



The next generation

Who we are

We are an international market leader in automated instant-service equipment with operations across 18 countries.

What we do

We operate, sell and service a wide range of instant-vending equipment primarily aimed at the consumer market, with technological innovation at its core.

Our purpose

Inventing eco-responsible local services that make everyday life easier.

Our Vision

To be the market leader and go-to instant-service technology provider across all of our key markets, and to contribute positively and responsibly to our localities, communities and the environment.

Our Mission

To enhance our ability to service the needs of consumers' everyday lives across multiple different touch-points through innovative products and digital transformation.

Our Values

Supported by the strength of our people, a strong cohesion between teams, and social commitment, our aim is to meet end-consumer needs in terms of efficiency and reliability as well as to provide site owners with the services they need to make their sites attractive.

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-  Contents page
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-  Refers to Photo.me
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Summary of 2023

Highlights

A year of record financial performance

Next-generation photobooth rollout underway, modernising and digitalising photobooth estate

Market leader in Japan, following photobooth acquisition

Creation of further shareholder value through dividends and share buyback programme

Continued expansion of laundry operations

Return to the FTSE 250 Index on the London Stock Exchange

Key financials

for the 12 months ended 31 October 2023

REVENUE



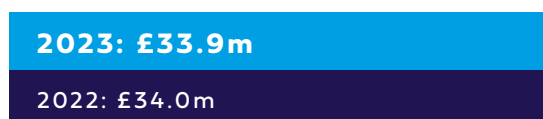
GROSS CASH



EBITDA¹



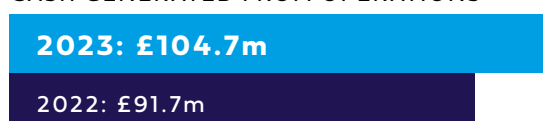
NET CASH²



PROFIT BEFORE TAX



CASH GENERATED FROM OPERATIONS⁵



EARNINGS PER SHARE²



TOTAL DIVIDENDS PER ORDINARY SHARE^{3/4}



¹ EBITDA is profit before depreciation, amortisation, other net gains / (losses) and finance cost and income.

² Net cash excludes investments in convertible bonds (£4.7m) and lease liabilities (£13.3 million). See note 20 for details of net cash.

³ Interim Dividend paid on 23 November 2023 (£11.2 million). Recommended Final Dividend will be paid on 23 May 2024, subject to approval at the AGM.

⁴ The total dividend per ordinary share of 12.70p in respect of FY 2022 included special dividends totalling 7.10p per share (£26.8 million).

⁵ 2022 cash generated from operations has been restated by +£3.8m due to a reclassification from debtors to intangibles assets. See note 11 for details.

Strategic report

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We have been working to improve the user experience within our our apps and machines to simplify navigation, and boost overall efficiency for our customers.

Business at a Glance

UK & Republic of Ireland

6,297

MACHINES IN OPERATION

16.2%

OF TOTAL GROUP REVENUE

Continental Europe

26,232

MACHINES IN OPERATION

68.9%

OF TOTAL GROUP REVENUE

Our business services

Photo.ME
GROUP

Photobooths and integrated biometric identification solutions

Print.ME
GROUP

High-quality digital printing kiosks

Wash.ME
GROUP

Unattended laundry services and launderettes

Feed.ME
GROUP

Vending equipment for the food service market



Asia Pacific

15,037

MACHINES IN OPERATION

14.9%

OF TOTAL GROUP REVENUE

3

CORE GEOGRAPHIES

Continental Europe, UK & Republic of Ireland and Asia Pacific

OPERATIONS IN

18 countries

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

R&D CENTRES

2

France and Vietnam, supported by a team of more than 50 engineers

VENDING UNITS
IN OPERATION

47,566

Our business model

Technological innovation and digital transformation sit at the core of our business strategy. This strategy is focused on diversifying our product portfolio, expanding the number of units in operation, and increasing the yield per unit, while minimising production and operational costs to the Group; this enables it to capitalise on its operating leverage.

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

We have long-standing established partnerships with site owners and our long-term contracts provide the Group with consistent, solid year-on-year recurring revenue streams and revenue visibility. We operate most of our vending equipment and pay the site owner a percentage of the machine turnover or a fixed fee, or a combination of these.

The Group benefits from a dominant market position, with limited or no competition, in many of the countries in which it operates. The size of our machine network enables us to leverage economies of scale to expand our operations and benefit from the trend towards increased automation while presenting significant barriers to potential competitors.

Our key strengths

The Group’s business model and market-leading position benefit from:

| | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Predictable and stable cash flows</p> <p>Generated from existing network to fund growth through product innovation</p> | <p>International footprint and diversity of services offered</p> <p>Providing resilience through location and service mix against geographic trends and demand patterns</p> | <p>Established network of skilled field engineers</p> <p>Supporting growth across business areas at limited additional cost</p> |
| <p>Industry-leading technological capabilities and proven track record</p> <p>In-house R&D developing proprietary solutions and continuous product diversification, offering best-in-class user experience and operations management, underpinned by instant-service vending know-how</p> | <p>Competitively priced, high-quality services with a focus on consumer experience</p> <p>Meeting the increasing demand for instant-vending service on the go through convenient easy-to-use reliable, value-for-money services</p> | <p>Value for all our stakeholders</p> <p>Meeting the needs of customers and consumers and delivering shareholder value through growth and dividends</p> |
| <p>Long-term partnerships and contracts with high-footfall site owners</p> <p>Machine portfolio positioned in accessible locations with c.90% tacit renewal, such as supermarkets, shopping centres and transport hubs</p> | <p>A market leader with more than 60 years of industry experience</p> <p>Providing leading brands and household names in key territories with expert know-how in autonomous vending equipment</p> | <p>Sustainability</p> <p>Focus on social commitment, environmental footprint and responsibility towards society</p> |

VALUE FOR ALL OUR STAKEHOLDERS

OUR KEY STRENGTHS SUPPORT OUR GROWTH STRATEGY

GROWTH STRATEGY



Photo.ME
GROUP

GROWTH STRATEGY



Wash.ME
GROUP

Innovation,
Diversification,
Digitalisation

GROWTH STRATEGY



Feed.ME
GROUP



Print.ME
GROUP

GROWTH STRATEGY

OUR KEY STRENGTHS SUPPORT OUR GROWTH STRATEGY

VALUE FOR ALL OUR STAKEHOLDERS

Growth strategy in action

Our growth strategy is centred on five key pillars to support the development of the Group's principal business areas: photobooths, laundry services, digital printing and food vending equipment.

We are pleased to outline progress in FY 2023 on delivery of our growth strategy against each of the five key pillars aimed at supporting the development of the Group's principal business areas.

1. Expansion into new geographic territories

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

Progress in FY 2023

The Group has continued to drive expansion of operations in new geographic territories. In Australia we have around 11 photobooths installed across Sydney and Melbourne, our pilot cities. Whilst expansion in Australia remains at an early test phase, we continue to look at how we can best grow our operations and believe there is a significant opportunity in the region

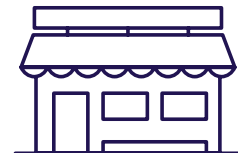


2. Entering new market segments

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

Progress in FY 2023

Our partners and site owners remain a valuable route for us to grow our business by entering new market segments. We launched new partnerships with Central Co-op and Morrisons, two major supermarket chains in the UK, enabling us to offer conveniently accessible laundry services to consumers at those sites.



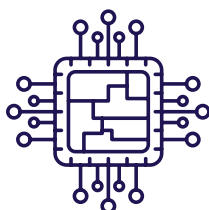
We are pleased to have made solid progress against our five-year plan to 2027, driving forward a number of initiatives as part of this mid-term roadmap.

3. Ongoing new product and technology innovation

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

Progress in FY 2023

The Group is well underway with the deployment of modernisation software across its photobooth estate. This new proprietary software provides us with the ability to deploy new functionality and services, as well as update interfaces, remotely. Further details are disclosed further down in this report.



4. Continued expansion and diversification of services

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

Progress in FY 2023

The Group has rolled out a number of next generation photoboos, predominantly across France, as part of our strategy to introduce a multi-service offering across its operations. Machines are being installed at a rate of around 180 per month with ambitions to increase to 250 new installations per month during 2024.

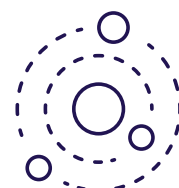


5. Merger and acquisition strategy

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

Progress in FY 2023

In October our Japanese subsidiary, ME Group Japan K.K., completed the acquisition of the automated-photobooth business from FUJIFILM Corporation. The acquired photoboos have been fully integrated into the Group's operations, benefitting from wider operational synergies, and consequently the Group is positioned as a market leader for photoboos across Japan.



Our business

Photo.ME
GROUP

Photobooths with
integrated biometric photo
identification solutions

A global leader in the photobooth market for instant photo ID, portraits and fun photographs. Our services are primarily aimed at the consumer market, with machines typically located in convenient, high-footfall locations such as travel hubs, shopping centres and supermarkets.

The business generates stable cash flow which supports the Group's diversification strategy and investment in new product development.

GROUP TOTAL VENDING ESTATE

64.7%

PHOTOBOOTH UNITS IN OPERATION

30,762

OPERATIONS IN

18 countries

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

VENDING REVENUE^{1,2}

▲ 11.8%

2023: £172.5m 2022: £154.3m

EBITDA¹

▲ 14.0%

2023: £61.8m 2022: £54.2m

¹ For the 12 months ended 31 October 2023

² Excludes revenue from the sales of machines, equipment and services

Our photobooths offer

- **Integrated proprietary software** to conform to International Standards Organisation (ISO) and International Civil Aviation Organisation (ICAO) photo ID regulations
- **Secure digital photo ID technology** to improve and digitalise security ID, working closely with national institutions to ensure compliance with Photo ID standard and security requirements, offering secure integrated solutions including biometric data capture, secure and direct transfer of data and 3D facial image capture
- **Portraits and fun photos** provide fun user experiences such as beautifying, vintage, portrait editing features, video capture etc

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

Growth drivers

- Demand for photo ID required for official documentation
- Government need for digitalised photo ID and security to combat fraud and criminal activity
- Consumer demand for multi-functional instant services via a single machine

Growth strategy

- Commercialisation of multi-service next generation photobooths to grow revenue contribution
- Longer-term opportunities to expand presence in countries where self-taken ID photos are not permitted
- Deployment of proven photo ID security technologies in existing and new territories
- Targeting new strategic partners for entry at high-footfall locations including major supermarkets and smaller retail shops and parks

Growth targets

- Continued roll out of next generation photobooths in 2024, with the aim of deploying approx. 3,000
- Planned investment in FY2024: £15-20 million for next generation photobooth rollout and machine upgrades
- Target returns: 18 months
- Plans to deploy a total of 8,000 next generation machines by the end of FY 2025

Next generation photobooths

Our next-generation photobooth marks the start of our journey to modernising and modularising our photobooth estate. It offers consumers a multi-functional booth providing a range of services, alongside our core photo ID product offering.



Features include:

- Photo ID for official documentation with secure upload technology
- User personalisation services, using AI and photo filter technology for fun images
- 'Mobile to print' functionality for photograph

Powered by technological digitisation:

- New, cloud-based proprietary software

Deployment strategy:

- 547 installed in FY 2023
- Plans to install 3,000 in FY 2024
- Target of 8,000 installed by end of FY 2025

Capex:

- £8.9 million invested in FY 2023
- Planned investment in FY2024: £15-20 million
- Target return on investment: 18 months

Our business continued

Print.ME
GROUP

High-quality digital
printing kiosks



Convenient, affordable and easy-to-use instant-printing services for consumers, positioned in attractive high footfall locations across Europe.



GROUP TOTAL VENDING ESTATE

10.0%

UNITS IN OPERATION

4,734

OPERATIONS IN

8 countries

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

VENDING REVENUE^{1,2}

▲ 5.6%

2023: £11.3m 2022: £10.7m

EBITDA¹

▲ 16.7%

2023: £4.2m 2022: £3.6m

¹ For the 12 months ended 31 October 2023

² Excludes revenue from the sales of machines, equipment and services

Our digital printing offer

- **Industry-leading technology** offering a wide range of printing formats and personalised products. Our kiosks enable easy, competitively-priced, high-quality digital printing from smartphones
- **State-of-the-art kiosks** which are fully integrated with major social media networks providing consumers with convenient, easy-to-use, reliable and high-quality services for a seamless customer experience

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

Growth drivers

- Increased use of smartphones and digital sharing across social media networks
- Growing demand for convenient, high-quality printing services

Growth strategy

- Opportunities to extend digital kiosk services offered through the Group's instant-service machine network
- Product partnership and expansion opportunities within existing territories

Growth targets

- A second range of 500 new kiosks to be installed in France to refresh portfolio in France in 2024
- Target returns: 18-20 months

GROUP TOTAL VENDING ESTATE

13.6%

UNITS IN OPERATION

6,055



Other vending equipment

Other vending equipment typically situated at high-footfall sites where the Group has an existing relationship with the site owner and can benefit from operating synergies, such as using its field engineer and maintenance network.

Our operations include:

Amuse.ME
GROUP

Self-service traditional amusement and interactive rides offering safe entertainment for children.

Copy.ME
GROUP

Photocopiers which enable consumers to reproduce physical documents, safely and securely, using the latest technology.

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

Our business continued

Wash.ME
GROUP

Unattended 24/7 laundry services and laundrettes



Growing network of large-capacity unattended laundry services, offering a range of machine formats for partners and end consumers.



GROUP TOTAL VENDING ESTATE

11.6%

UNITS IN OPERATION

5,533

OPERATIONS IN

12 countries

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

REVOLUTION VENDING REVENUE^{1,2}

▲ 34.2%

2023: £76.1m 2022: £56.7m

EBITDA¹

▲ 35.7%

2023: £39.5m 2022: £29.1m

¹ For the 12 months ended 31 October 2023

² Excludes revenue from the sales of machines, equipment and services

Our laundry operations

- **Revolution unattended laundry services** offer 24/7 outdoor self-service laundry machines, typically located on high footfall sites, providing access to large-capacity and energy-saving rapid laundry services
- **Self-service launderette shops** offer convenient and competitively-priced large-capacity, self-service laundry amenities, typically located near town centres

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

Growth drivers

- Demand for convenient, high-capacity laundry services at competitive prices
- Cost-effective and energy-efficient service compared with domestic alternatives
- Compact machine formats present attractive option for space-sensitive site owners and consumers

Growth strategy

- Expansion of Revolution laundry services in target territories through new and existing partnerships with strategic site owners, increasing laundry revenue as a proportion of total Group revenue
- Continued innovation of laundry units, upgrading existing machines and commercialisation of new formats for new market segments
- Key focus on sustainability and cost savings of water and electricity

Growth targets

- Targeting an average installations of 80-90 units per month in FY 2024
- Rollout of photovoltaic solar panels on Revolution units across key territories, including France and United Kingdom
- Planned investment in FY2024: £26.0 million
- Target returns: Approx. 18 months



Our business continued

Feed.ME
GROUP

Vending equipment
for the food and juice
service market



Primarily sells fruit juice and pizza machines, typically with a maintenance agreement.

In addition, the Group operates a small number of fresh orange juice vending machines in Japan.



GROUP TOTAL VENDING ESTATE

0.8%

UNITS IN OPERATION

441

OPERATIONS IN

5 countries

Belgium, France, Japan, Switzerland, Australia

REVENUE¹

▲ 8.0%

2023: £13.5m 2022: £12.5m

EBITDA¹

▲ 11.8%

2023: £3.8m 2022: £3.4m

¹ For the 12 months ended 31 October 2023

Our vending operations

- Specialist high-end professional fresh fruit machines with proprietary technologies to produce high-quality fruit juices
- Pizza vending equipment manufacturer offering consumers self-service pizza 24/7 ready in four minutes, as well as pizza machines aimed at the B2B hospitality market (restaurants and takeaways)
- Multiple vending machine formats providing range of applications and use of space

Contracts typically include a maintenance agreement for the Group to service the equipment for the duration of the contract.

Growth drivers

- A new salesforce reinforced by ME Group France team will drive significant growth in pizza-vending equipment sales to B2B market
- Technical issues were resolved in 2023. This should help the Group to accelerate the sales in 2024

Growth strategy

- Expand presence in the self-service fruit juice equipment market and offer a wider variety of self-service fresh juice options in all territories where the Group has an existing footprint
- Establish a larger presence in the pizza-vending equipment market across new and existing territories
- Developing partnerships with new and existing site owners to sell / deploy food vending equipment, benefitting from synergies where other units are already deployed

Growth targets

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

The connected fridge

A catering service for the hotel industry, gives customers the chance to enjoy a full meal on the spot at any time, quickly and at a low price

Features include:

- All-in-one fridge + reheating system on less than 1 m² of floor space
- Electronic payment
- Intelligent detection system with quick and easy product registration

Green technology:

- Clean SmartScale technology (without polluting RFID chips) and optimised stock management to limit deliveries and waste.

Chairman's statement

The Group's operations are highly cash-generative, with these cash flows used to fund growth through product innovation and expansion, and in turn driving value to our shareholders through growth and dividends

REPORTED REVENUE

£297.7m

12 months ended 31 October 2023

CASH GENERATED FROM OPERATIONS

£104.7m

As at 31 October 2023



Sir John Lewis OBE
Non-executive Chairman

2023 Overview

I am pleased to report that the Group delivered a record financial performance in FY 2023, with strong growth delivered against the prior year, particularly across the Group's core Photobooth and Laundry operations. This reflected the positive trading momentum achieved throughout the year with growth achieved across all of ME Group's key business areas and key territories, with activity supported by strong consumer demand for our automated services.

For the 12 months ended 31 October 2023, the Group delivered robust revenue growth of 14.6%, EBITDA growth of 15.6% and a 25.7% increase in profit before tax. In FY 2023, Group EBITDA also surpassed £100 million for the first time, reaching £106.6 million, with profit before tax increasing by £13.7 million to £67.1 million, reflecting the Group's focus on delivering growth profitably across its global vending estate.

Today, ME Group has a dominant market position in most of the markets in which it operates, with its long-term customer contracts supporting good predictability and visibility on its revenue streams. The Group's operations are highly cash-generative, with these cash flows used to fund growth through product innovation and expansion, and in turn driving value to our shareholders through growth and dividends.

Strategic progress

We have continued to make good progress against our growth strategy. Our technological innovation expertise is supporting the diversification of our product portfolio and the Group's digital transformation, as we modernise our vending estate and our organisation. This underpins our continued focus on expanding the number of units in operation and increasing the yield per unit, while reducing production and operational costs to the Group. This enables us to capitalise on the Group's operating leverage.

Our growth strategy is focused on five core pillars:

1. **Expansion into new geographic territories**
2. **Entering new market segments**
3. **Ongoing new product and technology innovation**
4. **Continued expansion and diversification of services and revenue growth**
5. **Merger & Acquisition**

Progress was achieved across these pillars, notably with the deployment of our next generation photobooth, integrated with our newly developed proprietary software. We also cemented our presence in the Japanese photobooth market, positioning the Group as market leader in the country, following our photobooth acquisition. Further details on our progress are set out in the Chief Executive's Report.

We continue to explore a plethora of potential opportunities that will help us to meet our growth ambitions and we remain confident in the Group's ability to achieve these and drive attractive levels of returns for our shareholders.

Entry into the FTSE 250 Index

In June, we were delighted to be informed that the Group had been included as a constituent of the FTSE 250 Index, following a review by global index provider FTSE Russell. Our return to the FTSE 250 marked an important corporate milestone demonstrating the journey that the Group has been on to expand and diversify its operations through technological innovation.

