Photo-Me

12 July 2021

Photo-Me International plc
("Photo-Me" or "the Group")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2021

Good half-year performance

Photo-Me International plc (PHTM.L), the instant-service equipment group, announces its results for the six months ended 30 April 2021 (the "Period").

Results summary

	Reported		
	Six months ended 30 April 2021	**Six months ended 30 April 2020**	**Change**
Revenue	£94.6m	£91.5m	3.4%
EBITDA (excluding associates)[1]	£28.7m	£16.7m	N/A
Reported profit before tax	£12.0m	£(24.2)m	N/A
Adjusted profit before tax[2]	£12.9m	£(0.1)m	N/A
Profit after tax	£9.4m	£(21.3)m	N/A
Cash generated from operations	£22.4m	£14.7m	52.4%
Gross Cash	£95.3m	£65.5m	45.5%
Net cash[3]	£16.9m	£7.9m	113.9%
Earnings per share (diluted)	2.49p	(5.64)p	N/A
Interim dividend per Ordinary share	nil	nil	-

[1] EBITDA is Reported profit before tax, less total depreciation and amortisation, less other net gain, Finance costs and income. EBITDA for the six months ended 30 April 2020 has been adjusted in order to have comparable data (COVID provision has been added back)

[2] Adjusted profit before tax for the six months to 30 April 2021 is profit before tax adjusted to exclude the restructuring costs, additional impairments and the profit on the sales of Inox assets.

[3] Refer to note 8 for the reconciliation of Net Cash to Cash and cash equivalents as per the financial statements.

Financial summary

- Revenue was up 3.4% to £94.6 million (2020: £91.5m), resulting mostly from reduced restrictions on the movement of people and customers compared with the comparative period

- EBITDA increased to £28.7 million from £16.7m[1] million in the prior year period

- Reported profit before tax increased to £12.0 million

- Cash generation was up 52.4%

- Net cash position of £16.9 million, an increase of 113.9% from the same period in the prior year

Operational summary

- A stronger than anticipated recovery of revenue for Identification business (+3.4%), lost as a result of the COVID-19 pandemic, particularly in Japan, France and the UK

- Laundry operations continued to perform well with total revenue for laundry operations up 23.2% to £23.9 million

- Expansion of Revolution laundry operation continued, with revenue up 15.8% and the total number of Revolution units in operation up 17.4%

- Multi-country restructuring plans completed during April 2021 – progressing plans to remove additional unprofitable machines from operation across China and the UK

- Continued focus on new product innovation and diversification of operations to meet ever-changing consumer needs

- Launch of ME Group, new corporate brand strategy to reflect diversification of operations

Serge Crasnianski, CEO and Deputy Chairman, said:

"The Group has had a better initially expected start to the current financial year, with a promising return to pre-COVID business conditions. We have completed a multi-country restructuring programme which has radically reorganised our business areas and our country management. This includes a restructure of operations in the UK, which is expected to return to a cash positive position in the short-to-medium term.

"We are introducing new photo services and upgrading our photobooths. ID photos are proving to be a sustainable market, serviced through our established network and partnerships with site owners, including in the UK.

"We continue to have a great success in the rollout of our Revolution laundry machines in petrol forecourt locations, and our first 100 self-service apple juice machines have been delivered to the market alongside our 2,700 orange juice machines.

"In addition to the above, our new corporate brand name, ME Group, is being rollout across the Group, which will reinvigorate the Group's relationship with its B2B partners and consumers.

"Looking ahead, I am confident of a return to our fundamentals more quickly than previously expected, unless the COVID situation presents new difficulties."

Enquiries:

Photo-Me International plc	**+44 (0) 1372 453 399**
	ir@photo-me.co.uk
Serge Crasnianski, Chief Executive & Deputy Chairman	
Stéphane Gibon, Chief Financial Officer	
Hudson Sandler	**+44 (0) 20 7796 4133**
Wendy Baker / Nick Moore	photo-me@hudsonsandler.com

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 four principal areas:

- Identification: photobooths and integrated biometric identification solutions
- Laundry: unattended laundry services, launderettes, B2B services
- Kiosks: high-quality digital printing
- Food: vending equipment for the food service market

The Group entered the self-service fresh fruit juice equipment market in April 2019, with the acquisition of Sempa, the self-service food equipment 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 hubs, and administration buildings (City Halls, Police etc.). Equipment is maintained and serviced by an established network of 650 field engineers.

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

CHAIRMAN'S STATEMENT

The Board is pleased to report that the Group delivered a good first-half performance following a better start to the current financial year than initially expected. This performance was driven by some recovery in consumer activity, mainly in Continental Europe and in Japan.

Laundry remains a key growth driver for the Group and a further 325 Revolution machines were installed in the Period, despite the challenges presented by the pandemic. Identification performance improved, particularly in Japan which benefited from strong trading momentum in March and April 2021, due to an increase in the adoption of the Japanese government's 'My Number' social security and taxation photo identification card scheme, albeit activity in May 2021 reverted to pre-March 2021 levels.

Furthermore, the Group is continuing its previously announced restructuring programme to improve profitability through the removal, and in some cases relocation, of unprofitable machines.

To capture the opportunity to win contracts to install its vending equipment from multi-country agreements, the Group has put in place a successful key account policy focused on the Group's engagement with international organisations for the installation of photobooths.

Details of the Group's financial performance are set out in the Business and Financial Review.

Business strategy update

The Group sells and services a wide range of instant-service equipment, primarily aimed at the end consumer. It operates across 18 countries and is focused on four principal business areas: Identification, Laundry, digital Kiosks, and Food.

The Group's key investment priorities are the continued expansion of the Laundry business and the growth of its Food business, through organic growth, new product development and selected bolt-on acquisitions which meet the Group's return-on-investment criteria. The Board continues to expect that over time these two business areas will contribute an increasing proportion of total Group revenue and profit.

New product innovation remains central to the Group's growth strategy as it continues to diversify operations in response to ever-changing consumer needs. The R&D team is working on new projects to support future growth, with a focus on digital transformation and innovation in Identification. Further details on Innovation and Diversification initiatives are set out in the Business and Financial Review.

Since the Period end, the Group has taken first commercial steps to expand its operations into Finland. Furthermore, the Board is considering opportunities to further extend its geographic footprint through organic growth in Europe, Scandinavia and Australasia.

New corporate brand strategy - "ME Group"

The breadth and reach of Photo-Me's operations have changed hugely in recent years as the Board's strategy to evolve and diversify the Group's operations, with innovation at its core, has been successfully implemented. Best known for its photobooths and printing kiosks, the Group has a growing presence in the laundry market and aspirations to be a leader in the food vending equipment market.

