Photo-Me

7 July 2020

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

PHOTO-ME INTERNATIONAL PLC
("Photo-Me" or "the Group")

RESULTS FOR THE 12 MONTHS ENDED 30 APRIL 2020 AND FOR THE SIX MONTHS ENDED 30 APRIL 2020

Photo-Me International plc (PHTM.L), the instant-service equipment group, announces its results for the 12 months ended 30 April 2020 and for the six months ended 30 April 2020.

RESULTS SUMMARY (for the 12 months ended 30 April 2020):

	Reported			At constant currency	
	2020	**2019**	**Change**	**2019[1]**	**Change[1]**
Revenue	£215.4m	£228.1m	-5.6%	£229.7m	-6.2%
EBITDA (excluding associates)[2]	£40.8m	£69.7m	-41.4%	£70.0m	-41.7%
Underlying profit before tax[3]	£28.4m	£44.1m	-35.6%	£44.3m	-35.9%
Underlying profit before tax (excl IFRS16)	£28.7m	£44.1m	-34.9%	£44.3m	-35.2%
Reported profit before tax[4]	£4.1m	£42.6m	-90.4%	£42.8m	-90.1%
Profit after tax	£1.2m	£31.3m	-96.2%	£32.5m	-96.3%
Cash generated from operations	£55.7m	£63.9m	-12.8%		
Net Cash[5]	£7.9m	£16.3m	-51.5%		
Earnings per share (diluted)	0.31p	8.26p	-96.2%		
Total dividend per share	0p	8.44p	-100%		

[1]2019 trading results of overseas subsidiaries converted at 2020 exchange rates.
[2]EBITDA is Reported profit before tax- total depreciation and amortization - other net gain-Finance cost and revenue.
[3] Underlying profit before tax is for the 12 months to 30 April 2020 adjusted to exclude £23.7m of exceptional items, provisions and impairment directly or indirectly due to the COVID-19 crisis. However, this does not include the direct impact of COVID-19 lockdowns on the results from mid-January to end of April 2020. See financial summary.
[4]includes impairments and provisions resulting directly and indirectly of the pandemic, see breakdown below.
[5]Refer to note 8 for the reconciliation of Net Cash to Cash and cash equivalents as per the financial statements.
All percentage change figures are calculated from actual figures in the financial statements as opposed to the rounded figures included in the above table.

RESULTS SUMMARY (for the six months ended 30 April 2020):

	Reported			At constant currency	
	2020	**2019**	**Change**	**2019[1]**	**Change[1]**
Revenue	£91.5m	£108.3m	-15.5%	£107.7m	-15.0%
EBITDA (excluding associates)	£(5.1)m	£30.6m	-116.7%	£30.2m	-116.9%
Underlying profit before tax	£(0.1)m	£17.4m	-100.6%	£17.2m	-100.6%
Underlying profit before tax (excl IFRS16)	£0.1m	£17.4m	-99.4%	£17.2m	-99.4%
Reported profit before tax	£(24.2)m	£16.6m	-245.8%	£16.3m	-248.5%
Profit after tax	£(21.3)m	£11.1m	-291.9%	£11.8m	-280.5%
Cash generated from operations	£14.6m	£27.8m	-47.5%		
Net Cash’	£7.9m	£16.3m	-51.5%		

FINANCIAL SUMMARY (for the 12 months ended 30 April 2020)

- Total Group revenue declined by 5.6% to £215.4 million, due to the significant impact of COVID-19 on consumer activity in all the Group’s end markets in the final months of the period. The Board estimates the Group lost £22.7 million of revenue as a direct impact of the virus, mainly in March and April

- Underlying profit before tax was £28.4 million. The Group estimates underlying profit before tax in the 12-month period was £17.7 million lower than anticipated due to the impact of COVID-19 on the Group, mainly in March and April. Excluding this, underlying profit before tax would have been broadly in line with the Board’s expectations

- The results include £23.7 million of exceptional items, provisions and impairment, primarily as a direct result of the COVID-19 crisis (see note about exceptional items, provisions and impairment). As a result, reported profit was £4.1 million, compared with £42.6 million in the 12 months ended 30 April 2019

- As at 30 April 2020, the Group had gross cash of £66.5 million and drawn debt facilities of £58.5 million (to be repaid by April 2025), resulting in a net cash balance of £7.9 million

- €30 million additional credit facility was received in May and June

- Effective tax rate increased significantly to 71.6% compared with 26.6% in the 12 months to 30 April 2019 due to non-deductible goodwill impairments

OPERATIONAL SUMMARY

- COVID-19 has severely impacted each business area and early indications are B2B, children’s rides and, to a lesser extent Identification, will be the most challenging from which to recover

- Identification was significantly impacted by the pandemic and ongoing challenging market conditions in the UK, due to home-taken photos being accepted for official documents such as passports, with revenue down 13.1%. The decline includes a 44.4% reduction in Identification revenue in the UK and a decline of 336 units

- Continued expansion of the Group's Laundry presence in Continental Europe, the UK and the Republic of Ireland, with total laundry units deployed (owned, sold and as a result of acquisitions) up 12.2% and total revenue from laundry operations up 3.0%

- Revenue from Revolution laundry operations increased year-on-year by 20.7% and the number of units in operation increased by 13.8%. Revolution represents 6.6% of the total Group vending estate

- SEMPA performed as expected, contributing £6.7 million of revenue. Professional apple and pineapple juice machines have been developed for commercial use in restaurants and hotels. Planned tests and installation of the first machines (apple and pineapple juice) were delayed due to the pandemic

Commenting on the results, Serge Crasnianski, CEO & Deputy Chairman, said:

"The pandemic has and continues to have a significant impact on all the Group's end markets, resulting in lower consumer demand. The Board believes that activity levels could take some time to return to pre-COVID-19 levels.

"A thorough review of the business is underway and restructuring programmes are being implemented to better align operations to the current trading conditions. The Board will provide an update on market guidance once it has more clarity around the extent and duration of the COVID-19 impact and when the outlook for the business becomes clearer.

"Looking ahead, the Group will continue to seek to diversify its operations primarily through investment in its Laundry rollout programme and through KIS Food product Innovation."

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An audio webcast of the analyst and investor presentation will be available to download later today at www.photo-me.com

NOTES TO EDITORS

Photo-Me International plc (LSE: PHTM) operates, sells and services a wide range of instant-service vending equipment, primarily aimed at the consumer market.

The Group operates vending units across 18 countries and its technological innovation is focused on three principal areas:

- Identification: photobooths and integrated biometric identification solutions
- Laundry: unattended laundry services, launderettes, B2B services
- Kiosks: high-quality digital printing

The Group entered the self-service fresh fruit juice equipment market in April 2019, with the acquisition of Sempa. This will become a key business area alongside Identification, Laundry, and Kiosks, and will be a significant part of the Group's future growth strategy.

In addition, the Group operates other vending equipment such as children's rides, amusement machines, and business service equipment.

Whilst the Group both sells and services this equipment, the vast majority of units are owned, operated and maintained by Photo-Me. Photo-Me pays the site owner a commission based on turnover, which varies depending on the country, location and the type of the machine.

The Group has built long-term relationships with major site owners and its equipment is generally sited in prime locations in areas of high footfall such as supermarkets, shopping malls (indoors and outdoors), public transport locations, and administration buildings (City Halls, Police etc.). Equipment is maintained and serviced by an established network of 700 field engineers.

The Company's shares have been listed on the London Stock Exchange since 1962.

CHAIRMAN’S STATEMENT

COVID-19 Update

The Group’s performance in the period was significantly impacted by COVID-19. As the scale of the outbreak became apparent and markets across the globe went into lockdown, the Board acted to mitigate the impact of the virus on the business to preserve the Group’s cash position as far as possible. Whilst doing so, it took all appropriate measures to protect the health and safety of employees and other stakeholders across the Group by following the guidance of governments, the World Health Organization, and of other relevant authorities across our regions of operation.

Actions taken by the Board to date include:

- Cancellation of the interim dividend payment of 3.71 pence per ordinary share, which was due to be paid on 11 May 2020

- Extending the current financial year end to 31 October 2020 (with 31 October becoming the Group’s accounting reference date going forward), to allow sufficient time for the Board and management to fully evaluate all Covid-19 impacts and for the auditor to complete a detailed full year audit

- Reducing capital and other expenditure to £29.6 million, saving a total of £0.9 million. This relates to reduced investment in photobooth, kiosks and children’s rides, mainly in Europe (-£1.4 million) and the UK (-£0.9 million). However, capex increased by £1.4 million in Asia, mainly due to investment in photobooths

- Utilising government job retention schemes available to the Group to support payroll costs during a period when many employees were unable to work due to lockdown restrictions, saving £0.8m in March and April

- All members of the Board taking a voluntary 20% reduction in salary, from 1 July 2020 until at least the end of December 2020, and bonus payments for all management will be revised

- With agreements of lenders, deferring French loan repayments due in March and April by six months, which in total amounted to €2.1 million

- Obtaining €30 million additional credit facility, received in May and June

- Planning for restructuring programmes in the UK, China, South Korea, and Continental Europe to realign the Group’s operations to current market conditions and consumer demand

The health and the safety of team members and all stakeholders remain of the utmost importance to the Group. In addition to the economic impact, the human cost of the pandemic has been extensive and has touched many people.

The Board wishes to take this opportunity to thank all the Group's employees for the contribution they have made and continue to make as the Group navigates through this challenging pandemic, and to its other stakeholders for their continued support.