Chairman's statement continued

The Board & Executive Team

Post period-end, on 2 November 2023, we announced that Jean-Marc Janailhac who had been an Executive Director of the Company since July 2020, would be stepping down from his executive role. We are delighted, however, that Jean-Marc continues to sit on the Board this time in his original capacity as a Non-executive Director. I would like to take this opportunity to thank him for his valuable contribution to the Company as an Executive Director and I am pleased he will continue to work closely with me and the Board in his previous role.

The Board of Directors continues to believe that it has a strong team in place to continue supporting the leadership team in delivering on the Group's long-term growth strategy.

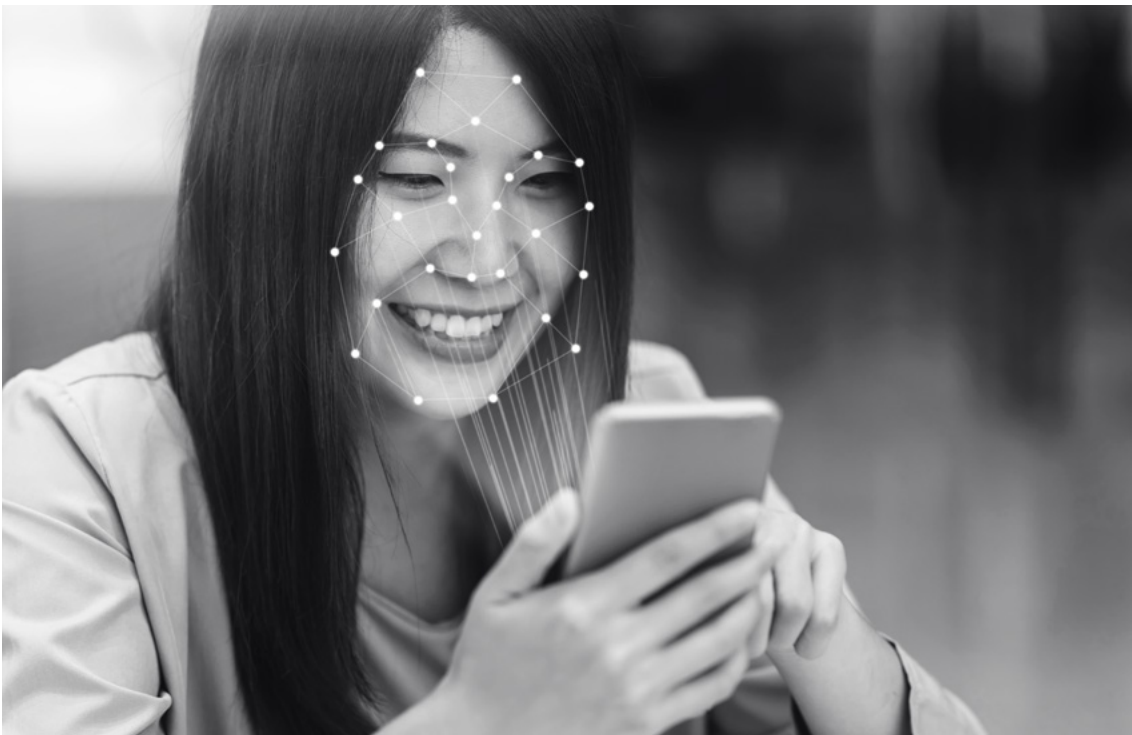
I would like to thank my Board colleagues, the executive team, and every employee across the Group for their continued dedication, commitment, and hard work.

Shareholder returns and dividend Share buyback

As a Group, we are committed to creating shareholder value wherever we can and as a Board we look to explore opportunities that reward our shareholders. In August, we announced the launch of a Share Buyback Programme to run until the Company's next Annual General Meeting. As at 31 October 2023 the Company held 1,260,534 shares, with an average value of 156p per share, at a cost of £1,969,000. It is the aim that the Buyback Programme will reduce the Company's share capital and in turn drive an increase in the earnings per share and consequently the yield for all shareholders.

Dividends

Under the Company's current distribution policy, it will look to pay annual dividends in excess of 55% of its annual profits after tax, subject to market and capital requirements. This total will be split between interim dividends (1/3) (generally to be paid in the month of November) and final dividends (2/3) (generally to be paid in the month of May).



Engagement is crucial to ensuring that Directors fully understand stakeholder needs and can make well-informed decisions.

The Board declared an interim dividend for the six months ended 30 April 2023 of 2.97 pence per Ordinary share (the "Interim Dividend"), which amounted to £11.2 million, paid to shareholders on 23 November 2023 to shareholders on the register on 3 November 2023.

The Board has recommended a final dividend for the year ended 31 October 2023 of 4.42 pence per Ordinary share ("Final Dividend") amounting to £16.6 million. Combined with the Interim Dividend, this brings the total dividend for the year ended 31 October 2023 to 7.39 pence per Ordinary share (£27.9 million).

Subject to approval at the Company's annual general meeting on 26 April 2024, the Final Dividend will be paid on 23 May 2024 to shareholders listed on the register at the close of business on 26 April 2024. The ex-dividend date will be 25 April 2024.

Sustainability

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

Looking ahead

Laundry is a key part of our growth strategy and we continue to invest to expand our portfolio and build on new and existing partnerships, to further extend our convenient laundry services in high footfall destinations. We are also improving the user experience, through the launch of our consumer App for our laundry services, which delivers better marketing insight. In the year ahead, we plan to install an average of 80-90 Revolution laundry machine per month, with a particular focus on expansion in France and the United Kingdom.

The photobooth market remains robust, and even though it is a mature market, turnover and the number of transactions has stayed stable from year-to-year.

Within the Group, 70% of the photobooth market is based on the requirement for official photos (driving licences, passports, ID photos, etc.), unofficial photos (universities, schools, sports clubs etc) and, to a lesser extent, fun products.

The Group does not foresee a drop in demand for official photos in the short- or medium-term. The Group is securing this market as much as possible by developing agreements with administrations and regulatory bodies (ANTS in France, HMPO in the UK and MY NUMBER in Japan) and by trying to replicate this same model in other countries and by extending it to all official needs (passports, identity cards and driving licences). The demand for official photos is helped by the continual introduction of new legislation (for example, the compulsory renewal of 'old pink driving licences' in France and the My Number campaign in Japan).

At the same time, the Group is working on a range of additional, more entertaining offers in photoboos that could attract other consumers.

The Group has proven to be resilient, despite the ongoing macroeconomic headwinds. It remains highly cash generative, and our financial position remains strong, driven by good trading momentum across the business. This supports the Board's confidence in the Company's ability to make further strategic progress in FY 2024 and beyond.

The Board expects the Group to achieve continued revenue and earnings growth in the financial year ahead, building on the success of FY 2023, subject to any major changes to the macroeconomic environment.

Sir John Lewis OBE
Non-executive Chairman

27 February 2024

Chief Executive's report

We are pleased to report a year of record financial performance during which we continued to make good strides in delivering on our long-term growth strategy. We have reported strong revenue and profit growth across all of our business areas and geographic regions.

EBITDA

£106.6m

12 months ended 31 October 2023

PROFIT BEFORE TAX

£67.1m

12 months ended 31 October 2023



Serge Crasnianski
Chief Executive Officer & Deputy Chairman

Business review

Our continued focus on technological innovation and diversification, underpinned by our in-house R&D capabilities, enables us to meet the needs of end-users internationally. This, alongside the global footprint of our operations, well positions us on the international stage as a leading operator in instant service vending.

Financial performance

Total revenue increased by 14.6% to £297.7 million (2022: £259.8 million), with strong growth delivered in each of our geographic regions.

By geography, our largest region, Continental Europe, reported revenue growth of 15.4%, due to a continued strong performance in France. In the UK & Republic of Ireland, revenue was up 14.8%, and in Asia Pacific operating revenue was up 11.0%.

Each of our principal business areas delivered operating revenue growth year-on-year compared with the same period in FY 2022. Our laundry operations performed particularly strongly, up 32.0%, photobooth operations grew by 11.8%, digital printing by 5.6% and Other Vending Equipment and Feed.ME operating revenue was up 30.8% on FY 2022.

As a result of the above, EBITDA (excluding associates) was £106.6 million, an increase of 15.6%, which delivered an EBITDA margin of 35.8%. Reported profit before tax was up 25.7% to £67.1 million (2022: £53.4 million), with all regions reporting growth.

The Group's corporation tax charge for the year was £16.4 million, resulting in an effective tax rate of 24.5%. Tax charge for the prior year was £14.6 million, an effective tax rate of 27.3%.

Capital expenditure was £53.5 million, primarily related to laundry (£24.7 million), photobooths (£8.9 million), kiosks (£3.1 million), plant, machinery and vehicles (£6.3 million) and the acquisition of a photobooth business in Japan (£4.8 million).

The Group remains well capitalised and in a strong financial position, with net cash of approximately £33.9 million.

During the year ended 31 October 2023, the Group repurchased 1,260,534 of its ordinary shares and also paid dividends totaling £23.4 million (comprising the interim dividend for 2022 of £9.8 million, the final dividend for 2022 of £11.3 million and a special dividend for 2022 of £2.3 million). In November 2023, the Company paid its announced interim dividend for 2023, totaling £11.2 million.

Further details of the Group's performance by business area and geographic region are set out overleaf.

Chief Executive's report continued

Overview of principal business areas

Below is an overview of the Group's four principal business areas: photobooth (Photo.ME), digital printing (Print.ME), laundry (Wash.ME) and food (Feed.ME). In addition, the Group operates Other Vending Equipment.

Photo.ME GROUP Photoboos and secure integrated biometric photo ID solutions

| | 12 months to 31 Oct 2023 | 12 months to 31 Oct 2022 |
|------------------------------------------------------------|-----------------------------|-----------------------------|
| Number of units in operation | 30,762 | 27,625 |
| Percentage of total group vending estate (number of units) | 64.7% | 62.9% |
| Revenue | £172.5m | £154.3m |
| Capex | £8.9m | £3.0m |
| EBITDA | £61.8m | £54.2m |

Our photobooth operations, our largest business area by number of units, revenue and EBITDA contribution, continued to perform strongly throughout the financial year.

Revenue increased by 11.8% to £172.5 million (2022: £154.3 million). This performance was supported by continued demand of official photo ID, the continued expansion of the estate both organically and through acquisition, and annualised benefits of FY 2022 price increases implemented in certain locations, particularly France, Germany and Austria. The average revenue per machine (excluding VAT) increased to £5,908 per year (2022: £5,586 per year).

Subsequently, EBITDA was up 14.0% at £61.8 million and represented 58.0% of total Group EBITDA. EBITDA was 35.8% of photobooth revenue during the Period.

Capex increased from £3 million to £8.9 million, reflecting investment in the rollout of next

generation photoboos, with 547 installed in France and Germany in FY 2023. While deployment of the machines was slower than initially expected, due to supplier delays, these short-term challenges have been resolved. At the year-end we were installing approximately 180 next-generation units per month. In addition, a programme to upgrade our existing photobooth estate with new proprietary software and functionalities is underway.

At 31 October 2023, the number of photoboos in operation was 30,762, an 11.4% increase on the prior year (2022: 27,625), reflecting the ongoing expansion programme as we continue to rollout units in existing and new territories. This represents 64.7% of the Group's total vending units.

Growth strategy and progress

We believe that there are a number of long-term growth drivers in place which underpin our continued expansion. Demand for photo ID for the use in official documentation, including driving licences and passports, Government requirements for digitalised photo ID and security to combat fraud, and consumers increasingly requesting multi-functional instant services are all factors underpinning the continued growth of Photo.ME. There continues to be a compelling case for the Group to grow its photobooth business and benefit from industry trends and widespread consumer demand.

Our next-generation photobooth was developed by the Group's in-house R&D team and offers range of new functionalities, focused around enhancing the user experience. These new features include 'Mobile to Print', user personalisation services using AI and photo filters. The Group expects other new functions will be added over time. The Group aims to install 3,000 next-generation machines in FY 2024, and approximately 8,000 next-generation photoboos by the end of FY 2025.

At the same time, the Group is modernising the hardware of its existing photobooth estate and intends to install its new proprietary software at a rate of around 200 machines per month. This proprietary software enables the Group's engineers to quickly and cost-effectively upgrade



each machine, remotely rather than needing to physically visit the machines.

In October 2023, the Company's Japanese subsidiary, ME Group Japan K.K., acquired the automated-photobooth business owned and operated by two subsidiaries of FUJIFILM Corporation (formerly FUJIFILM Co., Ltd) in Japan for an initial consideration of £4.8 million (Japanese Yen 873 million), funded by a local loan facility. This added 3,548 traditional photobooths, located in high-footfall locations such as travel hubs and shopping centres throughout Japan, delivering official photo ID for consumers, including for the government's social security and taxation photo ID card scheme. The acquired photobooths were fully integrated into the Group's operations in Japan in October 2023 and will benefit from operational synergies under the Group's ownership. Further details of the Japan acquisition are detailed in the Review of Performance by Geography section.

Following the Group's entry into the Australian market through a small acquisition in 2021, the Group is trialling 11 photobooths in across Sydney and Melbourne, as part of our ongoing diversification strategy as we build our presence in both new and existing markets. Whilst this is at an early stage in terms of building out the market, the Group is exploring how best to drive forward expansion and remains excited by the prospects for the Australian market.

The Board continues to believe that there are longer-term opportunities in the photo ID market across both existing and new geographic markets.

Planned photobooth investment in FY 2024 is between £15 million and £20 million, with a target return on investment in approximately 18 months.

Wash.^{ME} GROUP

Unattended Revolution laundry services and laundrettes

| | 12 months to 31 Oct 2023 | 12 months to 31 Oct 2022 |
|--------------------------------------------------------------|-----------------------------|-----------------------------|
| Total Laundry units deployed (owned, sold and acquisitions) | 6,870 | 5,924 |
| Total revenue from Laundry operations | £81.6m | £61.8m |
| Total Laundry EBITDA | £39.5m | £29.1m |
| Revolution | | |
| - Number of Revolutions in operation | 5,533 | 4,754 |
| - Percentage of total group vending estate (number of units) | 11.6% | 10.8% |
| - Total revenue from Revolutions | £76.1m | £56.7m |
| - Revolution capex | £24.7m | £20.2m |

Total revenue from our laundry operations grew by 32.0% to £81.6 million as we continued to expand our estate of Revolution laundry units, generating a higher level of turnover from this business. At 31 October 2023, the total number of laundry units deployed (owned, sold) was up 16.0% to 6,870. Total laundry EBITDA increase by 35.7% to £39.5 million.

Growth of Revolution laundry operations

The total number of Revolution units in operation grew 16.4% to 5,533, as the Group continued to roll out new machines at a rate of 65 per month, with more than 780 machines installed during the year. Revolution laundry machines accounted for 11.6% of the Group's total estate by number of machines (2022: 10.8%).

Chief Executive's report continued

Revenue increased by 34.2% to £76.1 million, which represented 25.6% of Group revenue, driven by a combination of higher demand and more machines in operation. The average revenue per machine (excluding VAT) was £14,793 per year (2022: £12,816 per year).

EBITDA was £39.5 million and contributed 37.1% of Group EBITDA. EBITDA from Revolution was 48.4% of revenue.

Wash.ME remains our fastest growing and highest margin business area and we continued to invest to deliver our expansion plans. As a result, Revolution capex increased to £24.7 million (2022: £20.2 million) reflecting the continued rollout of units across our core territories. Furthermore, the Group has entered a period of machine refurbishment and maintenance, the first since laundry operations were launched in 2012.

Growth strategy and progress

A key part of our growth strategy for the laundry business is expanding operations through new

and existing partners in target territories, as a means of meeting consumer demand by offering convenient, competitively priced and high-capacity laundry services. We announced a new strategic partnership with leading supermarket chain Co-op, in the UK, to position Revolution units at sites in selected parts of the country. The partnership will allow us to position laundry services at an increasing number of high footfall locations across the UK, offering convenient laundry services to consumers at those sites. We see this as a mutually beneficial relationship where we build a destination for consumers looking for high-capacity laundry facilities while shopping.

As well as entering new market segments through strategic partnerships, the Group continues to deliver innovative solutions to drive forward the service offering available under Wash.ME. Alternative machine formats continue to prove popular with different types of users. We see good potential for our 'Flex' units, a compact format that can fit into smaller spaces, and believe there to be a long-term opportunity to address the



domestic market and at-home laundry needs. Whilst this is at an early stage, we will continue to monitor the opportunity and update in due course.

In June, the Group began rolling out a new consumer App aimed at laundry services as a means of improving the user experience as well as providing better marketing insights on the Group's end-consumers. It remains a focus for us to improve the App and work towards rolling this out more widely across our operations.

The Group plans to install an average of 80-90 laundry machines per month in FY 2024. In addition, photovoltaic solar panels are being installed on Revolution laundry machines rollout across key territories, including France and the United Kingdom.

Planned laundry investment in FY 2024 will be £22.0 million to £30.0 million, with a target return on investment in approximately 18 months.



Print.ME GROUP

High-quality digital printing services

| | 12 months to 31 Oct 2023 | 12 months to 31 Oct 2022 |
|------------------------------------------------------------|--------------------------|--------------------------|
| Number of units in operation | 4,734 | 4,785 |
| Percentage of total group vending estate (number of units) | 10.0% | 10.9% |
| Revenue | £11.3m | £10.7m |
| Capex | £3.1m | £1.3m |
| EBITDA | £4.2m | £3.6m |

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

At 31 October 2023 the Group had 4,734 kiosks in operation, a reduction of 1.1% compared with the prior year. These accounted for 10.0% of the total number of vending units in operation.

Revenue increased to £11.3 million from £10.7 million in the prior year, reflecting increased demand from new digital kiosks, replacing 413 old machines. Revenue represented 4.1% of Group revenue.

The average revenue per machine (excluding VAT) was £2,374 per year (2022: £2,279).

EBITDA was £4.2 million which represented 3.9% of Group EBITDA. EBITDA was 37.2% of Print.ME revenue in the period.

Capex was £3.1 million, a significant increase on the prior year reflecting an investment programme to replace some existing machines, and deployment of 500 new kiosks.

Growth strategy and progress

In recent years, we have focused more investment towards the Print.ME business as demand for high-quality digital printing services remains robust. This, paired with the increasing use of smartphones and demand for social media

Chief Executive's report continued

sharing, presents a long-term opportunity for our digital printing services. The Group is forecasting c.£3.0 million of capex in FY 2024. As part of the growth strategy for this business area, the Group continues to explore opportunities to extend the services offered through its wider vending estate including digital printing services. Our next-generation photobooths, currently being deployed, offers this functionality as part of the multi-service offering.

Feed.ME GROUP

Vending equipment for the food service market

Feed.ME activities are focused on two areas, self-service fresh fruit juice equipment market and pizza vending machines aimed at the B2B retail and hospitality markets. The Group currently has operations in Belgium, France, Japan and Switzerland.

The Feed.ME business model is primarily based on the sale of vending equipment. Customers frequently, but under no obligation, sell the

vending equipment back to the Group at a later date. The equipment is then refurbished and re-sold, generating repeat revenue for the Group.

The Group also sells maintenance agreements, under which it services vending equipment for an agreed period of time.

Technical adjustments to our pizza vending machine led the Group to move manufacture of this machine in-house during the commercialisation phase. This enabled us to increase production to 30 machines per month and ensures that our R&D team are on hand to support and have oversight of quality control and cost efficiencies.

On a smaller scale, the Group operates fruit juice machines in Japan. During the year we reinstated our B2B vending operations aimed at end markets such as the hospitality sector. At 31 October 2023, the Group had 441 freshly squeezed-orange-juice vending machines in operation, which includes fulfilment of the oranges for the machines.





Revenue from the sale of equipment, consumables and services was £8.9 million. Combined with other revenue (£4.6 million), the total revenue of Feed.ME was £13.5 million (2022: £12.5 million). This business area contributed 4.5% of total Group revenue.