To strengthen the Group's brand strategy and reflect the shape of the Group today, Photo-Me International PLC is in the process of launching a new corporate brand "**ME Group**", reflecting the wide range of easy to use and convenient vending products and solutions offered by the Group. The "**ME Group - Making Easy**" branding will be rolled out across all of the Group's countries of operation in the coming months.

In addition, to reinvigorate the Group's marketing amongst its customers and consumers, the essence of the ME Group brand will be captured in each of the Group's principal business areas. Identification will be known as *Photo.ME*, Kiosks will be known as *Print.ME*, Laundry as *Wash.ME* and KIS Food as *Feed.ME.*

Some of the Group's best-known consumer brands will coexist with the ME Group brand in the short-to-medium term, including Revolution Laundry across all geographies, Photomaton® in France and Photo-Me in the UK.

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

Photo-Me International PLC will remain the Group's listed entity name.

Dividends

The Board will continue to review the dividend policy and align any future dividend payments to the performance of the business and its investment strategy. Shareholders' distributions for the financial year ended 31 October 2021 will be subject to FY2021 performance. There is no restriction of shareholder distributions as long as the Group has enough cash to pay the dividends without using PGE funds.

The Board

On 23 June 2021, the Group announced changes to the composition of the Board with the appointment of four new members. Tania Crasnianski was appointed as an Executive Director, and Camille Claverie, René Proglio and Sigieri Diaz della Vittoria Pallavicini were appointed as Non-executive Directors.

The Board has been working hard to refresh its membership for some time as it continues to plan for succession for both Executive and Non-executive Directors. The Board believes that the new appointments bring a wealth of skillsets and experience as the Group continues to implement its growth strategy.

The Board is delighted to welcome the aforementioned and looks forward to working together to drive forward the Group's growth strategy.

The previously announced 20% voluntary salary reduction for all members of the Board from 1 July 2020, to preserve the Group's cash position during government lockdowns, will cease on 1 August 2021.

Corporate responsibility

The Board recognises the Group's responsibilities to the community and the environment and believes that health, safety, and environmental issues are integral and important components of best practice in business management.

To this end, the Group is working on the methodology and framework ahead of launching its comprehensive corporate social responsibility policy. This policy will support its growth strategy by integrating social, environmental, and economic expectations into the Group's strategy and operations. The aim is to strengthen the link between internal teams and external stakeholders to best meet the expectations of all stakeholders. The Group will provide a further update when it announces its FY2021 results.

Looking ahead

The Group started the 2021 financial year strongly, driven by an uptick in applications for the My Number card in Japan and encouraging trading across France in the six months ended 30 April 2021, which resulted in better than expected performance across the Group. Consequently, in April the Board revised its expectations for the financial year ending 31 October 2021. Revenue was expected to be between £190 million and £200 million (before exceptional items), and profit before tax between £15 million and £19 million (before exceptional items).

Although economic uncertainty remains across many of the Group's operating markets due to the COVID-19 pandemic, the positive trading momentum during the first six months of the financial year means that the Board now believes the Group will exceed its revised expectations for the current financial year ending 31 October 2021. Revenue is now expected to be approximately £200 million and profit before tax (before impairment and exceptional items) is expected to be in the range of £21 million to £24 million.

The Group is focused on investing in innovation and diversification to drive its growth strategy. This, alongside improving market conditions, is expected to continue to benefit the Group in FY2022 and anticipates that profits in that year will be broadly similar to FY2019 levels.

The Group has a strong cash position and the Board remains confident in its long-term growth strategy, and its ability to continue to adapt to and operate in the new consumer environment.

CHIEF EXECUTIVE'S BUSINESS AND FINANCIAL REVIEW

Financial performance

Results

Reported revenue for the six months ended 30 April 2021 was £94.6 million, an increase of 3.4% compared with the six months ended 30 April 2020, mainly driven by (i) a continued good performance from Laundry operations, with total revenue from Laundry operations up 23.2% and revenue from Revolution units up 15.8%, and (ii) a good Identification business performance in Continental Europe (France) and stronger than anticipated trading momentum in Japan. Across all key financial metrics, the Group delivered an improved performance when compared with the six months ended 30 April 2020, which was suddenly and dramatically impacted by the onset of the pandemic.

Reported EBITDA (excluding associates) was £28.7 million, which delivered an EBITDA margin of 30.3% (30 April 2020: 18.0%). This compared with EBITDA of £16.7 million for the six months ended 30 April 2020 which was dramatically impacted by the onset of the pandemic.

Profit after tax was £9.4 million, including a £1.3 million provision for the write down of machines in China, and a £0.3 million one-off cost related to reorganisation of the UK business. This compared with a reported loss of £21.3 million for the six months ended 30 April 2020.

Notably, when compared with pre-pandemic trading, the Group delivered approximately 87% of reported revenue, and approximately 93% of EBITDA reported in the six months ended 30 April 2019.

The Group remained cash flow positive, with improved cash generation of £22.4 million reflecting some recovery in consumer activity levels. This compared with cash flow generation of £14.7 million for the six months ended 30 April 2020.

Capital expenditure was £22.5 million, mainly related to Laundry capex (£8.1 million) and Photo Plaza investment (£7.9 million). The remainder relates to photobooths, and other plant and equipment.

The table below provides a reconciliation of reported profit before tax to adjusted profit before tax and a breakdown of exceptional items, provisions and impairment.

	Six months ended 30 April 2021	**Six months ended 30 April 2020**
Reported profit before tax	**£12.0m**	£(24.2)m
Discontinued operations - Loss of Max Sight Holding investment	**-**	£0.5m
Exceptional items - restructuring costs	**£0.3m**	£1.1m
Exceptional items –impairments	**£1.3m**	£22.4m
Exceptional items – Sales of Inox assets	**£(0.7)m**	-
Adjusted profit before tax	**£12.9m**	£(0.1)m

Funding and liquidity

As at 30 April 2021, the Group had gross cash of £95.3 million, and a net cash balance of £16.9 million. The Group continues to comply with its banking covenants. The Group is no longer accessing government job support schemes, but received £0.7 million during the Period.

The Board continues to believe it has sufficient liquidity to continue to navigate the disruption caused by the pandemic.

Update on restructuring programmes

By the end of April 2021, the Group had substantially completed its previously announced restructuring programme to remove unprofitable machines, primarily photobooths and children's rides. These programmes were implemented to address the significant loss in Identification revenue and to better align operations with the anticipated lower level of consumer activity in the wake of the pandemic.

