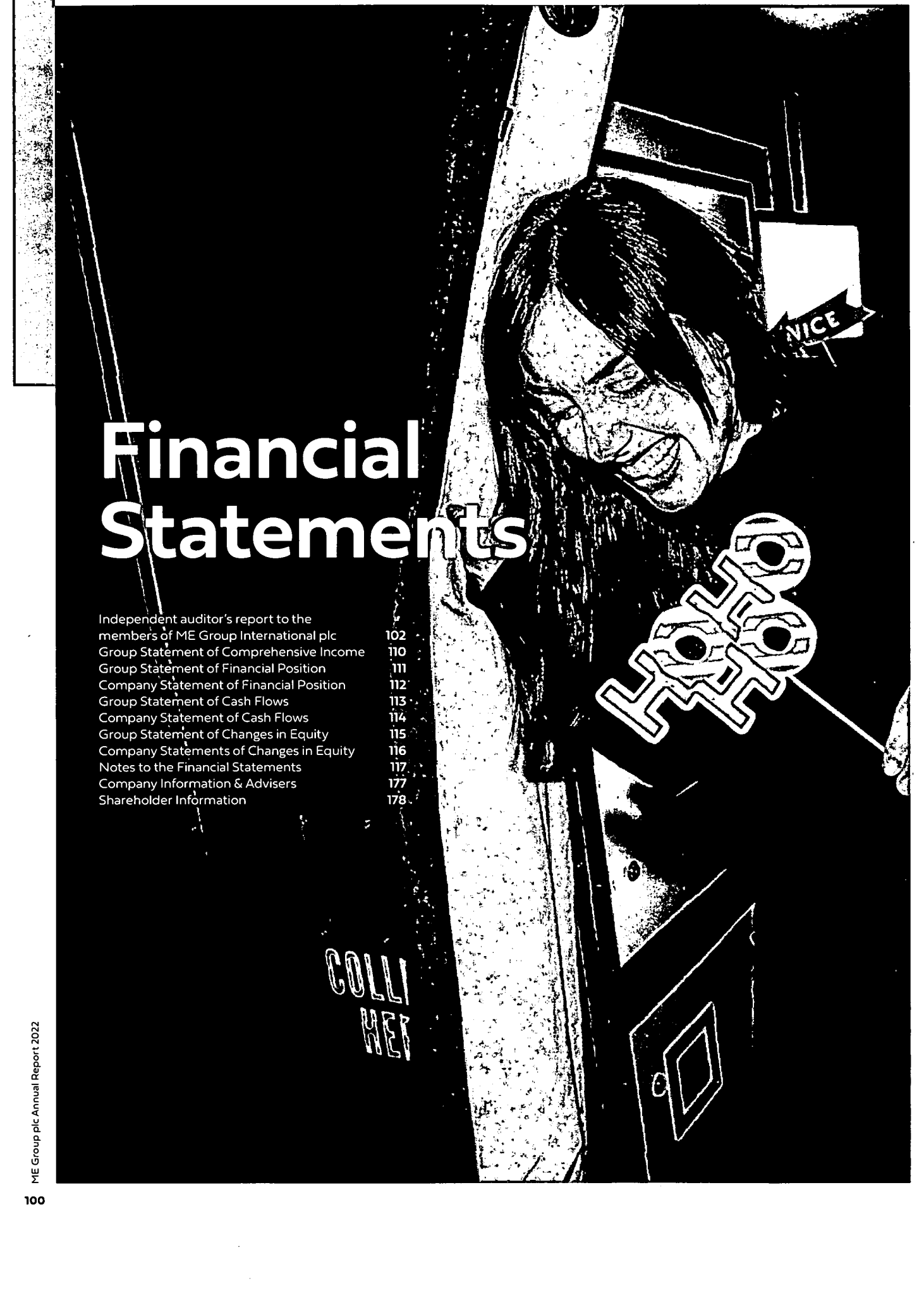
	Total Votes For	%	Total Votes Against	%	Total Votes Cast (excluding withheld)	% of total votes cast/ issued capital	Votes Withheld ¹
Directors' Remuneration Report (excluding the Remuneration Policy)	194,717,356	82.16%	42,292,455	17.84%	237,009,811	64.62%	7,270,849
Directors' Remuneration Policy	250,728,194	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

Emmanuel Olympitis
Chairman of the Remuneration Committee

28 February 2023



Financial Statements

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Independent auditor's report to the members of ME Group International plc

Opinion

We have audited the financial statements of ME Group International plc (the 'parent company') and its subsidiaries (together the 'group') for the year ended 31 October 2022 which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Company Statement of Financial Position, the Group Statement of Cash Flows, the Company Statement of Cash Flows, the Group Statement of Changes in Equity and 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 UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 October 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "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 1.1, 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 authorized 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 ME Group 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

Refer to note 1.4 (significant accounting policies), note 1.1 (critical accounting estimates and key judgements), note 29 (business combinations) and note 11 (Goodwill and other intangible assets) to the consolidated financial statements.

Intangible assets, including goodwill, represented £32.4 million at 31 October 2022 and £35.1 million at 31 October 2021.

In the year ended 31 October 2022, in accordance with IFRS 3 – Business Combinations and its requirements on 'measurement period':

The group finalised the valuation of the intangible assets recognised on the acquisition of one entity in France and another in Australia resulting in increase in other intangibles of £4.1 million and residual being goodwill of £0.5 million.

Additionally, the group recognised on a provisional basis £1.7 million of goodwill resulting from the acquisition of one entity in France, where the Purchase Price Allocation (PPA) has not been finalised as at the year end.

The recognition and valuation of intangible assets including the assessment of the recoverable value of these assets is a key audit matter, given the high degree of estimation and judgment required by management. These include assumptions used in finalising the provisional PPA during the measurement period, identification and valuation of additional intangible assets recognised, assumptions regarding the future evolution of trading, the determination of long-term 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 acquisition in the year, we reviewed the sale and purchase agreement and financial information of the entity at the date of acquisition to confirm the level of initial goodwill that has been recognised in the year.
- In respect of the recognition of other intangible assets arising from measurement period adjustments, we obtained and reviewed management expert's report and engaged our valuation experts to assess the proposed purchase price allocation (PPA) adjustments, including the review of the methodology and key inputs used by management.
- In respect of impairment assessment performed by management, we reviewed the impairment testing process implemented by group management, based on cash-flow forecasts from the budget and five-year plan presented to and approved by the Board. In addition, we assessed management's identification of CGUs and allocation of intangibles and goodwill, tested the mathematical accuracy of the impairment model, compared the accuracy of historical forecasting to actual results and with the

Independent auditor's report to the members of ME Group International plc continued

assistance of our valuation experts we challenged key assumptions.

- We assessed the sensitivity of the impairment test to changes in key assumptions.

Our observations

Based on our audit work performed, the movements in intangible assets, including goodwill, in the year and their carrying value reflected in the financial statements is appropriate. Overall, the key assumptions used by management in their impairment assessment were considered 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:

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

Group materiality and Parent company materiality

	Group	Parent company
Overall materiality	£2,200,000	£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 2%.
Rationale for benchmark applied	We used profit before tax 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 £1,550,000, 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 £980,000, which represents 70% of overall materiality.
Reporting threshold	We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £70,000 for the group and £40,000 for the parent company, as well as misstatements below those amounts that, in our view, warranted reporting on qualitative reasons. We also report to the Audit Committee on disclosure matters that we identified during the course of assessing the overall presentation of the financial statements	

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. Based on our risk assessment, the eight most significant entities within the group, representing 64% 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 and by component auditors for the other entities. Where we relied on work performed by component auditors, we issued audit instructions, directed component audit teams, reviewed component audit files and maintained appropriate oversight throughout the audit. For entities that did not subject to a full scope audit, we performed specified audit procedures and desktop analytical reviews.

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 group audit scope included an audit of the group and parent company financial statements. Based on our risk assessment, the eight most significant entities within the group representing 64% 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 and by component auditors for the other entities. Where we relied on work performed by component auditors, we issued audit instructions, directed component audit teams, reviewed component audit files and maintained appropriate oversight throughout the audit. For entities that did not subject to a full scope audit, we performed specified audit procedures and desktop analytical reviews.

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 ME Group 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 117;
- 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 63;
- Directors' statement on fair, balanced and understandable, set out on page 79;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 63;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 78; and
- The section describing the work of the audit committee, set out on page 76.

Responsibilities of Directors

As explained more fully in the statement of the directors' responsibility set out on page 80, 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 and tax legislation, health and safety regulation, anti-money laundering regulation, FRC 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 posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to recognition, valuation and impairment of intangible assets, including goodwill, valuation of investments (parent company level), revenue recognition (which we pinpointed to the manipulation of vending machine revenue, 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 estimates for management bias when making significant judgements; and
- Reviewing accounting estimates and financial statement disclosures for management bias; and
- 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.

Independent auditor's report to the members of ME Group International plc continued

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 to audit the financial statements for the period ending 31 October 2020 and subsequent financial periods. The period of total uninterrupted engagement is 3.5 years, covering the years ending 2020 to 2022.

No non-audit services prohibited by the FRC's Ethical Standard were provided to the group or the parent company 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.

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual report has been prepared using the single electronic format specified in the ESEF RTS.



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

28 February 2023



Group Statement of Comprehensive Income

For the 12 months ended 31 October 2022

	Notes	31 October 2022 £'000	31 October 2021 £'000
Revenue	3	259,780	214,404
Cost of Sales		(178,377)	(178,427)
Gross Profit		81,403	81,353
Other Operating Income	4	7,916	317
Administrative Expenses		(32,638)	(32,588)
Operating Profit		56,681	29,335
Other net (losses)/gains	4	(1,176)	1,998
Finance Income	6	-	177
Finance Cost	6	(2,151)	(2,955)
Profit before Tax	3	53,354	28,555
Total Tax Charge	7	(14,561)	(6,703)
Profit for the year		38,793	21,852
Other Comprehensive Income			
Items that are or may subsequently be classified to Profit and Loss:			
Exchange Differences Arising on Translation of Foreign Operations		829	(6,987)
Total Items that are or may subsequently be classified to profit and loss		829	(6,987)
Items that will not be classified to profit and loss:			
Remeasurement gains in defined benefit obligations and other post-employment benefit obligations		1,151	560
Deferred tax on remeasurement gains		(248)	(94)
Total Items that will not be classified to profit and loss		903	466
Other comprehensive income/(expense) for the year net of tax		1,732	(6,521)
Total Comprehensive income for the year		40,525	15,331
Profit for the Year Attributable to:			
Owners of the Parent		38,793	21,713
Non-controlling interests		-	139
		38,793	21,852
Total comprehensive income attributable to:			
Owners of the Parent		40,525	15,192
Non-controlling interests		-	139
		40,525	15,331
Earnings per Share			
Basic Earnings per Share	10	10.26p	5.78p
Diluted Earnings per Share	10	10.23p	5.77p

All results derive from continuing operations.

The notes on pages 117 to 175 are an integral part of these Group financial statements.

Group Statement of Financial Position

As at 31 October 2022

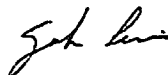
	Notes	Group	
		31 October 2022 £'000	31 October 2021 (restated) £'000
Assets			
Goodwill	11	17,116	15,305
Other intangible assets	11	15,620	19,988
Property, plant & equipment	12	101,090	91,973
Investment property	13	592	597
Investment in associates	14	21	21
Financial instruments held at FVTPL	15	5,239	1,501
Other receivables	16	1,974	1,868
Non-Current Assets		141,652	131,253
Inventories	17	25,491	18,458
Other receivables	16	20,050	22,452
Current tax		2,990	1,417
Cash and cash equivalents	18	136,185	99,362
Current assets		184,716	141,688
Total assets		326,368	272,941
Equity			
Share capital	20	1,889	1,889
Share premium		10,627	10,599
Translation and other reserves		11,159	9,435
Retained earnings		108,974	106,051
Equity attributable to owners of the Parent		132,649	127,974
Non-controlling interests		-	1,720
Total Shareholders' funds		132,649	129,694
Liabilities			
Financial liabilities	21	82,429	55,058
Post-employment benefit obligations	22	3,850	4,933
Deferred tax liabilities	24	7,760	9,362
Provisions	23	-	338
Non-current liabilities		94,039	69,691
Financial liabilities	21	35,657	25,877
Provisions	23	1,567	1,828
Current tax		10,208	3,367
Trade and other payables	25	52,248	42,484
Current liabilities		99,680	73,556
Total equity and liabilities		326,368	272,941

The notes on pages 117 to 175 are an integral part of these Group financial statements.