A review following the technical issues experienced with the pizza machines, which have slowed progress in this business area, has resulted in an impairment of goodwill and intangibles of £2.6 million related to the acquisition of the pizza vending machine manufacturer (Resto'Clock) in 2021. The group will continue to sell pizza vending equipment, with the target of relaunching this division and improving profitability.

EBITDA was £3.8 million and contributed 3.6 % of Group EBITDA.

Growth strategy and progress

The food service sector remains an attractive proposition for the Group. We remain focused on growing our fruit juice vending machine operations in Japan and we plan to increase the production of our pizza vending machines, with the aim of selling more than 15 per month.

The Group's aim is to become the food vending equipment market leader in Europe.

Amuse.ME GROUP **Copy.ME** GROUP

Other vending equipment

At 31 October 2023, the Group operated 6,055 (2022: 6,483) other vending units in addition to its four principal business areas. These included 2,356 children's rides (Amuse.ME), 3,374 photocopiers (Copy.ME) and 325 other miscellaneous machines

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

Other vending equipment accounted for 13.6% of the Group's total vending estate by number of units, down 1.7% compared with the previous year and represented 4.0% of the total Group revenue.

Innovation and diversification

Continuous technological innovation and diversification of operations are central to the Group's growth strategy, driven by our dedicated 50-strong R&D team, most of whom work at our primary R&D facility in France.

We are continually looking at ways to create or evolve service offerings through our vending estate that meet the changing needs of consumers both across our existing and new markets. Our in-house team develops and tests new technologies, products, and functionality before these enter the commercialisation phase and are deployed within our vending estate.

In recent years, innovation has been primarily focused on key initiatives to digitally transform the Group, improve operational efficiencies and enhance the end-user experience.

This digital transformation through the modernisation and modularisation of our vending estate will enable the Group to be more agile and operationally efficient. It will support the swift deployment of software upgrades and new services across our machine estate, whilst also enabling us to enhance consumer engagement through targeted marketing campaigns.

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

- Design of new, intuitive, and modern user interfaces across product categories
- Integration of digital payment systems
- Up-to-date functionalities, through an aggregate of the best of external technology providers

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

- Use of a powerful CRM which offers a customised experience to end users
- Launch of applications that connect to our machines to offer mobile-to-machine features
- Remote management of our self-service vending equipment through a cloud-based infrastructure
- Multi-service functionality for the next-generation machines. Centralised operating system offering operational efficiencies and a seamless, connected user experience for the consumer



Innovation in action

New proprietary software

Our new proprietary software developed by the in-house R&D team is at the centre of the Group's digital transformation, which is initially being rolled out for photobooths. This software is fitted as standard on all next-generation photobooths being installed and, over the coming years, the Group aims to retrofit this software across its existing photobooth estate.

At the touch of a button, the Group will be able to remotely run a software upgrade for each photobooth, giving it the ability to deploy new functionality and services quickly and cost-effectively. It will allow the Group to remotely update the consumer interface and enhance the end-user experience.

Previously, software updates were implemented manually by an engineer on site.

Enhanced user experience

Our next-generation photobooth offers a redesigned user experience (UI and UX) to support greater digital functionality. This includes visual enhancements to the user interface as well as a more efficient consumer interaction, such as a reduction in the number of clicks required during user interaction. Additionally, users will be able to provide feedback on their experience via a QR code on each machine.

Ongoing digitalisation driving operational efficiencies

We are currently working to develop several new initiatives to centralise back-office processes aimed at driving operational efficiencies. These include:

- A new application for field engineers offering centralised route planning
- Real-time telematics to monitor the operational performance of each machine and reduce downtime
- A new CRM tools to support the Group's sales team function, due to go live by the end of 2024
- Applications to enhance engagement with end user and support marketing campaigns, with new store locator launched in June 2024
- Launch of end-user App in the first half of 2024

Review of performance by geography

Commentary on the Group's financial performance is set out below, in line with the segments as operated by the Board and the management of the Group. These segmental breakdowns are consistent with the information prepared to support the Board's decision-making. Some commentary below relates to the performance of specific products in the relevant geographies.

Vending units in operations

| | At October 2023 | | At October 2022 | |
|--------------------------|-----------------|-------------------|-----------------|-------------------|
| | Number of units | % of total estate | Number of units | % of total estate |
| Continental Europe | 26,232 | 55.1% | 25,331 | 57.7% |
| UK & Republic of Ireland | 6,297 | 13.2% | 6,858 | 15.6% |
| Asia Pacific | 15,037 | 31.6% | 11,721 | 26.7% |
| Total | 47,566 | 100% | 43,910 | 100% |

The total number of vending units in operation at 31 October 2023 increased by 8.3% to 47,566 (2022: 43,910), mainly due to the acquisition of a photobooth business in Japan, which was completed in September 2023.

Key financials

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

Revenue by geographic region

| | 12 months ended 31 October 2023 | 12 months ended 31 October 2022 |
|--------------------------|---------------------------------|---------------------------------|
| Continental Europe | £205.2m | £177.8m |
| UK & Republic of Ireland | £48.2m | £42.0m |
| Asia Pacific | £44.3m | £39.9m |
| Total | £297.7m | £259.7m |

Operating profit by geographic region

| | 12 months ended 31 October 2023 | 12 months ended 31 October 2022 |
|--------------------------|---------------------------------|---------------------------------|
| Continental Europe | £62.6m | £51.3m |
| UK & Republic of Ireland | £12.4m | £11.6m |
| Asia Pacific | £4.3m | £2.0m |
| Corporate costs | £(11.8)m | £(8.1)m |
| Total | £67.5m | £56.8m |

Total revenue increased by 14.6% to £297.7 million, reflecting the strong year-on-year performance in all three geographic areas from higher consumer demand for the Group's instant-service machines and, to a lesser extent, the year-on-year benefit of end consumer pricing rises implemented during 2022.

Continental Europe

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

Revenue increased 15.4% to £205.2 million (2022: £177.8 million), reflecting a strong performance and revenue growth across all business areas, notably laundry and photobooth operations.

Total operating revenue increased by 18.7% year-on-year, primarily driven by Wash.ME, which grew by 28.2% and Photo.ME, which grew by 16.1%. Wash.ME delivered consistent quarter-on-quarter growth reflecting continued expansion of operations, with a further 779 laundry units deployed, of which 491 were installed in France. Photobooth operations benefited from higher consumer demand and the rollout of 547 next-generation photoboos, alongside consumer price increases implemented across France (from €6 to €8) and Germany (€8 to €10) during FY 2022. The Group's other business areas saw strongest year-on-year revenue growth in Q1 2023 and Q2 2023, which reflects the recovery of operations in FY 2023 compared with FY 2022 which was still impacted by the pandemic.

Operating profit grew significantly to £62.6 million, an increase of 22.0%.

At 31 October 2023, 26,232 units were in operation in Continental Europe which represented 55.1% of the Group's total estate. Continental Europe contributed 68.9% of total Group revenue.

UK & Republic of Ireland

Revenue grew by 14.8% to £48.2 million, reflecting further expansion in the number of laundry units and demand for laundry services, with Wash.ME operating revenue up 45.7%. Photo.ME operating revenue was up 2.2%, and Other Vending and Feed.ME operations were up 5.8%.

In the UK and Republic of Ireland, the Group has strategic relationships in retail sectors, leading shopping centres, supermarkets and forecourts. We have over 3,000 photoboos and 1,300 laundry units sited across this region with key partners including Tesco, Morrisons, Co-op, Musgraves, BWG, Circle K and Applegreen. The Group remains focused on growing its vending estate within these key accounts, which will provide it with the opportunity to continue building market share in the UK & Republic of Ireland.

Operating profit grew by 6.9% to £12.4 million (2022: £11.6 million).

As at 31 October 2023, there were 6,297 units in operation in the UK & Republic of Ireland, a decrease of 8.2%, due to the loss of two key accounts in 2023. This segment represented 13.2% of the Group's total vending estate.

Asia Pacific

Revenue increased by 11.0% to £44.3 million, driven by a 5.4% increase in photobooth operating revenue, and a 53.5% in revenue from Other Vending and Feed.ME operations which mainly related to the successful expansion of freshly squeezed orange juice vending operations in Japan. Asia Pacific continues to be the only market in which the Group operates fresh fruit juice vending machines, with 441 orange juice machines installed by 31 October 2023.

Operating profit in the region more than doubled to £4.3 million (2022: £2.0 million).

As set out above, the Group acquired 3,548 photoboos in Japan at the end of the financial year for £4.8 million. As a consequence, the Group became the market-leading photobooth operator in the Japanese market. To date, this acquisition has performed in line with expectations and is expected to increase Asia Pacific revenue by 20% to 30% and to add approximately £2.2 million in profit in FY 2024.

As at 31 October 2023, there were 15,037 units in operation in Asia Pacific, which represented 31.6% of the Group's total vending estate. The region contributed 14.9% of total Group revenue.

Key performance Indicators (KPIs)

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

| Description | Relevance | Performance | |
|------------------------------------------------|-------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|
| | | 12 months ended 31 October 2023 | 12 months ended 31 October 2022 |
| Total Group revenue at actual rate of exchange | | £297.7m | £259.8m |
| Group Profit before tax | | £67.1m | £53.4m |
| Increase in number of photoboos | | 3,137 | (242) |
| Increase in number of Laundry units (operated) | The increase in number of Revolutions is a constant priority and a main driver for growth | 779 | 660 |

Section 172(1) statement

Directors are required to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard, amongst other matters, to the factors listed in section 172(1) (a) to (f) of the Companies Act 2006.

Engagement therefore is crucial to ensuring that Directors fully understand stakeholder needs and can make well-informed decisions that have addressed differing and sometimes conflicting priorities. Our overview of stakeholder engagement that has taken place during the year can be found on pages 36 to 37.

The following pages comprise our section 172(1) statement in which we explain how the Board has fulfilled its duty in section 172 whilst having regard to the matters set out in that section.

How the directors fulfil their duty under Section 172(1) of the Companies Act 2006:

Diverse set of skills, knowledge and experience

The Board has a diverse set of skills, knowledge and experience which help the Directors to make informed decisions that promote the long-term success of the Company whilst considering the needs of the Company's stakeholders.

Further information on the Board's composition, including the skills and experience of the individual Directors appears on pages 70 to 71.

Board information and monitoring

The Board receives detailed papers and in-person updates from management which they question challenge and debate, to ensure conflicting views are carefully considered.

Management also gives regular updates on the progress of the implementation of actions and decisions to allow the Board to review and if appropriate, course-correct, as situations (and stakeholder priorities) inevitably evolve.

Further information on the Board's activities can be found on pages 78 to 86.

Board discussion

All Directors are expected to constructively challenge and contribute to discussions, as well as offer additional perspectives, advice and strategic guidance.

Further information can be found within the Division of Responsibilities and Meeting Attendance section on page 80.

Strategic direction and culture

The Board is responsible for setting the strategic direction, values and culture of the Company. It sets the tone of how business is done throughout the Group. Stakeholder considerations are central to decision-making at all levels of the Group.

Further information on corporate strategy can be found on pages 6 to 17.

The Board has a diverse set of skills, knowledge and experience which help the Directors to make informed decisions that promote the long-term success of the Company whilst considering the needs of the Company's stakeholders.

These matters permeate the entire range and gamut of the Directors' considerations, deliberations and actions. The table below outlines other main areas of this report which detail how the Directors have had regard to the section 172(1) limbs.

| Section 172 duty | Where you can find more information |
|-----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) The likely consequence of any decisions in the long term | Our Business Model: pages 6 to 7 Strategic Report: pages 2 to 67 Stakeholder Engagement: pages 36 to 37 Principal risks (primarily steps taken in mitigation): pages 38 to 40 |
| (b) The interests of the Company's employees | Stakeholder Engagement: pages 36 to 37 Remuneration Committee Report: pages 90 to 107 |
| (c) The need to foster the Company's business relationships with suppliers, customers and others | Our Business Model: pages 6 to 7 Stakeholder Engagement: pages 36 to 37 |
| (d) The impact of the Company's operations on the community and the environment | Strategic Report: pages 2 to 67 Sustainability statement: pages 42 to 50 TCFD Report: pages 59 to 65 Also, visit: https://me-group.com/our-ambition/ |
| (e) The desirability of the Company maintaining a reputation for high standards of business conduct | Our Business Model: pages 6 to 7 TCFD: pages 59 to 65 Risk Management: page 86 Audit Committee Report: pages 83 to 84 |
| (f) the need to act fairly as between members of the Company | Stakeholder Engagement: pages 36 to 37 |

Section 172(1) statement continued

Stakeholder Engagement

Consumers

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

Customers

| How we engage | How this engagement influenced Board discussions and decision-making |
|----------------------------------------------------------------------|----------------------------------------------------------------------|
| Continual contact with customers through customer-relation managers. | Feedback can be shared with the Executive Directors and the Board. |

Employees

| How we engage | How this engagement influenced Board discussions and decision-making |
|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Briefings from management as to how the Company is doing | <p>The Executive Directors and the CFO* have regular briefings with senior management and through the medium of these meetings are able to learn about employee concerns and views so that they can be taken into account in making decisions which are likely to affect their interests.</p> <p>There are open forums for staff to come forward with any queries. Consultations required by law are complied with (e.g. in cases of redundancy).</p> <p>The Company operates an executive share option scheme, and rewards senior management with bonuses.</p> <p>The Company encourages a common awareness on the part of all employees of the financial and economic factors affecting the performance of the Company is achieved through the regular meetings referred to above.</p> <p>Although the CFO is not a statutory director of the Company, he regularly attends board meetings and interacts closely with the Board, particularly the audit committee.</p> |

Shareholders

| How we engage | How this engagement influenced Board discussions and decision-making |
|---------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Regular engagement by the Chairman and Senior/Independent Director with major shareholders. | <p>In July 2022, the Company announced it was adopting a new distribution policy under which for the foreseeable future it would pay annual dividends in excess of 50% of its annual profits after tax subject to market and capital requirements. This total would be split between interim dividends (1/3) (generally to be paid in the month of November) and final dividends (2/3) (generally to be paid in the month of May).</p> <p>In August 2023, with members' approval, the Company embarked on a share buyback programme which is still ongoing. As at 31 October 2023, the Company had repurchased 1,260,534 ordinary shares of 0.5p each all of which are held in treasury.</p> |

* Although the CFO is not a statutory director of the Company, he regularly attends board meetings and interacts closely with the Board, particularly the audit committee.

Partners and suppliers

| How we engage | How this engagement influenced Board discussions and decision-making |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Regular engagement with suppliers and partners, including through our:</p> <ul style="list-style-type: none"> ▪ Supplier/procurement processes engaged at the time of appointment and during the relationship ▪ Regular monitoring and reviews of financial and operating resilience ▪ Reporting on payment of suppliers | <p>The Executive Directors plus the CFO (and where necessary the Non-executive Directors) review and approve material contracts with suppliers and partners, joint ventures and acquisitions.</p> |

The community and environment

| How we engage | How this engagement influenced Board discussions and decision-making |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| <p>The Board relies on regular updates from the Executive Team who in turn rely on direct or indirect feedback from senior management and other colleagues and customers, as well as general observations on current best practices and individual customer recommendations. These provide useful insights and guides to help shape the Group's activities.</p> | <p>See Sustainability Statement: pages 42 to 50</p> |

Investors

| How we engage | How this engagement influenced Board discussions and decision-making |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Comprehensive investor relations programme including formal presentations to investors and analysts on the half-year and full-year results; formal investor roadshows in the UK; and an ongoing programme of one-to-one meetings and group meetings with institutional investors, fund managers and analysts.</p> <p>Meetings which relate to governance are attended by the Chairman or another Non-executive Director</p> <ul style="list-style-type: none"> ▪ Annual Report and Annual General Meeting (AGM) ▪ Corporate website and market announcements ▪ Active consultation on remuneration framework and policies | <p>The Remuneration Committee consults with major investors and external remuneration specialists before introducing, and then updating, any changes to the implementation of the remuneration policy. In discharging its duties, the Remuneration Committee takes advice from external remuneration consultants to ensure that it is up to date with market trends, expectations and best practises.</p> <p>The Board reviews the Group's dividend.</p> <p>Involvement of the Chairman including his meeting with major shareholders highlights the importance of governance from the top down.</p> <p>The AGM in particular provides a convenient forum for shareholders to question the Board, give useful feedback and make helpful suggestions. It is normally very well attended and constructive.</p> |

Principal risks

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

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

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

Economic

| Nature of risk | Description and impact | Mitigation |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Global economic conditions | Economic growth has a major influence on consumer spending. A sustained period of economic recession and a period of high inflation could lead to a decrease in consumer expenditure in discretionary areas. | The Group focuses on maintaining the characteristics and affordability of its needs-driven products. Like most businesses around the world, the Group has had to face a significant increase in supply chain and raw material costs, however, its strong position in the markets in which it operates gives the Group significant pricing power. The Group has no exposure to the invasion of Ukraine by Russia and other conflict areas. |
| Volatility of foreign exchange rates | The majority of the Group's revenue and profit is generated outside the UK, and the Group's financial results could be adversely impacted by an increase in the value of sterling relative to those currencies. Current and imminent global events (including upcoming elections in both the UK the US) could well cause currency volatility. | 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. |

Regulatory

| Nature of risk | Description and impact | Mitigation |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Centralisation of the production of ID photos | In many European countries where the Group operates, if governments were to implement centralised image capture, for biometric passport and other applications, or widen the acceptance of self-made or home-made photographs for official document applications, the Group's revenues and profits could be affected. | The Group has developed new systems that respond to this situation, leveraging 3D technology in ID security standards, and securely linking our booths to the administration repositories. Solutions are in place in France, Ireland, Germany, Switzerland and the UK. Furthermore, the Group also ensures that its ID products remain affordable and of a high-quality. |

Strategic

| Nature of risk | Description and impact | Mitigation |
|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Identification of new business opportunities | The failure to identify new business areas. This may impact the ability of the Group to grow in the long-term. | Management teams constantly review demand in existing markets and potential new opportunities. The Group continues to invest in research in new products and technologies. Furthermore, the Group also ensures that its ID products remain affordable and of a high-quality. |
| Inability to deliver anticipated benefits from the launch of new products | The realisation of long-term anticipated benefits depends mainly on the continued growth of the laundry and food businesses and the successful development of integrated secure ID solutions. Failure in this regard could lead to a lack of competitiveness. | The Group regularly monitors the performance of its entire estate of machines. New technology-enabled secure ID solutions are heavily trialled before launch and the performance of operating machines is continually monitored. |

Market

| Nature of risk | Description and impact | Mitigation |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Commercial relationships | <p>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.</p> <p>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.</p> | <p>The Group's major key relationships are supported by medium-term contracts. The Group actively manages its site-owner relationships at all levels to ensure a high quality of service.</p> <p>The Group continues to monitor the situation in both the French and the UK markets.</p> |

Operational

| Nature of risk | Description and impact | Mitigation |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Reliance on foreign manufacturers | The Group sources most of its products from outside the UK. Consequently, the Group is subject to risks associated with international trade. This could impact competitiveness and profitability. | 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. |
| Reputation | The Group's brands are key assets of the business. Failure to protect the Group's reputation and brands could lead to a loss of trust and confidence. This could result in a decline in our customer base. | The protection of the Group's brands in its core markets is sustained with certain unique features. The appearance of the machine is subject to high maintenance standards. Furthermore, the reputational risk is diluted as the Group also operates under a range of brands. |
| Product and service quality | The Board recognises that the quality and safety of both its products and services are of critical importance and that any major failure could affect consumer confidence and the Group's competitiveness. | <p>The Group continues to invest in its existing estate, to ensure that it remains contemporary, and in constant product innovation to meet customer needs.</p> <p>The Group also has a programme in place to regularly train its technicians.</p> |

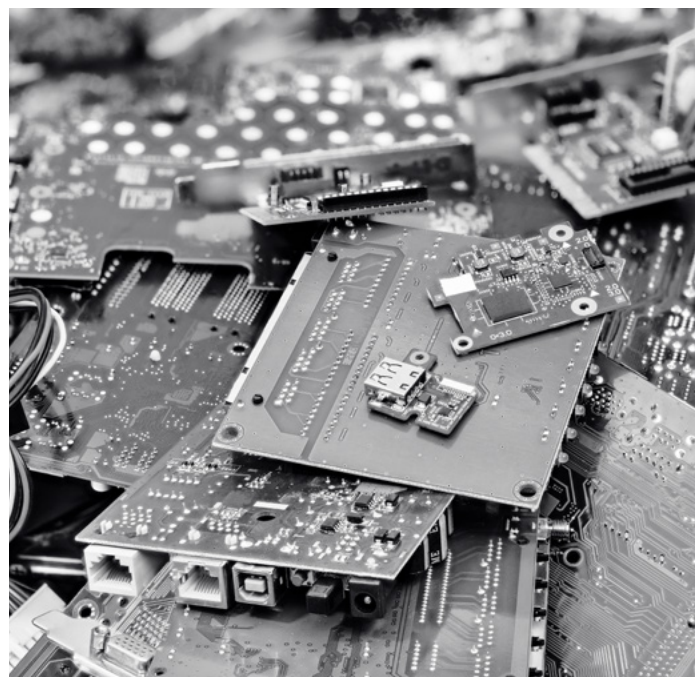
Principal risks continued

Technological

| Nature of risk | Description and impact | Mitigation |
|-----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| Failure to keep up with advances in technology | The Group operates in fields where upgrades to new technologies are critical. Failure to exceed or keep in step could result in a lack of ability to compete. | The Group mitigates this risk by continually focusing on R&D. |
| Cyber risk: Third party attack on secure ID data transfer feeds | The Group operates an increasing number of photobooths capturing ID data and transferring these data directly to government databases. The rising threat of cybercrime could lead to business disruption as well as to data breaches. | The Group undertakes an ongoing assessment of the risks and ensures that the infrastructure meets the security requirements. |

Environmental

| Nature of risk | Description and impact | Mitigation |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Increased potential legislation and the rising cost of waste disposal. Energy consumption, water scarcity, and rising car fuel prices (for employees, suppliers, transportation and final consumers) and raising awareness of the climate crisis amongst consumers | The rising costs associated with compliance with such increased demands could impact on overall profitability. | Reducing the amount of waste produced; and the recovery, refurbishment and resale of electrical equipment such as children's rides which promote the principle embodied in recent legislation of reuse before recycling. |





Sustainability at ME Group

Non-financial and sustainability information statement

At ME Group, sustainability is not just a concept, but the core of our operations. Our journey encompasses everything from innovative photobooths to our environmentally friendly self-service laundry machines and other instant-vending equipment, which all aim to make everyday life easier.