In total approximately 5,000 machines have been removed from the vending estate. Of this, around 3,800 machines were removed from the UK (mainly children's rides and photobooths), 444 from China and 1,000 across Continental Europe (primarily France, the Netherlands and Spain). Some of these machines will be relocated. The Group has continued to expand by installing 1,500 machines in Europe and 1,700 machines in Japan (including Plaza Create machines). As a result, the net movement is a decrease of 442 machines. In South Korea, the Group impaired 200 units. Transportation costs for photobooth relocation have increased and in some instances the Group has paused removals subject to these costs and the recent revenue performance of the machines.

Whilst the Board will continue to take further action if required, the restructuring programme is now substantially complete, except for the UK, where an additional restructuring plan has been smoothly implemented at a cost of £0.3 million, and in China (£1.3 million of additional machine impairment).

Overview of principal business areas

Below is an overview of the Group's four principal business areas: Identification, Laundry, digital Kiosks and Food. In addition, the Group operates other vending equipment, such as children's rides and photocopiers. KIS Food is focused on vending equipment for the food service market.

Identification

Photobooths and integrated biometric identification solutions

	Six months ended 30 April 2021	Six months ended 30 April 2020	Change
Number of units in operation	**28,095**	28,537	(1.5)%
% of total Group vending estate (units)	**62.9%**	60.7%	3.6%
Total revenue	**£52.5m**	£51.9m	1.2%
Capex	**£3.3m**	£3.3m	0.3%

Identification revenue grew by 1.2% to £52.5 million. The recovery in photobooth revenue was faster than expected during the second quarter (mainly in France), and was driven by strong activity levels in Japan due to ‘My Number’ applications.

In the UK, the trading environment remained extremely challenging due to the impact of the pandemic on consumer activity alongside the Government’s policy to accept photos taken at home for official documents and passport identification. In China, the trading environment also remained difficult and a recovery in activity is not expected in the short-to-medium term.

As previously announced, action was taken across the Identification vending estate to remove unprofitable machines and mitigate lower activity levels.

As a result, the total number of photobooths in operation at 30 April 2021 reduced by 1.5% to 28,095 units. Identification accounted for 62.9% of the Group’s total vending units.

Capex was £3.3 million, an increase of 0.3% mainly due to the refurbishing of removed machines on new sites instead of purchasing new machines. In addition, new contactless card payment systems are being installed initially in photobooths in the UK and France. This system will make payment easier for customers and will give the Group greater flexibility over pricing. The plan is to roll out this payment system across the photobooth estate over time.

The Group remains confident in the longer-term opportunity in the photobooth market and the Group is investing in development of a new, more digitalised photobooth (further details in the Innovation and Diversification section below).

Laundry

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

	Six months ended 30 April 2021	Six months ended 30 April 2020	Change
Total Laundry units deployed (owned, sold, acquisitions)	**5,298**	5,471	(3.2)%
Total revenue from Laundry operations	**£23.9m**	£19.4m	23.2%
Revolution (excludes Launderettes and B2B):			
Number of Revolution units in operation	**3,762**	3,205	17.4%
% of total Group vending estate (number of units)	**8.4%**	6.6%	27.3%
Total revenue from Revolution	**£18.4m**	£15.9	15.8%
Revolution capex	**£8.1m**	£4.9	64.7%

Total revenue from Laundry operations grew by 23.2% to £23.9 million, driven by growth in its Revolution laundry business.

The total number of Laundry units deployed (owned, sold and acquired), reduced by 3.2% due to the Board’s decision to withdraw from UK B2B operations following the collapse in activity during the pandemic. The Group continues to operate B2B Laundry services in Spain under a franchise model. The Board continues to review its Launderette operations and remove or sell unprofitable machines.

Growth of Revolution operations

Revolution laundry operations remain a key driver of growth for the Group and a further 325 units were deployed during the Period (an average of 55 units per month). Revolution machines now account for 8.4% of the total Group vending estate by number of units.

Total revenue from Revolution operations grew by 15.8% to £18.4 million, with revenue growth reported in all three geographic regions of operation. This growth was supported by the easing of lockdowns, and the increase in units in operation. However, the average revenue per machine declined slightly because of the pandemic and because of the number of new machines installed, which initially generate lower revenue than established machines.

Furthermore, the Group won new contracts with petrol forecourt operators and retailers, such as EG Group and Circle K, for the rollout of Revolution units in accessible and convenient locations for consumers in the UK, Ireland, France, Switzerland, and the Netherlands.

Revolution capex increased by 64.7% to £8.1 million, reflecting the Group's focus on expansion of Revolution operations primarily in the UK, Ireland, Portugal and France. The Group plans to return to an average of 70 Revolution installations per month as lockdown restrictions continue to be eased.

The Group has continued to actively work to reduce its impact on the environment. Photovoltaic solar panels have now been installed on 100 Revolution units in France, with plans to rollout this initiative to other geographies, which will equate to a reduction in energy use by approximately 20%. The Group is also working on the introduction of a new fabric softener with eco-label standards.

Kiosks

High-quality digital printing services

	Six months ended 30 April 2021	Six months ended 30 April 2020	Change
Number of units in operation	5,211	5,497	(5.2)%
% of total Group vending estate (units)	11.7%	11.7%	-
Revenue	£6.0m	£5.5m	9.1%
Capex	£0.2m	£0.8m	(75.0)%

Revenue was £6.0 million, an increase of 9.1%, reflecting an improving trend in consumer activity levels during the Period as lockdown restrictions were eased in France, the UK and Switzerland.

The total number of Kiosks in operation at 30 April 2021 was 5,211, a reduction of 5.2% due to the removal of unprofitable machines. Kiosks accounted for 11.7% of the total number of vending units in operation.

Capex was 75% lower in the Period at £0.2 million in line with the Group's ongoing strategy to limit kiosk investment to premium sites, and focus capex on the expansion of Laundry operations.

Other vending equipment

Outside of the Group's four principal business areas, it operates other vending units, which includes children's rides, photocopiers and other miscellaneous machines. These machines are primarily situated alongside the Group's principal activities, and benefit from existing site owner relationships and where operating synergies can be captured, such as leveraging the same 650-strong field engineer and maintenance network.

Consumer demand for these machines has been significantly impacted by the pandemic and social distancing rules. Consequently, unprofitable machines have been removed as part of the restructuring programme.

At 30 April 2021, the Group operated 7,509 other vending units. These machines account for 16.8% of the Group's total vending estate by number of units and 5.7% of the total Group revenue.

KIS Food

At 30 April 2021, there were 2,700 fresh fruit juice machines in activity. The revenue in the Period was £3.2 million, contributing 3.4% to total Group revenue. The widespread closure of restaurants and hotels due to the pandemic has impacted fresh fruit juice machine sales.