Financial Results for the 12 months ended 30 April 2020

Before the impact of COVID-19 pandemic, the Group continued to make good progress with its strategy to diversify its operations and expand its laundry presence in Continental Europe, the UK, and the Republic of Ireland. Excluding the UK, the Group also expanded its presence in the photo ID market. As previously communicated, the UK identification market remained challenging due to the Government's policy to accept photos taken at home for passport identification, which resulted in lower consumer demand.

COVID-19 started to impact trading in Asia (especially China) in mid-January and by March all the Group's end markets were severely disrupted and the majority of expected revenue in March and April did not materialise as a result. Despite the Board's mitigating actions set out above, the Group's performance for the 12 months ended 30 April 2020 was significantly affected.

Total Group revenue declined by 5.6% to £215.4 million and EBITDA (excluding associates) fell by 41.4% to £40.8 million, resulting in an EBITDA margin of 18.9% of revenue. On a constant currency basis, revenue was down 6.2%.

The Board estimates that the virus had a £22.7 million negative impact on total Group revenue, mainly through lost revenue across Continental Europe, and the UK & Republic of Ireland in March and April, and through lost revenue from operations in China from mid-January to April. Consequently, underlying profit before tax was £17.7 million lower than expected pre-COVID-19.

Exceptional items, provisions and impairment

The COVID-19 crisis has required an in-depth review of the Group's operations and increased rigor to address the current trading environment. This has led to a £23.7 million impact from exceptional items, provisions and impairment for the results for the 12 months ended 30 April 2020. The largest element is the £19.3 million impairment of goodwill and the write down of the carrying value of non-profitable machines (mainly photobooths and children's rides) due to the disruption caused by the COVID-19 situation, and the likely slow recovery in consumer spending habits should social distancing measures remain in place for the foreseeable future. Photo-Me expects approximately 3,000 unprofitable machines will be removed or relocated in the next 12 months in UK, China, South Korea and Continental Europe. This also includes a provision of £3.5 million for bad debt, machines costs provision and stocks impairment (see table below), and a redundancy cost provision (£0.9 million). However, part of these provisions (£2.4 million) is not attributed to COVID-19.

In addition, there are provisions for receivables from customer attrition or bankruptcy. These provisions can be considered as directly or indirectly a consequence of the pandemic.

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

	Continental Europe	UK & Republic of Ireland	Asia	TOTAL
Bad debt	£0.3m	-	-	£0.3m
Intangibles impairment	£4.1m	£5.0m	-	£9.1m
Machines costs provision	£1.3m	£0.9m	-	£2.2m
Machines impairment	£4.1m	£3.4m	£1.1m	£8.5m
R&D Intangibles impairment	£1.6m	-	-	£1.6m
Redundancy costs provision	£0.1m	£0.8m	-	£0.9m
Stocks impairment	£1.0m	-	-	£1.0m
TOTAL	£12.5m	£10.2m	£1.1m	**£23.7m**

All these exceptional provisions except for £2.4m are to be directly or indirectly attributed to the pandemic.

Reconciliation of Reported profit before tax to Underlying profit before tax

Underlying profit before tax (excluding exceptions, provisions and impairment due to COVID-19) was £28.4 million. Including the provisions set out above, reported profit before tax was £4.1 million.

	12 months to 30 April 2020	12 months to 30 April 2019
Reported profit before tax	**£4.1m**	£42.6m
Discontinued operations		
- Profit on disposal of Stilla Technologies SA		£(3.2)m
- Loss of Max Sight Holding investment	**£0.5m**	£2.9m
Provisions and impairments - restructuring costs	**£23.7m**	£1.8m
Underlying profit before tax (including IFRS16)	**£28.4m**	£44.1m
Underlying profit before tax (excluding IFRS16)	£28.7m	£44.1m

The Group generated £55.7 million of cash from operations, compared with £63.9 million in the prior 12-month period due to significantly reduced consumer activity owing to the pandemic.

Funding and liquidity

As at 30 April 2020, the Group had gross cash of £66.5 million and drawn debt facilities of £58.5 million (to be repaid by April 2025), resulting in a net cash balance of £7.9 million.

Since the end of April 2020, the Group has secured additional debt funding to ensure that it has sufficient liquidity during this uncertain period. A €30 million loan was secured with three

French banks (BNP, LCL and Credit du Nord which have always been extremely supportive of Photo-Me) participating under the French government-backed “PGE” scheme and the funds were received in May and June, with the loan now drawn down in full. The Group has the right to make the loan repayment after one year and within five years without penalty. As long as the loan is outstanding (in whole or part), Photo-Me cannot distribute dividends to shareholders.

The Group had previously anticipated that it would continue to operate within its existing banking covenants, the Board has since established that post the period end and upon drawing down of the PGE facility, the Group has breached its Gross Debt to Equity covenant which is measured against the Photo-Me France division (only) for the €20.8m loan facility provided by BNP Paribas (“BNP”). This breach occurred on 30 June 2020. The Group is currently engaged in discussions with BNP and is confident that a waiver or amended terms will be agreed shortly on this facility. Nevertheless, according to the stress test approved by the Board, the Group will be perfectly capable of repaying the loan in question and, taking out a new loan with the same or different bank. The Group continues to be in full adherence with the existing two covenants on its £14.3m facility with Lloyds Banking Group.

Looking ahead, the Group is mindful that the challenging market conditions may remain for the coming months and the Group has continued to see its trading activity significantly down post the period end, versus the same period last year as a direct result of COVID-19. Whilst the Group looks forward to seeing a recovery in consumer activity as lockdown measures are reduced, the Board expects that this recovery may be prolonged but assuming a modest increase in activity, the Group expects it will have sufficient financial resources to see it through to at least the next 12 months.

Restructuring programmes

As previously announced, the Group plans to remove all unprofitable machines across its operations and will restructure its operations in the UK, China and South Korea to realign these countries with the current and anticipated market conditions and lower consumer activity levels. These machines will be decommissioned, refurbished/relocated to other countries or sold to third parties, depending on the age and condition of the machine.

In the UK, the Board plans to reduce the number of vending units by at least 2,500 (22% of the total UK machines), comprising 1,200 photobooths and 1,000 children’s rides to address the significant loss in identification revenue and reduced consumer demand and site footfall. This includes the removal of unprofitable machines and those connected to the change in scope of two major contracts. The exact number of units removed will be subject to the renegotiation of various contracts with customers.

In China, the restructuring programme is under way and will involve the removal of at least 500 photobooths (41% of machines in China). In South Korea, the Group will remove at least 200 machines/photobooths (approximately 80% of the machines in the country), as these machines are not profitable.

In Continental Europe, the plan is to remove or relocate 1,280 machines (680 kiosks, 300 photobooths, 300 children’s rides), mainly in France, the Netherlands and Spain (5% of machines in the region).

Combined, these programmes will reduce the total number of machines in operation by 9.5% and improve the quality and profitability of the vending estate. It is anticipated the programmes will be completed by April 2021.

Dividend

Following the cancellation in March 2020 of the proposed interim dividend announced in December 2019 to preserve cash, the Group will not pay a final dividend in the financial period ending 31 October 2020. Photo-Me is bound by the terms of the “PGE” facility to repay the loan in full before making any distributions to shareholders.

Beyond this, the Board will review the dividend policy and any future dividend payments will be aligned to performance of the business.

Looking forward

Current trading remains extremely weak with ongoing government lockdown measures resulting in lower consumer demand. The Group’s vending equipment is located in historically high-footfall destinations, including transport hubs and shopping centres, however, the government measures to stem the spread of COVID-19 have very significantly reduced footfall at these sites. Photobooths and children’s rides have been particularly badly impacted by these restrictions. Revenue for May and June remains extremely weak.

As lockdown restrictions across Europe and Asia are now at the early stages of being lifted, initial indications are that the Group’s recovery will likely be slow, as a result of consumers continuing to avoid high footfall areas and continuing to practise social distanced activities. The Board believes that activity levels could take at least three years to return to pre-COVID-19 levels, assuming there is no significant second wave of the virus in Photo-Me’s various countries of operation. Whilst it remains too early to tell at this stage, business areas such as ID photos and children’s rides may take longer to recover or in a worse-case scenario, may never fully recover to pre-COVID-19 levels. Furthermore, in the short term, the increased debt carried by the Group in response to the crisis will limit its ability to invest in growth and distribute returns to shareholders through dividend payments. Under the terms of the “PGE” loan facility, the Board will not be able to pay or recommend a dividend whilst the government-backed “PGE” loan remains drawn.

The Board continues to closely monitor the COVID-19 situation and will review its options and take further action wherever possible to best align operations to the current market conditions and consumer activity levels. The Board will provide an update on market guidance once it has more clarity around the extent and duration of the COVID-19 impact and when the outlook for the business becomes clearer.

The Group will continue to seek to diversify its operations primarily through investment (even if limited) in its Laundry rollout programme and through KIS Food Product innovation, supported by its four R&D centres, will remain at its core.

CHIEF EXECUTIVE & DEPUTY CHAIRMAN'S REPORT

BUSINESS REVIEW

Identification: *Photobooths and integrated biometric identification solutions*

	30 April 2020	**30 April 2019**	Change
Number of units in operation	**28,537**	28,873	-1.2%
Percentage of total Group vending estate (number of units)	**60.7%**	61.5%	-1.3%
Revenue	**£128.4m**	£147.7m	-13.1%
Capex	**£8.7m**	£9.7m	-10.3%

Identification is the Group's largest business area, accounting for 60.7% of the Group's total vending estate by the number of machines. Prior to the onset of COVID-19, Identification revenue outside the UK remained stable, with France and Japan delivering a robust performance.