The accounts were approved by the Board on 28 February 2023 and signed on its behalf by:



Serge Crasnianski
Chief Executive Officer (Director)



Sir John Lewis OBE
Non-executive Chairman (Director)

Registration number: 00735438

Company Statement of Financial Position

As at 31 October 2022

	Notes	Company	
		31 October 2022 £'000	31 October 2021 £'000
Assets			
Other intangible assets	11	5	–
Property, plant & equipment	12	15,364	10,933
Investment in subsidiaries	14	44,468	46,901
Financial instruments held at FVTPL	15	789	1,292
Non-current assets		60,841	59,125
Inventories	17	1,830	1,492
Trade and other receivables	16	23,142	19,454
Cash and cash equivalents	18	13,321	4,002
Current tax		1,205	583
Current assets		39,498	25,531
Total assets		100,340	84,656
Equity			
Share capital	20	1,899	1,889
Share premium		10,627	10,599
Translation and other reserves		2,728	2,207
Retained earnings		68,743	46,405
Total Shareholders' funds		83,987	61,100
Liabilities			
Financial liabilities	21	741	1,727
Non-current liabilities		741	1,727
Financial liabilities	21	1,060	830
Trade and other payables	25	14,552	20,999
Current liabilities		15,612	21,829
Total equity and liabilities		100,340	84,656

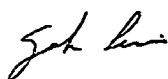
The notes on pages 117 to 175 are an integral part of these financial statements.

The Company recognised a profit after tax for the period of £57,824,000 (2021: profit of £785,000).

The accounts were approved by the Board on 28 February 2023 and signed on its behalf by:



Serge Crasnianski
Chief Executive Officer (Director)



Sir John Lewis OBE
Non-executive Chairman (Director)

Registration number: 00735438

Group Statement of Cash Flows

For the period ended 31 October 2022

	Notes	31 October 2022 £'000	31 October 2021 £'000
Cash flow from operating activities			
Profit before tax		53,354	28,555
Finance costs		794	697
Interest of lease liabilities		1,357	2,258
Finance income		–	(177)
Other gains		1,176	(1,998)
Operating profit		56,681	29,335
Amortisation and impairment of intangible assets	4	6,772	5,419
Depreciation and impairments of property, plant and equipment	4	28,791	30,328
Profit on sale of property, plant and equipment		(7,490)	(368)
Exchange differences		(594)	(355)
Movements in provisions		(809)	400
Other non cash items		(432)	680
Changes in working capital:			
Inventories		(7,033)	(1,847)
Trade and other receivables		2,295	(5,780)
Trade and other payables		9,764	8,278
Cash generated from operations		87,945	66,090
Interest paid		(2,151)	(2,956)
Taxation paid		(10,895)	(9,269)
Net cash generated from operating activities		74,899	53,865
Cash flows from investing activities			
Acquisition of subsidiaries	29	(739)	(10,133)
Proceeds from disposal of subsidiaries		152	1,050
Investment in intangible assets		(2,486)	(2,529)
Proceeds from sale of intangible assets		71	–
Purchase of property, plant and equipment		(32,670)	(26,376)
Proceeds from sale of property, plant and equipment		8,997	3,904
Investment in financial instruments		(4,450)	–
Interest received		–	73
Dividends received from associates		–	104
Net cash in investing activities		(31,125)	(33,907)
Cash flows from financing activities			
Issue of ordinary shares to equity shareholders		28	–
Acquisition of minority interest		(2,985)	–
Repayment of principal of leases	19	(6,196)	(4,600)
Repayment of borrowings	19	(24,622)	(22,365)
Increase in borrowings	19	61,773	5,093
Decrease in assets held to maturity / held at amortised cost	19	–	25
Dividends paid to owners of the Parent	9	(35,497)	–
Net cash utilised in financing activities		(7,499)	(21,847)
Net interest / (decrease) in cash and cash equivalents		36,275	(1,889)
Cash and cash equivalents at beginning of year		99,362	107,177
Exchange loss on cash and cash equivalents		548	(5,926)
Cash and cash equivalents at end of year		136,185	99,362

The notes on pages 117 to 175 are an integral part of these Group financial statements.

Company Statement of Cash Flows

For the period ended 31 October 2022

	Notes	31 October 2022 £'000	31 October 2021 £'000
Cash flow from operating activities			
Profit before tax		57,111	2,050
Finance costs		-	36
Interest of lease liabilities		209	247
Finance income		(15)	(76)
Dividends received		(56,511)	-
Other losses		914	311
Operating profit		1,708	2,568
Depreciation and impairments of property, plant and equipment		2,123	3,436
(Loss)/gain on sale of property, plant and equipment		(110)	31
Non cash movement in investment of subsidiary		2,956	-
Other non cash items		(125)	(848)
Changes in working capital:			
Inventories		(338)	(230)
Trade and other receivables		(3,676)	5,455
Trade and other payables		(6,448)	(3,362)
Cash (utilised in)/generated from operations		(3,911)	7,049
Interest paid		(194)	(283)
Taxation paid		(125)	(2,373)
Net cash (utilised in)/generated from operating activities		(4,230)	4,394
Cash flows from investing activities			
Acquisition of subsidiaries		-	(2,440)
Proceeds from disposal of subsidiaries		-	1,050
Purchase of property, plant and equipment		(7,095)	(4,387)
Investment in intangible assets		(5)	-
Proceeds from sale of property, plant and equipment		450	450
Dividends received from associates and subsidiaries		56,511	76
Net cash generated from/(utilised in) investing activities		49,862	(5,251)
Cash flows from financing activities			
Issue of ordinary shares to equity shareholders		28	-
Repayment of principal of leases		(844)	(1,020)
Dividends paid to owners of the Parent		(35,497)	-
Net cash utilised in financing activities		(36,313)	(1,020)
Net increase/(decrease) in cash and cash equivalents		9,319	(1,877)
Cash and cash equivalents at beginning of year		4,002	5,879
Cash and cash equivalents at end of year		13,321	4,002

The notes on pages 117 to 175 are an integral part of these Group financial statements.

Group Statement of Changes in Equity

For the period ended 31 October 2022

	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 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)
Remeasurement losses 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
At 1 November 2021	1,889	10,599	1,781	7,654	106,051	127,974	1,720	129,694
Profit for the period	-	-	-	-	38,793	38,793	-	38,793
Other comprehensive (expense)/income:								
Exchange differences	-	-	-	840	-	840	(11)	829
Remeasurement losses in defined benefit pension scheme and other post-employment benefit obligations	-	-	-	-	1,151	1,151	-	1,151
Deferred tax on remeasurement gains	-	-	-	-	(248)	(248)	-	(248)
Total other comprehensive (expense)/income	-	-	-	840	903	1,743	(11)	1,732
Total comprehensive (expense)/income	-	-	-	840	39,696	40,536	(11)	40,525
Transactions with owners of the Parent:								
Shares issued in the period	-	28	-	-	-	28	-	28
Share options	-	-	884	-	-	884	-	884
Dividends	-	-	-	-	(35,497)	(35,497)	-	(35,497)
Acquisition of minority	-	-	-	-	(1,276)	(1,276)	(1,709)	(2,985)
Total transactions with owners of the Parent	-	28	884	-	(36,773)	(35,861)	(1,709)	(37,570)
At 31 October 2022	1,899	10,627	2,665	8,494	108,974	132,649	-	132,649

The notes on pages 117 to 175 are an integral part of these Group financial statements

Company Statements of Changes in Equity

For the period ended 31 October 2022

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 1 November 2020	1,889	10,599	2,207	45,632	60,327
Profit 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
At 1 November 2021	1,889	10,599	2,207	46,405	61,100
Profit for period	-	-	-	57,824	57,824
Other comprehensive gain	-	-	-	11	11
Total other comprehensive gain	-	-	-	11	11
Total comprehensive income	-	-	-	57,835	57,835
Transactions with owners of the Parent					
Shares issued in the period	-	28	-	-	28
Capital contributions relating to share-based payments (net)	-	-	521	-	521
Dividends	-	-	-	(35,497)	(35,497)
Total transactions with the Parent	-	28	521	(35,497)	(34,976)
At 31 October 2022	1,899	10,627	2,728	68,743	83,987

Notes to the Financial Statements

For the 12 months ended 31 October 2022

General information

ME Group International plc (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 MEGP. 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 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.

Authorisation of the financial statements and statement of compliance with IFRSs

The Group and the Company financial statements of ME Group International plc (the "Company") for the period ended 31 October 2022 were authorised for issue by the Directors on 27 February 2023 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 MEGP. 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 68.

The financial statements have been prepared in accordance with UK-adopted international accounting standards and in conformity with the requirements of the Companies Act 2006.

Change of company name

On 1 August 2022 the Company changed its name from Photo-Me International Plc to ME Group International Plc. On the same date, the Company's London Stock Exchange symbol changed from PHTM to MEGP.

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 127.

1.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards under the historical cost convention except for certain financial instruments held at FVTPL.

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 produced equipment, 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. 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.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

1 Accounting policies continued**Scenario 2:**

The "most likely scenario" is based on the budget, but with the following sensitivities added:

- A 10% decrease in machine installations due to supply chain issues,
- A 5% price increase in spare parts and consumables
- A 10% increase in paper costs
- A 1% drop in total revenue due to loss of key accounts
- A 2% drop in revenue due to the ongoing COVID 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 based on the budget, but with the following sensitivities:

- A 20% decrease in machine installations due to supply chain issues,
- A 10% price increase in spare parts and consumables
- A 20% increase in paper costs
- A 1% drop in total revenue due to loss of key accounts
- A 3% drop in revenue due to the ongoing COVID 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 based on the budget, but with the following sensitivities:

- A 30% decrease in machine installations due to supply chain issues,
- A 20% price increase in spare parts and consumables
- A 30% increase in paper costs
- A 3% drop in total revenue due to loss of key accounts
- A 5% drop in revenue due to the ongoing COVID pandemic.
- Revenue is reduced by 5% 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 in line with the groups policy.

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.

Management do not expect the Ukrainian conflict to have any impact on the business. 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. 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.

2) Application of IFRS16 to site agreements – note 1.7
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. Due to the high volume of such agreements, the accounting impact is material to the Group. Management assesses, on agreement-by-agreement basis, whether the criteria for recognition as a lease under IFRS 16 has been met, which requires judgement. 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 carrying value of goodwill and intangible assets at the period end were £17,116,000 and £15,620,000 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 all CGUs was 1%.

WACC discount rates were calculated for each territory and ranged between 9.7% and 14.2%. Further details of impairment testing are disclosed in note 11.

Goodwill impairments are not reversed or adjusted.

- 2) Useful lives and 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.

Each of the Group's vending machine units is considered a standalone cash generating unit. The COVID 19 pandemic negatively impacted the cash generation of vending units, indicating potential impairment at that point in time. Consequently, at 31 October 2020 each unit was subject to impairment testing, based on each individual unit's projected EBITDA, as described in note 12. Impairment charges were recognised where value in use of a unit was lower than its carrying value.

At 31 October 2021 and 31 October 2022 all units were subject to updated impairment tests 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 £101,090,000.

- 3) Valuation of pension obligations – note 1.13 and 22
The Group operates pension and other retirement and post-employment schemes including both funded defined benefit schemes, and defined contribution schemes. The schemes' assets and liabilities are valued annually by third party actuaries, in accordance with IAS19. Pension valuations are subject to estimation and uncertainty due to the complex nature of actuarial assumptions. Management reviews the appropriateness of the actuaries' assumptions each year as part of the valuation process.