We are committed to weaving sustainable practices into the fabric of our business, understanding its critical importance to us, our customers, our employees, and the planet at large.

Our strategy for managing sustainability is twofold: mitigating risks and uncovering business opportunities. Our efforts are guided by four principal factors. First, adherence to legal requirements and staying ahead of future policy trends is crucial. Secondly, we consider the attitudes of our customers, employees, and investors. Thirdly, we focus on cost savings and enhancing business efficiency. And, finally, we concentrate on fostering employee awareness and strengthening our employer brand.

Central to our mission is aligning our approach to sustainability with the Directors' duty to drive the progress of the Company, as mandated by the Companies Act 2006. This duty aligns with the principle of 'enlightened shareholder value', ensuring we remain forward-thinking and responsible in our sustainable endeavours.

Stakeholder engagement

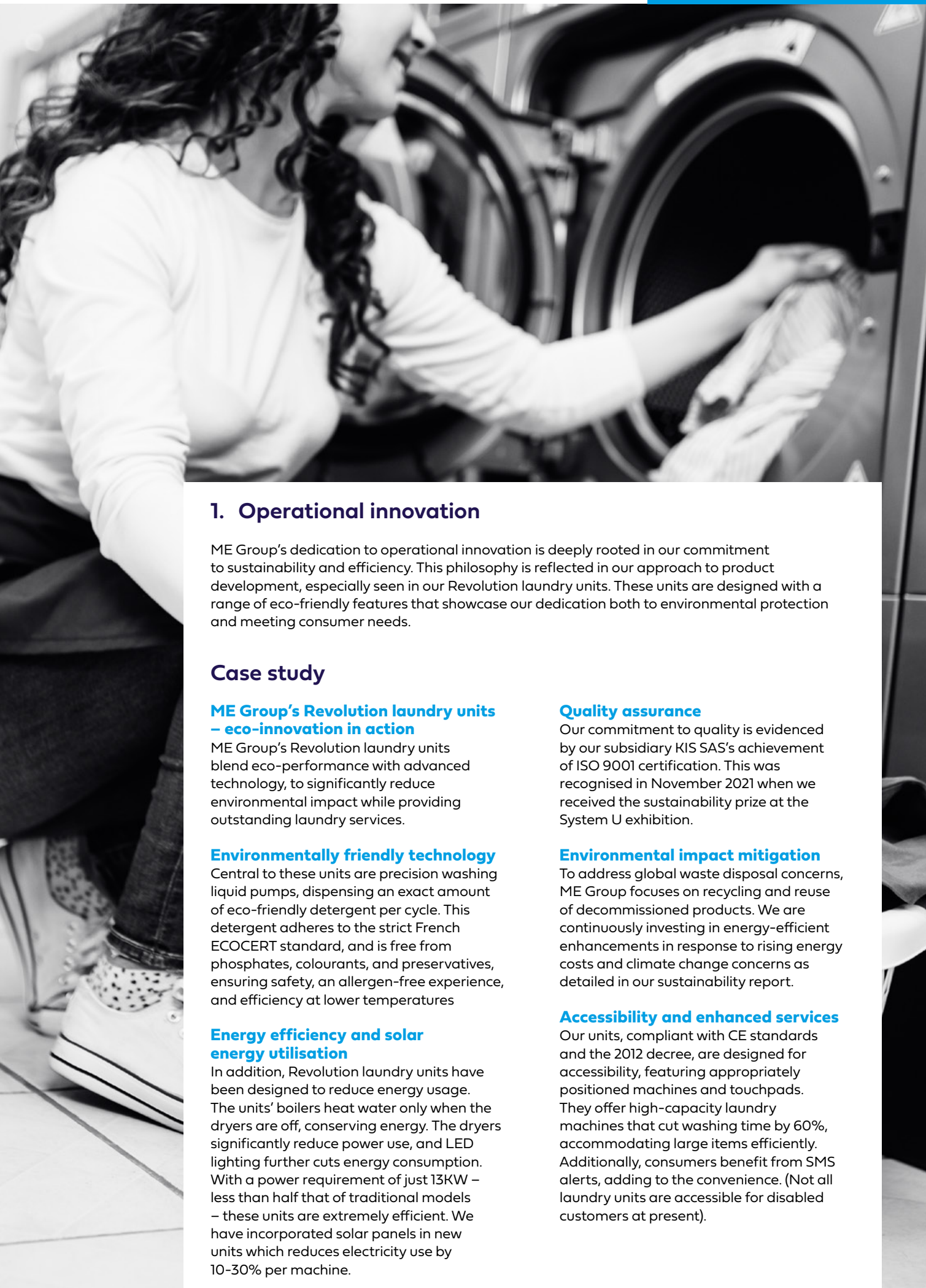
Engaging with our stakeholders is key to our sustainability journey. We maintain an open dialogue with employees, customers, suppliers, and investors, ensuring that our sustainability strategies are well-informed and inclusive.

Strategic sustainability focus areas

In March 2023, following extensive engagement with internal and external stakeholders, we identified 25 key material topics for ME Group. Details of the assessment methodology can be found in the Specific Sustainability Metrics and Reporting section on page 52.

These material topics fall into five strategic focus areas: operational innovation; strategy and development; services and customers; HR and employees; and communities and corporate social responsibility.

| Information | Section/policy |
|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Environmental matters (including the impact of the company's business on the environment) | A summary of the Company's approach to corporate social responsibility and environmental matters, including a report on the Group's greenhouse gas emissions for the 12 months ended 31 October 2023, can be found in the Sustainability Statement on page 44. |
| The Company's employees | |
| Social matters | |
| Respect for human rights | |
| Anti-corruption and anti-bribery matters | The Company operates an anti-bribery and corruption policy. This can be found on the Company's website (https://me-group.com) |



1. Operational innovation

ME Group's dedication to operational innovation is deeply rooted in our commitment to sustainability and efficiency. This philosophy is reflected in our approach to product development, especially seen in our Revolution laundry units. These units are designed with a range of eco-friendly features that showcase our dedication both to environmental protection and meeting consumer needs.

Case study

ME Group's Revolution laundry units – eco-innovation in action

ME Group's Revolution laundry units blend eco-performance with advanced technology, to significantly reduce environmental impact while providing outstanding laundry services.

Environmentally friendly technology

Central to these units are precision washing liquid pumps, dispensing an exact amount of eco-friendly detergent per cycle. This detergent adheres to the strict French ECOCERT standard, and is free from phosphates, colourants, and preservatives, ensuring safety, an allergen-free experience, and efficiency at lower temperatures

Energy efficiency and solar energy utilisation

In addition, Revolution laundry units have been designed to reduce energy usage. The units' boilers heat water only when the dryers are off, conserving energy. The dryers significantly reduce power use, and LED lighting further cuts energy consumption. With a power requirement of just 13KW – less than half that of traditional models – these units are extremely efficient. We have incorporated solar panels in new units which reduces electricity use by 10-30% per machine.

Quality assurance

Our commitment to quality is evidenced by our subsidiary KIS SAS's achievement of ISO 9001 certification. This was recognised in November 2021 when we received the sustainability prize at the System U exhibition.

Environmental impact mitigation

To address global waste disposal concerns, ME Group focuses on recycling and reuse of decommissioned products. We are continuously investing in energy-efficient enhancements in response to rising energy costs and climate change concerns as detailed in our sustainability report.

Accessibility and enhanced services

Our units, compliant with CE standards and the 2012 decree, are designed for accessibility, featuring appropriately positioned machines and touchpads. They offer high-capacity laundry machines that cut washing time by 60%, accommodating large items efficiently. Additionally, consumers benefit from SMS alerts, adding to the convenience. (Not all laundry units are accessible for disabled customers at present).

Sustainability at ME Group continued

2. Strategy and development

ME Group’s strategy and development are closely tied to its sustainability objectives. We have integrated sustainability into our corporate strategy, recognising that effective management of sustainability can reduce risks and unlock new business opportunities. This integration is evident in the development of products such as our Revolution laundry units, which are not only environmentally friendly but also cater to customer needs and preferences. The strategic focus on sustainability is also reflected in the Company’s four-year sustainability plan, which includes commitments to reduce its carbon footprint and energy consumption, and engage in social dialogue, demonstrating a comprehensive approach to sustainable business development.

| 2022 | 2023 | 2024 | 2025 | 2026 |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actions | | | | |
| | <ul style="list-style-type: none"> Integration of sustainability in the Company’s risk management framework, as disclosed in the 2022 Annual Report Important sustainability to be matters discussed during Executive Team meetings. Annual audit by Ecovadis on the Group’s sustainability performance The Company to align its commitments with – and communicate its progress towards – the United Nations Sustainable Development Goals (SDGs) | <ul style="list-style-type: none"> Annual audit by Ecovadis on our sustainability performance Important sustainability matters will be discussed during Executive Team meetings. Official anti-corruption statement from the Group and national and international communication For the French company, answer to CSRD requirements | <ul style="list-style-type: none"> Annual audit by Ecovadis on our sustainability performance, open to all the European subsidiaries Important sustainability matters will be discussed during Executive Team meetings. Official anti-corruption statement from the Group and national and international communication to be signed by 20% of major partners | <ul style="list-style-type: none"> Annual audit by Ecovadis on our sustainability performance to all the subsidiaries Important sustainability matters will be discussed during Executive Team meetings. Official anti-corruption statement from the Group and national and international communication to be signed by 50% of major partners |
| KPIs | | | | |
| | <ul style="list-style-type: none"> Four review meetings on the sustainability strategy Two sustainability strategic meetings to define the course and readjustments | <ul style="list-style-type: none"> Four review meetings on the sustainability strategy Two sustainability strategic meetings to define the course and readjustments | <ul style="list-style-type: none"> Four review meetings on the sustainability strategy Two sustainability strategic meetings to define the course and readjustments | <ul style="list-style-type: none"> Four review meetings on the sustainability strategy Two sustainability strategic meetings to define the course and readjustments |

In managing our sustainability efforts, we focus on tangible goals and effective strategies. Our product development, particularly in Revolution laundry units, is guided by environmental principles, including reducing water and energy consumption. We respond to customer needs by innovating our products, ensuring they not only meet customers’ expectations for convenience and entertainment but also for environmental performance.

3. Services and customers

We take a holistic approach to engagement across departments within the Group and with customers. Our operations and management of sustainability are tailored to meet the specific needs of different national markets and to comply with relevant national legislation and market expectations. This decentralised approach enables us to respond effectively to customer needs. Examples of this include our adaptation of photobooths for consumers with disabilities and the integration of environmentally friendly features in laundry units. Customer-centric innovations like the SMS alert system in laundry units further highlight our commitment to enhancing customer experience while maintaining sustainable practices.



Responding to customer needs

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

4. HR and employees

Our workforce is a key factor in ME Group's success and the achievement of our sustainability goals. We foster employee engagement through various means, such as business networking tools, internal communication of policy updates, and operational meetings, and we encourage employee feedback.

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

While ME Group has a decentralised management approach, we nurture a common culture among our workforce throughout the entire Group through openness, honesty and the pursuit of a universal goal that focuses on core corporate values.

The Company's commitment to equal opportunities and diversity is evident through our policies and practices, ensuring a supportive and inclusive work environment for all employees, including those with disabilities.

Equal opportunities and diversity

ME Group is an equal opportunities employer. We are committed to ensuring equal career opportunities for all our employees without discrimination and pursuing fair and equitable policies and procedures for recruitment, training and development. We ensure that full consideration is given to all applications from those with disabilities, with due regard to their aptitudes and abilities.

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

Sustainability at ME Group continued

Gender diversity

The table below shows the gender diversity of the Group's employees as at 31 October 2023 with corresponding figures at 31 October 2022:

| As at 31 October 2023 | Total | Male | Female |
|----------------------------------------------------------------|--------------|------------|------------|
| The Board of ME Group | 8 | 5 | 3 |
| Senior managers in the Group (excluding directors of ME Group) | 23 | 17 | 6 |
| Employees (excluding above) | 1,151 | 960 | 191 |
| Total | 1,183 | 983 | 200 |

| As at 31 October 2022 | Total | Male | Female |
|----------------------------------------------------------------|--------------|------------|------------|
| The Board of ME Group | 8 | 5 | 3 |
| Senior managers in the Group (excluding directors of ME Group) | 20 | 14 | 6 |
| Employees (excluding above) | 1,055 | 875 | 180 |
| Total | 1,083 | 894 | 189 |

For more on gender diversity, please refer to the Corporate Governance section on page 78.



5. Communities and CSR

Our commitment to the communities we serve is delivered through a wide range of initiatives in the field of corporate social responsibility ('CSR') that extend beyond environmental concerns to encompass community engagement and customer well-being. The Company's commitment to CSR is not only a response to legal requirements but also a reflection of its dedication to ethical practices and making a positive impact.

Case study

Revolution Pizzas: donating food, cutting waste, avoiding emissions

Inflation and the rising cost of energy in the UK is pushing the price of food ever higher. This is particularly impacting lower-income individuals and families across the country. At the same time, foodwaste is having a negative impact on the environment.

Recognising these two issues, our Revolution Pizza team in the UK partnered with FareShare, an organisation that redistributes surplus food and drink from the food industry to charities and community groups supporting vulnerable people. Our collaboration began in November 2023 and in just two months we donated 0.6 tonnes of food, the equivalent of 1,423 meals. The food was received by 28 separate charities and community groups dedicated to supporting the homeless, those on low or no income, children, young people, families and older people.

In addition to providing much needed food for some of the most vulnerable in the UK today, through our donations we have avoided 1.2 tonnes of embedded CO₂e and 1.6m litres of water going to waste.

We will be continuing with this partnership in 2024.



Sustainability at ME Group continued

Health and safety

Health and safety are fundamental to ME Group's operational philosophy, extending to consumers, customers and employees. We recognise that safeguarding stakeholders from risks related to our products and services is not only ethically as well as legally essential but also key to our business success.

Customer health and safety

We prioritise our customers' safety by maintaining a network of trained service engineers. These professionals regularly service and inspect equipment at customer sites, with a commitment to respond to safety concerns within 24 hours of a report.

All new products from external suppliers are subjected to thorough safety assessments to ensure they meet relevant standards before their introduction to the market. Our photobooths, designed with a focus on security, feature a multipoint locking system and adhere to electrical standards, including DOC and CE markings for RoHS2 compliance. These photobooths undergo regular testing to meet Portable Appliance Testing (PAT) and Amusement Device Inspection Procedures Scheme (ADIPS) standards.

For children's rides, previously under Jolly Roger (Amusement Rides) Limited, we comply with British Amusement and Catering Trades Association (BACTA) guidelines and ensure RoHS2 CE marking. As a registered inspection body in the UK, we are authorised to issue safety certifications for these rides.

Employee health and safety

The well-being of our employees is paramount. Our health and safety policies and procedures are regularly reviewed and updated to reflect current legislation and best practices. We perform risk assessments for new tasks and annual reviews for ongoing compliance and improvement.

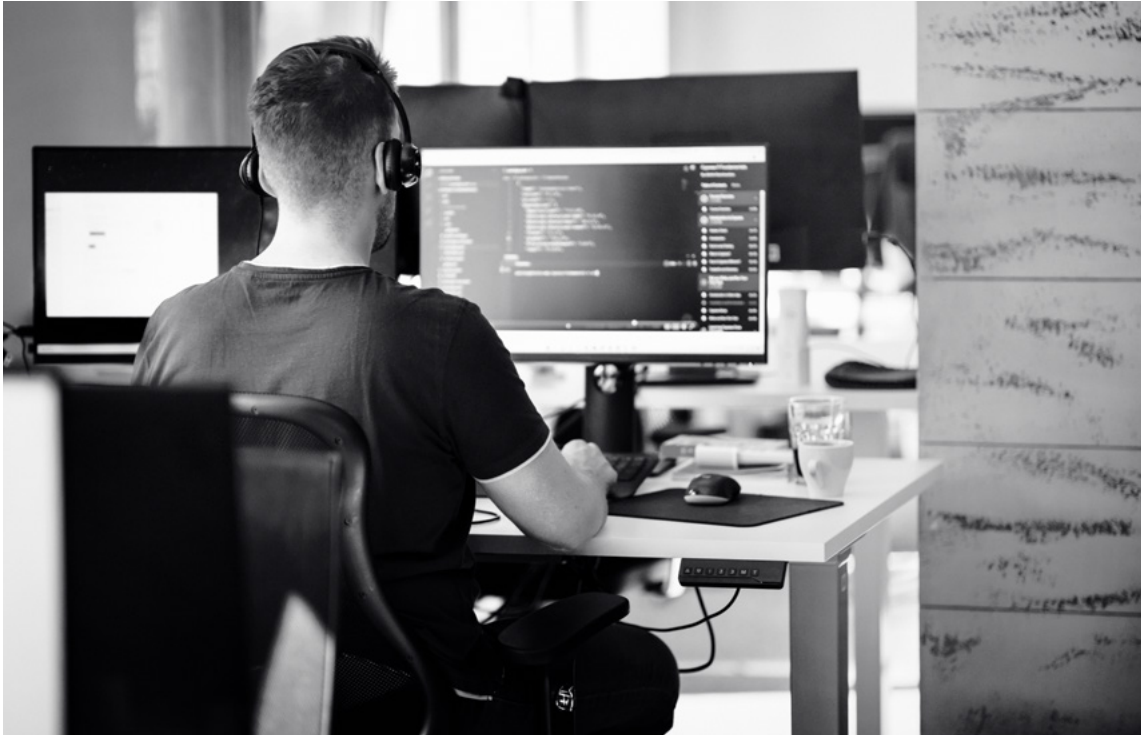
Since the introduction of the Essential Skillz online training system in 2014, we have consistently updated our employee induction process, including training modules on security awareness and refresher courses for regional engineers.