However, in the UK, the trading environment has been increasingly challenging with lower consumer demand as a consequence of the government's policy to accept photos taken at home for official documents and passport identification, which has taken a significant part of Photo-Me's UK market share for ID photos. This method is not permitted by European regulation in Continental Europe, and the Board believes that at some stage official documents in the UK will also need to conform to ICAO and ISO rules.

The lower demand for photo ID in the UK was then intensified by travel bans and restrictions on the movement of people imposed by governments across all our end markets due to COVID-19 with activity in China from January being the country most impacted. Together, these factors resulted in a 13.1% decline in revenue for the 12 months ended 30 April 2020.

At 30 April 2020, the total number of photobooths in operation was down by 1.2%. Whilst the number of photobooths in Japan increased by 249 units year-on-year, this was offset by a reduction of 530 units in the UK. Overall, investment in photobooths reduced by 10.3% as machines were removed from the UK estate, and will reduce further following the restructuring previously detailed.

Whilst the Board remains confident in the long-term opportunities in the photo ID market and continues to see opportunities to install photobooths in countries outside of the UK, it anticipates that short-term demand for photo ID will be subdued and will take time to recover to pre-COVID-19 levels.

Laundry: *Unattended laundry services, launderettes, B2B services*

	30 April 2020	30 April 2019	Change
Total Laundry units deployed (owned, sold and acquisitions)	5,471	4,876	+12.2%
Total revenue from Laundry operations	£45.0m	£43.7m	+3.0%
Revolution (excludes Launderettes and B2B):			
- Number of Revolutions in operation	3,205	2,732	+17.3%
- Percentage of total Group vending estate (number of units)	6.6%	5.8%	+13.8%
- Total revenue from Revolutions	£33.3m	£27.6m	+20.7%
- Revolution capex	£11.4m	£10.9m	+4.6%

** There were 2,968 full-time units in operation during the 12 months ended 30 April 2020 compared with 2,522 in 12 months ended 30 April 2019.*

Expansion of the Group's Laundry operations remains a strategic focus and this business area has continued to contribute an increasing proportion of total Group revenue and profits.

In the 12 months from 1 May 2019, the total number of Laundry units deployed (owned, sold and acquired) grew by 12.2% to 5,471. Total revenue from Laundry operations increased by 3.0% to £45.0 million.

The number of Revolutions, the Group's 24-hour, outdoor, self-service laundry unit, grew by 17.3% year-on-year to 3,205, and Revolution units now account for 6.6% of the Group's total vending estate. These units are typically located in high-footfall sites such as supermarket car parks and petrol station forecourts. This growth has been driven by the Revolution rollout across Continental Europe and the UK & Republic of Ireland, with a focus on installing machines in Germany and the UK where the performance of the machines has been very encouraging. Due to their location, these machines were more accessible to consumers than photobooths during March and April.

Before the COVID-19 pandemic, the Group was on track to deploy an average of 50 machines per month in operation, however, it has been unable to install machines whilst lockdown measures have been in place. As lockdowns are lifted, the Group plans to gradually increase the number of installations to 50 machines per month by the end of October.

The performances of the Group's B2B and Launderette operations were stable during the first 10 months but were significantly impacted by extremely low levels of activity during March and April due to the pandemic.

Kiosks: *High-quality digital printing services*

	30 April 2020	30 April 2019	Change %
Number of units in operation	5,497	5,487	+0.2%
Percentage of total Group vending estate (number of units)	11.7%	11.7%	-2.6%
Revenue	£12.5m	£13.3m	-6.5%
Capex	£1.9m	£2.3m	-17.4%

The number of Kiosks in operation remained stable, representing approximately 11.0% of the Group's total vending estate, the majority of which are situated in France.

The Kiosk business performed well in the 10 months from 1 May 2019, driven by a strong performance in France, with revenue up 6.5% in the country year on year. Yet overall revenue for the 12 months to 30 April 2020 decreased by 6.5% due to significantly lower revenues in March and April owing to the pandemic.

Capex reduced by 17.4% year-on-year, reflecting the Group's strategy to focus on the expansion of its Laundry operations and only invest in Kiosks located in premium sites with high footfall. Capex reduction will certainly be still more important, with a focus on laundry machine mainly and the relocation of our photobooths' stock, after the restructuring process.

KIS Food (Sempa): *fresh fruit and vegetable juice equipment*

The KIS Food product innovation business area was created following the acquisition of Sempa in April 2019, which marked the Group's entry into the self-service fresh fruit juice equipment market.

Photo-Me's medium- to long-term aim is to become one of the global leaders in the distribution of self-service fresh fruit and vegetable juice machines by replicating the Sempa business model across other geographies. Competition is relatively limited and the Group can leverage its existing network of field engineers.

In the 12 months ended 30 April 2020, food activity contributed £6.7 million of revenue to the Group, through its B2B orange juice machine operations (Sempa). Prior to the impact of COVID-19, the performance was in line with the Board's expectations.

Alongside its orange juice offer, the Group's R&D team in France has developed professional apple juice and pineapple juice machines for commercial use in restaurants and hotels. The apple juice machine prototype has been successfully tested, however, installation of the first commercial machines has been delayed until October 2020 due to the COVID-19 pandemic.

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

Despite disruption due to the pandemic, the Board remains confident in the long-term opportunities in this market.

Other vending equipment

The Group operates 9,777 other vending units, which accounted for 20.8% of the Group's total vending estate by number of units at 30 April 2020. These units include 4,527 children's rides, 3,386 photocopiers and 1,864 other machines (amusement machines etc.).

These machines are typically located in high-footfall, premium sites alongside the Group's other vending equipment, such as photobooths, in locations where the profitability benefits from the synergies related to operating other equipment on the same site, for example field engineers and maintenance.

During the COVID-19 governmental lockdowns, these machines, particularly children's rides, suffered from a significant drop in consumer demand across all of the Group's countries of operation and the Board does not anticipate that this demand will return in the near term to pre-virus levels. It therefore plans to remove 1,500 unprofitable machines in the coming months. These machines will be decommissioned or sold to third parties.

Innovation

Despite the pandemic, the Group continues to focus on this area as part of its long-term diversification strategy as the Group continues to adapt to the trading environment and consumer trends.

REVIEW OF PERFORMANCE BY GEOGRAPHY

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

Key financials

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

	Segment revenue 12 months ended 30 April				**Segment operating profit [3] 12 months ended 30 April**				**Impact provison[4]**
	2020 £m	**2019 £m**	**Change[2]**	2019[1] £m	**2020 £m**	2019 £m	**Change[2]**	2019[1] £m	£m
Continental Europe	**129.5**	130.7	-0.9%	130.2	15.4	33.5	-54.0%	33.4	(12.5)
UK & Republic of Ireland	**43.1**	52.9	-18.5%	52.9	(9.2)	7.1	-229.8%	7.1	(10.2)
Asia	**42.7**	44.5	-4.0%	46.6	4.5	4.7	-4.3%	5.0	(1.0)
	215.4	228.1	-5.6%	229.7	10.7	45.3	(76.4%)	45.5	(23.7)
Corporate costs					(4.3)	(2.6)	61.5%		
					6.4	42.7	-85.0%		(23.7)

[1] 2019 trading results of overseas subsidiaries converted at 2020 exchange rates.
[2] Refers to change compared to reported results.
[3] Operating profit excludes results of associate
[4] £23.7m exceptional provisions split per region.

For the 12 months ended 30 April 2020, total Group revenue was £215.4 million, a decline of 5.6% year-on-year, primarily due to the impact of COVID-19. The Group experienced weaker trading in Asia from the second part of January and by March all the Group's end markets were impacted and most of the expected Group revenue in March and April did not materialise. As a result of both drop in revenue and impairment, Group operating profit was £6.4 million (after £4.3 million of corporate costs), a decline of 85.0% compared to the 12 months ended 30 April 2019.

Excluding exceptional provisions, Continental Europe shows a 14.9% decrease in operating profit, reflecting the direct impact of the pandemic in March and April; the UK & Republic of Ireland decreased 94.4%, due to the COVID-19 pandemic, the change in scope of two major contracts, and government acceptance of home-taken photos for ID. Excluding provisions' impact, Asia increases 17.0% but decreases 15.4% when excluding exceptional provisions this year and the Japanese restructuring cost (£1.8m) last year.

Vending units in operations

	As at 30 April 2020		As 30 April 2019		Change
	No of units	**% of total**	**No of units**	**% of total**	
Continental Europe	25,597	54.4	25,230	53.8	+1.5%
UK & Republic of Ireland	11,198	23.8	11,701	24.9	-4.3%
Asia	10,221	21.8	10,025	21.3	+2.0%
	47,016	**100.0**	**46,956**	**100.0**	**+0.1%**

As at 30 April 2020, the Group's estate comprised 47,016 units, growth of 0.1% year-on-year, mainly due to an increase in photobooths deployed in Japan and a 1.5% increase in vending units (mainly Revolution laundry units) in Continental Europe. This growth was offset by a 4.3% reduction in the number of units in the UK & Republic of Ireland due to the removal of unprofitable photobooths and photobooths related to the change in scope of two major contracts.

Continental Europe

This remains the Group's largest geographic region by machine volume and contribution to revenue. As at 30 April 2020, 54.4% of units in operation were situated in Continental Europe and the region contributes 60.1% of Group revenue.

The 1.5% increase in units in operation was driven by the continued expansion of Laundry operations, with more than 380 Revolution units and more than 100 photobooths installed in the period.