The professional apple and pineapple machines developed by the R&D team for commercial use are ready for deployment to target end markets, such as the hospitality sector. The pace of rollout has been delayed due to the pandemic, with approximately 100 apple juice machines installed to date and further rollout planned for the current financial year. In addition, a prototype of a new grape juice machine is being tested, and the Group has developed a 'juice wall concept' which offers a variety of self-service fresh juice options, two of which have been deployed to date. A further update on these and other expansion opportunities and initiatives will be provided in due course.

The Group's aim is to become the food vending equipment market leader in France by 2023, and it plans to deploy these machines in all the countries where the Group operates.

Post balance sheet events

Acquisition of pizza vending machine manufacturer

Following the Period end, the Group acquired Resto'Clock, a French manufacturer of pizza vending machines (top 3 vending machine player) for a net cash consideration of £3.1 million. These vending machines offer consumers pizzas 24/7 and are ready in four minutes. The Group will integrate the acquisition into KIS Food and will sell or lease machines to customers and offer a maintenance contract. Philippe Starck, the well-known French designer, will design the pizza machines which are aimed at the B2B hospitality market (restaurants and takeaway). The Group plans to scale up production from 40 machines per year to c100 machines per month by the end of 2023, with the aim of becoming a leader in this market.

The Board has identified pizza vending as a growth opportunity and believes it is well placed to establish a presence in the market, supported by its strong site owner relationships and network of field engineers.

Innovation and Diversification

Development of indoor Revolution laundry machine

The Group's in-house R&D team in France is developing an indoor format of the Revolution machine for the B2B market for customers including supermarkets, petrol stations, universities, and hospitality businesses. The Group will rent machines, which will be approximately one square metre in size, to customers and will have a maintenance contract. The customer will manage the unit day-to-day.

Next generation photobooth

The Group is working on its next generation photobooth, which is being designed by French designer Philippe Starck, to further enhance customer experience. In addition, the R&D team is developing new 'fun' features such as filters, vintage style, and portrait editing to diversify the Group's product offer via its photobooth estate and attract younger consumers.

The Group has also developed an "anti-spoofing" solution for ID photos to avoid risk of fraud, an area of focus for governments. This technology is unique in the world. By using five different shots, taken with five different cameras, the system analyses the shadows and detects if there is an attempt of fraud (a portrait is placed in front of the camera). Other initiatives include biometrics, verification of identity documents and fingerprints.

Digitalisation of instant vending services

Looking to the future, in a world where technology continues to play an increasing role in our day-to-day lives, the Group is at the early stages of developing a 5G cloud architecture for its vending machine estate, which will bring together its full product offer onto one platform driven by its website, and will enable digital services such as applications, mobile-to-print and cloud storage. In addition, there will be a loyalty programme which is expected to increase the use of the Group's vending equipment. The Group aims to launch these services in the calendar year 2022.

REVIEW OF PERFORMANCE BY GEOGRAPHY

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.

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 and is 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.

Revenue by geographic region

	Six months ended 30 April 2021	Six months ended 30 April 2020	Change
Continental Europe	**£58.7m**	£52.5m	11.9%
UK & Republic of Ireland	**£13.3m**	£19.0m	(29.9)%
Asia	**£22.5m**	£19.9m	13.1%
Total	**£94.6m**	£91.5m	3.4%

Operating profit by geographic region

	Six months ended 30 April 2021	Six months ended 30 April 2020	Change
Continental Europe	**£10.1m**	**£(9.9)m**	201.7%
UK & Republic of Ireland	**£2.0m**	**£(11.0)m**	118.4%
Asia	**£2.7m**	**£1.1m**	143.8%
Corporate costs	**£(1.3)m**	**£(2.8)m**	51.9%
Total	**£13.4m**	**£(22.6)m**	159.4%

Operating revenue evolution (last six months by quarter)

The table below provides a detailed breakdown of operating revenue evolution by geographic region and business area in Q1 FY2021 vs November 2019 to January 2020, Q2 FY2021 vs February to April 2020 and H1 FY2021 vs November 2019 to April 2020.

	Nov 2020 to Jan 2021	Feb 2021 to Apr 2021	Nov 2020 to Apr 2021
CONTINENTAL EUROPE			
Identification	-6.6%	36.1%	13.7%
Kiosks	-3.8%	58.6%	16.1%
Laundries	1.0%	29.4%	12.9%
Other Vending	-20.2%	7.7%	-10.4%
Total	**-4.7%**	**+35.2%**	**+12.8%**
UK & REPUBLIC OF Ireland			
Identification	-50.1%	-32.0%	-41.4%
Kiosks	-44.3%	3.2%	-28.6%
Laundries	15.4%	20.9%	17.8%
Other Vending	-78.3%	-77.5%	-78.0%
Total	**-34.4%**	**-21.7%**	**-28.7%**
ASIA			
Identification	-15.4%	41.4%	13.8%
Kiosks	-15.1%	-1.1%	-8.4%
Laundries	39.6%	50.1%	44.2%
Other Vending	-57.3%	238.6%	-15.5%
Total	**-17.8%**	**43.3%**	**12.7%**
TOTAL			
Identification	-16.9%	27.3%	4.8%
Kiosks	-7.9%	51.9%	11.3%
Laundries	5.0%	27.1%	14.4%
Other Vending	-52.3%	-24.1%	-42.6%
Total	**-13.7%**	**26.2%**	**4.5%**

Vending units in operation

	At 30 April 2021		At 31 April 2020		Change
	No. of units	**% of total**	No. of units	% of total	
Continental Europe	**24,913**	**55.8%**	25,597	54.4%	(2.7)%
UK & Republic of Ireland	**8,356**	**18.7%**	11,198	23.8%	(25.4)%
Asia	**11,371**	**25.5%**	10,221	21.8%	11.3%
Total	**44,640**	**100.0%**	47,016	100.0%	(5.1)%

In line with the Group's strategy to remove unprofitable machines from its estate, the total number of vending units in operation reduced by 5.1% to 44,640 vending units (at 30 April 2020: 47,016).

The UK saw the most substantial reduction, due to the removal of approximately 3,000 unprofitable machines (mainly children's rides and photobooths) as part of the restructuring programme. In Asia, the increase is due to an acquisition in Japan which added 1,500 units to operations in the region.

Continental Europe

As at 30 April 2021, there were 24,913 units in operation in the region, which represented 55.8% of the Group's total vending estate. Continental Europe remains the largest region of operation by both machine volume and contribution to total Group revenue.