The carrying value of the Group's pension and retirement obligations at the period end was £3,850,000.

- 4) Determination of discount rates for lease accounting – notes 1.7 and 12

To calculate the value of right of use assets and lease liabilities recognised in the Statement of Financial Position, management must determine an appropriate discount rate to apply to the cashflows of each lease agreement. Discount rates are subject to uncertainty and estimation as they are based on numerous external inputs and assumptions.

Management determines discount rates using the Group's external cost of borrowing adjusted for timing of borrowing, lease term, country and currency impacts. An asset specific adjustment is also applied to tailor the discount rate to the specific characteristic of the leased asset. For the purpose of determining asset specific adjustments leases have been organised into pools of similar leased asset types.

Management obtained expert external advice on the determination of appropriate discount rates for the year ended 31 October 2022. The discount rates used range between 0.05% and 2.29%.

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 year end.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022**1 Accounting policies continued****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 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.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. When a non-controlling interest is acquired by the Group, any difference between the consideration paid and the accumulated value of the non-controlling interest is recognised in equity. Gains or losses on disposal of non-controlling interests are also recognised in equity.

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 2022 or 2021.

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 income statement.

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 operating subsidiary.

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.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

1 Accounting policies continued

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

	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	Customer related intangible assets are amortised over their useful lives of between three and 10 years on a straight-line basis with no residual value	Patents and licence assets are amortised over their useful lives of between seven and 10 years on a straight-line basis with no residual value	Not amortised but subject to impairment testing annually
Internally generated or acquired	Internally generated	Acquired	Acquired	Acquired	Acquired

Amortisation of capitalised development costs are included in the cost of sales. Amortisation of other intangible assets categories is included in both the cost of sales and administration expenses in the income statement.

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, 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
Photobooths and vending machines	10% – 33.33% straight-line
Right of use assets	Depreciated over the lease term.
Plant, machinery, furniture, fixtures and motor vehicles	12.5% – 33.33% straight-line.

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 Leases

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.

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. Lease Liabilities are adjusted for certain re-measurement events, e.g. revised discount rate, change in the lease term or change in future lease payments resulting from a change in an index. Discount rates are determined using the Group's external cost of borrowing adjusted for timing of borrowing, lease term, country and currency impacts. An asset specific adjustment is also applied to tailor the discount rate to the specific characteristic of the leased asset. For the purpose of determining asset specific adjustments leases have been organised into pools of similar leased asset types.

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 ME Group 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 or intangible assets with indefinite lives.

1.9 Financial instruments

(i) Financial assets

Classification of financial assets

Financial instruments are classified based on the Group's business model for managing financial assets and the contractual cash flow characteristics of the financial asset.

(a) 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.

(b) Financial assets held at amortised cost

Initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by any impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in the income statement. Any gain or loss on derecognition is recognised in the income statement.

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

Financial assets in this category are initially recorded and subsequently valued at fair value, with changes in fair value recognised in the income statement.

For investments designated as financial assets at fair value through profit or loss, 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.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

1 Accounting policies continued**(ii) Financial liabilities****(a) 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.

(b) Trade and other payables

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

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, restricted and unrestricted deposits held at banks 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

Details of the pension schemes are included 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.

Details of equity compensation benefits are included in note 20.

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.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

1 Accounting policies continued

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 the 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. Payment is received immediately before the service is delivered to the customer
- 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 is required for accounting purposes. Revenue is the fair value of consideration received or receivable and is measured net of discounts, VAT and other sales-related taxes. Payment is typically due and received 30 days after the delivery of the product.

The Group offers a two year warranty on all machines sold and is responsible for any repairs required in that period

- 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. Revenue is the fair value of consideration received or receivable and is measured net of discounts, VAT and other sales-related taxes. Revenue is recognised in a straight line manner over the maintenance contract term. Payment is typically due and received 30 days after the delivery of the service is complete. Contract terms do not exceed one year in length

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 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.

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID-19-Related Rent Concessions beyond 20 June 2021 (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
Onerous Contracts Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
IFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023

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 Pacific, Continental Europe and United Kingdom & Ireland. The Group's Continental 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.

Segmental results are reported before intra-group transfer pricing charges.

	Asia Pacific £'000	Continental Europe £'000	United Kingdom & Ireland £'000	Corporate £'000	Total £'000
12 months ended 31 October 2022					
Total revenue	39,945	187,897	41,996	–	269,838
Inter segment sales	–	(10,058)	–	–	(10,058)
Revenue from external customers	39,945	177,839	41,996	–	259,780
EBITDA	9,094	75,497	15,388	(7,738)	92,241
Depreciation, amortisation and impairment	(7,136)	(24,234)	(3,868)	(322)	(35,560)
Operating profit/loss excluding associates	1,958	51,263	11,520	(8,060)	56,681
Operating profit					56,681
Other losses					(1,176)
Finance income					–
Finance costs					(2,151)
Profit before tax					53,354
Tax					(14,561)
Profit for the period					38,793
Capital expenditure (excluding Right of Use assets)	4,218	20,056	9,522	1,359	35,156
Non-current assets	24,870	90,932	25,054	796	141,652

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

3 Segmental analysis continued

12 months ended 31 October 2021	Asia Pacific £'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	(1,419)	130,462

Inter-segment revenue mainly relates to sales of equipment.

Total revenue from external customers is analysed below:

	Group	
	12 months ended 31 October 2022 £'000	12 months ended 31 October 2021 £'000
Total revenue from external customers		
Sales of equipment, spare parts & consumables	20,459	21,013
Sales of services	3,895	3,772
Other sales	–	130
	24,355	24,915
Vending revenue	235,425	189,488
Total revenue	259,780	214,404

There were no key customers in the period ended 31 October 2022 (2021: none).

4 Profit for the period

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

	31 October 2022 £'000	31 October 2021 £'000
Amortisation, depreciation and impairment		
Amortisation of previously capitalised research and development expenditure	2,955	1,396
Amortisation of intangible assets other than research and development	3,664	(49)
Impairment of/(reversal of impairment of) previously capitalised research and development expenditure	153	(112)
Impairment of/(reversal of impairment of) intangible assets other than research and development	-	3,602
Impairment of goodwill	-	582
	6,772	5,419
Depreciation of property, plant and equipment and investment property		
Depreciation of owned assets	25,774	28,767
Depreciation of right of use asset	6,445	4,420
Impairment of/(reversal of impairment of) owned property, plant and equipment and investment property	(3,443)	(2,875)
	28,776	30,312
Amortisation of previously capitalised research and development expenditure		
- reflected in income statement in cost of sales	2,955	1,396
Amortisation of intangible assets other than research and development		
- reflected in income statement in cost of sales	3,394	1,181
- reflected in income statement in administrative expenses	272	(1,231)
	6,621	1,346
	31 October 2022 £'000	31 October 2021 £'000
Short term and low value leases		
- property	945	537
- plant and equipment	825	888
	1,770	1,425
Inventory cost		
Cost of inventories recognised as an expense	6,580	8,537
	6,580	8,537

During the period the Group provided £288,000 in respect of obsolete stock (2021: £1,268,000).

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

4 Profit for the period continued

	31 October 2022 £'000	31 October 2021 £'000
Other items		
Research and development current period expenditure, not capitalized	1,724	1,463
Trade receivables impairment/(reduction of impairment) (note 15)	(126)	850
Net foreign exchange losses	630	689
Loss/(gain) on sale of property, plant and equipment	(175)	(368)
Direct expenses for investment properties generating rental income	-	12

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 (2021: Mazars) and its associates.

	31 October 2022 £'000	31 October 2021 £'000
Fees for the audit of the company and the group – Mazars LLP	313	232
Fees for the audit of the subsidiaries – other Mazars	39	192
Fees for the audit related services (interim review) – Mazars	50	-
Fees for the audit of the subsidiaries – Other firms	84	83
	486	507
Fees for the audit of the prior year incurred in the year – other firms	-	-
	486	507

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. No such services were delivered in the year or in the previous year.

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

	31 October 2022 £'000	31 October 2021 £'000
Gain on disposal of property	7,315	-
Rental income from investment property (note 13)	365	98
Other small items of non-trading income	236	219
	7,916	317

The Group generated a gain of £7,315,000 from the sale of an office property in France.

Other gains and losses

Other gains and losses comprise of transactions relating to financial instruments held at FVTPL, other financial instruments and the disposal of subsidiaries. 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.

	31 October 2022 £'000	31 October 2021 £'000
Other gains and losses		
(Loss)/gain on disposal of subsidiary	(459)	1,093
Fair value (loss)/gain on financial instrument held at FVTPL	(330)	546
(Loss)/gain on available for sale financial instruments	(20)	26
Other (losses)/gains	(367)	359
	(1,176)	1,998

Period ended 31 October 2022

The Group incurred a loss on disposal of £459,000 from the disposal of its Spanish subsidiary La Wash Group, recognized in other losses in the income statement.

Period ended 31 October 2021

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

5 Employees**Employment costs**

	31 October 2022 £'000	31 October 2021 £'000
Wages and salaries	41,394	38,920
Social security costs	9,017	7,491
Share options granted to directors and employees	884	493
Post-employment benefit costs		
– defined benefit schemes	383	251
– defined contribution schemes	265	447
	51,943	47,602

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

5 Employees continued**Number of employees**

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

	31 October 2022	31 October 2021
Full – time	996	860
Part – time	121	113
	1,117	973
UK : Full – time	159	103
UK : Part – time	4	0
Continental Europe : Full – time	688	625
Continental Europe : Part – time	24	35
Asia and rest of the world : Full – time	149	132
Asia and rest of the world : Part – time	93	78
	1,117	973

Employees by category

	As at 31 October 2022	As at 31 October 2021
Senior managers in the Group (excluding directors of ME Group)	27	31
Employees– Sales	110	113
Employees–Administration	191	184
Employees–Operating	789	645
Total	1,117	973

6 Finance income and costs

	31 October 2022 £'000	31 October 2021 £'000
Finance income		
Dividends received from investments	–	104
Other financial income	–	73
	–	177
Finance costs		
Bank loans and overdrafts at amortised cost	(714)	(691)
Interest on lease liabilities	(1,437)	(2,254)
	(2,151)	(2,955)

7 Taxation expense

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

	31 October 2022 £'000	31 October 2021 £'000
Taxation		
Current taxation		
UK Corporation tax		
– current period	6,104	3,562
– prior periods	2,253	(259)
	8,357	3,303
Overseas taxation		
– current period	7,200	3,415
– prior periods	90	259
	7,290	3,674
Total current taxation	15,647	6,977
Deferred taxation		
Origination and reversal of temporary differences		
– current period – UK	(150)	(301)
– current period – overseas	(961)	119
Adjustments in respect of prior periods – UK	27	–
Adjustments in respect of prior periods – Overseas	45	–
Impact of change in rate	(47)	–
Total deferred tax	(1,086)	(181)
Tax charge in the income statement	14,561	6,796
Tax relating to items (credited)/charged to other components of comprehensive income		
Corporation tax	–	–
Deferred tax	248	94
Tax charge in other comprehensive income	248	94
Total tax charge in the statement of comprehensive income	14,809	6,890

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

7 Taxation expense continued**Reconciliation of total tax charge**

The difference between the Group tax charge and the standard UK corporation tax rate of 19% (2021: 19%) is explained below:

	31 October 2022 £'000	31 October 2021 £'000
Profit before tax	53,354	28,555
Tax using the UK corporation tax rate of 19% (2021: 19%)	10,137	5,425
Effect of:		
– non-taxable items	405	63
– overseas tax rates	1,983	354
– remeasurement of deferred tax for changes in tax rates	(47)	
– losses not recognised in deferred tax (relieved)/incurred	(1,053)	648
– non-deductible expenses	(98)	–
– adjustments to tax in respect of prior periods	2,416	–
– foreign exchange movements	–	213
– other adjustments	818	–
Total tax charge	14,561	6,703
Effective tax rate	27.3%	23.8%

The Group tax charge of £14.8m (2021: £6.8m) corresponds to an effective tax rate of 27.7% (2021: 23.8%).