In the first 10 months of the period, the region performed in line with the Board's expectations, particularly the Group's largest market France, with total revenue up 3.3%. France has the largest number of Laundry units and these performed well in the period.

However, overall revenue in the region for the 12 months ended 30 April 2020 was broadly flat at £129.5 million (12 months to April 2019: £130.7 million), reflecting the loss of the majority of expected revenue during March and April due to COVID-19.

Significantly lower revenue than anticipated in these two months led to operating profit (before corporate costs) of £15.4 million, down 54.0% compared with the prior 12 months. The Group is taking action to remove or relocate unprofitable photobooths, kiosks and children's rides to improve profitability.

UK & Republic of Ireland (including Corporate)

As previously flagged, the performance of this region was impacted by lower consumer activity due to ongoing macro-economic uncertainty and the challenging UK photobooth market detailed above. This was compounded by the loss of most of the revenue for March and April due to disruption caused by lockdown measure in response to the pandemic.

The Group now operates 641 Laundry units, an increase of around 100 units compared with the prior 12 month period. In the first 10 months, these units performed extremely well with an average revenue of £14,705 per unit. The expansion and strong performance of Laundry in the region was not sufficient to compensate for the significant impact of the virus and the decline in photobooth usage on the segment's overall revenues.

As a result, in the 12 months ended 30 April 2020, revenue declined by 18.5% to £43.1 million. Operating profit (before corporate costs) was £(9.2) million, compared with £7.1 million in the 12 months ended 30 April 2019. Excluding the £10.2 million provision, operating profit declined by £6.7 million to £0.4 million. This reflected a £9.8 million decrease in revenue, due to a combination of home-taken ID photos, COVID-19 and subsequent removal of unprofitable machines.

At 30 April 2020, approximately 24% of the Group's total units in operation were situated in the UK & Republic of Ireland, down slightly from c.25% in the prior 12-month period.

As set out above, in response to lower demand for photobooths in the UK and the subsequent significant loss in revenue, the Board has commenced a major reorganisation of Photo-Me's UK business and it will provide a further update on this exercise in due course.

Asia

Before the impact of COVID-19, trading in the region was robust, with revenue slightly up driven by a strong performance in Japan. However, this was more than offset by a sudden decline in revenue (particularly in China) from the second half of January due to COVID-19 and the ensuing government restrictions to limit the spread of the virus. As a result, revenue contracted by 4.0% to £42.7 million and operating profit (before corporate costs) fell by 4.3% to £4.5 million.

Consequently, the Board has begun to restructure its operations in China to align these to the anticipated lower demand for photo ID. It is anticipated that at least 500 unprofitable photobooths in China will be removed and either decommissioned or relocated to France, depending on the age of the machine. The Board has also started to restructure its operations in South Korea, which will involve the removal of at least 200 unprofitable machines, representing 80% of machines in the country.

At 30 April 2020, c.22% of the Group's total units in operation were situated in Asia, compared with c.21% at 30 April 2019.

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 for at least the remaining six months of the financial year, their impact, and actions taken to mitigate them.

Nature of the risk	Description and impact	Mitigation
Economic		
COVID-19	The COVID-19 pandemic has and may continue to cause major disruption to worldwide markets and supply chains, including those that Photo-Me operates within. Widespread governmental lockdown measures, such as travel bans and restrictions on the movement of people, have significantly impacted the Group's business areas, particularly Identification and children's rides due to significantly lower consumer demand for its products and services. In addition, lockdown has restricted the ability of the Group's field engineers to service and replenish machines.	The Group has exercised a number of measures to protect the business and preserve cash during the COVID-19 crisis, including but not limited to: Focusing on the health and safety of employees, other stakeholders and the public at large. Stringent measures have been implemented across the Group's in line with guidance of governments, the World Health Organization and other relevant authorities across the territories in which the Group operates. Measures taken include providing employees with face shields, surgical masks, gloves, hand sanitizer and a disinfectant to safely clean the Group's equipment. Reducing capital and other expenditure including loan repayment deferrals, obtaining additional credit facilities and government job retention schemes. The Group continues to monitor the COVID-19 situation closely and review operational practices on an ongoing basis and update in line with government guidance.
Global economic conditions	Economic growth has a major influence on consumer spending. A sustained period of economic recession could lead to a decrease in consumer expenditure in discretionary areas.	The Group focuses on maintaining the characteristics and affordability of its needs-driven products.

Volatility of foreign exchange rates	The majority of the Group's revenue and profit is generated outside the UK, and the Group results could be adversely impacted by an increase in the value of sterling relative to those currencies.	The Group hedges its exposure to currency fluctuations on transactions, as relevant. However, by its nature, in the Board's opinion, it is very difficult to hedge against currency fluctuations arising from translation in consolidation in a cost-effective manner.

Regulations

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's left the EU on 31 January 2020. This will almost certainly lead to changes in regulations in the UK as well as to modifications to numerous arrangements between the UK and other members of the EU, affecting trade and customs conditions, taxation, movements of resources, etc.	The Board is continually revising the potential impact on the Group's operations of the UK's leaving the EU. Any potential developments, including new information and policy indications from the UK Government and the EU, will be looked at carefully, with a view to enhancing the ability to take appropriate action targeted at managing and, where possible, minimising any adverse repercussions of Brexit. The specific impact of Brexit on the Group will depend on the details of any potential renegotiation of the Brexit deal between the UK and the EU. The Board foresees that in the short-term the negative impact of the uncertainty overshadowing the general UK economy could spill over into the Group's UK operations.
Strategic		
Identification of new business opportunities	The failure to identify new business areas may impact the ability of the Group to grow in the long-term.	Management teams constantly review demand in existing markets and potential new opportunities. The Group continues to invest in research in new products and technologies.

Inability to deliver anticipated benefits from the launch of new products	The realisation of long-term anticipated benefits depends mainly on the continued growth of the laundry business and the successful development of integrated secure ID solutions.	The Group regularly monitors the performance of its entire estate of machines. New technology-enabled secure ID solutions are heavily trialled before launch and the performance of operating machines is continually monitored.

Market

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

Operational

Reliance on foreign manufacturers	The Group sources most of its products from outside the UK. Consequently, the Group is subject to risks associated with international trade.	Extensive research is conducted into quality and ethics before the Group procures products from any new country or supplier. The Group also maintains very close relationships with both its suppliers and shippers to ensure that risks of disruption to production and supply are managed appropriately.
Reliance on one single supplier of consumables	The Group currently buys all its paper for photobooths from one single supplier. The failure of this supplier could have a significant adverse impact on paper procurement.	The Board has decided to hold a strategic stock of paper, allowing for 6 -10 months' worth of paper consumption, to allow enough time to put in place alternative solutions.

Reputation	The Group’s brands are key assets of the business. Failure to protect the Group's reputation and brands could lead to a loss of trust and confidence. This could result in a decline in our customer base.	The protection of the Group’s brands in its core markets is sustained by products with certain unique features. The appearance of the machine is subject to high maintenance standards. Furthermore, the reputational risk is diluted as the Group also operates under a range of brands.
Product and service quality	The Board recognises that the quality and safety of both its products and services is of critical importance and that any major failure will affect consumer confidence.	The Group continues to invest in its existing estate, to ensure that it remains contemporary, and in constant product innovation to meet customer needs. The Group also has a programme in place to regularly train its technicians.
Technological		
Failure to keep up with advances in technology	The Group operates in fields where upgrades to new technologies are mission-critical.	The Group mitigates this risk by continually focusing on R&D.
Cyber risk: Third party attack on secure ID data transfer feeds	The Group operates an increasing number of photobooths capturing ID data and transferring these data it directly to government databases.	The Group performs an ongoing assessment of the risks and ensures that the infrastructure meets the security requirements.

GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the 12 months ended 30 April 2020

	Notes	**Unaudited** 12 months to 30 April 2020 Total £ '000	Audited Year to 30 April 2019 Total £ '000
Revenue	3	**215,387**	228,118
Cost of Sales		**(166,541)**	(164,637)
Gross Profit		**48,846**	63,481
Other Operating Income		**777**	1,601
Administrative Expenses		**(43,229)**	(22,393)
Share of Post-Tax Profits from Associates		**16**	50
Operating Profit	3	**6,410**	42,739
Analysed as:			
Operating profit before specific items		**7,515**	44,564
Profit on sale of land & buildings		**-**	-
Restructuring costs		**(1,105)**	(1,825)
Operating profit after specific items		**6,410**	42,739
Other net gains	3	**(644)**	361
Finance Revenue		**20**	20
Finance Cost		**(1,647)**	(527)
Profit before Tax	3	**4,139**	42,593
Tax Charge	4	**(2,962)**	(11,314)
Profit for the year		**1,177**	31,279
Other Comprehensive Income			
Items that are or may subsequently be classified to Profit and Loss:			
Exchange Differences Arising on Translation of Foreign Operations		**2,330**	(860)
Taxation on exchange differences		**9**	3
Total Items that are or may subsequently be classified to profit and loss		**2,339**	(857)
Items that will not be classified to profit and loss:			
Remeasurement (losses)/gains in defined benefit obligations and other post-employment benefit obligations		**-**	(216)
Deferred tax on remeasurement (losses)/gains		**-**	42
Total Items that will not be classified to Profit and Loss		**-**	(174)
Other comprehensive income for the year net of tax		**2,339**	(1,031)
Total Comprehensive Income for the Year		**3,516**	30,248

Profit for the Year Attributable to:			
Owners of the Parent		**1,130**	31,226
Non-controlling interests		**47**	53
		1,177	31,279
Total comprehensive income attributable to:			
Owners of the Parent		**3,452**	30,228
Non-controlling interests		**64**	20
		3,516	30,248
Earnings per Share			
Basic Earnings per Share	6	**0.31p**	8.27p
Diluted Earnings per Share	6	**0.31p**	8.26p

All results derive from continuing operations.