Revenue was £58.7 million, an increase of 11.9%. This performance was due to an improving revenue trend compared to the six months ended 30 April 2020, with operating revenue for Identification up 13.7%, Laundry up 12.9% and Kiosks up 16.1%. The increase is more significant in France and Germany. However, other vending revenue declined by 10.4%. The region contributed 62.1% of total Group revenue.

Excluding £12.5 million of impairment and provision in the prior year period, operating profit increased by 288.0% to £10.1 million reflecting a better performance in revenue and the benefit of rent renegotiation.

UK & Republic of Ireland

Revenue was £13.3 million, down 29.9%. The performance of this region continued to be impacted by two factors. Firstly, the identification market for official documents remains extremely challenging due to the UK government's acceptance of home-taken photographs. Secondly, the pandemic has had a dramatic impact on activity levels for all products. Operating revenue from Identification was down 41.4%, Kiosks was down 28.6% and other vending equipment was down 78.0% compared with the six months ended 30 April 2020. The Board has taken action to better align its estate to consumer demand through the restructuring programme implemented.

In contrast, Laundry operations performed strongly, up 17.8% when compared with the six months ended 30 April 2020. A further 162 Revolution units were installed in the region in the Period.

There was an operating profit of £2.0 million. The reorganisation in the UK, including the removal of the unprofitable machines, the site rent renegotiations, and the labour costs savings are the main factors of this profitability. Excluding a £0.3 million provision for restructuring operations in the UK, operating profit was £2.3 million compared with a loss of £0.8m last year before £10.2 million of provision and impairment. This proves the efficiency of the reorganisation in the UK and the country is expected to return to a cash positive position in the short-to-medium term.

At 30 April 2021, 8,356 units were in operation, a reduction of 25.4%, and 18.7% of the Group's vending estate was located in the UK & Republic of Ireland.

Asia

Revenue in the region increased by 13.1% to £22.5 million. This performance was driven by strong trading momentum in the Group's Identification business in Japan owing to the My Number card, the Japanese government's social security and taxation photo identification card scheme. The Group's photobooths in Japan are equipped to scan the unique "My Number card" QR code that every Japanese citizen has received, and match the ID photo to the card application. The scheme (launched in 2015) is not mandatory, nevertheless a government-backed incentive scheme to promote citizen applications was introduced in September 2020 and is due to run until September 2021, and this scheme has resulted in a significant increase in citizen applications during the six-month period.

On 1 February 2021, the Group acquired Photo Plaza and integrated the business into its existing operations in Japan during Q2. This acquisition added a further 1,500 photobooth units to the Group's operations in Asia, and consequently an additional £1.4 million of revenue in the last two months of the Period.

In China, trading has continued to be challenging primarily due to the ongoing impact of the COVID-19 pandemic, and the Group does not expect this to change in the short-to-medium term. Consequently, 444 photobooths have been removed from the Group's Chinese operations in the Period. This resulted in an impairment charge of £1.3 million related to machines.

Operating profit after the impairment charge was £2.7 million and £4.0 million before the impairment charge, compared to £2.1 million before impairment charge last year.

At 30 April 2021, 11,371 units were in operation, an increase of 11.3%, which represented 25.5% of the Group's total units in operation which were situated in Asia.

PRINCIPAL RISKS

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

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

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 businesses in line with guidance of governments, the World Health Organization and other relevant authorities across the territories in which the Group operates. Measures taken include providing employees with face shields, surgical masks, gloves, hand sanitiser 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 has also adopted use of the NHS Test and Trace app across the entire business. The Group continues to monitor the COVID-19 situation closely and continually reviews operational practices, updating its practices in line with government guidance and other relevant guidance.
Global economic conditions	Economic growth has a major influence on consumer spending. A sustained period of economic recession could lead to a decrease in consumer expenditure in discretionary areas.	The Group focuses on maintaining the characteristics and affordability of its needs-driven products. The Group can and has exercised the temporary non-payment of dividends to further mitigate reduced consumer spend.
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 Group hedges its exposure to currency fluctuations on transactions, as relevant. However, by its nature, in the Board's opinion,

	the value of sterling relative to those currencies.	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 left the EU on 31 January 2020. This will lead to changes in UK regulations as modifications to numerous arrangements between the UK and other members of the EU and EEA, affecting trade and customs conditions, taxation, movements of resources, among other things.	The Board is continually reviewing the potential impact on the Group's operations of the UK's leaving the EU. Any potential developments, including new information and policy indications from the UK Government and the EU, will be scrutinized with a view to enhancing the Group's ability to take appropriate action targeted at managing and, where possible, minimising adverse repercussions of Brexit. The specific impact of Brexit on the Group will depend on the details of any potential renegotiation of the Brexit deal between the UK and the EU. The business carried out post-transition impact assessments to include all customs documentation, licences, permits, consents, certificates, rules of origin, commodity codes, and delays at the borders. The Board foresees that in the short-term the negative impact of the uncertainty overshadowing the general UK economy could spill over into the Group's UK operations.
Strategic		
Identification of new business opportunities	The failure to identify new business areas may impact the ability of the Group to grow in the long-term.	Management teams constantly review demand in existing markets and potential new opportunities. The Group continues to invest in research in new products and technologies.
Inability to deliver anticipated benefits from the launch of new products	The realisation of long-term anticipated benefits depends mainly on the continued growth of the laundry business and the successful development of integrated secure ID solutions.	The Group regularly monitors the performance of its entire estate of machines. New technology-enabled secure ID solutions are heavily trialed before launch and the performance of operating machines is continually monitored.

Market		
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 machines 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	The Group continues to invest in its existing estate, to ensure that it remains contemporary, and in constant product innovation to meet customer

	major failure will affect consumer confidence.	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 six months ended 30 April 2021