There will be an increase in the main rate of corporation tax in the UK from 19% to 25% from 1 April 2023. The deferred tax assets and liabilities have been recognised based on the corporation tax rate at which they are anticipated to unwind.

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 £57,824,000 (2021: £785,000), including dividends received from subsidiaries.

9 Dividends paid and proposed

	31 October 2022		31 October 2021	
	pence per share	£'000	pence per share	£'000
Dividends Paid				
Special dividend				
Approved by the Board on 18 July 2022	6.50	24,572	–	–
Final				
2021 approved at AGM held on 29 April 2022	2.89	10,925	–	–
	9.39	35,497	–	–
Dividends Proposed				
Interim Dividend				
2022 approved by the board on 18 July 2022	2.60	9,829	–	–
	2.60	9,829	–	–

Period ended 31 October 2022 – Dividends paid

The Board proposed a final dividend of 2.89p per ordinary share in respect of the year ended 31 October 2021, which was approved by shareholders at the Annual General Meeting held on 29 April 2022 and paid on 13 May 2022.

The Board also approved, at its 18 July meeting, a special dividend of 6.50p per ordinary share, which was paid on 1 September 2022.

Period ended 31 October 2022 – Proposed dividends not yet paid

The Board proposed an interim dividend of 2.60p per ordinary share for the six month period ended 30 April 2022. The interim dividend was approved by the Board on 18 July 2022 and paid on 3 November 2022.

Period ended 31 October 2021

No dividends were paid in the year ended 31 October 2021.

10 Earnings per share

Basic earnings per share amounts are calculated by dividing net earnings attributable to shareholders of the Parent of £38,793,000 (2021: £21,852,000) 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 2022			31 October 2021		
	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	38,793	378,052	10.26	21,852	378,012	5.78
Effect of dilutive share options	–	1,048	(0.03)	–	927	(0.01)
Diluted earnings per share	38,793	379,100	10.23	21,852	378,938	5.77

Potential shares (for example, arising from exercising share options) are treated as dilutive only when their conversion to shares would decrease basic earnings per share or increase loss per share from continuing operations.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

11 Goodwill and other intangible assets

Goodwill

Group

	£'000
Cost:	
At 1 November 2020	19,246
Exchange differences	(370)
Additions	4,685
Disposals	(2,826)
At 31 October 2021	20,735
IFRS remeasurement	(2,337)
At 31 October 2021 (restated)	18,398
At 1 November 2021	18,398
Exchange differences	204
Additions	1,652
Disposals	(2,523)
At 31 October 2022	17,731
Impairment charges:	
At 1 November 2020	5,478
Exchange differences	(141)
Disposals	(2,826)
Impairment charge in the period	582
At 31 October 2021	3,093
At 1 November 2021	3,093
Disposals	(2,523)
At 31 October 2022	615
Net book value:	
At 31 October 2021	15,305
At 31 October 2022	17,116

In the period the purchase price allocation was completed for two acquisitions: Société Générale d'Équipement de Restauration and Now Retail Group. Brand, patent and customer related intangible assets with a total value of £3,128,000 were identified and transferred from goodwill to intangible assets. A deferred tax liability of £791,000 was recognised in respect of these intangible assets and added to the value of goodwill. Further details of the purchase price allocation are provided in note 29.

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

Additions	£'000
Dreammakers	1,652
	1,652
Disposals:	£'000
Global Network Investment SL:	
Cost	2,523
Impairment	(2,523)
Net book value	-

The assessment of the purchase price adjustments in relation to Dreammakers was still in progress at 31 October 2022.

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 (2021: nine) cash-generating units (CGUs); allocated between geographical areas and activity in accordance with impairment testing in the prior period:

	31 October 2022 £'000	31 October 2021 £'000
Carrying amount		
UK & Ireland		
CGU 1 – ME Group Ireland Supplies Limited	154	154
CGU 2 – Photo-Me Northern Ireland	14	14
Total UK & Ireland	168	168
Continental Europe		
CGU 1 – ME Group France SAS	308	303
CGU 2 – ME Group Germany GmbH	1,976	1,941
CGU 3 – Sempa SARL	3,374	3,299
CGU 4 – KIS SAS ¹	693	653
CGU 5 – Dreammakers ²	1,692	–
Total Continental Europe	8,043	6,196
Asia		
CGU 1 – Nippon Auto-Photo Kabushiki Kaisha ³	7,801	7,854
CGU 2 – Now Retail Group	1,104	1,087
Total Asia	8,905	8,941
Total	17,116	15,305

¹ Europe CGU 4 includes goodwill from the acquisition of Resto'Clock, which was merged into KIS SAS on 31st May 2022.

² This amount is converted at the closing balance FX rate when the amount in the previous table is converted at the FX rate at the date of acquisition

³ 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.

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

Long-Term growth rate 1% (2021: 0% to 1%)

The Long-Term growth rate assumption for all Group CGUs was 1%. The Long-Term 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 and economic conditions.

Discount rate 9.74%-14.24% (2021: 12.63%-14.50%)

The pre-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 country specific risks, local risk free borrowing rates and local tax rates for the specific country concerned.

The rates used are: United Kingdom 13.28% (2021: 13.14%), Ireland 10.40% (2021: 13.39%), France 12.36% (2021: 13.05%), Germany 11.16% (2021: 12.61%), Spain 14.24% (2021: 13.97%), Japan 10.65% (2021: 13.20%), Portugal 12.29% (2021: 14.50%), Belgium 10.12% (2021: 13.14%), Netherlands 11.28% (2021: 12.63%), Switzerland 10.00% (2021: 12.67%) and Austria 9.74% (2021: 12.96%). The Board is confident, overall, that these discount rates reflect the circumstances in each country, and are in accordance with IAS 36.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

11 Goodwill and other intangible assets continued

Sensitivity to key assumptions

As at the measurement date, the recoverable amount of all cash-generating units, based on their value in use, is significantly higher than the carrying amount relevant for the impairment test. After considering all key assumptions, management considers that a reasonably pessimistic revision of key assumptions which can rationally be expected would still cause the carrying amount of the cash-generating units to exceed their recoverable amount.

Other intangible assets – Group

	Capitalised development costs £'000	Other intangible assets £'000	Total £'000
Cost:			
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	–	7,644	7,644
Disposals	(1,000)	(42)	(1,042)
At 31 October 2021	13,011	30,054	43,065
IFRS remeasurement	–	3,128	3,128
At 31 October 2021 (restated)	13,011	33,182	46,193
At 1 November 2021	13,011	33,182	46,193
Exchange differences	(16)	(306)	(322)
Additions external	1,418	1,068	2,486
Additions new subsidiary	–	98	98
Disposals	(6,374)	(4,306)	(10,680)
At 31 October 2022	8,039	29,736	37,775
Amortisation:			
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
Transfer from property, plant and equipment	758	386	1,144
Disposals	–	(42)	(42)
At 31 October 2021	10,128	16,077	26,205
At 1 November 2021	10,128	16,077	26,205
Exchange differences	(31)	(182)	(213)
Provided during the period	3,108	3,664	6,772
Disposals	(6,341)	(4,268)	(10,609)
At 31 October 2022	6,864	15,291	22,155
Net book value:			
At 1 November 2020	3,676	9,790	13,466
At 31 October 2021	2,883	17,105	19,988
At 31 October 2022	1,175	14,445	15,620

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

Other intangible assets consist of software (£1,390,000), brands (£665,000), customer related assets (£11,181,000), patents (£1,089,000) and Droit au Bail (£120,000).

Research and development

An impairment charge of £153,000 (2021: credit for reversal of impairment of £112,000) is recognised in the line "Costs of sales". The impairment charge was made against the intangible assets of KIS SAS (£49,000) and the Photo-Me (Shanghai) Co Limited (£104,000). Impairment losses were due to a reduction in forecast cash generation of the affected subsidiaries.

Other intangible assets

No impairment charges or reversals were recognised in the year (2021: £3,602,000 impairment charge was recognised in "Administrative expenses").

Company

	Other intangible assets £'000
Cost:	
At 1 November 2020	776
At 31 October 2021	776
Addition	5
At 31 October 2022	781
Amortisation:	
At 1 November 2020	776
At 31 October 2021	776
At 31 October 2022	776
Net book value:	
At 1 November 2020	0
At 31 October 2021	0
At 31 October 2022	5

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.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

12 Property, plant and equipment continued
Group

	Land & Buildings £'000	Photobooth & vending machines £'000	Plant, machinery, fixtures & motor vehicles £'000	Right of Use Land & Buildings £'000	Right of Use Plant, machinery, fixtures £'000	Right of Use Motor vehicles £'000	Total £'000
Cost:							
At 31 October 2020	19,308	278,800	27,258	1,003	10,715	4,814	341,898
Exchange difference	(1,359)	(17,747)	(1,481)	(49)	(520)	(234)	(21,390)
Additions internal	-	22,450	4	-	-	-	22,454
Additions external	425	113	4,437	3,517	4,356	1,868	14,716
Additions - new sub	-	2,207	274	-	-	-	2,481
Disposals	(313)	(20,991)	(2,362)	(71)	(976)	(998)	(25,711)
At 31 October 2021	18,061	264,832	28,130	4,400	13,575	5,450	334,448
Exchange difference	206	(644)	295	59	155	102	173
Additions internal	-	21,496	-	-	-	-	21,496
Additions external	683	5,709	4,782	2,878	1,803	2,617	18,472
Additions - new sub	3	8	-	-	-	-	11
Disposals	(3,650)	(14,477)	(3,042)	(2,328)	(1,047)	(1,707)	(26,251)
At 31 October 2022	15,303	276,924	30,165	5,009	14,486	6,462	348,349
Depreciation:							
At 31 October 2020	9,690	213,280	22,115	291	4,409	1,828	251,613
Exchange difference	(798)	(13,922)	(1,597)	(14)	11	(89)	(16,409)
Provided during the period	330	25,931	2,506	972	2,002	1,446	33,187
Impairments	95	(4,167)	1,197	-	-	-	(2,875)
Transfers to intangibles	-	(1,144)	-	-	-	-	(1,144)
Disposals	(56)	(18,960)	(1,114)	271	(1,137)	(901)	(21,897)
At 31 October 2021	9,261	201,018	23,107	1,520	5,285	2,284	242,475
Exchange difference	7	(1,439)	357	93	23	40	(919)
Provided during the period	322	22,849	2,603	2,015	2,619	1,811	32,219
Impairments	(86)	(2,650)	(707)	-	-	-	(3,443)
Disposals	(2,510)	(14,477)	(1,862)	(1,470)	(1,047)	(1,707)	(23,073)
At 31 October 2022	6,994	205,301	23,498	2,158	6,880	2,428	247,259
Net book value:							
At 1 November 2020	8,800	63,814	5,023	2,880	8,290	3,166	91,973
At 31 October 2021	8,309	71,623	6,667	2,851	7,606	4,034	101,090
At 31 October 2022	8,309	71,623	6,667	2,851	7,606	4,034	101,090

Internal additions for photobooths and vending machines of £21,496,000 (2021: £22,450,000) relate to own work capitalised, being equipment manufactured 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.

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 was 1% (2021: 0%- 1%). Pre-tax discount rates ranging between 9.7% and 14.2% (2021: 12.6% to 14.5%) 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. Impairments or reversals of impairment to photobooths and vending machines were recognised in the following operating segments: Asia Pacific – impairment charge of £1,603,000; Continental Europe – impairment reversal of (£1,405,000); and United Kingdom – impairment reversal of (£2,848,000).

A reversal of impairment to land and buildings of (£86,000) was recognised in the United Kingdom operating segment.

Impairments or reversals of impairment to plant, machinery, furniture, fixtures and motor vehicles were recognised in the following operating segments: Asia Pacific – impairment charge of £9,000; Continental Europe – impairment reversal of (£563,000); and United Kingdom – impairment reversal of (£153,000).