The accompanying notes form an integral part of these condensed consolidated financial statements.

GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 April 2020

	Unaudited 6 months to 30 April 2020 £ '000	Unaudited 6 months to 30 April 2019 £ '000
Revenue	**91,526**	108,357
Cost of Sales	**(80,178)**	(80,050)
Gross Profit	**11,348**	28,307
Other Operating Income	**185**	813
Administrative Expenses	**(34,077)**	(12,084)
Share of Post-Tax Profits from Associates	**(37)**	20
Operating (Loss)/Profit	**(22,581)**	17,056
Analysed as:		
Operating profit before specific items	**(21,647)**	17,674
Profit on sale of land & buildings	**0**	0
Restructuring costs	**(934)**	(618)
Operating (loss)/profit after specific items	**(22,581)**	17,056
Other net gains	**(644)**	(199)
Finance Revenue	**(46)**	10
Finance Cost	**(933)**	(289)
Profit before Tax	**(24,204)**	16,578
Tax Credit/(Charge)	**2,842**	(5,506)
(Loss)/Profit for the year	**(21,362)**	11,072
Other Comprehensive Income		
Items that are or may subsequently be classified to Profit and Loss:		
Exchange Differences Arising on Translation of Foreign Operations	**2,183**	(2,342)
Taxation on exchange differences	**(3)**	14
Total Items that are or may subsequently be classified to profit and loss	**2,180**	(2 328)
Items that will not be classified to profit and loss:		
Remeasurement (losses)/gains in defined benefit obligations and other post-employment benefit obligations	**0**	(216)
Deferred tax on remeasurement (losses)/gains	**0**	42
Total Items that will not be classified to Profit and Loss	**0**	(174)
Other comprehensive income for the year net of tax	**2,180**	(2,502)
Total Comprehensive Income for the Year	**(19,182)**	8,570
Profit for the Year Attributable to:		
Owners of the Parent	**(21,362)**	11,086
Non-controlling interests	**0**	(14)
	(21,362	11 072
Total comprehensive income attributable to:		
Owners of the Parent	**(19,200)**	8 635
Non-controlling interests	**18**	(65)
	(19,182)	8,570

GROUP CONDENSED STATEMENT OF FINANCIAL POSITION
as at 30 April 2020

	Notes	**Unaudited 30 April 2020 £'000**	Audited 30 April 2019 £'000
Assets			
Non-current assets			
Goodwill	7	**13,222**	26,594
Other intangible assets	7	**36,642**	15,222
Property, plant & equipment	7	**88,262**	95,353
Investment property	7	**638**	648
Investment in – associates		**417**	415
Financial instruments held at FVTPL		913	-
Financial assets held at amortised cost		984	-
Other financial assets – held to maturity	8	**-**	982
Other financial assets – available for sale		**-**	1,387
Deferred tax assets		**92**	912
Trade and other receivables		**1,887**	1,764
		143,057	143,277
Current assets			
Inventories		**22,481**	22,339
Trade and other receivables		**26,232**	20,917
Current tax		**2,574**	876
Cash and cash equivalents	8	**65,509**	84,591
		116,796	128,723
Total assets		**259,853**	272,000
Equity			
Share capital		**1,890**	1,889
Share premium		**10,599**	10,588
Translation and other reserves		**13,381**	12,369
Retained earnings		**88,329**	117,131
Equity attributable to owners of the Parent		**114,199**	141,977
Non-controlling interests		**1,634**	1,870
Total equity		**115,832**	143,847
Liabilities			
Non-current liabilities			
Financial liabilities	8	**50,084**	53,385
Post-employment benefit obligations		**5,880**	5,635
Deferred tax liabilities		**3,828**	5,430
Trade and other payables			
		59,791	64,450
Current liabilities			
Financial liabilities	8	**24,124**	15,850

Provisions	**3,847**	218
Current tax	**8,861**	6,753
Trade and other payables	**47,398**	40,882
	84,230	63,703
Total equity and liabilities	**259,853**	272,000

The accompanying notes form an integral part of these condensed consolidated financial statements.

GROUP CONDENSED STATEMENT OF CASH FLOWS

for the 12 months ended 30 April 2020

	Note	Unaudited 12 months to 30 April 2020 £'000	Audited Year to30 April 2019 £'000
Cash flow from operating activities			
Profit before tax		**4,139**	42,593
Finance cost		**1,647**	527
Finance revenue		**-**	(20)
Other gains		**624**	(361)
Operating profit		**6,410**	42,739
Share of post tax profit from associates		**(16)**	(50)
Amortisation of intangible assets		**3,371**	2,992
Depreciation of property, plant and equipment		**31,100**	24,024
Profit on sale of property, plant and equipment		**337**	165
Exchange differences		**(21)**	(707)
Other items		**355**	354
Changes in working capital:			
Inventories		**166**	511
Trade and other receivables		**(647)**	(597)
Trade and other payables		**(8,170)**	(5,604)
Provisions and Impairments		**22,852**	108
Cash generated from operations		**55,737**	63,935
Interest paid		**(617)**	(527)
Taxation paid		**(4,121)**	(6,223)
Net cash generated from operating activities		**50,999**	57,185
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired		**(186)**	(13,528)
Payment of deferred consideration		**-**	4,437
Cash received on disposal of associate		**-**	-
Repayment of loans advanced to associate		**-**	1,612
Investment in intangible assets		**(1,689)**	(2,167)
Proceeds from sale of intangible assets		**31**	155
Purchase of property, plant and equipment		**(27,281)**	(28,169)
Proceeds from sale of property, plant and equipment		**1,207**	2,282
Purchase of available for sale investments		**(455)**	-
Dividends received from investments held at FVTPL		**-**	-
Interest received		**20**	18
Dividends received from associates		**(238)**	36
Net cash generated from investing activities		**(28,591)**	(35,549)
Cash flows from financing activities			
Issue of Ordinary shares to equity shareholders		**12**	224
Repayment of borrowings		**(13,445)**	(8,397)
Repayment of capital element of finance leases		**(192)**	(167)
Increase in borrowings		**2,917**	43,748

Decrease in assets held to maturity / held at amortised cost		**-**	741
Dividends paid to owners of the Parent		**(31,894)**	(31,873)
Net cash utilised in financing activities		**(42,602)**	4,276
Net Decrease in cash and cash equivalents		**(20,194)**	25,912
Cash and cash equivalents at beginning of year		**84,591**	58,657
Exchange loss on cash and cash equivalents		**1,112**	22
Cash and cash equivalents at end of year	8	**65,509**	84,591

The accompanying notes form an integral part of these condensed consolidated financial statements.

GROUP CONDENSED STATEMENT OF CASH FLOWS
for the six months ended 30 April 2020

	Unaudited 6 months to 30 April 2020 £'000	Unaudited 6 months to 30 April 2019 £'000
Cash flow from operating activities		
(Loss)/Profit before tax	**(24,204)**	16,578
Finance cost	**933**	289
Finance revenue	**66**	(10)
Other gains	**624**	199
Operating (loss)/profit	**(22,581)**	17,056
Share of post tax profit from associates	**37**	(20)
Amortisation of intangible assets	**1,779**	1,620
Depreciation of property, plant and equipment	**15,447**	11,965
Profit on sale of property, plant and equipment	**436**	157
Exchange differences	**829**	(1,215)
Other items	**414**	444
Changes in working capital:		
Inventories	**899**	(2,399)
Trade and other receivables	**729**	(3,311)
Trade and other payables	**(6,426)**	3,152
Provisions	**23,101**	375
Cash generated from operations	**14,664**	27,824
Interest paid	**(284)**	(289)
Taxation paid	**(1,402)**	(1,415)
Net cash generated from operating activities	**12,978**	26,120
Cash flows from investing activities		
Acquisition of subsidiaries net of cash acquired	**567**	(9,509)
Proceeds from disposal of associate	**-**	4,437
Payment of deferred consideration	**-**	225
Cash received on disposal of associate	**-**	(4,437)
Repayment of loans advanced to associate	**-**	-
Investment in intangible assets	**(806)**	(853)
Proceeds from sale of intangible assets	**(12)**	154
Purchase of property, plant and equipment	**(11,623)**	(15,358)
Payment of deferred consideration	**-**	(225)
Proceeds from sale of property, plant and equipment	**605**	1.512
Purchase of available for sale investments	**(455)**	-
Interest received	**12**	8
Dividends received from associates	**(291)**	24
Net cash generated from investing activities	**(12,003)**	(24,022)
Cash flows from financing activities		
Issue of Ordinary shares to equity shareholders	**12**	90
Repayment of borrowings	**(5,559)**	(4,780)
Repayment of capital element of finance leases	**(102)**	(81)
Increase in borrowings	**(14,136)**	17,069
Decrease in assets held to maturity / held at amortised cost	**-**	22

Dividends paid to owners of the Parent	**(17,879)**	(17,868)
Net cash utilised in financing activities	**(37,664)**	(5,548
Net increase in cash and cash equivalents	**(20,371)**	(3,450)
Cash and cash equivalents at beginning of year	**-**	-
Exchange loss on cash and cash equivalents	**1,086**	(532)
Cash and cash equivalents at end of year	**(19.285)**	(3,982)