ME Group UK is accredited under two safe contractor schemes by Alcumus and Altius and has received an Assured Vendor award. We undergo annual health and safety audits, including external reviews by bodies like Avetta, and have achieved PCI DSS certification to mitigate online fraud risks.

Collaborative approach to health and safety

Our health and safety management involves collaborative efforts from all workforce levels, with a diverse Health and Safety Committee driving comprehensive coverage and continual improvement in our practices.





Environmental stewardship

ME Group recognises the responsibility it bears towards environmental protection, and it is aware of the impact that its business activities have on our planet. Our approach to environmental protection is not just about compliance; it's about leadership and innovation.

We are dedicated to integrating environmental considerations into the core of our operations, focusing on the circular economy, resource-consumption reduction, and minimising our carbon footprint.

Navigating environmental challenges

In a world where environmental concerns increasingly influence legislation and consumer behaviour, we understand the challenges posed by waste disposal costs, energy consumption, water scarcity, and the rising costs of fuel. These factors not only impact our operations but also resonate deeply with our stakeholders. To address these challenges, we have embraced several strategies:

- **Waste Reduction Initiatives** – We prioritise reducing waste generation across all our processes
- **Resource Recovery and Reuse** – Embodying the principle of 'reuse before recycle,' we refurbish and resell electrical equipment such as photobooth cameras and printers.

This practice not only aligns with recent environmental legislation but also creates a secondary income stream

- **Technological Innovations** – We continually adopt new technology to reduce our environmental impact. Initiatives include:
 - Implementing automatic shutdown and restart in photobooths, saving about 30% of power consumption
 - Using remote telemetry systems to reduce service visits and consumable waste
 - Replacing traditional lighting with low-energy LED lamps in photobooths and factories, eliminating hazardous waste and cutting energy usage
 - Upgrading infrastructure in our offices with improved insulation and more efficient air conditioning and heating systems

Proactive climate change mitigation

Though not significantly exposed to climate-related risks currently, we are proactive in reducing energy use and curbing our demand for natural resources. We operate a 'green fleet policy,' ensuring our vehicles are chosen based on environmental impact, primarily CO₂ emissions. This policy, combined with the measures outlined, underscores our commitment to increasing energy efficiency.

Sustainability at ME Group continued

Sustainability governance

Our governance structure places sustainability at its core. The Board, with the Chief Operating Officer taking a leading role, oversees our sustainability strategies, ensuring alignment with our corporate objectives. We have established clear roles and responsibilities, ensuring every team member contributes to our sustainability goals.

The Group operates in highly differentiated national markets with differing national laws, preferences and cultures. As a result, operational direction and management of sustainability lie primarily with national business managers, who are best placed to ensure compliance with national legislation and market expectations. The Executive Team, who report to the Board, therefore take a holistic approach to overseeing the sustainability initiatives implemented at a national level and take responsibility for ensuring that such initiatives are in line with investor expectations, and for consolidating the outcomes of such initiatives into the five strategic areas, as further explained below.

ESG-related policies

ME Group has a certain number of key ESG-related policies in place. These are detailed below. Additional policies – particularly those relating to our environmental performance – are under consideration for introduction.

We have a formal process for the development and approval of policies. When a policy is updated or a new policy is created, the initial work is undertaken by the appropriate department, which then seeks the input from relevant internal or external stakeholders to ensure that our policies are robust. All sustainability-related policies are submitted to the Sustainability Task Force for approval. The CFO and/or COO then reviews and approves all policies before they are finalised and socialised across the business to ensure broad awareness and full compliance.

Equality, diversity and inclusion statement

This statement outlines ME Group's desire to create a diverse workforce and an inclusive workplace. We operate a zero-tolerance approach to any form of discrimination, and we are committed to providing equal opportunities to all current and prospective employees regardless of

age, disability, sex, sexual orientation, pregnancy/maternity, race or ethnicity, religion or belief, gender identity or marital status. The statement outlines the steps we take to ensure that we create a diverse and inclusive culture. These include: diversity and inclusion training, with unconscious bias training for all line managers; establishing employee representative groups; training our recruiters; recognising holidays for each religious group or culture; and promoting pay equity.

Anti-corruption and bribery policy

This detailed policy covers our commitment to ensuring ME Group – and every employee and associated person – comply fully with the Bribery Act 2010. The policy contains details of how a potential act of bribery or corruption can be reported and the steps that ME Group will take to investigate and respond.

Whistleblowing policy

ME Group's Whistleblowing Policy provides details of how an employee can report any potential act of wrongdoing or an act that contravenes our ethical practices. The policy ensures that employees are able to make such a report in complete confidence, anonymously and without any fear of reprisal. It also provides details of the steps we will take to investigate and respond to any report we receive.

Diversity policy

Our Diversity Policy acknowledges that Board diversity, that is not restricted to gender alone, can aid the effectiveness of the Board. The policy commits us to making Board appointments on merit, Board composition, skills, background and experience. It also commits us to disclosing the composition and structure of the board annually in our Annual Report.

Sustainability risk management

We acknowledge the challenges in our sustainability journey. Managing environmental impacts, while maintaining high safety standards, requires diligent effort. Our risk management strategies are robust and designed to navigate these challenges effectively.

Sustainability metrics and reporting

Our commitment to transparency is evident in our detailed sustainability metrics and reporting. We track greenhouse gas emissions, energy consumption, and other key indicators, presenting them in a clear and accessible format.

We are committed to weaving sustainable practices into the fabric of our business, understanding its critical importance to us, our customers, our employees, and the planet at large.



Specific sustainability metrics and reporting

1. Materiality assessment

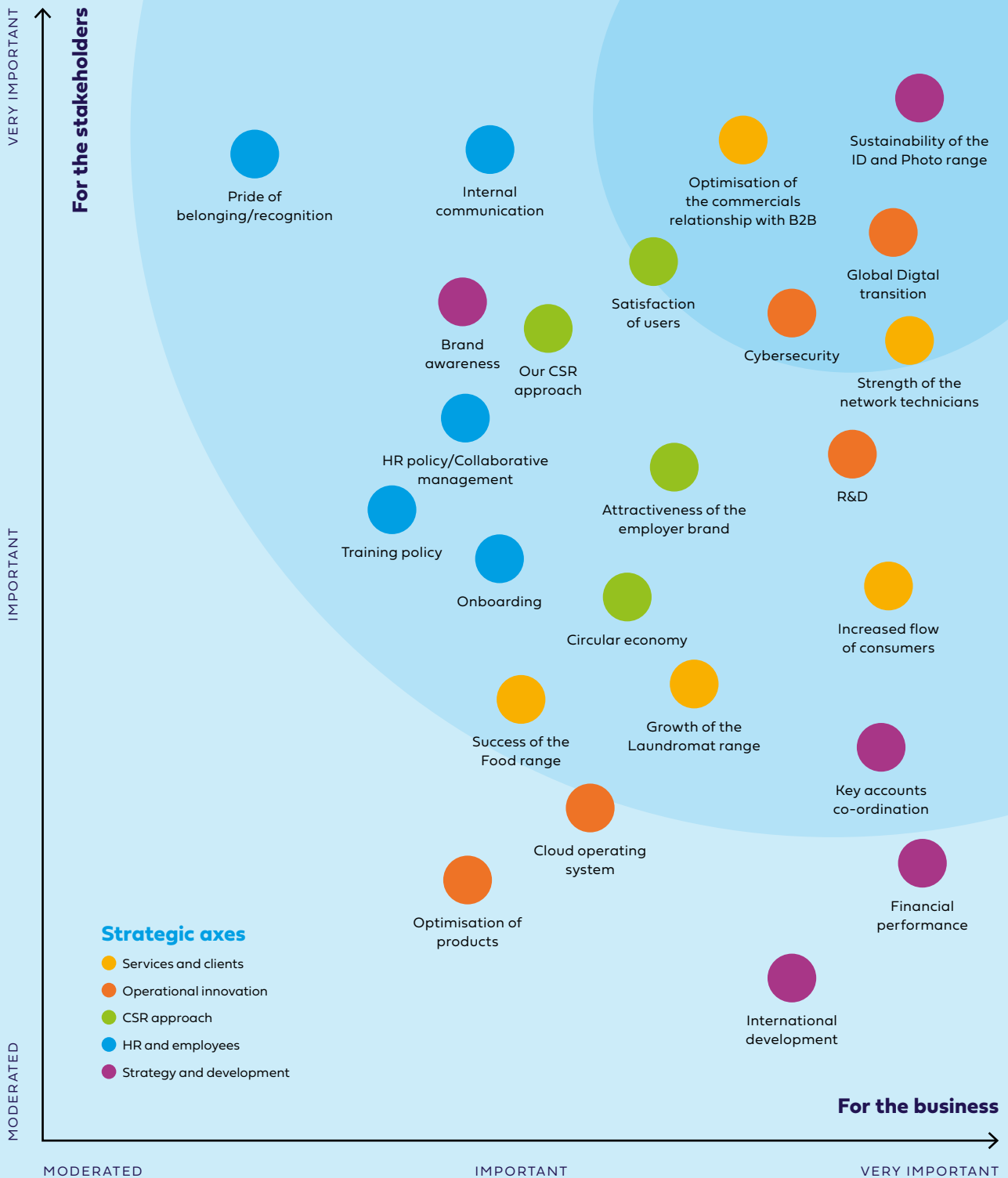
The materiality analysis was carried out in accordance with the spirit and the process of a sustainability approach. That is to say through dialogue with our internal and external stakeholders.

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

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

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

Materiality matrix



Specific sustainability metrics and reporting continued

2. Greenhouse gas (GHG) and energy consumption

Reporting GHG emissions

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

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

The table below explains what data we have included in this report and why.

| Assessment parameters | ME Group comments |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Consolidation approach | The figures below are based on subsidiary companies owned by ME Group, except for those non-material subsidiary companies whose vending estate comprises less than 50 machines. This is because it would not be practicable for the Company to include those subsidiary companies in the data. For those investments where the Group has less than 50% of the issued share capital, the Group does not have operational control for day-to-day activities and these entities are not included in the above figures. |
| Boundary summary | The Group has included vending estates which are owned by the Group even though it does not directly control the operational use (i.e. period of operation) for these assets. |
| Emission factor source | Department of Business, Energy & Industrial Strategy, 2016 GHG Conversion Factors for Company Report (2016: DEFRA 2014). |
| Methodology | The Company followed the Greenhouse Gas Protocol Corporate Standard. |
| Materiality threshold | As mentioned above, subsidiary companies with less than 50 units of operating equipment have been excluded, as have depots and other property units where the total amount spent on heating, lighting and power is less than £50,000 per annum per site. It would not be practicable for the Company to include sites where the consumption is below this threshold. |
| Fugitive emissions | The Group has not reported fugitive emissions (which include leakages from refrigerants used in air conditioning units, etc.) because no data were available and, given the low number of such units in the Group, management did not consider such emissions to be material. |
| Intensity ratio | The GHG intensity ratio is calculated as the total GHG emissions in tons of CO ₂ e (including Scope 1, 2, and 3 based on the availability of the data) per unit of operating equipment. |



Global GHG emissions (UK incl.)

Breakdown of GHG emissions

| Emissions scope | | 12 months ended | 12 months ended |
|------------------------------|-------------------------------------------------------------------|---------------------------|---------------------------|
| | | 31 October 2023 | 31 October 2022 |
| | | tons of CO ₂ e | tons of CO ₂ e |
| Scope 1 | Energy – Gas | 241 | 332 |
| Scope 2 | Energy – Electricity | 360 | 300 |
| Scope 3 | Use | 3,573 | 7,239 |
| Scope 3 | Travel | – | 524 |
| Scope 3 | Inputs for machine production | – | – |
| Scope 3 | Car fleet | 241 | – |
| Scope 3 | Purchasing for the Group | – | – |
| Scope 3 | Inputs for machine user | – | – |
| Scope 3 | Direct Waste | 43 | 37 |
| UK and offshore total | | 4,458 | 7,908 |
| UK and offshore | Per number of units of operating equipment intensity ratio | 0.71 | 1.15 |
| Scope 1 | Energy – Gas | 295 | 232 |
| Scope 2 | Energy – Electricity | 376 | 598 |
| Scope 3 | Use | – | – |
| Scope 3 | Travel | 107,461 | – |
| Scope 3 | Inputs for machine production | 5,475 | 5,176 |
| Scope 3 | Car fleet | 3,457 | – |
| Scope 3 | Purchasing for the Group | 472 | 446 |
| Scope 3 | Inputs for machine user | 188 | 178 |
| Scope 3 | Direct Waste | 79 | 78 |
| Overseas total | | 117,803 | 6,708 |
| Overseas | Per number of units of operating equipment intensity ratio | 2.85 | 0.18 |
| Scope 1 | Energy – Gas | 536 | 564 |
| Scope 2 | Energy – Electricity | 736 | 898 |
| Scope 3 | Use | 28,852 | 29,058 |
| Scope 3 | Travel | 107,461 | 5,287 |
| Scope 3 | Inputs for machine production | 5,475 | 5,176 |
| Scope 3 | Car fleet | 3,698 | 1,108 |
| Scope 3 | Purchasing for the Group | 472 | 446 |
| Scope 3 | Inputs for machine user | 188 | 178 |
| Scope 3 | Direct Waste | 122 | 115 |
| Group total | | 122,261 | 14,616 |
| Group intensity | Per number of units of operating equipment ratio | 2.57 | 0.97 |

During the year ended 31 October 2023, the Company used emissions equal to 122 261 tonnes of carbon dioxide resulting from the purchase of electricity, heat, steam or cooling by the company for its own use, as well as indirect emissions (including emissions from business traveling, car fleet, supply chain, etc).

Specific sustainability metrics and reporting continued

Energy consumption

During the year ended 31 October 2023, the Company's energy consumption was equal to 142,854.3 MWh resulting from the purchase of electricity, heat, steam or cooling by the company for its own use.

| Type of energy consumed | 12 months ended | 12 months ended |
|-----------------------------------------------|---------------------------|---------------------------|
| | 31 October 2023 | 31 October 2022 |
| | tons of CO ₂ e | tons of CO ₂ e |
| Gas | 1,031.8 | 4.7 |
| Electricity HQ | 10.7 | 128.4 |
| Electricity Machines | 15,324.6 | 14,232.0 |
| Heat | - | - |
| Cooling | - | - |
| Other type of fuel (petrol & diesel for cars) | 1,034.3 | 1,223.3 |
| UK and offshore total | 17,401.4 | 15,588.3 |
| Gas | 987.7 | 1,247.5 |
| Electricity HQ | 1,209.8 | 1,317.8 |
| Electricity Machines | 108,429.1 | 99,579.0 |
| Heat | - | - |
| Cooling | - | - |
| Other type of fuel (petrol & diesel for cars) | 14,826.2 | 12,928.3 |
| Overseas total | 125,452.9 | 115,072.6 |
| Gas | 2,019.5 | 1,252.2 |
| Electricity HQ | 1,220.6 | 1,446.3 |
| Electricity Machines | 123,753.8 | 113,811.0 |
| Heat | - | - |
| Cooling | - | - |
| Other type of fuel (petrol & diesel for cars) | 15,860.5 | 14,151.6 |
| Group total | 142,854.3 | 130,660.9 |

Methodology used to calculate energy and GHG emissions data:

- The data detailed in the table above represents the emissions and energy used for which ME Group is responsible and is incorporated by reference in the Corporate Governance section on pages 78 to 86
- Data based on actual utilities invoices for Head Office consumption
- Kilometres travelled by cars, multiplied by the CO₂ emissions (by kilometre) for every car in the Group fleet
- Theoretical consumption by machines, multiplied by average number of machines for each country of operation. Mainly it is the partners who pay for the electricity consumed by the Group's operating machines, not the Group. A theoretical consumption has therefore been calculated based on an average hourly consumption and an average number of hours of uptime per day
- 12 months ended 31 October 2023 compared with the 12 months ended 31 October 2022
- Indirect (Scope 3) GHG emissions in the categories 'Energy – gas' and 'Energy – electricity' have been corrected due to improvements in the calculation methodology. The difference between the corrected total GHG emissions and those published in the Annual Report for FY2022 is less than 3%. The intensity ratio was recalculated accordingly.

GHG targets for 2024-2026

Carbon footprint

Management have engaged Reporting 21, an independent expert in sustainability data capture and analysis. Their work will help the Group better understand its carbon footprint, give management access to clear data and aid the creation of plans and targets moving forward.

Energy consumption of the machine park

| 2022 | 2023 | 2024 | 2025 | 2026 |
|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actions | | | | |
| 24,674 tons of CO ₂ (=81% of our global carbon footprint) | <ul style="list-style-type: none"> Discussion group on the energy and electricity consumption of machines Develop the areas for improvement detected during the 1st discussion group in 2022: adaptation of the number of cycles and weight of linen, shorten the rinsing cycle, generalize the Stop and Go device on all machines, equip all machines with LEDs Integration of sustainability in the product design process | <ul style="list-style-type: none"> Reporting of energy consumption of machines Integration of CSR in the product design process External audit on areas for improvement to reduce our energy consumption | <ul style="list-style-type: none"> Reporting of energy consumption of machines Integration of CSR in the product design process External audit on areas for improvement to reduce our energy consumption | <ul style="list-style-type: none"> Reporting of energy consumption of machines Integration of CSR in the product design process External audit on areas for improvement to reduce our energy consumption |
| KPIs | | | | |
| | <ul style="list-style-type: none"> (3%) tons of CO₂ compared to 2021 for the total machine park (5%) tons of CO₂ compared to 2021 for new machines | <ul style="list-style-type: none"> (5%) tons of CO₂ compared to 2021 for the total machine park (7%) tons of CO₂ compared to 2021 for new machines | <ul style="list-style-type: none"> (7%) tons of CO₂ compared to 2021 for the total machine park (10%) tons of CO₂ compared to 2021 for new machines | <ul style="list-style-type: none"> (7%) tons of CO₂ compared to 2021 for the total machine park (10%) tons of CO₂ compared to 2021 for new machines |

Offsetting our carbon footprint

| 2022 | 2023 | 2024 | 2025 | 2026 |
|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------|
| Actions | | | | |
| Investment in carbon offset projects | | | | |
| KPIs | | | | |
| <ul style="list-style-type: none"> 400 Tons compensated with Microsol | <ul style="list-style-type: none"> 600 tons compensated with Microsol Going4Zero | <ul style="list-style-type: none"> 800 tons compensated | <ul style="list-style-type: none"> 1,000 tons compensated | <ul style="list-style-type: none"> 1,200 tons compensated |

Specific sustainability metrics and reporting continued

Renewable energies

| 2022 | 2023 | 2024 | 2025 | 2026 |
|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| Actions | | | | |
| Laundry units with solar panels represent 10% of the laundry estate | <ul style="list-style-type: none"> Development of the use of solar panels across laundry units Create a customer interview highlighting the advantages of solar panels from a profitability and communication point of view | <ul style="list-style-type: none"> Development of the use of solar panels across laundry units Testing of solar heaters | <ul style="list-style-type: none"> Development of the use of solar panels across laundry units | <ul style="list-style-type: none"> Development of the use of solar panels across laundry units |
| KPIs | | | | |
| | <ul style="list-style-type: none"> Laundry units with solar panels will represent 11% of the laundry estate | <ul style="list-style-type: none"> Laundry units with solar panels will represent 20% of the laundry estate | <ul style="list-style-type: none"> Laundry units with solar panels will represent 25% of the laundry estate | <ul style="list-style-type: none"> Laundry units with solar panels will represent 30% of the laundry estate |

Transport of people

| 2022 | 2023 | 2024 | 2025 | 2026 |
|----------------|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actions | | | | |
| | <ul style="list-style-type: none"> Driver training with the lowest eco-driving ratings 10% French drivers | <ul style="list-style-type: none"> Driver training with the lowest eco-driving ratings 20% French drivers + 5% European drivers | <ul style="list-style-type: none"> Driver training with the lowest eco-driving ratings 25% French drivers + 10% European | <ul style="list-style-type: none"> Driver training with the lowest eco-driving ratings 30% French driver + 15% European |
| KPIs | | | | |
| | <ul style="list-style-type: none"> (2%) litres of fuel saved in France (2%) of trained French drivers | <ul style="list-style-type: none"> (4%) litres of fuel saved in France and Europe at constant scope (5%) of French drivers trained + 2% of European drivers at constant scope | <ul style="list-style-type: none"> (7%) litres of fuel saved in France and Europe at constant scope (5%) of French drivers trained + 2% of European drivers at constant scope | <ul style="list-style-type: none"> (7%) litres of fuel saved in France and Europe at constant scope (5%) of French drivers trained + 2% of European drivers at constant scope |



3. TCFD report

ME Group acknowledges the significance of climate change and its impact on the environment and society. Mitigating climate risks and reducing our carbon footprint are integral responsibilities for every business.