	Notes	Unaudited Six months to 30 April 2021	Unaudited Six months to 30 April 2020	Audited 18 months to 31 October 2020
		£ '000	£ '000	**£ '000**
Revenue	3	**94,581**	91,526	**310,245**
Cost of Sales		**(69,019)**	(80,178)	**(255,258)**
Gross Profit		**25,562**	11,348	**54,987**
Other Operating Income		**156**	185	**910**
Administrative Expenses		**(12,289)**	(34,077)	**(52,580)**
Share of Post-tax losses from associates		**-**	(37)	**-**
Operating Profit/(loss)	3	**13,429**	(22,581)	3,317
Other net gains/(losses)	3	**20**	(644)	**(283)**
Finance revenue			-	**51**
Finance cost		**(1,442)**	(979)	**(2,593)**
Profit/(loss) before tax	3	**12,007**	(24,204)	**492**
Total Tax (charge)/credit	4	**(2,611)**	2,842	**(2,844)**
Profit/(loss) for the period		**9,396**	(21,362)	**(2,352)**
Other Comprehensive Income				
Items that are or may subsequently be classified to Profit and Loss:				
Exchange Differences Arising on Translation of Foreign Operations		**(1,402)**	2,183	**3,948**
Taxation on exchange differences		**(7)**	(3)	**(3)**
Total Items that are or may subsequently be classified to profit and loss		**(1,409)**	2,180	**3,945**
Items that will not be classified to profit and loss:				
Remeasurement gains in defined benefit obligations and other post-employment benefit obligations		**-**	-	**340**
Deferred tax on remeasurement gains		**-**	-	**(65)**
Total Items that will not be classified to Profit and Loss		**-**	-	**275**
Other comprehensive (expense)/income for the period net of tax		**(1,409)**	2,180	**4,220**
Total Comprehensive income/(expense) for the period		**7,987**	(19,182)	**1,869**
Profit for the Year Attributable to:				
Owners of the Parent		**9,396**	(21,362)	**(2,305)**
Non-controlling interests		**-**	-	**(47)**
		9,396	(21,362)	**(2,352)**
Total comprehensive income attributable to:				
Owners of the Parent		**8,044**	(19,200)	**1,888**
Non-controlling interests		**(57)**	18	**(19)**
		7,987	(19,187)	**1,869**
Earnings per Share				
Basic Earnings per Share	6	**2.49p**	(5.64)p	**(0.62)p**
Diluted Earnings per Share	6	**2.48p**	(5.64)p	**(0.62)p**

All results derive from continuing operations.

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

GROUP CONDENSED STATEMENT OF FINANCIAL POSITION
as at 30 April 2021

	Notes	**Unaudited Six months to 30 April 2021 £'000**	Unaudited Six months to 30 April 2020 £'000	Audited 18 months to 31 October 2020 £'000
Assets				
Goodwill	7	**13,675**	13,222	13,767
Other intangible assets	7	**17.212**	36,642	18,972
Property, plant & equipment	7	**93,776**	88,262	90,285
Investment property	7	**622**	638	652
Investment in - associates		**56**	417	57
Financial instruments held at FVTPL		**984**	984	984
Financial assets held at amortised cost		**957**	913	960
Deferred tax assets		**–**	92	–
Trade and other receivables		**1,742**	1,887	1,799
Non-current assets		**129,025**	143,057	27,477
Inventories		**18,022**	22,481	16,611
Trade and other receivables		**20,419**	26,232	16,740
Current tax		**55**	2,574	217
Cash and cash equivalents	8	**95,273**	65,509	106,193
Current assets		**133,769**	116,796	139,760
Total assets		**262,794**	259,853	267,237
Equity				
Share capital		**1,889**	1,890	1,889
Share premium		**10,599**	10,599	10,599
Translation and other reserves		**14,962**	13,381	15,245
Retained earnings		**92,775**	88,329	84,448
Equity attributable to owners of the Parent		**120,225**	114,199	112,181
Non-controlling interests		**1,632**	1,633	1,689
Total Shareholders' funds		**121,857**	115,832	113,870
Liabilities				
Financial liabilities	8	**41,653**	50,084	40,937
Post-employment benefit obligations		**5,510**	5,880	5,973
Deferred tax liabilities		**6,737**	3,827	6,058
Non-current liabilities		**53,899**	59,791	52,968
Financial liabilities	8	**46,542**	24,124	54,516
Provisions		**411**	3,847	1,262
Current tax		**1,506**	8,861	4,909
Trade and other payables		**38,540**	47,398	39,712
Current liabilities		**87,038**	84,230	100,399
Total equity and liabilities		**262,794**	259,853	267,237

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 2021

	Notes	Unaudited Six months to 30 April 2021	Unaudited Six months to 30 April 2020	Audited 18 months to 31 October 2020
		£000	£000	£000
Cash flow from operating activities				
Profit before tax		**12,007**	(24,204)	492
Finance cost		**1,442**	933	2,592
Finance revenue		**-**	66	(51)
Other gains		**(20)**	624	283
Operating profit/(loss)		**13,429**	(22,581)	3,317
Share of post-tax loss from associates		**-**	37	-
Amortisation of intangible assets		**1,837**	1,779	18,939
Depreciation of property, plant and equipment		**11,760**	15,447	64,610
Provision and impairment		**1,616**	23,101	(112)
Profit on sale of property, plant and equipment		**767**	436	-
Exchange differences		**(156)**	829	(2,597)
Other items		**(604)**	414	43
Changes in working capital:				
Inventories		**(1,411)**	899	5,728
Trade and other receivables		**(3,679)**	729	4,177
Trade and other payables		**(1,172)**	(6,426)	(1,170)
Cash generated from operations		**22,387**	14,664	92,935
Interest paid		**(365)**	(284)	(2,594)
Taxation paid		**(6,015)**	(1,402)	(4,688)
Net cash generated from operating activities		**16,007**	12,978	85,653
Cash flows from investing activities			-	
Acquisition of subsidiaries net of cash acquired		**(6,575)**	567	(786)
Proceeds from disposal of associate			-	357
Investment in intangible assets		**(691)**	(806)	(2,326)
Proceeds from sale of intangible assets		**-**	(12)	50
Purchase of property, plant and equipment		**(15,993)**	(11,623)	(44,782)
Proceeds from sale of property, plant and equipment		**1,235**	605	1,474
Variation of FVTPL asset		**-**	(455)	-
Interest received		**106**	12	259
Dividends received from associates		**-**	(291)	(184)
Net cash generated from investing activities		**(21,918)**	(12,003)	(45,938)
Cash outflows from financing activities				
Issue of Ordinary shares to equity shareholders		**-**	12	11
Repayment of capital element of finance leases		**(181)**	(102)	(286)
Repayment of borrowings		**(11,137)**	(5,539)	(17,097)
Increase in borrowings		**6,310**	(14,136)	
Decrease in assets held at amortised cost		**-**	-	30,964
Dividends paid to owners of the Parent		**-**	(17,879)	(31,894)
Net cash utilised in financing activities		**(5,008)**	(37,664)	(18,302)
Net Decrease in cash and cash equivalents		**(10,920)**	(20,371)	21,585
Cash and cash equivalents at beginning of year		**106,193**	-	84,591
Exchange loss on cash and cash equivalents		**-**	1,086	17
Cash and cash equivalents at end of year	**8**	**95,273**	(19,285)	106,193