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY
for the Year ended 30 April 2019

	Share capital £'000	Share premium £'000	Other reserves £'000	Translation reserve £'000	Retained earnings £'000	Attributable to owners of the Parent £'000	Non-controlling interests £'000	Total £'000
At 1 May 2018	1,887	10,366	1,781	11,412	117,811	143,257	1,553	144,810
Profit for year	-	-	-	-	31,226	31,226	53	31,279
Other comprehensive income/(expense)								
Exchange differences	-	-	-	(827)	-	(827)	(33)	(860)
Tax on exchange	-	-	-	3	-	3	-	3
Translation reserve taken to income statement on disposal of subsidiaries	-	-	-	-	-	-	-	-
Transfers between reserves	-	-	-	-	-	-	-	-
Remeasurement gains in defined benefit pension scheme and other post-employment benefit obligations	-	-	-	-	(216)	(216)	-	(216)
Deferred tax on remeasurement gains	-	-	-	-	42	42	-	42
Total other comprehensive (expense)/income	-	-	-	(824)	(174)	(998)	(33)	(1,031)
Total comprehensive (expense)/income	-	-	-	(824)	31,052	30,228	20	30,248
Share options exercised in the period	2	222	-	-	-	224	-	224
Share options	-	-	-	-	141	141	-	141
Deferred tax on share options	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	(31,873)	(31,873)	-	(31,873)
Disposal of minority	-	-	-	-	-	-	297	297
Total transactions with the Parent	2	222	-	-	(31,732)	(31,508)	297	(31,211)
At 30 April 2019	1,889	10,588	1,781	10,588	117,131	141,977	1,870	143,847

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY
for the 12 months ended 30 April 2020 continued

	Share capital £'000	Share premium £'000	Other reserves £'000	Translation reserve £'000	Retained earnings £'000	Attributable to owners of the Parent £'000	Non-controlling interests £'000	Total £'000
At 1 May 2019	**1,889**	**10,588**	**1,781**	**10,588**	**117,131**	**141,977**	**1,870**	**143,847**
Profit for year	**-**	**-**	**-**	**-**	**1,130**	**1,130**	**47**	**1,177**
Other comprehensive income/(expense)								
Exchange differences	**-**	**-**	**-**	**2,313**	**-**	**2,313**	**17**	**2,330**
Tax on exchange	**-**	**-**	**-**	**9**	**-**	**9**	**-**	**9**
Total other comprehensive income/(expense)	**-**	-	**-**	**2,322**	**-**	**2,322**	**17**	**2,339**
Total comprehensive income/(expense)	-	-	**-**	**2,322**	**1,130**	**3,452**	**64**	**3,516**
Transactions with owners of the Parent								
Share options exercised in the period	**1**	**11**	**(1,781)**	-	**1,962**	**193**	-	**193**
Share options	**-**	**-**	**471**	-		**471**	-	**471**
Dividends	**-**	**-**	**-**	-	**(31,894)**	**(31,894)**	-	**(31,894)**
Disposal of minority	**-**	**-**	**-**	**-**	**-**	**-**	(300)	**(300)**
Total transactions with the Parent	**1**	**11**	(1,781)	-	**(29,461)**	**(31,230)**	(300)	**(31,530)**
At 30 April 2020	**1,890**	**10,599**	**471**	**12,910**	**88,329**	**114,199**	**1,634**	**115,832**

The accompanying notes form an integral part of these condensed consolidated financial statements.

1. Corporate information

The condensed consolidated interim financial statements of Photo-Me International plc (the "Company") for the six months and 12 months ended 30 April 2020 ("the Interim Report") were approved and authorised for issue by the Board of Directors on 7 July 2020. These condensed consolidated interim financial statements comprise the Company and its subsidiaries (together the "Group") and are presented in pounds sterling, rounded to the nearest thousand.

The Company is a public limited company, incorporated and domiciled in England, whose shares are quoted on the London Stock Exchange, under symbol PHTM. Its registered number is 735438 and its registered office is at Unit 3B, Blenheim Rd, Epsom, KT19 9AP, Surrey.

Photo-Me's principal activity is the operation of unattended vending equipment aimed primarily at the consumer market. The largest part of the estate comprises photobooths and digital printing kiosks, with the remainder including laundry units, amusement machines and business service equipment. The Group manages these on a geographical basis with the principal operations of the Group in the United Kingdom and Ireland, Continental Europe, and Asia.

2. Basis of preparation and accounting policies

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 30 April 2019. The condensed consolidated interim financial statements comprise the unaudited financial information for the six months and 12 months ended 30 April 2020 with comparative periods to 30 April 2019. They do not include all of the information and disclosures required for full annual financial statements and should be read in conjunction with the Group's financial statements for the year ended 30 April 2019. The condensed financial statements do not constitute statutory accounts within the meaning of section 434 of the UK Companies Act 2006.

The consolidated financial statements of the Group as at and for the year ended 30 April 2019 are available at www.photo-me.com or upon request from the Company's registered office at Unit 3B, Blenheim Rd, Epsom, KT19 9AP, Surrey.

The Interim Report is unaudited but has been reviewed by the auditor and its report to the Company is included in the Interim Report. The comparative figures for the financial year ended 30 April 2019 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor (i) was unqualified, (ii) includes a reference to certain matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Accounting policies and estimates

The accounting policies applied by the Group in this Interim Report are the same as those applied in the Group's financial statements for the year ended 30 April 2019, except as indicated below.

New standards adopted in the period:

The Group has implemented, for the first time IFRS 16: Financial Instruments for the financial year beginning on 1 May 2019. This standard had no material impact on the Group's financial performance.

Changes in accounting policies resulting from the adoption of IFRS 16 will generally be applied retrospectively, except as described below:

The Group has taken advantage of the exemption allowing it not to restate comparative information for prior periods. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 16 are recognised in retained earnings and reserves in the period.

There are a number of new and revised standards and interpretations, not all of which are applicable to the Group, which have been issued and are effective for the year 2019 and future reporting periods. The most significant standards and interpretations which are likely to have a more material impact on the Group's financial statements were listed in the Group's 2019 Annual Report. The effect of adopting new standards for the 2019 year-end has not had a material impact on this Interim Report. However, a note has been included on the impact of IFRS 16.

Estimates and significant judgements

The preparation of the condensed consolidated financial information requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the condensed consolidated financial information. Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgement at the date of the financial statements. In future, actual experience may deviate from these estimates and assumptions, which could affect the financial statements as the original estimates and assumptions are modified, as appropriate, in the period in which the circumstances change.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were in the same areas as those that applied in the consolidated financial statements as at and for the year ended 30 April 2019**.**

Use of non-GAAP profit measures

The Group measures performance using earnings before interest, tax, depreciation and amortisation ("EBITDA"). EBITDA is a common measure used by a number of companies but is not defined in IFRS.

The Group measures cash on a net cash basis as explained in note 8.

The directors consider it necessary to present certain large and unusual items (Specific items) separately in the income statement in order to show the long-term performance trend of the group more clearly. The presentation of Specific items, as described above is also a non-GAAP measure.

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

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

Going Concern

The Annual Report for the year ended 30 April 2019 provided a full description of the Group's business activities, its financial position, cash flows, funding position and available facilities together with the factors likely to affect its future development, performance and position. It also detailed risks associated with the Group's business. This interim report provides updated information on these subjects for the 12 months to 30 April 2020.

COVID – 19 Provisions

Whilst Covid-19 has had a significant impact on the financial performance of Photo-Me during the last quarter, it remains too early to quantify the likely overall impact on the company and the group at this time.

As a result, the directors have taken steps to reduce expenditure and improve cash flow, including the cancellation of an interim dividend pay-out and exploring the new government help schemes to reduce labour costs.

The directors have also provided for possible impairment, refurbishment and restructuring costs following current trading restrictions.

Provisions at 30 April 2020 split by region are as follows:

	EUROPE £'000	**UK £'000**	**ASIA £'000**	**Total £'000**
Bad debt	306	10		316
Intangibles impairment	4,103	5,039		9,142
Machines costs	1,255	935		2,191
Machines impairment	3,750	3,363	744	7,857
R&D Intangibles impairment	129			129
Redundancy costs provision	100	789		889
Stocks impairment	701	20		721
Other costs		40		40
TOTAL	**10,344**	**10,197**	**744**	**21,285**

The Group has at the date of this Interim Report, sufficient financing and assuming a modest increase in activity as considered in the stress test, the Group expects it will have sufficient financial resources to see it through to at least the next twelve months. Together with the Group's proven ability to generate cash from its trading performance, this provides the Directors with confidence that the Group is well placed to manage its business risks successfully in the context of the current financial conditions and the general outlook in the global economy.

The Group had previously expected that it would continue to operate within its existing banking covenants. The Board has since established that post the period end and upon drawing down of the "PGE" facility, the Group had breached its Gross Debt to Equity covenant which is measured against the Photo-Me France division (only) for the €20.8 million loan facility provided by BNP Paribas ("BNP"). This breach occurred on 30 June 2020. The Group is currently engaged in discussions with BNP and is confident that a waiver or amended terms will be agreed shortly on this facility. Nevertheless, according to the stress test approved by the Board, the Group will be perfectly capable of repaying the loan in question and, taking out a new loan with the same or different bank. The Group continues to be in full adherence with the existing two covenants on its £14.3 million facility with Lloyds Banking Group.

3. Segmental analysis

IFRS8 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 monitors performance at the adjusted operating profit level before special items, interest and taxation.