As a company, we are at the early stages of our journey towards becoming a carbon-neutral enterprise. Although climate risks are currently perceived as relatively low for ME Group, we are proactively taking steps to minimise our footprint, and manage and mitigate our impact on the climate to contribute positively to the environment and society.

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

- **Governance** – explanation of the TCFD framework and its significance for ME Group
- **Strategy** – discussion on the impact of climate-related risks and opportunities on ME Group's business strategy and financial planning
- **Risk Management** – description of processes for identifying, assessing, and managing climate-related risks
- **Metrics and Targets** – detailed metrics and targets used to assess and manage climate-related risks and opportunities, including GHG emissions data and energy consumption figures

Specific sustainability metrics and reporting continued

Compliance statement and progress

In our second year of TCFD reporting for FY2023, ME Group acknowledges that it is not fully compliant with all the TCFD recommended disclosures. Despite the identified gaps, we are committed to achieving full disclosure in the coming three years. We have established preliminary deadlines for each of the recommended disclosures in the TCFD Compliance Index table. Detailed disclosures are also provided in the TCFD Disclosures table. Recognising the importance of environmental issues in business management, we are dedicated to enhancing the management of climate-related risks and opportunities, setting specific greenhouse gas emissions and financial climate-related targets.

TCFD compliance index

| Recommended disclosure | FY 2023 Compliance | Steps to be undertaken to achieve full compliance | Commitment to full compliance |
|------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Governance | | | |
| a) Describe the Board's oversight of climate-related risks and opportunities | Full | – | – |
| b) Describe management's role in assessing and managing climate-related risks and opportunities | Full | – | – |
| Strategy | | | |
| a) Describe the climate-related risks and opportunities the Company has identified over the short, medium and long term | Partial (In progress) | Conduct deep-dive analysis of identified risks and opportunities in respect of its influence over the short, medium and long term. | FY2025 |
| b) Describe the impact of climate-related risks and opportunities on the Company's businesses, strategy and financial planning | Partial (In progress) | Enhance assessment of climate-related risks and opportunities in order to understand their impact on the business financially, on its strategy and business model, as well as on all stages of the supply chain. | FY2025 |
| c) Describe the resilience of the Company's strategy, taking into consideration different climate scenarios, including a 2°C or lower scenario | Non-compliant | Currently, our company has not conducted climate resilience testing under different scenarios due to resource constraints, the novelty of climate risks within our strategic framework, and their relatively low materiality compared to other risks influencing the business. Insufficient qualified resources and the absence of an integrated strategy for climate risk management have contributed to this delay. However, we acknowledge the importance of incorporating climate resilience into our risk management practices. As part of our commitment to continuous improvement, we intend to allocate resources, enhance our expertise, and integrate climate resilience testing into our strategic framework in the future, with the intention of reporting on the results. | FY2026 |

| Recommended disclosure | FY 2023 Compliance | Steps to be undertaken to achieve full compliance | Commitment to full compliance |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Risk management | | | |
| a) Describe the Company's processes for identifying and assessing climate-related risks. | Full | – | – |
| b) Describe the Company's processes for managing climate-related risks. | Full | – | – |
| c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the Company's overall risk management. | Partial (In progress) | The Company will continue to review its risk management framework and the best way to effectively integrate climate-related risks into its processes, considering how climate change may interact with the Company's Principal Risks whilst not being a principal risk itself. | FY 2025 |
| Metrics and Targets | | | |
| a) Disclose the metrics used by the Company to assess climate-related risks and opportunities in line with its strategy and risk management process. | Partial (In progress) | The Company is currently working to identify metrics in line with its business strategy and risk management processes as recommended and will consider whether additional metrics may be developed and added over time (with the support of Sirsa data reporting platform). | FY 2025 |
| b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. | Full | – | – |
| c) Describe the targets used by the Company to manage climate-related risks and opportunities and performance against targets. | Full | – | – |

TCFD Disclosures

| Recommended disclosure | FY 2023 Compliance | Description, location of disclosure progress to date and reason for omission (if appropriate) |
|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Governance | Disclosure of the Company's governance around climate-related risks and opportunities | |
| a) Describe the Board's oversight of climate-related risks and opportunities | Full | <p>The Board is ultimately accountable for environmental responsibility and exercises oversight of climate-related risks and opportunities through:</p> <ul style="list-style-type: none"> information received from senior management quarterly on any significant matter general observations on current best practices and individual customer recommendations (among the 50 Best Practices identified in 2021, some directly concern climate change: water, energy and recycling for instance); and recommendations (if any) from major shareholders and other stakeholders <p>Climate-related risks and opportunities were not deemed material for business in FY 2023. Consequently, they were not integrated into our strategic planning and financial considerations. It's important to note that our governance framework dictates that should any climate-related issues emerge as material concerns, they will be duly considered by the Board. This approach ensures that our decision-making remains aligned with our commitment to effective risk management and responsible governance practices.</p> <p>For further details of the Company's integrated corporate governance and organisational structure, and how climate is dealt with within the governance and organisation structure, please see the Corporate Governance section on pages 78 to 86.</p> |

Specific sustainability metrics and reporting continued

| Recommended disclosure | FY 2023 Compliance | Description, location of disclosure progress to date and reason for omission (if appropriate) | | | | | | | | | | | | | |
|-------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------|-----------------|---------------------------|----------------------------------------------------------|------------------------|------------------------------------------------------------------|------------------------|------------------------|-----------------------|-----------------------|--------------------------------------------|-----------------------|
| Governance | Disclosure of the Company's governance around climate-related risks and opportunities | | | | | | | | | | | | | | |
| b) Describe management's role in assessing and managing climate-related risks and opportunities | Full | <p>The Chief Operating Officer has specific responsibility for risk management and health, safety and environmental matters, with delegated authority through line management.</p> <p>The Sustainability Task Force comprises the Group Human Resources Director and a global network of CSR representatives. The Sustainability Task Force makes recommendations to the Executive Team.</p> <p>A more detailed overview of the Company's corporate governance and organisational structure is included within the Corporate Governance section on pages 78 to 86.</p> <p>The Group operates in very different national markets with differing national laws, preferences and cultures. As a result, operational direction and management of sustainability lie primarily with national business managers, who are best placed to ensure compliance with their national legislation and market expectations. The Executive Team, who report to the Board, therefore take a holistic approach to overseeing sustainability and take responsibility for assessing climate-related risks and opportunities.</p> | | | | | | | | | | | | | |
| Strategy | Disclosure of the actual and potential impacts of climate-related risks and opportunities on the Company's material business, strategy, and financial planning | | | | | | | | | | | | | | |
| a) Describe the climate-related risks and opportunities the Company has identified over the short, medium and long term | In progress | <p>The Group, through its risk monitoring undertaken in accordance with the Company's corporate governance and organisational structure, has identified: 1) Increased potential legislation (in climate change area), 2) the increasing awareness of the climate crisis amongst consumers. 3) energy consumption 4) rising car fuel prices 5) water scarcity (due to the climate change) as potential areas of future risk and opportunity. The Company has identified a number of further key opportunity focus areas which are explained in the Sustainability Statement on pages 42 to 58.</p> <p>The Company has set out below the initial categorisation of short-, medium- or long-term risks and opportunities, although these remain under review by the Company on an ongoing basis.</p> <table border="1"> <thead> <tr> <th>Type of climate risk</th> <th>Risk</th> <th>Impact timeline</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Transitional risks</td> <td>Increased potential legislation (in climate change area)</td> <td>Short-term (1-3 years)</td> </tr> <tr> <td>The increasing awareness of the climate crisis amongst consumers</td> <td>Short-term (1-3 years)</td> </tr> <tr> <td>Rising car fuel prices</td> <td>Mid-term (3-10 years)</td> </tr> <tr> <td>Physical risks</td> <td>Water scarcity (due to the climate change)</td> <td>Mid-term (3-10 years)</td> </tr> </tbody> </table> <p>The Company has identified its main climate-related risks through its existing governance framework. However, we do not consider these to be material risks.</p> <p>Considering the need to react and adapt in the face of climate change, the Company is well-equipped to meet these new challenges. By launching its collective long-term transformation initiative, the Company aims to improve its competitiveness, performance, and resilience throughout its value chain. As part of this transformation, it will continue to monitor short, medium and long-term climate-related risks and opportunities to ensure full disclosure in the future.</p> | Type of climate risk | Risk | Impact timeline | Transitional risks | Increased potential legislation (in climate change area) | Short-term (1-3 years) | The increasing awareness of the climate crisis amongst consumers | Short-term (1-3 years) | Rising car fuel prices | Mid-term (3-10 years) | Physical risks | Water scarcity (due to the climate change) | Mid-term (3-10 years) |
| Type of climate risk | Risk | Impact timeline | | | | | | | | | | | | | |
| Transitional risks | Increased potential legislation (in climate change area) | Short-term (1-3 years) | | | | | | | | | | | | | |
| | The increasing awareness of the climate crisis amongst consumers | Short-term (1-3 years) | | | | | | | | | | | | | |
| | Rising car fuel prices | Mid-term (3-10 years) | | | | | | | | | | | | | |
| Physical risks | Water scarcity (due to the climate change) | Mid-term (3-10 years) | | | | | | | | | | | | | |

| Recommended disclosure | FY 2023 Compliance | Description, location of disclosure progress to date and reason for omission (if appropriate) |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strategy | Disclosure of the actual and potential impacts of climate-related risks and opportunities on the Company's material business, strategy, and financial planning | |
| b) Describe the impact of climate-related risks and opportunities on the Company's businesses, strategy and financial planning | In progress | <p>Although not presently exposed to material risks related to climate change, the Company is taking steps to ensure that its use of natural resources, such as energy and water, are reduced wherever possible. The Company mitigates its exposure to these risks, and the emissions which the business generates, by taking the actions detailed in the Environment section on page 49 <i>et seq.</i></p> <p>The Company understands the wider impact of climate-related issues on the whole business which is one of the reasons why the Company adopted its new systemic sustainability approach. This approach supports the Group's growth strategy and operations by integrating social, environmental, and economic expectations into its strategy and operations.</p> <p>In addition to the work undertaken to formulate the Group Sustainability Materiality Matrix disclosed on page 53, The Company will continue to further assess climate-related issues in order to understand their impact on the business financially, on its strategy and business model, as well as on all stages of the supply chain.</p> |
| c) Describe the resilience of the Company's strategy, taking into consideration different climate scenarios, including a 2°C or lower scenario | Non-compliant | In the current reporting period, the Company did not conduct a climate scenario analysis. As we look to the future, we are committed to monitoring climate-related risks and opportunities that impact our operations. Specifically, we plan to conduct a scenario analysis within the next three years while working on reducing energy consumption and gradually transitioning to renewable energy sources to lower our carbon footprint. |
| Risk Management | Disclosure of how the Company identifies, assesses, and manages climate-related risks. | |
| a) Describe the Company's processes for identifying and assessing climate-related risks. | Full | <p>The Company has identified its main climate-related risks through its existing governance framework. A broad range of economic, environmental and social risks were considered, and each risk was prioritised according to its importance to the Company and in relation to its short and long-term ambitions, and the expectations of our key stakeholders.</p> <p>In relation to the identified risk of an increase in potential legislation (including in relation to climate reporting), the Company ensures its policies and procedures keep pace with legislative advances as part of continual improvement. As part of this, the Company has started the process of reporting on climate changed related risks and mitigation actions and it is committed to complying in full with the TCFD recommendations in future reporting periods.</p> |
| b) Describe the Company's processes for managing climate-related risks. | Full | Given the nature of the Company's business, it is not presently exposed to material risks related to climate change. However, steps are being taken to mitigate any exposure to the risks highlighted above, and the emissions which the business generates. Further details in relation to mitigating actions are outlined in the Sustainability Statement to be found on pages 42 to 58. |
| c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the Company's overall risk management. | In progress | <p>Since 2021, the Company has been integrating a systemic sustainability approach in the Company's strategy that involves all its business to help deliver its aim of being carbon neutral by 2040. This systemic environmental approach and focus on inventing eco-responsible local services together supports the company's growth strategy and operations by integrating social, environmental, and economic expectations into the Group's strategy and operations.</p> <p>The Company's materiality matrix which is updated annually prioritises the main challenges of the Group, with regard to its short and long-term ambitions. The materiality analysis identified 25 issues classified into five strategic areas: (i) operational innovation; (ii) strategy and development; (iii) services and customers; (iv) HR and employees; and (v) communities and CSR, with sustainability of the ID and the Photo range ranking as very important for stakeholders and the business.</p> <p>For further details of the Company's integrated corporate governance and organisational structure, please see the Corporate Governance section on pages 78 to 86.</p> <p>The Company will continue to review its risk management framework and the best way to effectively integrate climate-related risks into its processes, considering how climate change may interact with the Company's Principal Risks whilst not being a principal risk itself.</p> |

Specific sustainability metrics and reporting continued

| Recommended disclosure | FY 2023 Compliance | Description, location of disclosure progress to date and reason for omission (if appropriate) |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Metrics and Targets | Disclosure of the Company's metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material. | |
| a) Disclose the metrics used by the Company to assess climate-related risks and opportunities in line with its strategy and risk management process. | In progress | <p>The Company follows the Greenhouse Gas Protocol Corporate Standard in calculating its Scope 1, Scope 2. See pages 54 and 56 for the assessment parameters and detailed methodology.</p> <p>The Company is currently working to identify metrics in line with its business strategy and risk management processes as recommended and will consider whether additional metrics may be developed and added over time (with the support of Sirsa data reporting platform).</p> |
| b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. | Full | <p>See page 55 for Scope 1 and Scope 2 emissions related to the Company's operations in line with the GHG Protocol methodology and page 54 for the assessment parameters.</p> <p>The Company has not reported fugitive emissions (which include leakages from refrigerants used in air conditioning units, etc.) because no data were available and, given the low number of such units in the Company, management did not consider such emissions to be material.</p> <p>The Group's current climate change strategy has been formulated based on its Scope 1 and Scope 2 emissions. The Company does not yet report Scope 3 emissions in full compliance with the TCFD recommendations, as Scope 3 emissions are calculated based on the data obtain from third parties (suppliers, partners), which increases the scale and complexity of collating such data. The Group will keep the appropriateness of collating Scope 3 emissions data under review each year and will disclose to the market when it has determined that collating such data is appropriate. The evolution will consist in evaluating the scope 3, the indirect emissions upstream, the downstream freight transport and distribution, the other downstream indirect emissions and the other upstream indirect emissions of the supply chain. We are planning to improve completeness and accuracy of scope 3 emissions in line with best practice and estimation techniques in the coming 3 years.</p> |
| c) Describe the targets used by the Company to manage climate-related risks and opportunities and performance against targets | Full | <p>In line with our purpose "Create eco-responsible local services that make everyday life easier", we have identified the following materiality focus areas:</p> <ul style="list-style-type: none"> ▪ Carbon footprint reduction ▪ Circular economy through eco-design and continuous improvement of its machines ▪ Protection of natural resources through reduction of energy and water consumption ▪ Reduction of paper consumption <p>More information on carbon emissions reduction targets can be found in the section on our four-year sustainability plan of the current report pages 57 to 58 <i>et seq.</i></p> <p>Additionally, several KPIs have been identified relating to (i) the Company's circular economy, (ii) energy saving for Photobooshs, (iii) energy saving for laundry machines and (iv) organic detergent.</p> <p>We are using the following KPIs to track progress on reduction of GHG emissions:</p> <ul style="list-style-type: none"> - Laundry units with solar panels - tons of CO₂ for the total machine park - tons of CO₂ for new machines - tons of CO₂ compensated - litres of fuel saved <p>More information on carbon emissions reduction targets can be found in the section on our four-year sustainability plan of the current report pages 57 to 58 <i>et seq.</i></p> <p>Further information is available on me-group.com (Our approach and KPIs).</p> |

Supplementary information for TCFD disclosure

Governance of climate-related risks and opportunities

Despite its low risk in the climate change sector, ME Group has established a robust environmental strategy overseen by a Steering Committee under the Board and Executive Team. Key actions include forming an environmental group in late 2021, integrating sustainability in our 2021 Annual Report's risk management chapter, and undergoing annual environmental performance audits by Ecovadis. We align our efforts with the United Nations Sustainable Development Goals (SDG) and hold regular sustainability strategy review meetings.

Process for managing climate-related risks and opportunities

We use the ME Group materiality matrix – first created in 2021 and adjusted annually – to identify and manage climate-related risks and opportunities. This involves discussions validated by employee groups, businesses, and external stakeholders. Key focus areas include energy consumption, water scarcity, and the impact of rising fuel prices.

Integration into overall risk management

Our risk management strategy includes training staff in environmental practices, adopting best practices for reducing energy and water consumption, switching to green energy, and exploring hybrid and electric vehicles. Our R&D department in Grenoble, France plays a key role in developing green solutions.

Principal climate-related risks and opportunities

We focus on increasing green energy usage, improving water efficiency in our laundry machines, and addressing the impact of rising fuel prices. Our strategic locations in shopping centres offer a combined activity advantage for customers.

Impact on business model and strategy

Our business model adapts to varying levels of risk, particularly in water scarcity and fuel price fluctuations. We aim to encourage the use of our machines through public information and local authority guidance.

Resilience of business model

R&D is vital in our strategy, focusing on manufacturing innovation, recycling, and reintegration of machine components. Legal obligations in certain jurisdictions are also a key consideration.

Targets and KPIs for managing risks and opportunities

Our targets include increasing the percentage of laundry units with solar panels annually and expanding the deployment of our Revolution machines. We also aim to reduce fuel consumption through eco-driving initiatives and competitions among our technicians.

Compliance statement and progress

In our second year of TCFD compliance, we acknowledge gaps but are committed to achieving full disclosure. For each of the TCFD requirements, we identified the status of compliance as of FY2023 and indicated our plans and timeframe toward becoming fully compliant. We recognize the importance of environmental issues in business management and are dedicated to enhancing the management of climate-related risks and opportunities, setting specific greenhouse gas emissions, and financial climate-related targets.