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

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 April 2021

	Share capital £'000	Share premium £'000	Other reserves £'000	Translation reserve £'000	Retained earnings £'000	Attributable to owners of the Parent £'000	Non-controlling interests £'000	Total £'000
At 1 November 2019	1,888	10,588	1,781	10,785	107,785	132,796	1,618	134,414
Loss for year	–	–	–	–	(21,362)	(21,362)	-	(21,362)
Other comprehensive (expense)/income								
Exchange differences	–	–	–	2,183	-	2,183	–	2,183
Tax on exchange	–	–	–	(3)	-	(3)	–	(3)
Total other comprehensive/income	–	–	–	2,180	–	2,180	–	2,180
Total comprehensive (expense)/income	–	–	–	2,180	(21,362)	(19,182)	–	(19,182) 1,868
Shares options exercised in the period	–	11	(1,781)	–	1,962	193	–	193
Share options	–	–	–	–	172	172	–	172
Dividends	–	–	–	–	(56)	(56)	–	(56)
Disposal of minority	–	–	–	–	–	–	(134)	(134)
Total transactions with the Parent	1	11	(1,310)	(23)	1,906	585	15	600
At 30 April 2020	1,889	10,599	471	12,910	88,379	114,199	1,633	115,832

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 April 2021 (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 November 2020	**1,889**	**10,599**	**1,781**	**14,533**	**83,379**	**112,181**	**1,689**	**113,870**
Profit for period	**-**	**-**	**-**	**-**	**9,396**	**9,396**	**-**	**9,396**
Other comprehensive expense								
Exchange differences	**-**	**-**	**-**	**(647)**	**-**	**(647)**	**(57)**	**(704)**
Tax on exchange	**-**	**-**	**-**	**(7)**	**-**	**(7)**	**-**	**(7)**
Transfers between reserves	**-**	**-**	**-**	**(698)**	**-**	**(698)**	**-**	**(698)**
Total other comprehensive expense	**-**	**-**	**-**	**(1,352)**	**-**	**(1,352)**	**(57)**	**(1,409)**
Total comprehensive (expense)/income	**-**	**-**	**-**	**(1,352)**	**9,396**	**8,044**	**(57)**	**7,987**
At 30 April 2021	**1,889**	**10,599**	**1,781**	**13,181**	**92,775**	**120,225**	**1,632**	**121,857**

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

NOTES

1. Corporate information

The condensed consolidated interim financial statements of Photo-Me International plc (the "Company") for the six months ended 30 April 2021 ("the Interim Report") were approved and authorised for issue by the Board of Directors on 8 July 2021. 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

The financial statements have been prepared in accordance with IAS 34. The accounting policies applied are consistent with those that were applied in the Company's consolidated financial statements for the 18 months ended 31 October 2020 and that are expected to be applied in its consolidated financial statements for the year ended 31 October 2021. The condensed consolidated interim financial statements comprise the unaudited financial information for the six months ended 30 April 2021 and period ended 31 October 2020. 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 period ended 31 October 2020. 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 period ended 31 October 2020 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 auditors and their report to the Company is included in the Interim Report. The comparative figures for the financial period ended 31 October 2020 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors (i) was unmodified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without modifying 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 18 months period ended 31 October 2020.

New standards adopted 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 2021 and future reporting periods. The most significant standards and interpretations were listed in the Group's 2020 Annual Report, however none of these are likely to have a material impact on the Group's financial statements.

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 (as COVID-19) 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 estimation uncertainty were in the same areas as those that applied in the consolidated financial statements as at and for the period ended 31 October 2020**.**

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 earning 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 period ended 31 October 2020 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 six months to 30 April 2021.

The Group is now seeing the back of the COVID pandemic and its impact on the business as revenues are rising again in almost all markets and regions.

The Group has at the date of this Interim Report, sufficient financing available for its estimated requirements for at least the next twelve months, together with the 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.

After reviewing the Group's annual budgets, plans and financing arrangements, the Directors consider that the Group has adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to continue to adopt the going concern basis in preparing this Interim Report.

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 second half of the financial year is seasonally the strongest for the Group in terms of profits, however due to the impact of the recent COVID 19 Pandemic, this remains to be seen for the current year ending 31 October 2021.

	Asia	Europe	United Kingdom & Ireland	Corporate costs	Total
	£'000	£'000	£'000	£'000	£'000
Six months ended 30 April 2021					
Total revenue	**24,012**	**58,716**	**13,321**	**-**	**96,049**
Inter segment sales	**(1,468)**	**-**	**-**	**-**	**(1,468)**
Revenue from external customers	**22,544**	**58,716**	**13,321**	**-**	**94,581**
EBITDA	**6,418**	**19,572**	**3,908**	**(1,202)**	**28,696**
Depreciation and amortisation	**(3,736)**	**(9,507)**	**(1,879)**	**(145)**	**(15,267)**
Underlying operating profit	**3,987**	**10,065**	**1,635**	**(1,346)**	**14,342**
Specific items	**(1,305)**		**(393)**	**-**	**(912)**
Operating profit excluding associates	**2,682**	**10,065**	**2,029**	**(1,346)**	**13,429**
Share of post tax profits from associates					**-**
Operating profit					**13,429**
Other gains					**20**
Finance Revenue					**-**
Finance costs					**(1,442)**
Profit before tax					**12,007**
Tax					**(2,611)**
Profit for period					**9,396**
Capital expenditure (excluding IFRS 16)	**9,782**	**9,988**	**2,572**	**135**	**22,477**

	Asia	Europe	United Kingdom & Ireland	Corporate costs	Total
	£'000	£'000	£'000	£'000	£'000
Six months ended 30 April 2020					
Total revenue	19,968	54,377	18,820	-	93,165
Inter segment sales	-	(1,893)	254	-	(1,639)
Revenue from external customers	19,968	52,484	19,074	-	91,526
EBITDA	4,363	12,786	2,062	(2,519)	16,693
Depreciation and amortisation	(2,267)	(10,927)	(3,533)	(370)	(17,097)
Underlying operating profit	1,089	(10,485)	(8,013)	(3,896)	(21,305)
Specific items	-	(100)	(1,176)	-	(1,276)
Operating profit excluding associates	1,089	(10,585)	(9,189)	(3,896)	(22,581)
Operating profit	-	-	-	-	(22,581)
Other losses	-	-	-	-	(644)
Finance costs	-	-	-	-	(979)
Profit before tax	-	-	-	-	(24,204)
Tax	-	-	-	-	2,842
Profit for period	-	-	-	-	(21,362)
Capital expenditure	2,612	2,586	(7,532)	246	(2,088)