In accordance with IFRS 8, no segment information is provided for assets and liabilities in the disclosures below, as this information is not regularly provided to the Chief Operating Decision Maker.

Seasonality of operations

Historically, the first half of the financial year (May to October) is seasonally the strongest for the Group in terms of profits.

	Asia	Europe	United Kingdom & Ireland	Corporate costs	Total
	£'000	£'000	£'000	£'000	£'000
12 months to 30 April 2020					
Total revenue	**42,728**	**135,527**	**43,969**	**-**	**222,224**
Inter segment sales	**-**	**(6,014)**	**(823)**	**-**	**(6,837)**
Revenue from external customers	**42,728**	**129,513**	**43,146**	**-**	**215,387**
EBITDA	**9,043**	**36,556**	**(994)**	**(3,853)**	**40,753**
Depreciation and amortisation	**(4,570)**	**(21,175)**	**(8,200)**	**(397)**	**(34,342)**
Underlying operating profit	**4,474**	**15,481**	**(8,189)**	**(4,267)**	**7,499**
Specific items	**-**	**(100)**	**(1,005)**	**-**	**(1,105)**
Operating profit excluding associates	**4,474**	**15,381**	**(9,194)**	**(4,267)**	**6,394**
Share of post tax profits from associates					**16**
Operating profit					**6,410**
Other gains					**(644)**
Finance Revenue					**20**
Finance costs					**(1,647)**
Profit before tax					**4,139**
Tax					**(2,962)**
Profit for year					**1,177**
Capital expenditure	**4,148**	**18,543**	**6,546**	**406**	**29,643**

Specific items

Operating profit UK & Ireland Segment in the period to 30 April 2020 includes restructuring costs of £789,000 relating to the recent COVID 19 Pandemic.

Others include provisions for Machine refurbishment due to the recent COVID 19 Pandemic.

	Asia	Europe	United Kingdom & Ireland	Corporate costs	Total
	£'000	£'000	£'000	£'000	£'000
Year ended 30 April 2019					
Total revenue	44,538	138,935	54,962	-	238,435
Inter segment sales	-	(8,274)	(2,043)	-	(10,317)
Revenue from external customers	44,538	130,661	52,919	-	228,118
EBITDA	9,350	49,267	13,167	(2,079)	69,705
Depreciation and amortisation	(4,673)	(15,727)	(6,119)	(497)	(27,016)
Underlying operating profit	6,502	33,540	7,048	(2,576)	44,514
Specific items	(1,825)	-	-	-	(1,825)
Operating profit excluding associates	4,677	33,540	7,048	(2,576)	42,689
Share of post tax profits from associates					50
Operating profit					42,739
Other gains					361
Finance Revenue					20
Finance costs					(527)
Profit before tax					42,593
Tax					(11,314)
Profit for year					31,279
Capital expenditure	2,755	19,893	7,493	379	30,520

4. Taxation

	12 months to 30 April 2020	Year to 30 April 2019
	£ '000	£ '000
Profit before tax	**4,139**	42,593
Total taxation charge	**(2,962)**	(11,314)
Taxation current Period	**(2,031)**	(11,314)
Effective tax rate	**71.6%**	26.6%

The tax charge in the Group Income Statement is based on management's best estimate of the full year effective tax rate based on expected 12 Months profits to 30 April 2020. The current period rate however is significantly higher than last year's due to non-deductible Goodwill impairments of £3.7 million.

The UK 2016 Finance Act was enacted in September 2016 and confirmed the basic rate of UK Corporation tax at 19% for the financial years 2018, 2019 and also for the financial year 2020.

5. Dividends

Dividends paid and proposed

	30 April 2020		30 April 2019	
	pence per share	**£'000**	pence per share	£'000
Interim				
2019 paid on 10 May 2019	**3.71**	**14,015**		
2018 paid on 11 May 2018			3.71	14,005
Final				
2019 approved at AGM held on 03 October 2019	**4.73**	**17,880**		
2018 approved at AGM held on 24 October 2018			4.73	17,868
	8.44	**31,894**	8.44	31,873

Period ending 30 April 2020

Following the recent COVID 19 Pandemic, the board did not declare any interim dividends for the period ending 30 April 2020.

Financial year ended 30 April 2019

The Board declared an interim dividend of 3.71p per share for the year ending 30 April 2019, paid on 11 May 2019 to shareholders on the register on 6 April 2018.

The Board proposed a final dividend of 4.73p per share for the year ending 30 April 2019 which was approved by shareholders at the Annual General Meeting held on 03 October 2019 and paid on 9 November 2019.

6. Earnings per share

The earnings and weighted average number of shares used in the calculation of earnings per share are set out in the table below:

	12 months to 30 April 2020	**Year to 30 April 2019**
Basic earnings per share	**0.31p**	8.27p
Diluted earnings per share	**0.31p**	8.26p
Earnings available to shareholders (£'000)	**1,177**	31,226
Weighted average number of shares in issue in the period		
- basic ('000)	**377,994**	377,662
- including dilutive share options ('000)	**378,016**	377,852

Alternative earnings per share

Management assess the performance of the Group using a variety of performance measures. Internally management reviews the Group's performance on an "adjusted basis", that is to say taking into accounts "other items". The Group's income statement and segmental analysis show operating profit before and after other items. The presentation and use of other items are a non-GAAP measure and the use of this measure may not be comparable to similarly titled measures used by other companies. Other items are those that in management's judgement need to be disclosed separately by virtue of their size, nature and or incidence. Management determines whether an item is classified as other and warrants separate disclosure by considering both qualitative and quantitative factors, such as the nature, frequency and predictability of occurrence. This is consistent with the way operating performance is presented and reported to management.

The directors believe that the presentation of the Group's results in this way is relevant to an understanding of the Group's performance, as other items are identified by their size, nature or incidence.

The impact of other items on operating profit is detailed in note 3, segment analysis.

Consistent with the above, management also calculate earnings per share (EPS) and diluted earnings per share (DPS). Management uses this as one factor in determining dividend policy.

The tables below reconcile EPS and DPS before and after other items. Details of Specific items are shown in note 3.

Alternative earnings per share

	£'000	**EPS pence**	**DPS pence**
April 2020			
Earnings available to shareholders (£'000)	**1,177**	**0.31**	**0.31**
Specific items net of tax	**1,105**	**0.29**	**0.29**
Other gains	**624**	**0.17**	**0.17**
Earnings after specific items	**2,906**	**0.77**	**0.77**
Weighted average number of shares in issue in the period	-		
- basic ('000)	**377,994**		
April 2019			
Earnings available to shareholders (£'000)	31,226	8.27	8.26
Specific items net of tax	1,825	0.48	0.48
Gain on financial assets classified as available for sale	(361)	(0.10)	(0.10)
Earnings after specific items	32,690	8.65	8.64
Weighted average number of shares in issue in the period	-		

7. Non-current assets – intangibles, property, plant and equipment and investment property

	Goodwill	Other Intangible assets	Property, plant & equipment	Investment property
	£'000	£'000	£'000	£'000
Net book value at 1 May 2018	13,435	13,960	92,556	676
Exchange adjustment	(71)	(63)	(358)	(12)
Additions				
- photobooths & vending machines	-	-	28,353	-
- research & development	-	1,631	-	-
- other additions	13,230	536	-	-
New subsidiaries- net book value	-	2,543	1,019	-
Transfers	-	-	-	-
Depreciation provided in the period	-	(2,992)	(24,008)	(16)
Transfer to assets held for sale	-	-	-	-
Net book value of disposals	-	(393)	(2,209)	-
Net book value at 30 April 2019	26,594	15,222	95,353	648
Net book value at 1 May 2019	**26,594**	**15,222**	**95,353**	**648**
Exchange adjustment	**191**	**150**	**70**	**(10)**
Additions				
- photobooths & vending machines	**-**	**-**	**27,281**	**-**
- development expenditure	**-**	**2,330**	**-**	**-**
- other additions (including IFRS16 impact)	**-**	**23,445**	**5,261**	**-**
Arising on acquisitions in the period	**448**	**-**	**-**	**-**
Depreciation and provisions provided in the period	**(3,762)**	**(14,737)**	**(38,823)**	**(1)**
Transfers	**(10,249)**	**10,263**	**(14)**	
Net book value of disposals	**-**	**(31)**	**(866)**	**-**
Net book value at 30 April 2020	**13,222**	**36,642**	**88,262**	**638**

Included in additions for property, plant & equipment are the following amounts under finance leases.

	30 April 2019	30 April 2020
	£'000	£'000
Property, plant & equipment additions - finance leases	**219**	184

8. Net Cash

	30 April 2020 £'000	30 April 2019 £'000
Cash and cash equivalents per statement of financial position	**65,509**	84,591
Financial assets held to maturity	**-**	982
Financial assets held at amortised cost	**984**	-
Non-current instalments due on bank loans	**(38,585)**	(52,322)
Current instalments due on bank loans	**(19,566)**	(15,071)
Leases	**(414)**	(1,842)
Net cash	**7,928**	16,338

Following the adoption of IFRS 9, Financial assets – held to maturity was reclassified as Financial assets held at amortised cost.

At 30 April 2020, £984,000 (30 April 2019: £982,000) of the total net cash comprised bank deposit accounts that are subject to restrictions and are not freely available for use by the Group.

Cash and cash equivalents per the 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.

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 instalments on loans and other borrowings, which do not include new liabilities arising from the first-time application of IFRS 16.

The tables below, which are not currently required by IFRS, reconcile the Group's net cash to the Group's statement of cash flows. Management believes the presentation of the tables will be of assistance to shareholders.