Significant impairment charges were made against the Group's property, plant and equipment during the pandemic affected period, when the uncertain outlook and reduced trading indicated impairment. In the current and prior years, as the pandemic restrictions have eased in most of our territories, the value in use of assets has increased and provisions have been reversed where appropriate.

Company

	Land & Buildings £'000	Photobooth & vending machines £'000	Plant, machinery, furniture, fixtures & motor vehicles £'000	Right of Use Land & Buildings £'000	Right of Use Plant, machinery, furniture, fixtures £'000	Right of Use Motor vehicles £'000	Total £'000
Cost:							
At 1 November 2020	-	42,530	1,440	-	2,438	955	47,363
Additions internal	-	3,226	-	-	-	-	3,226
Additions external	-	193	969	-	-	-	1,162
Additions right of use	-	-	-	1,011	109	772	1,892
Disposals external	-	(7,517)	(128)	-	(649)	(312)	(8,606)
At 31 October 2021	-	38,432	2,281	1,011	1,898	1,415	45,037
Additions internal	572	5,063	-	-	-	-	5,635
Additions external	-	430	1,030	-	28	60	1,548
Disposals external	-	(3,603)	(150)	-	(427)	(361)	(4,541)
At 31 October 2022	572	40,323	3,161	1,011	1,499	1,114	47,679
Depreciation:							
At 31 October 2020	-	36,612	400	-	1,163	434	38,609
Provided during the period	-	1,524	822	107	628	354	3,435
Disposals external	-	(7,128)	(35)	162	(649)	(290)	(7,940)
At 31 October 2021	-	31,008	1,187	269	1,142	498	34,104
Provided during the period	18	1,107	147	107	408	336	2,123
Additions new subsidiary	289	-	-	-	-	-	289
Disposals external	-	(3,347)	(66)	-	(427)	(361)	(4,201)
At 31 October 2022	307	28,768	1,268	376	1,123	473	32,315
Net book value:							
At 1 November 2020	1,796	4,321	1,041	1,041	1,041	1,041	7,158
At 31 October 2021	2,537	7,424	972	972	972	972	10,933
At 31 October 2022	265	11,554	1,891	634	375	640	15,364

Internal additions for photobooths and vending machines of £5,063,000 (2021: £3,226,000) relate to new equipment produced by subsidiaries and equipment previously capitalised by the Group's subsidiaries and sold to the parent.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

13 Investment property**Group**

	£'000
Cost:	
At 1 November 2020	13,660
Exchange differences	(838)
At 31 October 2021	12,822
Exchange differences	230
At 31 October 2022	13,052
Depreciation:	
At 1 November 2020	13,008
Exchange differences	(799)
Provided during the period	16
At 31 October 2021	12,225
Exchange differences	220
Provided during the period	15
At 31 October 2022	12,460
Net book value:	
At 1 November 2020	652
At 31 October 2021	597
At 31 October 2022	592

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 £365,000 (2021: £98,000) (note 4).

Company

The Company has no investment property.

14 Investments in associates and subsidiaries**Investment in associates****Group**

	£'000
Cost:	
At 1 November 2020	57
Exchange differences	(1)
Disposal (see note 4)	(35)
At 31 October 2021	21
Exchange differences	(1)
Disposal (see note 4)	-
Dividends	-
At 31 October 2022	20

Name	Country of incorporation	Assets £'000	Liabilities £'000	Revenue £'000	Share of profit £'000	Dividends received	Interest %
At 31 October 2021							
Globe Connect & Photomaton Maroc	Morocco	90	69	-	-	-	-
		90	69	-	-	-	50
At 31 October 2022							
Globe Connect & Photomaton Maroc	Morocco	90	70	-	-	-	50
		90	70	-	-	-	50

Company

	Associated undertakings £'000	Subsidiary undertakings £'000	Total £'000
Costs:			
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
At 1 November 2021	6	48,821	48,827
Capital increase relating to share-based payment (net)	-	521	521
Disposal	-	(2,956)	(2,956)
At 31 October 2022	6	46,386	46,392
Provision:			
At 1 November 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
At 1 November 2021	6	1,920	1,926
Impairment	-	-	-
Disposal	-	(2)	(2)
At 31 October 2022	6	1,918	1,924
Net book value:			
At 1 November 2020	38	45,496	45,534
At 31 October 2021	-	46,901	46,901
At 31 October 2022	-	44,468	44,468

The net capital increase relating to share-based payments relates to share options in the parent company, ME Group 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.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022**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 2022 (31 October 2021: 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.

The Group holds an investment in Max Sight Group Holdings Ltd, which as a listed company. This investment is valued at level 1. The Group owns 109,972,500 Max Sight Group Holdings Ltd's shares valued at 0,065 HKD per share as at 31 October 2022, giving a value at that date of £788,643.

On 27 October 2022, the Group subscribed to 500,000 convertible bonds in Energy Observer Developments SAS, a privately held company. This investment is valued at level 3 as its value is linked to the equity value of Energy Observer Developments SAS, which is not observable market data. At both the subscription date, 27 October 2022, and at the reporting date, 31 October 2022, the investment is valued at its issue price of €5,000,000 (£4,300,335).

In the absence of observable relevant market data, the bond's issue price is deemed to be the best measure of fair value.

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

Financial instruments by category

The tables below show financial instruments by category for the Group

Group

At 31 October 2022	Loans and receivables £'000	Fair value through profit or loss £'000	Total £'000
Assets per statement of financial position			
Financial instruments held at FVTPL	–	5,239	5,239
Financial assets – held at amortised cost			
Trade and other receivables	10,449	–	10,449
Cash and cash equivalents	136,185	–	136,185
	146,634	5,239	151,873
		Other financial liabilities at amortised cost £'000	Total £'000
Liabilities per statement of financial position			
Borrowings		102,163	102,163
Leases		15,923	15,923
Trade and other payables		52,248	52,248
		170,334	170,334

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

15(A) Fair values of financial instruments by class continued

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
Financial assets – held at amortised cost			
Trade and other receivables	24,320	–	24,320
Cash and cash equivalents	99,362	–	99,362
	124,826	1,501	125,183

		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		42,484	42,484
		123,420	123,420

Company

At 31 October 2022	Loans and receivables £'000	Fair value through profit or loss £'000	Total £'000
Assets per statement of financial position			
Financial assets held at FVTPL	–	789	789
Financial assets – held at amortised cost			
Trade and other receivables	23,142	–	23,142
Cash and cash equivalents	13,321	–	13,321
	36,463	789	37,251

		Other financial liabilities at amortised cost £'000	Total £'000
Liabilities per statement of financial position			
Leases		1,801	1,801
Trade and other payables		14,551	14,551
		16,352	16,352

At 31 October 2021	Loans and receivables £'000	Financial instruments £'000	Total £'000
Assets per statement of financial position			
Financial assets held at FVTPL	–	1,292	1,292
Financial assets – held at amortised cost			
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		20,999	20,999
		23,556	23,556

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 statement of comprehensive income 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.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022**15(B) Financial statement risk management** continued

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 and other receivables are normally interest free. The normal terms of settlement for trade receivables are between 30 and 90 days.

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.

Under the Group's operating model, most revenue is collected at the point of sale. Where credit terms are offered, the Group has a strong record of debtor recovery.

Any balances that are more than 90 days past due date are provided for in their entirety. The only exceptions to this policy are accounts where the Group has open work in progress or where technical issues are preventing the proper operation of the vending unit in question.

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 2022 £'000	31 October 2021 £'000	31 October 2022 £'000	31 October 2021 £'000
Current	4,209	7,061	12	(2)
Past due				
– overdue 1-30 days	–	–	–	–
– overdue 31-60 days	39	1,280	5	65
– overdue 61 days	1,630	1,370	8	(52)
Total past due	1,669	2,650	13	13
Total trade receivables	5,878	9,711	25	11

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 2022 and 31 October 2021 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 2022 and 31 October 2021, 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 2022 and 31 October 2021 based on contractual undiscounted payments.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

15(B) Financial statement risk management continued

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 2022							
Interest bearing loans and borrowings and interest free loans	29,799	25,678	19,523	16,735	10,158	271	102,164
Finance leases	5,858	2,568	2,513	2,503	2,481	–	15,922
Trade and other payables	52,248	–	–	–	–	–	52,248
	87,905	28,246	22,036	19,238	12,639	271	170,334
At 30 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
Finance leases	5,757	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

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 2022							
Finance leases	1,060	185	185	185	185	–	1,801
Trade and other payables	14,552	–	–	–	–	–	14,552
	15,612	185	185	185	185	–	16,353
At 30 October 2021							
Finance leases	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

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 Group's UK pension fund obligations.

(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 2022 and 31 October 2021 the majority of the Group's borrowings were denominated in Euros and held by subsidiaries whose functional currency is the Euro.

**Analysis monetary assets and liabilities by currency
Group**

	Sterling £'000	Euro £'000	Swiss Franc £'000	Japanese Yen £'000	Other Currencies £'000	Total £'000
At 31 October 2022						
Assets per statement of financial position						
Financial instruments held at FVTPL	789	4,450	–	–	–	5,239
Trade and other receivables	2,152	15,708	139	3,002	1,023	22,024
Cash and cash equivalents	15,781	105,910	5,236	7,694	1,564	136,185
	18,722	126,068	5,375	10,696	2,587	163,448
Liabilities per statement of financial position						
Borrowings and Leases	1,802	110,801	435	4,944	104	118,086
Trade and other payables	9,109	37,149	2,300	3,170	520	52,248
	10,911	147,950	2,735	8,114	624	170,334
At 31 October 2021						
Assets per statement of financial position						
Financial instruments held at FVTPL	1,425	76	–	–	–	1,501
Trade and other receivables	4,340	15,897	291	2,236	1,556	24,320
Cash and cash equivalents	5,146	80,199	3,493	8,539	1,985	99,362
	10,911	96,172	3,784	10,775	3,541	125,183
Liabilities per statement of financial position						
Borrowings and Leases	114,045	(29,652)	(1,637)	3,420	(5,240)	80,936
Trade and other payables	8,417	28,329	1,769	3,202	767	42,484
	122,462	(1,323)	132	6,622	(4,473)	123,420

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

15(B) Financial statement risk management continued**IFRS 7 sensitivity analysis**

Sensitivity analysis has been performed on the Group's Euro foreign exchange risk, as its most material foreign currency. A 10% strengthening of Euro against Sterling, at the Statement of Financial Position date, would have caused a £2,432,000 decrease in the Group's net assets at that date (2021: £267,000 increase in net assets). A 10% weakening of Euro against Sterling would have had the equal and opposite effect on the Group's net assets.

Interest rate risk

Group	2022 Carrying amount £'000	2021 Carrying amount £'000
Net cash		
Mainly non-interest bearing current accounts:		
Cash at bank and in hand	81,219	97,683
Deposit accounts – generally interest bearing:		
Bank deposit accounts	53,981	695
Restricted bank deposit accounts	985	984
Other items		
Interest free and interest bearing loans	(102,163)	(64,443)
	34,022	34,919

The above table shows which components of net debt are subject to interest. The Group has no exposure to floating rate interest bearing debt and a change in interest rates will not have a material change on interest expense.

IFRS 7 sensitivity analysis

All of the Group's debt is subject to fixed rates of interest, so interest payable charges would not be materially impacted by a change in interest rates. Consequently, no sensitivity tables have been presented.

Details of the Group's borrowings are shown in the table below. All loans are subject to fixed rates of interest. An increase of 1% in the fixed rate of interest would result in an extra £1,022,000 (31 October 2021: £644,000) 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 2022 and 31 October 2021.