18 months ended 31 October 2020	Asia	Continental Europe	United Kingdom & Ireland	Corporate	Total
	£'000	£'000	£'000	£'000	£'000
Total revenue	60,394	202,297	56,369	–	319,060
Inter segment sales	(2)	(7,067)	(1,746)	–	(8,815)
Revenue from external customers	60,392	195,230	54,623	–	310,245
EBITDA	13,222	75,486	7,923	(9,319)	87,313
Depreciation and amortisation	(6,741)	(32,130)	(11,278)	(1,500)	(51,649)
Impairment	(1,981)	(14,606)	(15,760)	–	(32,347)
Underlying operating profit/loss	5,232	28,882	(18,444)	(10,818)	4,852
Specific items (included in EBITDA)	(731)	(133)	(671)	–	(1,535)
Operating profit/loss excluding associates	4,501	28,750	(19,115)	(10,818)	3,317
Operating profit					3,317
Other losses					(284)
Finance Revenue					51
Finance costs					(2,593)
Profit before tax					491
Tax					(2,844)
Loss for the period					(2,353)
Capital expenditure (excluding IFRS16)	4,972	31,797	9,855	484	47,108
Non-current assets	20,023	85,369	18,154	3,931	127,477

4. Taxation

	Six months to 30 April 2021 £ '000	Six months to 30 April 2020 £ '000	18 months to 31 October 2020 £ '000
Profit/(loss) before tax	**12,007**	(24,204)	492
Total taxation charge	**(2,611)**	2,842	(2,844)
Effective tax rate	**-21.7%**	**-11.7%**	**-578.0%**

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 31 October 2021

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. This has not changed for the year 2021.

5. Dividends

Dividends paid and proposed

	30 April 2021		31October 2020	
	pence per share	**£'000**	pence per share	£'000
Interim				
2019 paid on 10 May 2019	-	-	**3.71**	**14,014**
Final				
2019 approved at AGM held on 03 October 2019	-	-	**4.73**	**17,880**
	-	**-**	**8.44**	**31,894**

Period ending 30 April 2021
Following the COVID 19 Pandemic, the board did not declare any dividends for the periods ending 31 October 2020 and 30 April 2021.

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 2019.

The Board proposed a final dividend of 4.73p per share for the year ending 30 April 2018 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:

	Six months to 30 April 2021	Period to 31 October 2020
Basic earnings per share	**2.49p**	(0.62)p
Diluted earnings per share	**2.48p**	(0.62)p
Earnings available to shareholders (£'000)	**9,396**	**(2,352)**
Weighted average number of shares in issue in the period		
- basic ('000)	**378,011**	377,749
- including dilutive share options ('000)	**378,212**	378,514

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, segmental 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 2021			
Earnings available to shareholders (£'000)	**9,396**	**2.49**	**2.49**
Specific items net of tax	**165**		
Other gains	**(20)**		
Earnings after specific items	**9,541**	**2.52**	**2.52**
Weighted average number of shares in issue in the period	**378,212**		
October 2020			
Earnings available to shareholders (£'000)	(2,352)	(0.62)	(0.62)
Specific items net of tax	1,535		
Gain on financial assets classified as available for sale	(284)		
Earnings after specific items	(1,101)	(0.29)	(0.29)
Weighted average number of shares in issue in the period	378,514		

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 30 April 2019	**18,419**	**31,281**	**95,353**	**648**
Exchange adjustment	28	(913)	937	27
Additions - photobooths & vending machines			37,319	
Additions - other assets	464	2,446	8,580	
Right of Use assets			9,687	
Amortisation & Depreciations		(13,796)	(40,226)	
Impairments	(5,143)		(17,538)	(24)
Disposals at net book value		(46)	(3,827)	
Net book value at 31 October 2020	**13,767**	**18,972**	**90,285**	**652**
Exchange adjustment	(92)	(615)	(4,510)	(22)
Additions - photobooths & vending machines			21,786	
Additions - other assets		691		
Amortisation & Depreciation		(1,837)	(10,550)	(8)
Impairments			(1,210)	
Disposals at net book value		1	(2,025)	
Net book value at 30 April 2021	**13,675**	**17,212**	**93,776**	**622**

8. Net Cash

	30 April 2021 £'000	31 October 2020 £'000	30 April 2020 £'000
Cash and cash equivalents per statement of financial position	**95,273**	106,193	65,509
Financial assets held at amortised cost	**984**	984	984
Non-current instalments due on bank loans	**(33,373)**	(39,444)	(38,588)
Current instalments due on bank loans	**(44,007)**	(45,434)	(19,566)
Leases	**(1,999)**	(422)	(414)
Net cash	**16,878**	21,877	7,928

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

At 30 April 2021, £984,000 (31 October: £984,000) 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.

The table above, which is 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.

9. IFRS- 3 Business Combination Purchase Price Allocation

The group continues to expand with the recent acquisition of 100% of the Japanese ID photobooth business of Plaza Create Co. Ltd. The transaction completed on the 1st of February 2021 by a Group subsidiary in Japan (Nippon Auto-Photo) for a consideration of JPY 950,000,000 (£6,692,000).

The purchase consideration was paid entirely in cash.

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

Acquisition-related costs
Acquisition-related costs of £416,000 are included in Administrative expenses in the Condensed Statement of Comprehensive Income.

Revenue contribution
The acquired business contributed revenues of £1.4m to the Group for the period from 1 February 2021 to 30 April 2021.

10. 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 6 months ended 30 April 2021, 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 THE HALF-YEARLY 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 4.2.7R 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 4.2.8R 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 entity during that period and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

John Lewis (Non-executive Chairman)

Serge Crasnianski (Chief Executive Officer and Deputy Chairman)

8 July 2021

INDEPENDENT REVIEW REPORT TO PHOTO-ME INTERNATIONAL PLC

We have been engaged by Photo-Me International PLC ("the Company") to review the financial information for the six months ended 30 April 2021 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 report and considered whether it contains any apparent misstatements or material inconsistencies with the 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 and our Engagement Letter dated 15th June 2021. 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.

Respective responsibilities of directors and auditor

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with International Accounting Standard 34, 'Interim Financial Reporting', in accordance with Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority which requires that the interim report must be prepared and presented in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility is to express to the Company a conclusion on the condensed set of financial information in the interim 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 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 financial information in the interim report does not give a true and fair view of the financial position of the Photo-Me International PLC as at 30 April 2021 and of its financial performance and its cash flows for the six months then ended, in accordance with International Accounting Standard 34, 'Interim Financial Reporting and Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority

Mazars LLP
Chartered Accountants
Tower Bridge House
St Katharine's Way
London
E1W 1DD
Date: 12 July 2021

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 auditors does not involve consideration of these matters and, accordingly, the auditors accept 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 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.

Photo-Me International plc
Unit 3B Blenheim Road
Epsom
Surrey KT19 9AP
Tel: +44 (0)1372 453399
Fax: +44 (0)1372 459064
e-mail: ir@photo-me.co.uk