Other movements for loans and finance leases for the period ended 30 April 2020, year ended 30 April 2019 and year ended 30 April 2018 include transfers between non-current and current and new finance leases taken out in the period

	1 May 2019	Exchange difference	Other movements	Cash flow	30 April 2020
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cash and cash equivalents per statement of financial position	84,591	1,112	-	(20,194)	65,509
Financial assets - held to maturity	982	(1)	-	2	984
Non-current loans	(52,322)	(507)	14,244	-	(38,585)
Current loans	(15,071)	(144)	(14,878)	10,529	(19,566)
Leases	(1,842)	1,456	(221)	192	(414)
Net cash	16,338	1,916	(855)	(9,471)	7,928

	1 May 2018	Exchange difference	Other movements	Cash flow	30 April 2019
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cash and cash equivalents per statement of financial position	**58,657**	**21**	-	**25,912**	**84,590**
Financial assets - held to maturity / amortised cost	**1,710**	**13**	-	**(741)**	**982**
Non-current loans	**(27,319)**	**532**	**18,213**	**(43,748)**	**(52,322)**
Current loans	**(6,006)**	**117**	**(17,579)**	**8,397**	**(15,071)**
Leases	**(354)**	**(27)**	**(1,627)**	**167**	**(1,841)**
Net cash	**26,688**	**656**	**(993)**	**(10,013)**	**16,338**

CHANGES IN ACCOUTING POLICIES

The group has adopted IFRS 16 using the modified retrospective method from 1 May 2019, so has not restated comparatives for last period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet from 1 May 2019.

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

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

These are not rates used in calculations, as rates are country and asset specific.

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

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

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

IFRS -16 impact on the Statement of Comprehensive Income

	12 months to 30 April 2020	**IFRS-16 Impact**	**12 months to 30 April 2020**
	Before IFRS 16		After IFRS 16
	£ '000		**£ '000**
Revenue	215,387		**215,387**
Cost of Sales	(166,541)		**(166,541)**
Gross Profit	48,846		**48,846**
Other Operating Income	777		**777**
Administrative Expenses	(43,945)	716	**(43,229)**
Share of Post-Tax Profits from Associates	16		**16**
Operating Profit	5,694	716	**6,410**
Analysed as:	-		**-**
Operating profit before specific items	6,799	716	**7,515**
Profit on sale of land & buildings	-		**-**
Restructuring costs	**(1,105)**		**(1,105)**
Operating profit after specific items	**5,694**	**716**	**6,410**
Other net gains	(644)	-	**(644)**
Finance Revenue	20		**20**
Finance Cost	(615)	(1,032)	**(1,647)**
Profit before Tax	4,455	(316)	**4,139**
Total Tax Charge	(2,962)		**(2,962)**
Profit for the year	1,493	(316)	**1,177**

Impact of IFRS-16 on the Statement of Financial Position

	Notes	**30 April 2020 £'000 Before IFRS 16**	IFRS -16 Impact	**30 April 2020 £'000 After IFRS 16**
Assets				
Non-current assets				
Goodwill	7	**13,222**		**13,222**
Other intangible assets	7	**24,655**	11,987	**36,642**
Property, plant & equipment	7	**84,921**	3,341	**88,262**
Investment property	7	**638**		**638**
Investment in - associates		**417**		**417**
Other financial assets - held at FVPL		913		913
Other financial assets - held at amortised cost		984		984
Deferred tax assets		**92**		**92**
Trade and other receivables		**1,887**		**1,887**
		127,729	15,328	**143,057**
Current assets				
Inventories		**22,481**		**22,481**
Trade and other receivables		**26,232**		**26,232**
Current tax		**2,574**		**2,574**
Cash and cash equivalents	8	**65,509**		**65,509**
		116,796		**116,796**
Total assets		**244,525**	15,328	**259,853**
Equity				
Share capital		**1,890**		**1,890**
Share premium		**10,599**		**10,599**
Translation and other reserves		**13,381**		**13,381**
Retained earnings		**87,850**	479	**88,329**
Equity attributable to owners of the Parent		**113,720**	479	**114,199**
Non-controlling interests		**1,634**		**1,634**
Total equity		**115,354**	479	**115,833**
Liabilities				-
Non-current liabilities				-
Financial liabilities	8	**39,909**	10,775	**50,084**
Post-employment benefit obligations		**5,881**		**5,881**
Deferred tax liabilities		**3,828**		**3,828**
Trade and other payables				**-**
		49,018	10,775	**59,791**
Current liabilities				-
Financial liabilities	8	**20,048**	4,076	**24,124**

Provisions	**3,846**		**3,846**
Current tax	**8,861**		**8,861**
Trade and other payables	**47,398**		**47,398**
	80,153	4,076	**84,229**
Total equity and liabilities	**244,525**	15,328	**259,853**

IFRS- 3 Business Combination Purchase Price Allocation

Photo-Me International ("Photo-Me") acquired Sempa s.a.r.l. ("Sempa") on 22 April 2019. As part of the purchase price allocation, Photo-Me has recognised 'separately identifiable acquired intangible assets' in accordance with International Financial Reporting Standards, and had their fair values assessed by an independent expert.

The fair value adjustments in respect of acquired intangible assets are due to the recognition of £6.88m in respect of key customer relationships that provide Sempa with recurring annual revenue; £1.81m in respect of the Sempa brand and related assets which commands more than 50% share of the juice press market in France; and, £2.65m in respect of a key supplier agreement which secures Sempa with exclusive rights to distribute its key product offering throughout some European countries. There is a small balance of residual goodwill that we believe is partly attributable to Sempa's acquired workforce.

9. Related parties

The Group's significant related parties are disclosed in the 2020 Annual Report and include its associates, its pension funds and the Company's Directors. During the six months ended 30 April 2020, there were no new related parties and no additional related party transactions have taken place that have materially affected the financial position or performance of the Group. In addition there were no material changes in the nature and relationship of transactions with related parties to those identified in the 2020 Annual Report.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF FINANCIAL REPORT

We confirm that to the best of our knowledge:

• The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;

• The Interim Management Report includes a fair review of the information required by:

(a) DTR 4.2.7 of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first twelve months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8 of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first twelve months of the current financial year and that have materially affected the financial position or performance of the Group during that period and any changes in the related party transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first twelve months of the current financial year.

In accordance with article 5(2)(c) of the Transparency Directive, the directors who are making this responsibility statement (and their respective functions) are as follows:

Sir John Lewis OBE (Non-executive chairman of the Board, chairman of the nomination committee, and member of the remuneration and audit committees); Serge Crasnianski (CEO and deputy chairman); Eric Mergui (COO); Emmanuel Olympitis (senior independent director, chairman of the remuneration committee, and member of the nomination and audit committees); Jean-Marcel Denis (non-executive director, chairman of the audit committee, and member of the nomination and remuneration committees); Françoise Coutaz-Replan (non-executive director and member of the audit committee); Yitzhak Apeloig (non-executive director and member of the audit committee); Jean-Marc Janailhac (non-executive director and member of the remuneration and audit committees).

By order of the Board

Sir John Lewis OBE (Non-executive Chairman)

Serge Crasnianski (Chief Executive Officer and Deputy Chairman)

7 July 2020

INDEPENDENT REVIEW REPORT TO PHOTO-ME INTERNATIONAL PLC

We have been engaged by Photo-Me International Plc (the 'company') to review the condensed consolidated financial information included in the interim financial report for the six months and twelve months ended 30 April 2020 which comprises the Group Condensed Statement of Comprehensive Income, the Group Condensed Statement of Financial Position, the Group Condensed Statement of Cash Flows and the Group Condensed Statement of Changes in Equity and the related explanatory notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated financial information.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Responsibilities of directors

This interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing this interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

The annual financial statements of Photo-Me International PLC are prepared in accordance with IFRSs as adopted by the European Union. As disclosed in note 2, the condensed consolidated financial information included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Responsibilities of auditors

Our responsibility is to express to the Company a conclusion on the condensed consolidated financial information in this interim financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial information in the interim financial report for the six months and twelve months ended 30 April 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Emphasis of matter – going concern

In forming our conclusion on the condensed consolidated financial information, which is not modified in this respect, we draw your attention to the directors' view on the impact of COVID-19 as disclosed in the Chairman's Statement, and the consideration of going concern and Covid-19 impacts in the Basis of preparation and accounting policies section of the condensed consolidated financial information.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's operations, customers, suppliers and the wider economy.

Mazars LLP
Chartered Accountants

7 July 2020

Note:
a) The maintenance and integrity of the Photo-Me International plc website is the responsibility of the directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CAUTIONARY STATEMENT AND DISCLAIMERS

This Interim Financial Report is addressed to the shareholders of Photo-Me International plc and has been prepared solely to provide information to them. This report is intended to inform the shareholders of the Group's performance during the six months and 12 months to 30 April 2020. It has been prepared to provide additional information to shareholders to enable them to access the Group's strategies, performance and the potential for those strategies to succeed. It should not be relied upon for any other purpose.

This Interim Financial Report contains certain forward-looking statements which are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates. It is believed that the expectations reflected in this report are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently expected. No assurances can be given that the forward looking statements in this Interim Financial Report will be realised. The forward-looking statements reflect the knowledge and information available at the date of preparation.

DISTRIBUTION OF REPORT

This Interim Report is released to the London Stock Exchange. It may be viewed and downloaded from the Company's Investor Relations section on the website www.photo-me.com.

Shareholders and others who require a copy of the report may obtain a copy by contacting the Company Secretary at the Company's registered office.

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