Group	Status	Currency	Interest Rate	Year of maturity	2022 Carrying amount £'000	2021 Carrying amount £'000
Loans	Fixed rate	Euro	0.49% – 1.2%	2022-2026	102,163	64,443
Lease liabilities	Fixed rate	Various	6.1% – 18.6%	Various	15,923	16,493
					118,086	80,936

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 2022 £'000	31 October 2021 £'000
Cash and cash equivalents	136,185	99,362
Borrowings	(102,163)	(64,443)
Net cash (excluding restricted deposits)	34,022	34,919
Equity	132,649	129,964

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.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

16 Trade and other receivables

	Group		Company	
	31 October 2022 £'000	31 October 2021 £'000	31 October 2022 £'000	31 October 2021 £'000
Non-current assets				
Other receivables	1,974	1,784	–	–
Prepayments	–	84	–	–
	1,974	1,868	–	–
Current assets				
Gross trade receivables	6,865	10,587	101	115
Provision for trade receivables	(987)	(876)	(76)	(104)
Trade receivables	5,878	9,711	25	11
Amounts due from subsidiaries	–	–	21,525	17,020
Other receivables	2,597	5,282	354	127
Prepayments	11,549	7,458	1,238	2,296
	20,024	22,451	23,142	19,454

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 2022 £'000	31 October 2021 £'000	31 October 2022 £'000	31 October 2021 £'000
Raw materials and consumables	18,774	14,271	1,066	999
Finished goods	6,717	4,187	764	493
	25,491	18,458	1,830	1,492

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

18 Cash and cash equivalents

	Group		Company	
	31 October 2022 £'000	31 October 2021 £'000	31 October 2022 £'000	31 October 2021 £'000
Cash at bank and in hand	81,220	97,683	2,516	3,026
Deposit accounts (excluding restricted deposits)	53,980	695	9,829	–
Restricted deposit accounts	985	984	976	976
Cash and cash equivalents per statement of financial position	136,185	99,362	13,321	4,002

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 of £985,000 (2021: £984,000) are subject to restrictions and are not freely available for use by the Group or Company.

19 Net cash

	Notes	Group		Company	
		31 October 2022 £'000	31 October 2021 £'000	31 October 2022 £'000	31 October 2021 £'000
Cash and cash equivalents per statement of financial position	18	136,185	99,362	13,321	4,002
Non-current borrowings	21	(72,365)	(44,323)	-	-
Current borrowings	21	(29,799)	(20,120)	-	-
Net Cash		34,021	34,919	13,321	4,002

At 31 October 2022, £985,000 of the total net cash (2021: £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 £15,922,000 (2021: £16,493,000).

The tables below, which are not currently required by IFRS, reconcile the Group's net cash to the Group's statement of cash flows.

Group

	1 November £'000	Exchange differences £'000	Other movements £'000	Cash flow £'000	31 October £'000
31 October 2022					
Cash and cash equivalents per statement of financial position and cash flow	99,362	548	-	36,275	136,185
Financial asset held at amortised cost					-
Non-current loans	(44,323)	(310)	27,740	(55,473)	(72,366)
Current loans	(20,120)	(255)	(27,740)	18,316	(29,799)
	34,919	(17)	-	(882)	34,020
31 October 2021					
Cash and cash equivalents per statement of financial position and cash flow	107,177	(5,926)	-	(1,889)	99,362
Financial asset held at amortised cost					-
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)	(0)	13,144	34,919

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

19 Net cash continued
Company

	1 November £'000	Cash flow £'000	31 October £'000
31 October 2022			
Cash and cash equivalents per statement of financial position and cash flow	4,002	9,319	13,321
Financial instrument held at amortised cost/held to maturity	-	-	-
	4,002	9,319	13,321
31 October 2021			
Cash and cash equivalents per statement of financial position and cash flow	5,879	(1,877)	4,002
Financial instrument held at amortised cost/held to maturity	-	-	-
	5,879	(1,877)	4,002

20 Share capital and reserves

	31 October 2022 Number	31 October 2021 Number	31 October 2022 £'000	31 October 2021 £'000
Share Capital				
Allotted, issued and fully paid:				
Ordinary shares of 0.5p each				
At the beginning of the period	378,011,637	377,992,637	1,889	1,889
Issued in year – share options exercised	40,000	19,000	-	-
At the end of the period	378,051,637	378,011,637	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 2021	Exercise price	Granted during year	Lapsed or forfeited during year	Exercised during year	At 31 October 2022	Exercise price	Date from which exercisable	Last date on which exercisable
09-Jul-15	761,000	133.33p	-	(761,000)	-	-	133.33p	09-Jul-18	08-Jul-22
13-Jul-16	499,300	141.50p	-	(50,000)	-	449,300	141.50p	13-Jul-19	12-Jul-23
21-Jul-17	260,000	157.00p	-	(260,000)	-	-	157.00p	21-Jul-20	21-Jul-24
27-Aug-19	976,509	101.40p	-	(30,000)	-	946,509	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	-	-	(20,000)	1,245,000	61.40p	19-Apr-24	19-Apr-28
05-Aug-21	2,184,774	77.50p	-	-	(20,000)	2,164,774	77.50p	05-Aug-24	05-Aug-28
5-Oct-21	1,000,000	61.10p	-	-	-	1,000,000	61.10p	5-Oct-24	5-Oct-28
12-May-22	-	68.73p	2,225,000	-	-	2,225,000	68.73p	12-May-25	12-May-29
	8,946,583		2,225,000	(1,101,000)	(40,000)	10,030,583			

All options can be exercised, in normal circumstances, within a period of four years from the grant 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 ME Group 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 2022 is 75.98p (2021: 86.91p) and the weighted average exercise price of options exercisable at 31 October 2022 is 105.54p (2021: 140.06p).

The weighted average share price for options exercised during the period ended 31 October 2022 was 96.35p (31 October 2021: no options exercised).

The weighted average remaining years for options outstanding at the period-end date is 5.2 years (2021: 4.9 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 2022 and 31 October 2021:

Date of grant	27 August 2019	4 October 2019
Vesting period	3 years	3 years
Share price volatility	32.5%	32.59%
Share price on date of grant	101.40p	92.80p
Option price	103.00p	93.30p
Expected term	3.25 years	3.25 years
Dividend yield	0.00%	3.98%
Risk free interest rate	0.00%	
Fair value	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	12 May 2022	5 October 2021
Vesting period	3 years	3 years
Share price volatility	49.91%	49.48%
Share price on date of grant	65.20p	65.50p
Option price	68.73p	61.10p
Expected term	3.25 years	3.25 years
Dividend yield	4.43%	0.00%
Risk free interest rate	1.24%	0.56%
Fair value	25.17p	24.47p

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

20 Share capital and reserves continued

The charge for share-based payments was £884,000 (2021: £493,000) and for the Company the charge is £321,000 (2021: £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 2022 and 31 October 2021 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 statement of comprehensive income 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 £521,000 (2021: £201,000) arising on the redemption of the deferred shares and £2,007,000 (2021: £2,006,000) relating to the fair value of options granted to employees of Group undertakings.

21 Financial liabilities

	Group		Company	
	31 October 2022 £'000	31 October 2021 £'000	31 October 2022 £'000	31 October 2021 £'000
Non-current liabilities				
Non-current instalments due on bank loans	72,365	44,323	–	–
Current liabilities				
Current instalments due on loans	29,799	20,120	–	–

Bank loans bear fixed rates of interest. Margins are generally between 0.4% and 1.0%. Further details are provided in note 15.

Lease liabilities

In addition to bank loans, the Group has lease liabilities of £15,922,000 (2021: £16,493,000).

The Company has lease liabilities of £1,801,000 (2021: £2,557,000).

The Group has arrangements across three main categories: site agreements, property and motor vehicles. The key quantitative information regarding the lease portfolio is shown below:

Group	Site agreements	Property	Motor vehicles
As at 31 October 2022			
Number of lease agreements	545	9	423
Average lease term	74	66	43
Average remaining term (months)	34	28	10

Company	Site agreements	Property	Motor vehicles
As at 31 October 2022			
Number of lease agreements	65	1	99
Average lease term	47	113	47
Average remaining term (months)	6	72	17

The maturity profile of lease liabilities is shown below:

Group	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 2022							
Leases	5,858	2,568	2,513	2,503	2,481	–	15,922
At 31 October 2021							
Leases	5,757	2,556	2,141	2,082	2,071	1,887	16,493
Company	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 2022							
Leases	1,060	185	185	185	185	–	1,801
At 31 October 2021							
Leases	830	361	361	361	361	282	2,557

22 Post-employment benefit obligations

The Company and its principal subsidiaries operate pension and other retirement and post-employment schemes including both funded defined benefit schemes, and defined contribution schemes.

Defined benefit plans

A defined benefit plan is a pension arrangement under which participating members receive a benefit at retirement. The amount is determined by the plan rules and is dependent on such factors as age, years of service and pensionable pay and is not dependent on contributions made by the Company or members. The income statement service cost, in respect of defined benefit plans represents the increase in the defined benefit liability arising from pension benefits accrued by members in the current period. The Company having such plans is exposed to investment and other experience risks and may need to make additional contributions where it is estimated that the benefits will not be covered by the assets of the plan.

The Group's and the Company's policy is to recognise actuarial gains and losses immediately each year in the statement of changes in equity, under other comprehensive income. These comprise the impact on the defined benefit liability of changes in demographic and financial assumptions compared with the start of the year, actual experience being different to those assumptions and the return on plan assets above the amount included in net pension interest.

Defined contribution plans are arrangements in which the benefits paid to participants are linked to the amount of contributions paid and the performance of the scheme. Such plans are independent of the Company and the Group and the Company and the Group have no exposure to investment and experience risks. The income statement charge for these plans represents the contributions paid by the Group based on a percentage of employees' pay.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

22 Post-employment benefit obligations continued

The Group's and the Company's defined benefit pension schemes are included in the statement of financial position under employment benefit obligations, as are other overseas retirement provisions.

The amounts charged to profit and loss for all post-employment benefits are shown in note 5.

The amount shown in the statement of financial position is detailed as follows:

	Group		Company	
	31 October 2022 £'000	31 October 2021 £'000	31 October 2022 £'000	31 October 2021 £'000
Employment benefit obligations	3,692	4,425	–	–
Defined benefit schemes	158	508	–	–
	3,850	4,933	–	–

ME Group 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 2022, 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.

Profile of the Fund

The defined benefit obligation includes benefits for deferred pensioners and current pensioners. The defined benefit obligation is broadly split 99%/1% between pensioners and deferred members.

The defined benefit obligation for certain current pensioners is backed by insurance policies. A corresponding asset equal to the defined benefit obligation is included in this note in respect of these members.

The Fund duration is an indicator of the weighted-average time until benefit payments are made. For the Fund as a whole, the duration is around 9 years.

Funding requirements

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 2021. At this date the Fund had a funding level of 102% and a surplus of approximately £0.2 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). In addition, increases in expected inflation will be offset by an increase in the value of the Fund's index-linked bond holdings and insurance policies backing pensions in payment.
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. Increases in life expectancy will be partially offset by an increase in the value of the insurance policies backing pensions in payment.

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

	31 October 2022 £'000	31 October 2021 £'000
Present value of defined benefit obligation at beginning of the period	5,788	6,267
Current service cost	–	–
Interest cost	107	98
Actuarial losses/(gains) on fund liabilities arising in demographic assumptions	67	(8)
Actuarial losses/(gains) from changes in financial assumptions	(1,332)	(151)
Actuarial losses/(gains) on liabilities from experience	84	(79)
Benefits paid	(350)	(339)
Present value of defined benefit obligation at end of the period	4,364	5,788

Reconciliation of the movement in the fair value of plan assets

	31 October 2022 £'000	31 October 2021 £'000
Fair value of plan assets at beginning of the period	6,641	7,040
Interest income on fund assets	123	110
Remeasurement gains on assets	(1,645)	(170)
Benefits paid	(350)	(339)
Fair value of plan assets at end of the period	4,769	6,641

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

22 Post-employment benefit obligations continued

Amount to be recognised in the statement of financial position

	31 October 2022 £'000	31 October 2021 £'000
Present value of funded obligations	4,364	5,788
Fair value of scheme assets	4,769	6,641
Net surplus	(405)	(853)
Effect of limit of recognition of an asset	405	853
Amount recognised in statement of financial position	–	–

Amount recognised in profit and loss

	31 October 2022 £'000	31 October 2021 £'000
Amount recognised in profit and loss		
Current service cost	–	–
Interest on net defined liability/(asset)	–	–
Total charge	–	–
Pension expense recognised in profit and loss	–	–
Remeasurement in Other Comprehensive Income		
Return on Scheme assets in excess of that recognised in net interest	1,645	170
Actuarial losses due to changes in financial assumptions	(1,332)	(151)
Actuarial losses/(gains) due to changes in demographic assumptions	67	(8)
Actuarial losses/(gains) on liabilities arising from experience	84	(79)
Adjustment due to the asset ceiling	(464)	68
Total expense/(income) amount recognised in Other Comprehensive Income	–	–
Total expense amount recognised in Comprehensive Income	–	–

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 2022		31 October 2021	
	£'000	%	£'000	%
Bonds and insurance policies	4,704	99	6,628	100
Other	65	1	13	–
	4,769	100	6,641	100

There were no financial instruments of the Company included in the plan assets (2021: none) and there were no property assets occupied by the Company (2021: none).