Viability statement

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

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

- i. considering the potential repercussions of those principal risks at least annually as well as the risk impact of each major event or transaction;**
- ii. examining the effectiveness of the actions taken to mitigate the principal risks;**
- iii. continually reviewing strategy and market developments through regular executive briefings; and**
- iv. taking into account the Group's operational processes and financial resources.**

Based on this robust assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities over a five-year period to October 2028.

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

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

To stress test the viability of the Group, the Directors tested four scenarios and their projected financial impact over a five-year period. The four scenarios, and the assumptions used in each, are detailed opposite:

In all four scenarios, exchange rate assumptions are as per the budget. The forecasts assume payment of dividends commensurate with results and the Group's dividend policy.

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

Brexit impact was considered by management to have no significant impact on the business of the Group, nor will the Ukrainian or Israeli conflicts, as the Group has no activity in these regions.

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

As a result, the cash flow projections indicate that the Group and the Parent Company will remain within their available banking facilities over the 12 months from signing these financial statements.

Serge Crasnianski
Chief Executive Officer

27 February 2024

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

Scenario 1:

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

Scenario 2:

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

- A 5% decrease in machine installations due to supply chain issues
- A 5% price increase in spare parts and consumables
- A 1% increase in labour costs
- A 5% increase in paper costs
- A 1% drop in total revenue due to loss of key accounts
- A 1% drop in revenue due to the potential impact of a future pandemic or other global event
- This scenario does not consider the potential impact of new regulations regarding photo identification or permission of selfies as official photos within the five year forecast

Scenario 3:

The “mild” scenario is based on the budget, but with the following sensitivities added:

- A 10% decrease in machine installations due to supply chain issues,
- A 10% price increase in spare parts and consumables
- A 2% increase in labour costs
- A 10% increase in paper costs
- A 1% drop in total revenue due to loss of key accounts
- A 3% drop in revenue due to the potential impact of a future pandemic or other global event
- Revenue is reduced by 3% each year due to the potential impact of new regulations regarding photo identification or permission of selfies as official photos

Scenario 4:

The “worst case” scenario is based on the budget, but with the following sensitivities added:

- A 30% decrease in machine installations due to supply chain issues,
- A 15% price increase in spare parts and consumables
- A 3% increase in labour costs
- A 15% increase in paper costs
- A 3% drop in total revenue due to loss of key accounts
- A 5% drop in revenue due to the potential impact of a future pandemic or other global event
- Revenue is reduced by 5% each year due to the potential impact of new regulations regarding photo identification or permission of selfies as official photos



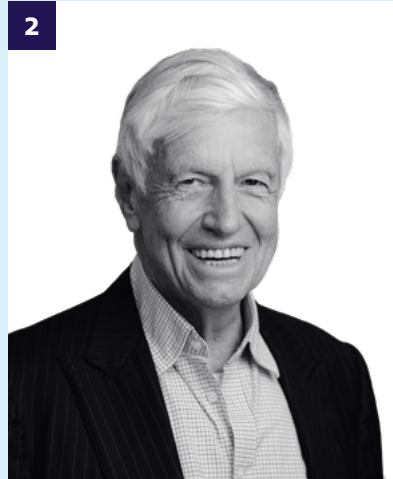
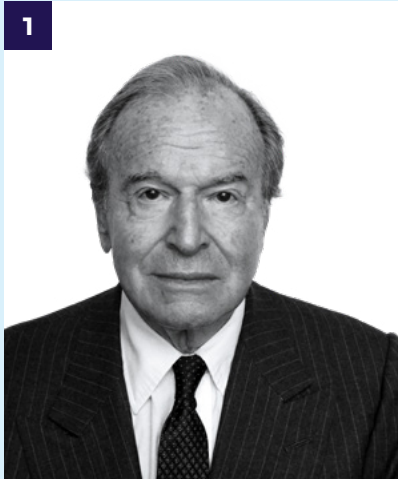
Corporate Governance

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Artificial Intelligence is helping to transform our business by automating tasks, enhancing decision-making, optimising processes, and personalising customer experiences.

Board of Directors and Company Secretary



The current Directors of the Company, all of whom served throughout the year ended 31 October 2023, are:

1. Sir John Lewis OBE Non-executive Chairman

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

He is a Director of Macdonald and Company Holdings Ltd (previously the AIM market company, Prime People plc), as well as various private companies. He was previously a practising Solicitor and senior partner in Lewis, Lewis & Co which became part of Eversheds Sutherland (International) LLP (as now is) after a series of mergers. He served as Chairman of Cliveden plc and Principal Hotels plc and as Vice Chairman of John D Wood & Co plc and Pubmaster Group Ltd.

2. Serge Crasnianski Chief Executive Officer & Deputy Chairman

Serge was appointed to the Board in 2009, having previously served on the Board from 1990 to 2007 (as a Non-executive Director until 1994, and from 1994 as an Executive Director).

He is Chief Executive Officer, Deputy Chairman and member of the Executive Team. Serge founded KIS in 1963.

3. Tania Crasnianski Executive Director

Tania, the daughter of the CEO, Serge Crasnianski, was appointed to the Board in June 2021. Prior to that, Tania had been an independent legal adviser for seven years and before that held the role of Head of Global Investments at Stratford Capital between 2006 and 2014. She spent 12 years in the legal field; having worked in that time as a Criminal Lawyer for SCP Versini-Campinchi & Associés, Paris. Tania joined the Group on 1 June 2020 as head of legal and general secretary, and shortly thereafter took over the supervision of the Group's entities in Germany and Austria. Tania is also a member of the Executive Team.

4. Jean-Marc Janailhac Non-executive Director

Jean-Marc joined the Board in 2019. He was designated Executive Director in July 2020. He was the first chairman of Strategic Committee (now the Executive Team) that is responsible for reviewing and implementing operational decisions across the Group until 31 October 2022. He chaired that committee until 31 October 2022. He returned to being a Non-executive Director on 1 November 2023.

He is a senior adviser of Macquarie Capital (Europe) Limited, which he joined in 2016. In October 2010, he was appointed a Non-executive Director of Athena Investments A/S, a Danish company dedicated to renewable energy (wind and solar) listed on Nasdaq Copenhagen and included in the OMX Copenhagen Small Cap Index, a role he retains.

5. René Proglío Non-executive Director

René was appointed to the Board in June 2021, and appointed chairman of the Audit Committee on 29 April 2022. He worked at Morgan Stanley for 17 years and during that time he held senior roles, including as Managing Director (2004-2007) and as Head of Investment Banking (2008-2010). He was then country head for France from 2010 to 2020, and he recently joined PJT Partners as a Partner. Before this, he was a Partner at Ernst & Young. The Board considers Mr Proglío to be independent.

6. Emmanuel Olympitis Non-executive Director

Emmanuel was appointed to the Board in 2009. He is the Senior Independent Non-executive Director, Chairman of the Remuneration Committee, and a member of the Nomination and Audit Committees.

Previous directorships include China Cablecom Holdings Limited (NASDAQ), Caneel International Energy Limited (Canada), Matica plc, Secure Fortress plc, Bulgarian Land Development plc, Norman 95 plc, Pacific Media plc (Executive Chairman) and Bella Media plc (Chairman). Early career in merchant banking and financial services, including as Executive Director of Bankers Trust International Ltd, Group Chief Executive of Aitken Hume International plc, and Executive Chairman of Johnson & Higgins Ltd.

7. Françoise Coutaz-Replan Non-executive Director

Françoise was appointed to the Board in 2009 as Group Finance Director and retired from that executive role in August 2015. Since then she has been a Non-executive Director and was appointed to the Audit Committee in October 2016. Françoise joined KIS in 1991. The Board considers Miss Coutaz-Replan to be independent.

8. Camille Claverie Non-executive Director

Camille was appointed to the Board in June 2021. She has previously held roles at Sagard, latterly as Principal, and at Morgan Stanley and she is a Partner at Montefiore Investment where her responsibilities cover deal origination, and execution and investment monitoring to support companies and management teams in their growth plans. The Board considers Ms Claverie to be non-independent because she works for FPCI Montefiore Investment IV which holds 11.18% of the issued share capital of ME Group.

Company Secretary

Del Mansi Company Secretary

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

Report of Directors

The Directors submit to the shareholders their report, the audited consolidated financial statements of the Group, and such audited financial statements of ME Group International plc as required by law for the year ended 31 October 2023.

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

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

Details of the Directors' contracts, emoluments and interests in shares and share options are given in the Remuneration Report on pages 90 to 107.

Directors' and Officers' Liability Insurance

The Company maintained directors' and officers' liability insurance cover throughout the 12-month period ended 31 October 2023. This insurance cover extends to Directors and officers of subsidiary undertakings and remains in force. Article 191 of the Company's Articles of Association allows the indemnification of directors of the Company and associated companies and of Directors of a company that is the trustee of an occupational pension scheme for employees of the Company or an associated company against liability incurred

by them in certain situations, and would, if granted, constitute a "qualifying indemnity provision" within the meaning of Section 236 (1) of the Companies Act 2006. No such indemnities have been granted.

Results and dividends

The results for the year are set out in the Group Statement of Comprehensive Income on page 118. The Directors are recommending a final dividend for the year ended 31 October 2023 of 4.42 pence per ordinary share. The ex-dividend date will be 25 April 2024 and, if approved by shareholders at the Company's AGM on 26 April 2024, the dividend will be paid on 23 May 2024 to shareholders listed on the register at the close of business on 26 April 2024. An interim dividend of 2.97 pence per share was paid for the year ended 31 October 2023.

Review of business and future developments

The Strategic Report describes the activities of the business during the year ended 31 October 2023 as well as recent events (including any important events affecting the Group which have occurred since the end of that period) and gives an indication of likely future developments in the Group's business. A discussion of the key risks facing the Group and an analysis of key performance indicators are provided in the Strategic Report. The Strategic Report also contains the Board's Long-term Viability Statement.

Research and development

The Group is committed to its research and development programme in order to maintain its introduction of innovative products to the market. The expenditure incurred on the development of new products is shown in notes 1.4 and 11 of the financial statements.

Employees

Information on the Company's employment practices including: its policy regarding applications for employment by persons with disabilities; the continuing employment of employees who have developed disabilities; and the training, career development and promotion of persons with disabilities employed by the Company, as well as employee communication and involvement, is contained within the Sustainability Statement on pages 42 to 50.

Employee engagement

The Board understands the importance of considering the views of all stakeholders, including its employees.

The senior management team has held several internal consultations and released internal memoranda outlining the movement of the business throughout the year. These communications also help to achieve a common awareness on the part of all employees of the financial and economic factors affecting the performance of the Company.

The Board understands the importance of considering the views of all stakeholders, including its employees. The Executive Directors have regular meetings with all managers. These meetings provide an opportunity for the Directors to learn about the views of the employees at large, and to report back to the Board as a whole so that in making any decisions affecting the employees, the Board can take those views and any decisions made can take into account those employee views.

The Company operates an executive share option scheme that was introduced in 2014 (itself replacing an earlier similar scheme). Senior members of staff receive annual bonuses depending on personal performance and the Group's performance. The above sets out how Directors have engaged with employees. Subject to shareholder approval at the AGM to be held on 26 April 2024, the Company intends to introduce a new executive share option scheme based closely on the existing one.

Engagement with suppliers, customers and others

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

Corporate responsibility, greenhouse gas emissions, energy consumption and energy efficiency action.

A summary of the Company's approach to corporate social responsibility and environmental matters, including a report on the Group's greenhouse gas emissions, energy consumption and energy efficiency action for the 12 months ended 31 October 2023, can be found in the Sustainability Statement on pages 42 to 50.

Interests in voting rights

Information provided to the Company pursuant to the Financial Conduct Authority's DTRs is published on a Regulatory Information Service and on the Company's website. As at 31 October 2023, the following information has been received, in accordance with DTR 5, from holders of notifiable interests in the Company's issued share capital.

The information provided below was correct at the date of notification; however, the date it was received may not have been within the current financial year. It should be noted that these holdings are likely to have changed since the Company was notified. However, notification of any change is not required until the next notifiable threshold is crossed.

| Shareholder Name | % Voting Rights | Number of shares |
|--------------------------------|-----------------|------------------|
| Serge Crasnianski ¹ | 36.64 | 137,803,041 |
| FCPI Montefiore Investment IV | 12.01 | 45,355,481 |
| Schroders plc | 10.50 | 39,693,875 |
| FIL Ltd | 8.34 | 31,343,390 |
| Premier Miton Group plc | 4.87 | 18,398,718 |
| Norges Bank | 2.65 | 10,000,845 |

¹ Except for 63,750 ordinary shares of 0.5p each held in Mr Crasnianski's own name, the remaining shares are owned through a nominee by Tibergest PTE LTD, a person closely associated with Mr Crasnianski, and Mr Crasnianski's interest in those remaining shares is indirect. Except for the above, the Company had not been advised of any shareholders with interests of 3% or more in the issued ordinary share capital of the Company as at such date.

As at 19 February 2024, the following changes had been notified to the Company:

- On 8 January 2024, Schroders plc notified the Company that its holding of total voting rights in the Company was 45,808,015 representing 10.08% of the Company's total voting rights.
- On 9 January 2024, FIL Limited notified the Company that its holding of total voting rights in the Company was 14,930,258 representing 3.96% of the Company's total voting rights.

Report of Directors continued

- On 23 January 2024, Norges Bank notified the Company that its holding of total voting rights in the Company was 11,275,000 representing 2.99% of the Company's total voting rights.

The number of voting rights in the Company has been reducing (and may continue to do so until the 2024 AGM) as a result of the buyback of shares approved by members at a general meeting on 18 August 2023. Taking the total number of voting rights as at close of business on 19 February 2024 (376,136,253), the percentage of voting rights as at that date using the above data would be recast as follows: Serge Crasnianski (36.53%); FCPI Montefiore Investment IV (12.0%); Schroders plc (12.18%); Premier Miton Group plc (4.89%); FIL Ltd (3.97%); and Norges Bank (3.00%).

Share option grants to PDMRs

On 4 April 2023, Tania Crasnianski, an Executive Director, and Stéphane Gibon, Chief Financial Officer (non-Board), were each granted an option over 100,000 and 150,000 Ordinary Shares of 0.5p each of the Company respectively, under the Company's Executive Share Option Scheme (2014); in each case, the performance conditions attached to the options relate to 2025 earnings per share ("EPS"). There were no other notifications to the Company under article 19 of the Market Abuse Regulation in the year ended 31 October 2023.

Share capital

The issued share capital of the Company, plus details of the movements in the Company's issued share capital during the year, is shown in note 21 of the financial statements. Each ordinary share of the Company carries one vote at each annual general meeting (AGM) and general meetings of the Company.

Report of Directors' continued authority to purchase shares

Pursuant to a resolution passed at a general meeting (held on 18 August 2023), the Company is authorised to purchase its own shares in the market. Although post the upcoming AGM on 26 April 2024, the Company will not be continuing the share buyback authorised by members at a general meeting in August 2023, it shall seek approval at the 2024 AGM (to be held on 26 April 2024) to renew the authority for the Company to make market purchases of up to 10% of its own ordinary shares at a maximum price per share of not more than the higher of: (a) an amount that is not more than 5% above the average of the closing middle market quotations for an ordinary share (derived from the London Stock Exchange Daily Official List) for the five business days immediately before the date on which that ordinary share is contracted to be purchased; or (b) the higher of the price of the last independent trade or the highest current independent bid on the London Stock Exchange. This authority will expire on the earlier of 15 months from the passing of the relevant special resolution or the conclusion of the following AGM. The Company repurchased 1,260,534 ordinary shares of 0.5p each in the 12-month period ended 31 October 2023. These shares are held by the Company in treasury.

Additional information

Where not provided elsewhere in the Report of the Directors, the following provides the additional information required to be disclosed in the Report of the Directors. The structure of the Company's share capital, including the rights and obligations attaching to the shares, is set out within note 21 to the financial statements.





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

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

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

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

The rules governing the appointment of Directors are set out in the Corporate Governance Statement on pages 78 to 86. The Company's Articles of Association may only be amended by a special resolution at an AGM or general meeting of shareholders. The Company is party to a number of agreements with site owners (such as major supermarket chains), which could be terminated by the site owners following a change of control of the Company.

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

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

Related-party transactions

Details of related-party transactions are set out in note 28 to the financial statements.

Financial instruments

Details of the financial risk management objectives and policies of the Group and exposure of the Group to foreign exchange risk, interest rate risk and liquidity risk are given in note 16 to the financial statements.

Political donations

No member of the Group made any political donations during the 12-month period ended 31 October 2023.

Important events post balance sheet date

On 23 November 2023 the Group paid an interim dividend in respect of the year ended 31 October 2023 of 2.97 pence per ordinary share, totalling £11,240,000.

Report of Directors continued

On 14 November 2023, the Group converted 100,000 of the 500,000 convertible bonds held in Energy Observer Developments SAS to 125 ordinary shares of the same company. The Board have no plans to convert the remaining 400,000 convertible bonds held by the Group to shares.

Going concern

In adopting the going concern basis for preparing these financial statements, the directors have considered the Group's business activities, together with factors likely to affect its future development and performance, as well the principal risks and uncertainties that could affect the Group up to October 2028.

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

The Directors have stress-tested the Group's going concern status by assessing several different scenarios. Full details of the scenarios tested and assumptions used are provided in the 'Viability Statement' and in note 1.1 of the financial statements.

Disclosure of information to the auditor

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

Controlling shareholder – Relationship Agreement

The Company's majority shareholder is Tibergest PTE Ltd which owns 36.64% of the issued share capital of ME Group International plc (and as of 19 February 2024, 36.41% of its total voting rights). Tibergest PTE Ltd is wholly owned by Mr Crasnianski. Mr Crasnianski and Tibergest PTE Ltd have entered into a Relationship Agreement with the Company (the "Relationship Agreement") to ensure that the Group is capable of carrying on its business independently, that transactions and arrangements between the Group, Tibergest PTE Ltd and Mr Crasnianski (and each of their associates) are at arm's length

and on normal commercial terms, and that at all times a majority of the Directors of the Company shall be independent of Tibergest PTE Ltd and Mr Crasnianski.

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

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

AGM 2024

The Company's AGM this year will be held on 26 April 2024 at the offices of Hudson Sandler LLP, 25 Charterhouse Square, London EC1M 6AE at 10 a.m. Notice of the AGM is sent to all shareholders of the Company, as well as to persons nominated by a shareholder of the Company to enjoy information rights. The Notice convening the meeting provides full details of all the resolutions to be proposed, together with explanatory notes for both the ordinary and special business. Hard copies of this Annual Report are sent only to shareholders who have requested or request a copy.

By order of the Board

Serge Crasnianski
Chief Executive Officer

27 February 2024



Corporate governance

Statement of compliance with the UK Corporate Governance Code.

The Board has complied with the UK Corporate Governance Code (2018 edition) (the “Code”) except as set out in the table on page 79.

The Group’s business model and strategy

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

The Board

Board composition

The Directors who served throughout the financial year ended on 31 October 2023 are: Sir John Lewis, Serge Crasnianski, Tania Crasnianski, Jean-Marc Janailhac, Manoli Olympitis, Françoise Coutaz-Replan, René Proglgio and Camille Claverie.

The Chairman

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

Director independence

The Board structure has not complied with the Code provision that requires that at least half the Board, excluding the chairman, should be Non-executive Directors whom the Board considers to be independent. The table overleaf contains more details on this.

The Senior Independent Director

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

Although Mr Olympitis has been a director since December 2009, he is considered by the Board as independent on the basis that he continues to demonstrate total independence in his behaviour and in his interaction with the rest of the Board.