Principal actuarial assumptions

	31 October 2022	31 October 2021
Discount rate for scheme liabilities	4.9	1.9
Rate for increase in salaries	n/a	n/a
Price inflation	3.1	3.3
Pension increases	3.0	3.2

The mortality tables used for 2022 are S3NXA Light tables for males and S3NXA All lives for females, with CMI 2021 projections and a long-term rate of improvement of 1.25% pa. The mortality tables used for 2021 were also S3NXA Light tables, but with CMI 2020 projections and a long term rate of improvement of 1.25% pa. The mortality assumptions allow for expected future improvements in mortality rates.

Salary increases are not relevant to the valuation as the scheme has been closed to new entrants for 30 years, so all members are now retired.

	31 October 2022	31 October 2021
Male currently aged 65	23.8 years (age 88.8)	23.3 years (age 88.3)
Female currently aged 65	25.1 years (age 90.1)	24.6 years (age 89.6)
Male currently aged 45	25.0 years (age 90.0)	24.5 years (age 89.5)
Female current aged 45	26.5 years (age 91.5)	26.0 years (age 91.0)

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Fair value of defined benefit obligation	4,364	5,788	6,267	5,940	5,947
Fair value of assets	4,769	6,641	7,040	6,675	6,657
Surplus/(deficit)	405	853	773	735	710

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Experience gains/(losses) on fund assets	(1,645)	(170)	622	160	(409)
Experience (losses)/gains on plan liabilities	(84)	79	(67)	9	87

Liabilities for 2022, 2021, 2020, 2019 and 2018 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 2022	Plan assets £'000	Defined benefit obligation £'000	Surplus £'000
As reported	4,769	4,364	405
Following a 0.1% decrease in the discount rate	4,780	4,400	380
Following a 0.1% increase in the inflation assumption	4,771	4,376	395
Following an increase in the life expectancy of one year	4,891	4,579	315

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, ME Group Switzerland AG 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 2022 and 31 October 2021 by independent actuaries.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

22 Post-employment benefit obligations continued

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

	31 October 2022 £'000	31 October 2021 £'000
Present value of defined benefit obligation at start of the period	3,621	4,792
Exchange difference	275	(329)
Contribution by members	36	37
Current service cost	172	214
Past service cost	(29)	–
Interest cost	8	8
Remeasurement gains on plan liabilities	(658)	(436)
Prepaid risk premiums	(38)	–
Benefits paid	(491)	(667)
Administration costs	2	2
Present value of defined benefit obligation at end of the period	2,898	3,621

	31 October 2022 £'000	31 October 2021 £'000
Fair value of plan assets at start of the period	3,113	3,615
Exchange difference	245	(190)
Contributions by company and members	178	183
Expected return on plan assets	9	6
Remeasurement gain on plan assets	(276)	166
Benefits paid	(491)	(667)
Prepaid risk premiums	(38)	–
Fair value of plan assets at end of the period	2,740	3,113

	31 October 2022 £'000	31 October 2021 £'000
Net liability at start of the period	508	1,177
Exchange difference	30	(138)
Decrease in liability	(380)	(531)
Net liability at end of the period	158	508

Amounts recognised in comprehensive income

	31 October 2022 £'000	31 October 2021 £'000
Amount recognised in profit and loss		
Amounts recognised in comprehensive income		
Current service cost	172	214
Past service cost	(29)	–
Administrative expenses	2	2
Net pension interest	(1)	2
Total charge	144	218
Amount recognised in other comprehensive income		
Loss/(gains) on scheme assets	276	(166)
Actuarial gains on defined benefit obligation	(658)	(436)
Total amount recognised in other comprehensive income	(382)	(602)
Total amount recognised in profit and loss and other comprehensive income	(238)	(384)

	31 October 2022		30 October 2021	
	£'000	%	£'000	%
Cash	27	1	31	1
Equities & debt instruments	1,863	68	2,117	68
Other	849	31	965	31
Total plan assets	2,740	100	3,113	100

Principal actuarial assumptions

	31 October 2022 %	31 October 2021 %
Discount rate	2.40	0.30
Expected return on plan assets at end of year	n/a	n/a
Rate of increase in salaries	1.20	1.20
Price inflation	1.00	1.00

The normal retirement age for males is between 60 – 65 years and for females between 59 – 64 years for both 2022 and 2021.

The mortality tables used in 2022 and 2021 were the BVG 2020 GT tables

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

History of assets, liabilities and actuarial gains and losses

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Present value of defined benefit obligation	2,898	3,621	4,792	4,144	3,826
Fair value of assets	2,740	3,113	3,615	3,087	2,894
Deficit	(158)	(508)	(1,177)	(1,057)	(932)

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Experience (losses)/gains on plan liabilities	658	436	(93)	(144)	131
– as a percentage of the present value of plan liabilities	(23%)	(12%)	2%	3%	3%
Remeasurement gains/(losses) on plan assets	(276)	166	(69)	96	(78)
– as a percentage of the present value of plan assets	(10%)	5%	(2%)	3%	(3%)

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	2,898	–
Defined benefit obligation		
– with discount rate – 0.25%	2,989	91
– with discount rate 0.25%	2,812	(85)
– with salary decrease – 0.25%	2,971	73
– with salary increase 0.25%	2,829	(69)
– with life expectancy 1 year	2,929	31
– with life expectancy – 1 year	2,865	(33)

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

22 Post-employment benefit obligations continued

The Group's best estimate for contributions to be paid by the company next year to the scheme is £133,000 (2021: £142,000).

The amount recognised in the income statement for this scheme was £144,000 (2021: £218,000).

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. The provision were valued by an independent actuary using the Projected Unit Credit Method at 31 October 2022 and 31 October 2021. This actuarial valuation incorporated the following principal assumptions in arriving at the present value of the obligations:

	31 October 2022	31 October 2021
Discount rate	0.49%	0.23%
Rate of increase in salaries	0%	0%
Retirement age	60 years	60 years
Mortality table	Standard mortality rates under defined benefit corporation pension plan (the 22nd Life Table for male & female)	Standard mortality rates under defined benefit corporation pension plan (the 22nd Life Table for male & female)

- 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 2022 and 31 October 2021. This actuarial valuation incorporated the following principal assumptions in arriving at the present value of the obligations:

	31 October 2022	31 October 2021
Discount rate	4.00%	0.65%
Rate of increase in salaries	2.00%	1.75%
Retirement age	62-67 years	62-67 years
Inflation rate	2.00%	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 31 October 2020	349	99	814	1,262
Exchange differences	84	(10)	(176)	(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
At 31 October 2021	688	764	714	2,166
Exchange differences	3	7	18	28
Utilised and other movements	(453)	(338)	(760)	(1,551)
Charged to income statement	–	202	722	924
At 31 October 2022	238	635	694	1,567
Amount shown as current liability	238	635	694	1,567
Amount shown as non-current liability	–	–	–	–

24 Deferred taxation

Deferred tax comprises:

	Group		Company	
	31 October 2022 £'000	31 October 2021 (restated) £'000	31 October 2022 £'000	31 October 2021 £'000
Temporary differences relating to property, plant and equipment	187	140	(907)	(732)
Other temporary differences in recognising revenue and expense items in other periods for taxation purposes:				
– capitalised development costs	1,015	514	–	–
– post-employment benefit provisions	(1,243)	99	–	–
– losses	–	30	–	–
– acquisition related intangibles	5,020	4,740	–	–
– other short-term temporary differences	2,781	3,049	(41)	–
	7,760	8,571	(948)	(732)
The closing balance comprises:				
Deferred tax assets	(1,982)	(833)	(948)	(732)
Deferred tax liabilities	9,742	9,454	–	–
	7,760	8,571	(948)	(732)

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

24 Deferred taxation continued

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

	Group		Company	
	31 October 2022 £'000	31 October 2021 (restated) £'000	31 October 2022 £'000	31 October 2021 £'000
Opening balance	9,362	6,058	(732)	(670)
Exchange differences	(137)	98	-	-
Adjustments for prior periods	82	-	-	-
Arising on acquisition of subsidiary	-	2,362	-	-
Post-employment benefit provisions	248	98	-	-
Charge/(credit) for the period in income statement	(1,169)	(181)	(216)	(62)
Amounts (credited)/charged to other comprehensive income	-	136	-	-
Other	(626)	-	-	-
Closing balance	7,760	8,571	(948)	(732)
IFRS remeasurement	-	791	-	-
Closing balance (restated)	7,760	9,362	(948)	(732)

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 nil (2021: £3,012,000) 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 2022 £'000	31 October 2021 £'000
Expiring in less than one year	-	-
Expiring between two and 20 years	-	2,713
No expiry date	-	299
	-	3,012

The Group has an unrecognised deferred tax asset on gross capital losses of £3,756,000 (2021: £3,756,000), of which £3,627,000 (2021: £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 an increase in the main rate of corporation tax in the UK from 19% to 25% from 1 April 2023. The deferred tax assets and liabilities have been recognised based on the corporation tax rate at which they are anticipated to unwind.

25 Trade and other payables

	Group		Company	
	31 October 2022 £'000	31 October 2021 £'000	31 October 2022 £'000	31 October 2021 £'000
Amounts shown as current liabilities				
Trade payables	29,364	24,599	3,207	3,624
Amounts owed to subsidiaries	–	–	8,736	15,030
Other taxes and social security costs	4,176	3,820	736	871
Other payables	11,081	7,232	64	62
Accruals and deferred income	7,627	6,833	1,808	1,412
	52,248	42,484	14,552	20,999

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 (2021: 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.

The following transactions were carried out with related parties:

Directors' compensation

	Group		Company	
	31 October 2022 £'000	31 October 2021 £'000	31 October 2022 £'000	31 October 2021 £'000
Salaries and other short-term employee benefits excluding long-term incentives and pension contributions	1,315	1,110	–	–
Share-based payment charge	246	127	–	–
	1,561	1,237	–	–

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. 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 Enil (2021: Enil). No director who served during the year was a member of the Company's defined benefit pension scheme (2021: none).

Directors of the Company control 36.60% of the Ordinary shares of the Company.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022

27 Related parties continued
Company

	31 October 2022 £'000	31 October 2021 £'000
Transactions with subsidiaries:		
Purchases	36	20
Amounts owed by subsidiaries	22,371	18,279
Amounts owed to subsidiaries	8,736	15,030
Other items:		
Intercompany fees charged by/(received from) subsidiaries	6,388	1,646
Property, plant and equipment acquired from subsidiaries	5,635	3,226
Dividend income		
– from subsidiaries	56,511	–

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 2022 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, ME Group 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	Dormant	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	Dormant	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
ME Group Ireland Supplies Limited	Operations	100%	Unit A4, Alexander House, Tallaght Cross East, Tallaght, Dublin 24	Republic of Ireland
Continental Europe				
ME Group Austria G.m.b.H.	Operations	100%	Industriestraße 7/K01 L/10, 2100 Korneuburg	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
Me-Group SPC Finland Oy	Operations	100%	Unit 3B Blenheim Road, Epsom, United Kingdom. KT19 9AP	Finland
KIS SAS	Production	100%*	7 Rue Jean-Pierre Timbaud, 38130 Echirolles	France
ME Group France	Operations	100%*	8 rue Auber 75009, Paris	France

Company name	Principal Activity	Group interest	Registered office address	Country of incorporation
Sempa SARL	Operations	100%*	73 D rue du Général Mangin, 38000 Grenoble	France
ME Group GSS	Corporate	100%	8 rue Auber 75009, Paris	France
SCI Immobilière du 21	Property	100%*	7 Rue Jean-Pierre Timbaud, 38130 Echirolles	France
Dreamaker	Operations	100%	80 route des Lucioles 06560 Valbournes	France
ME Group Germany G.m.b.H.	Operations	100%	Gervinusstraße 15-17, 60322 Frankfurt am Main	Germany
Me-Group Italia Srl	Operations	100%	Roma (RM) Via Lovanio 1, CAP 00198	Italy
Kis Italia Srl	Dormant	100%	Milano, Via Tiziano 32, CAP 20145	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
ME Group Portugal LDA	Operations	100%	Industrial do Carvalhinho – Fracção K 2860-579 MOITA	Portugal
ME Group Spain Solutions	Operations	100%	28224 – Pozuelo de Alarcón (Madrid), Calle de las Dos Castillas, 33, Ático 7	Spain
ME Group Switzerland AG	Operations	100%	Sonnentalstrasse 5, 8600 Dübendorf	Switzerland
Asia & ROW				
ME Group Australia Pty Ltd	Operations	100%	4/24 Philip Street, Hawthorne, Queensland 4171	Australia
Now Retail Group Pty Ltd	Operations	100%	Level 9, 123 Albert Street, Brisbane, Queensland 4000	Australia
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	Operations	100%*	Room 1124, Ocean Natural Xintiandi, No.106 East Majiapu Road, Fengtai District, Beijing 100000	China
Photo-Me Chengdu 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 Technology Company Limited	Dormant	100%	P.1003, Ford Thang Long Building, 105 Lang Ha, Vietnam Lang Ha Street, Ba Dinh district, Hanoi	
Photomaton Maroc SARL	Operations	50%	131 Bd D'Anfares Azur Sidi Belyout, /Casablanca Morocco	

* Investments in subsidiaries not owned directly by ME Group International plc.

Photo-Me CR.s.p.o.l.s.r.o. is owned 20% by ME Group International plc and 80% by ME Group Austria G.m.b.H.

The results of the Group's subsidiaries and associates are consolidated for the period ended 31 October 2022. Certain subsidiaries and associates have a different statutory year end, sometimes due to legal requirements in the country concerned.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022**28 Group undertakings** continued

The parent company, Me Group International Plc, has issued guarantees under section 479C of the Companies Act 2006, which exempts the following subsidiaries from the requirements relating to the audit of individual accounts by virtue of parental guarantee:

- Jolly Roger (Amusement Rides) Limited;
- Photo-Me (Retail) Limited;
- Xpand Investments Limited;
- Mginvest Investments Limited; and
- Photo-Me Limited.

29 Business combinations**Dreamakers**

On 31 March 2022 the Group acquired 100% of the issued share capital of Dreamakers for a consideration of €3,900,000 (£3,274,000), obtaining control of the company on that date.

Dreamakers, which operates under the trading name 'VIP BOX', is a France based, market leader in the rental and sale of selfie stations for private and professional events. This acquisition supports the Group's strategic aim of product diversification.

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

Deferred consideration

Of the total consideration, €600,000 (£504,000) is deferred and contingent on future performance. The deferred payment will be due 12 months from the acquisition date. The value will be determined based on Dreamakers' profit before tax over the 12 months following the acquisition date.

Management expects Dreamakers to meet the maximum profit before tax target, so have accrued the maximum contingent consideration value of €600,000 and included this amount in the total consideration.

Acquired assets and liabilities

The purchase price allocation, including determination of the fair value of intangible assets recognised on consolidation has not been finalised.

Goodwill has been calculated using the provisional fair values of the assets and liabilities acquired, with a value of £1,652,000 recognised in the Group's Statement of Financial Position, pending valuation of assets and liabilities acquired.

Pending receipt of the final valuations of the assets acquired, in accordance with IFRS3, the accounts will be adjusted retrospectively within the measurement period of no more than one year from the acquisition date.

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 2022 are shown in the table below.

	£'000
Property, plant and equipment	121
Total non-current assets	121
Inventory	47
Trade and other receivables	372
Cash and cash equivalents	2,031
Total current assets	2,450
Trade and other payables	949
Total current liabilities	949
Total liabilities	949
Total identifiable net assets excluding goodwill	1,622
Goodwill	1,652
Total identifiable net assets acquired	3,274
Satisfied by:	
Cash	2,770
Deferred consideration	504
Total consideration	3,274
Cash consideration per cashflow:	
Cash consideration	2,770
Net cash acquired	(2,031)
Initial cash outlay on purchase of subsidiaries	739
Revenue	1,756
Profit before tax	71

Société Générale d'Équipement de Restauration (SGER)

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.

Due to the proximity of the transaction to the prior period reporting date, the purchase price allocation, including determination of the fair value of intangible assets recognised on consolidation, had not been finalised when the prior period financial statements were approved.

With the purchase price allocation now complete, the Group has during the period adjusted the provisional amounts that were recorded in the prior period financial statements by increasing intangible assets by € 2,491,000 (£2,142,000) and reducing goodwill by the same amount (see note 11).

Notes to the Financial Statements continued

For the 12 months ended 31 October 2022**29 Business combinations continued**

As part of the purchase price allocation, the Group has recognised separately identifiable acquired intangible assets in accordance with IAS38 and had their fair values assessed by an independent expert.

The fair value adjustments in respect of acquired intangible assets are due to the recognition of €99,000 (£85,000) in respect of SGER's order backlog at the acquisition date; €1,398,000 (£1,202,000) in respect of the patents over SGER's proprietary technology which underpin its future cash generation; and €994,000 (£855,000) in respect of the 'Resto'clock' brand, which has been in existence for over 25 years.

There is a small balance of residual goodwill of €806,000 (£693,000) which we consider is attributable to SGER's acquired workforce.

A deferred tax liability of €629,000 (£541,000), in respect of the patent intangible asset, has been recognised and reflected in the adjusted goodwill value.

Now Retail Group (NRG)

On 3 September 2021 the Group acquired 100% of the issued share capital of Now Retail Group Pty Ltd for a consideration of AUD 3,504,000 (£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.

Due to the proximity of the transaction to the prior period reporting date, the purchase price allocation, including determination of the fair value of intangible assets recognised on consolidation, had not been finalised when the prior period financial statements were approved.

With the purchase price allocation now complete, the Group has during the period adjusted the provisional amounts that were recorded in the prior period financial statements by increasing intangible assets by AUD 1,777,000 (£987,000) and reducing goodwill by the same amount (see note 11).

As part of the purchase price allocation, the Group has recognised separately identifiable acquired intangible assets in accordance with IAS38 and had their fair values assessed by an independent expert.

The fair value adjustments in respect of acquired intangible assets are due to the recognition of AUD 1,352,000 (£751,000) in respect of NRG's non contractual customer relationships; AUD 226,000 (£126,000) in respect of contractual customer relationships; and AUD 199,000 (£110,000) in respect of brand related assets.

There is a balance of residual goodwill of AUD 2,015,000 (£1,104,000) which we consider is attributable to NRG's acquired workforce.

Other changes to the composition of the Group**Disposal of La Wash Group**

On 8 April 2022, the group disposed of its Spanish B2B laundry business La Wash Group. This was for consideration of £152,000. The group incurred a loss of £459,000 which has been recognised in other losses in the income statement.

Acquisition of non-controlling interest in SCI du Lotissement d'Echirolles

The Group owned 61% of SCI Lotissement d'Echirolles (SCI), with the remaining 39% previously being held by a third party non-controlling interest.

In April 2022, the Group acquired the remaining 39% from the non-controlling interest increasing its ownership of SCI to 100%. The consideration paid for the non-controlling interest was €3,554,000 (£2,985,000).

In accordance with IAS27 this acquisition was accounted for as an equity transaction, reducing the Group's equity by €3,554,000 (£2,985,000).

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

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Revenue					
UK & Ireland	41,996	29,644	54,623	52,919	63,707
Continental Europe	177,839	145,009	195,230	130,661	121,134
Asia	39,945	39,751	60,392	44,538	44,973
Total revenue	259,780	214,404	310,245	228,118	229,814
Operating profit	56,681	29,335	3,317	42,739	46,106
Net finance (cost)/income & Other gains	(3,327)	(780)	(2,825)	(146)	4,069
Profit before taxation	53,354	28,555	492	42,593	50,175
Taxation	(14,561)	(6,703)	(2,844)	(11,314)	(9,889)
Profit after taxation	38,793	21,852	(2,352)	31,279	40,286
Attributable to:					
– equity owners of the Parent	38,793	21,713	(2,305)	31,226	40,134
– Non-controlling interests	–	139	(47)	53	152
	38,793	21,852	(2,352)	31,279	40,286
Earnings per share – Basic	10.26p	5.78p	(0.62)p	8.27p	10.64p
Earnings per share – Diluted	10.23p	5.72p	(0.62)p	8.26p	10.60p
Dividends – interim	2.60p	0.00p	0.00p	3.71p	3.71p
Dividends – final	0.00p	2.89p	0.00p	4.73p	4.73p
Dividends – special	0.00p	6.50p	0.00p	0.00p	0.00p
Total dividends	2.60p	9.39p	0.00p	8.44p	8.44p

Notes to the Financial Statements continued

30 Period summarcontinued
Statements of financial position

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Intangible assets	32,736	34,502	32,739	41,816	27,395
Property, plant and equipment	101,090	91,973	90,937	95,353	93,232
Other non-current investments	21	21	57	415	1,583
Other non-current assets	7,805	3,966	3,743	5,693	10,047
Current assets	184,716	141,688	139,760	128,723	106,652
Assets held for sale	–	–	–	–	–
Total assets	326,368	272,150	267,237	272,000	238,909
Share capital	1,889	1,889	1,889	1,889	1,887
Share premium	10,627	10,599	10,599	10,588	10,366
Reserves	120,133	115,486	99,693	129,500	131,004
Equity of the Parent	132,649	127,974	112,181	141,977	143,257
Non-controlling interests	–	1,720	1,689	1,870	1,553
Total equity	132,649	129,694	113,870	143,847	144,810
Total non-current liabilities	94,039	68,900	52,968	64,450	35,959
Total current liabilities	99,680	73,556	100,399	63,703	58,140
Total equity and liabilities	326,368	272,150	267,237	272,000	238,909
Net cash	34,021	34,919	21,877	16,338	26,688

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

	2022	2021	2020	2019	2018
Capital expenditure – photobooth & vending machines £'000	27,205	22,563	38,435	24,938	35,588
Capital expenditure – research & development £'000	1,418	1,802	2,296	1,631	2,510
EBITDA £'000	92,241	65,077	87,313	69,705	70,981
EBITDA % of revenue	35.5%	30.4%	28.1%	30.6%	30.9%
Number of vending sites	43,900	43,800	44,500	47,000	47,000

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: <https://me-group.com/>
e-mail: ir@photo-me.com

Auditor

Mazars LLP
30 Old Bailey,
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EC4M 7AU

Brokers

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88 Wood Street
London
EC2V 7QR

finnCap Limited
1 Bartholomew Close
London
EC1A 7BL

Berenberg
60 Threadneedle Street
London
EC2R 8HP

Bankers

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Centre d'affaires Arc Alpin Entreprises
60 rue Lavoisier – Innovallée BP28
38334 Saint Ismier Cedex
France

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

Shareholder Information

For the 12 months ended 31 October 2022

Analysis of registered shareholdings at 28 February 2022

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	378,051,637	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	378,051,637	100%

Investor relations website

Investor relations information, including share price, is available through the Company's website <https://me-group.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:

ME Group 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	28 April 2023
Half year results (to 30 April 2023)	Announcement in July 2023
Full year results (to 31 October 2023)	Announcement in February 2024

ME Group International plc

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