Election of new Director

If a new Director were to be appointed, the Board would ordinarily appoint someone whom it believes has sufficient knowledge and experience to fulfil the duties of a director. (In doing so, the Board would continue to encourage and give consideration to candidates from a diverse range of backgrounds and experiences as mentioned under the heading Equality, Diversity and Inclusion below.) If this were not the case, an appropriate training course would be provided. An appropriate induction programme is undertaken for all newly appointed Directors. All Directors have access to the advice and services of the Company Secretary. Any Director wishing to do so in furtherance of his or her duties may take independent advice at the Company’s expense.

All Directors are required to stand for re-election every three years and newly appointed Directors are subject to election by shareholders at the first AGM after their appointment. However, in order to provide for stability and continuity, and to avoid destabilising the Board, the Directors have unanimously decided not to comply with the Code’s recommendation that all Directors seek annual re-election.

Directors’ conflicts of interest

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

The Financial Reporting Council requires listed companies incorporated in the UK to include in their annual financial report: (i) a statement of how they have applied the main principles set out in the Code; and (ii) a statement as to whether they have complied throughout the accounting period with all relevant provisions set out in the Code.

The Directors consider that the Company has, throughout the 12-month period ended 31 October 2023, complied with those provisions of the Code that are applicable to it, except for the following:

| Point of non-compliance with Code | Reason for non-compliance |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Less than half the board, excluding the chair, are Non-executive Directors whom the board considers to be independent. | Excluding the Chairman, the Board comprised two Executive Directors and five Non-executive Directors, three of whom are considered independent by the Board. Strict compliance would have required an additional independent non-executive director. The Board considers its composition to be sufficiently close to the Code's prescription on this point to render its non-compliance in this regard inconsequential. |
| For engagement with the workforce, one or a combination of the following methods should be used: <ul style="list-style-type: none"> ▪ Director appointed from the workforce; ▪ formal workforce advisory panel; and ▪ designated Non-executive Director. ▪ (But none is used.) | The Executive Directors meet regularly with the general managers of the Group. This enables both sides to raise any matters of interest to either side. The Non-executive Directors are always available should anyone not be comfortable in dealing with the Executive Directors about anything. Also, the whistle-blowing policy is in place as a further avenue should anyone wish to use it. Therefore, the Board believes that given the size of the Group and its resources, this is appropriate and additional measures to engage are unnecessary and overly cumbersome. |
| There is no annual re-election of all directors. | The Board thinks this would distract the Board from its business, and that continuity enables people with deep knowledge of the Company to make more informed, effective and considered judgments. |
| Chairman has been in office for more than nine years. | Sir John Lewis is considered by the Board to be an effective and engaged chair. He has the full approval and confidence of the Board. |
| Non-executive Director do not liaise with work force as a matter of routine. | After due consideration, the Board concluded that it was in order for the Executive Directors to liaise with the work force. If anyone felt uncomfortable, for whatever reason, about liaising with the Executive Directors there was recourse to the Non-executive Directors, as well as recourse to the whistleblowing process. |
| Mr Olympitis's independence despite not meeting the criteria set out by the Code which raises a presumption against independence where a director has served on the Board for more than nine years from the date of their first appointment. | Despite having been a Director for more than nine years, Mr Olympitis is considered by the Board as independent on the basis that he continues to demonstrate total independence in the opinion of the Board his behaviour and in his interaction with the rest of the Board. |
| Sir John Lewis is a member of the Audit Committee. | Under the predecessor to the Code, there was no restriction on the Chairman of the Board being a member of the Audit Committee and such membership in the case of Sir John Lewis, in the opinion of the Board did not impede that committee's functioning but enhanced it. |
| The Remuneration Committee should have delegated responsibility for senior management. It should review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive Director remuneration. | The Remuneration Committee thinks it is advisable that the Executive Directors address remuneration of the senior management and workforce pay policies in general as the former have most interaction with them and are therefore best placed to make meaningful and equitable assessments of their performance and remuneration levels. |
| Mr Crasnianski receives a pension contribution equal to 15% of his basic remuneration. The Code recommends that pension contribution rates for executive directors, or payments in lieu, should be aligned with those available to the workforce. | Following a review of Mr Crasnianski's pension provision and how this compares with that of the general workforce, the Committee has agreed to maintain the CEO's current pension at 15% of salary going forward. Given the diverse nature and geographies of the Company's businesses and employees, no single Group-wide pension plan operates and therefore pension contribution rates vary across the Group with pension levels not necessarily reflecting seniority. |

¹ The Code and associated guidance are available on the Financial Reporting Council website at https://media.frc.org.uk/documents/UK_Corporate_Governance_Code_2018.pdf.

Corporate governance continued

Board evaluation

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

Under the guidance and supervision of the Company Secretary, the Board undertakes an internal process to assess the effectiveness of the Board during each financial year. This consists of a confidential survey. Areas identified in which there is considered to be room for improvement are usually addressed by the Board during the current year.

Operation of the Board

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

The Board has delegated various matters to Committees, as detailed below. These Committees of the Board meet regularly (the Nomination Committee meets as required). The Committees deal with specific aspects of the management of the Company. The Board has delegated authority to the Committees and they have defined terms of reference; those of the Nomination, Audit and Remuneration Committees are available on the Company's website (<https://me-group.com/>). Decision-making relating to operational matters is handled by the Executive Directors and senior management.

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

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

The Board had five meetings during the year under review. A committee of the Independent Directors meeting alone had one meeting in that period.

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

| | Board | Meeting of Independent Committee only | Audit committee | Remuneration committee | Nomination committee |
|-----------------|-------|---------------------------------------|-----------------|------------------------|----------------------|
| J Lewis | 4(4) | 1(1) | 3 (3) | 2(2) | 0(0) |
| S Crasnianski | 4(4) | - | - | - | - |
| T Crasnianski | 4(4) | - | - | - | - |
| J-M Janailhac | 4(4) | - | - | - | - |
| F Coutaz-Replan | 4(4) | - | 3 (3) | - | - |
| E Olympitis | 4(4) | 1(1) | 3 (3) | 2(2) | 0(0) |
| C Claverie | 4(4) | - | - | - | - |
| R Proglio | 4(4) | - | 3 (3) | - | - |

Equality, diversity and inclusion

Our commitment

The Board of ME Group is a supporter of gender and ethnic diversity as part of the Company's commitment to diversity and inclusion in the broadest sense.

We are committed to attracting and retaining the best people who reflect the diverse experiences and characteristics of the customers we serve. This is central to our core values, which include a commitment to the following ethics driving our behaviour: courage, creativity, solidarity, eco-responsibility and commitment. This encompasses, but goes beyond, gender and ethnic diversity. For example, we are focussed on supporting those people who may be disadvantaged or marginalised in connection with their educational background, socio-economic background or caring responsibilities, as well as characteristics which are protected under equality law.

The Company has long been – and remains – an equal opportunities employer. It has had embedded a comprehensive equality, diversity and inclusion policy in place the latest revision of which was made in 2022 (but which originates as far back as 2011) covering the entire employment lifecycle and emphasising our commitments and expected behaviours. A statement by the Company on its approach to this topic can be found here: <https://me-group.com/company-documents/>.

The Board considers it a matter of the utmost importance in the best interests for shareholders to fill positions with the best possible candidates regardless of their gender, ethnic origin or other attributes. It believes this is what investors want.

Listing rules: board targets regarding gender and ethnicity

As at 31 October 2023 (the Company's chosen reference date for reporting under Listing Rule 9.6.8 R (9)(a)):

- 37.5% of the Board consisted of women. None of the Chair, CEO, SID, and CFO (the last of which is not a statutory board position) is a woman, although from 2009 to 2015 the CFO (that office being then a statutory board position) was a woman. Whilst this falls short of the '40%' and 'senior position' targets set out in the Listing Rules, it exceeds the 33% target set by the Hampton-Alexander Review and the 30% Club Investor Group in their widely adopted guidance. It also represents material compliance as the 2.5% shortfall represents less than one person owing to the numbers on our Board

- None of the Board members was from an ethnic minority background as defined under the Listing Rules, although the Board is comprised of individuals from four different nationalities.

The Board would point out the following by way of explanation and important context:

- The Board is relatively small and consists of two Executive Directors, one of whom is a woman, and five Non-executive Directors, of whom two are women. (The roles of Chief Marketing Officer and Head of HR are not board level positions at the Company, but if they were (as is common in other organisations), we would well exceed the 40% target set by the Listing Rules.)
- The composition of the Board has remained relatively steady over the last few years. That is by design: the Group has undergone significant changes, making consistency and clarity of thought at Board level vitally important
- The Board comprises 37.5% female members, representing (i) two Non-executive Directors one of whom sits on the audit committee and (ii) one Executive Director, who is head of legal and general secretary, and is also responsible for supervising the Group's entities in Germany and Austria. As mentioned above, this is higher than the 33% target set by the 30% Club Investor Group and is close to 40%
- It is important to recognise that the Group has a large presence in, and the Company draws many of its leaders from, countries where the cultural and legal approach to ensuring Diversity & Inclusion is very different. For example, in France and Germany asking candidates and employees to disclose their ethnicity can amount to a criminal offence, and it is counter-cultural to suggest the introduction of targets or quotas for improving representation. Whilst the Company and the Board will continue to strive for improvement, it must do so in a way that remains respectful of, and sensitive to, differing expectations in our main markets and the rule of law in other jurisdictions
- As an equal opportunities employer, the Company is committed to providing equal career opportunities for all its employees without discrimination, and pursuing fair and equitable policies and procedures for recruitment, training and development. It gives full consideration to all applications from

Corporate governance continued

persons with protected characteristics and more broadly from a diverse range of backgrounds, with due regard to their aptitudes and abilities. Indeed, we have a paragraph stated on all our job postings as follow 'As an equal opportunity's employer, ME Group is committed to the equal treatment of all current and prospective employees and does not condone discrimination on the basis of age, disability, sex, sexual orientation, pregnancy and maternity, race or ethnicity, religion or belief, gender identity, or marriage and civil partnership.'

We aspire to have a diverse and inclusive workplace and strongly encourage suitably qualified applicants from a wide range of backgrounds to apply and join our Company.

The Board recognises the risks of applying hard short-term targets, which can give rise to a perception of an uneven playing field, and which can discourage qualified applicants and existing employees from seeking positions.

However, the Board will continue to encourage and give consideration to candidates from a diverse range of backgrounds and experiences when seeking out the best talent whenever a position comes up to be filled. The Board does not believe that positions should be created for the ad hoc purpose of meeting quotas, and therefore another reason for not meeting the 40% level stipulated by the Listing Rule and other targets set out in the Listing Rules is simply that positions have not arisen requiring to be filled partly as a result of the Group's relatively low turnover of officers.

More broadly, the Board actively supports the roll-out of initiatives under the Equality, Diversity, and Inclusion Policy, referred to below, to broaden the diversity of the Company's workforce, and to ensure the Company's culture is as inclusive as possible.

We collected the data which informs this part of our report by questionnaires sent to all the relevant persons and which were adapted to ensure compliance with local laws.

Equality, diversity and inclusion policy

The Board supported the Company's embedding of its comprehensive Equality, Diversity and Inclusion Policy (ED&I Policy) in July 2022. The ED&I Policy applies to anyone who works in the Company, including the Board (and its committees). It seeks to emphasise the Company's commitments to equality, diversity and inclusion (ED&I), sets expectations in respect

of employees' behaviour and sets out steps the Company is taking to ensure an inclusive culture. The ED&I Policy deliberately takes a broad and ambitious approach to diversity and commits to trying to ensure that recruitment, promotion and retention procedures do not result in less favourable treatment because of someone's disability, gender, gender identity or gender reassignment status, marital status, race, racial group, ethnic or national origin, or nationality, religion or belief, sexual orientation, age, civil partnership status, pregnancy or maternity, paternity, educational background, socio-economic background, caring responsibilities, part-time status or fixed-term status.

The ED&I policy is shared with all our workers on the UK HR system available to all UK employees via self-service and easy access on laptops and mobile phones; it requires acknowledgement. There is an Equality and Diversity training programme which can be rolled out to all employees in the UK through our WorkWize training portal. The ED&I Policy also dedicates a section specifically to the ways in which the Company seeks to ensure inclusion of disabled people, to give tangible examples of the Company's approach and to showcase its focus on disability inclusion.

We are asked to report on the results of the ED&I Policy in the reporting period. It is difficult to point to quantitative evidence of improvements in concepts like inclusion which are inherently difficult to measure, especially where progress on such matters is inevitably incremental. However, we are encouraged to actively follow this policy to create a more inclusive workplace, which helps the business attract candidates with a wide range of skills from diverse backgrounds. We believe that this helps keep the Company successful, and that our employees are motivated and reassured by the fact that we are an equal opportunities employer.

We are also required to report on the gender and ethnicity data in relation to our Board and executive management in tables prescribed under the Listing Rules. These are set out below. We collected this information by asking each member of the Board and executive management, where permitted by law to do so, to complete a questionnaire to confirm which of the below categories describes them.

Table for reporting on gender identity or sex

| | Number of Board members | % of the Board | Number of senior positions on the Board (CEO, CFO, SID and Chair) | Number in executive management (plus company secretary) | % of executive management (plus company secretary) |
|---------------------------------|-------------------------|----------------|-------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------|
| Men | 5 | 62.5 | 3 | 4 | 66.7 |
| Women | 3 | 37.5 | – | 2 | 33.3 |
| Not specified/prefer not to say | – | – | – | – | – |

Table for reporting on ethnic background

| | Number of Board members | % of the Board | Number of senior positions on the Board (CEO, CFO, SID and Chair) | Number in executive management (plus company secretary) | % of executive management (plus company secretary) |
|------------------------------------------------------------------|-------------------------|----------------|-------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------|
| White British or other White (including minority – white groups) | 2 | 25% | – | 1 | 16.7 |
| Mixed/Multiple Ethnic Groups | – | – | – | – | – |
| Asian/Asian British | – | – | – | – | – |
| Black/African/Caribbean/Black British | – | – | – | – | – |
| Other ethnic group, including Arab | – | – | – | – | – |
| Not specified/prefer not to say | – | – | – | – | – |

Notes

¹ Data were acquired by using questionnaires seeking the information required by the Listing Rules. Having sought legal advice, the Company was informed that it could not lawfully ask questions around ethnicity to French nationals therefore it did not do so.

² The Board consists of French Greek, German, Swiss and UK nationals. The Executive Management (which the Company calls its Executive Team) comprises French, Swiss and German nationals.

Board committees

Audit Committee

This comprised René Proglío (Committee Chairman), Emmanuel Olympitis (Senior Independent Director), Sir John Lewis (Chairman of the Board), and Françoise Coutaz-Replan (the Group's former Finance Director). The Board considers that René Proglío, Emmanuel Olympitis, Françoise Coutaz-Replan and Sir John Lewis have suitable recent and relevant financial experience to satisfy the requirements of the Corporate Governance Code (2018 edition).

Meetings are normally held at least twice a year. Three meetings were held during the year ended 31 October 2023. Other Directors, together with the Chief Financial Officer (currently a non-Board position) and representatives of the external auditor are generally invited to attend meetings.

External auditor

The Audit Committee aims to meet with the external auditor, at least twice a year. On behalf of the Board, the Committee reviews the Group's accounting and financial reporting practices, the reports of the internal auditor and external auditor, and compliance with policies, procedures and applicable legislation. In addition, the Committee monitors the effectiveness of both the external and internal audit functions and reviews the Group's internal financial control systems and reporting processes, and risk management procedures. The Committee considers the appointment of the external auditor and makes a recommendation on the audit fee to the Board; it usually assesses the effectiveness of the external auditor by means of an internal review process, assisted by a confidential questionnaire; it sets a policy for safeguarding the independence of the external auditor; and reviews the external auditor's work outside of the audit itself, taking into account the nature of the work, the amount of the fees and whether it is appropriate for the external auditor to carry out such work. Details of the audit and non-audit fees are provided in note 4 to the financial statements.

Corporate governance continued

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

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

Key matters considered

In February 2024, the Committee met to review this Annual Report and to receive the external auditor's update and report on its audit activity.

In February 2024, the Committee met to review this annual report and to receive the external auditor's update and report on its audit activity. The Committee's primary areas of focus were:

Management override of controls

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

Revenue recognition

There is a presumed risk of fraud in the financial reporting relating to revenue recognition which we consider to be a significant risk on all audits.

Going concern

There is a risk that the going concern assumption has been inappropriately applied in preparing the financial statements.

Investment in subsidiaries

Investments in subsidiaries and associates are stated at cost less impairment. Management should review any indicators of impairment at least annually, and perform an impairment assessment where indicators have been identified.

Impairment of PPE and tangible assets

Management performs impairment tests if there is an impairment trigger. Assets are tested at the level of the cash generating units ("CGUs") defined by the Group, being each vending machine. An impairment loss is recognised if the net book value of an asset or cash-generating unit is higher than its recoverable value. If the main machine (laundry or photobooth) on the site is impaired, all installation costs on the site are impaired. On our Japanese entity's impairment, the methodology is simpler, comparison is made between EBITDA vs the carrying amount of the vending machine.

For other than vending equipment PPE, management assesses the functionality and writes-off any machine if there is any indicator of impairment. This is done at least once a year for tangible assets.

Recognition, valuation and impairment of intangible assets, including goodwill.

There is a risk that intangible assets don't meet the recognition criteria to be recognised as intangible assets. Due to its complex nature, there is a further risk over the valuation of the intangible assets.

Goodwill recognition is deemed as a judgmental area by the audit team. The risk of error arising from the appropriateness of the judgments and assumptions used in the impairment test of goodwill in particular discount rate, long term growth rate and country risk adjustment. Besides, the Group acquired one company (Fujifilm) during the period.

Remuneration Committee

During the year period ended 31 October 2023, the Remuneration Committee comprised Mr Emmanuel Olympitis (Committee Chairman) and Sir John Lewis (Chairman of the Board).

The Committee meets at least once per year. It met twice in the year ended 31 October 2023.

The Committee makes recommendations to the full Board in respect of the Group's remuneration policy. The Committee also keeps under review the remuneration of the Chairman and the Group's Executive Directors (the Chairman would not play a part in deciding his own remuneration), to ensure that they are rewarded fairly for their contribution. The Committee also makes awards under the Executive Share Option Scheme. The Committee's Terms of Reference are available on the Company's website.

The Remuneration Report on pages 90 to 107 provides details of how the Committee applies the directors' remuneration principles of the Code.

Nomination Committee

During the year ended 31 October 2023, the Nomination Committee comprised Sir John Lewis (Committee Chairman and member of the Audit and Remuneration Committees) and Emmanuel Olympitis (Senior Independent Director, member of the Audit Committee and Chair of the Remuneration Committee). The Chairman of the Board would not chair the Nomination Committee when it addresses the appointment of his successor. Thus the Committee is compliant with the applicable provisions of the Code which requires that a majority of members of the Committee are independent non-executive directors, and that its chairman should not chair the committee when it is dealing with the appointment of his or her successor.

The Committee, which meets as required, makes recommendations to the Board on the appointment of new directors. The Committee did not meet in the year ended 31 October 2023 but its members speak frequently even in the absence of formal meetings in order to keep board composition under review and to ensure that a proper succession plan is in place at all times.

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

During the year ended 31 October 2023, no vacancies for the Board arose, therefore no appointments were required. As turnover of Board members is low, as mentioned above, the Nomination Committee has not set any targets but as and when vacancies do arise, the Nomination Committee and the Board are committed to giving consideration to all interested and available candidates regardless of age, disability, sex, sexual orientation, pregnancy and maternity, race or ethnicity, religion or belief, gender identity, or marital or civil partnership status.

Executive Team

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

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

The Executive Team comprises:

- Serge Crasnianski, Chief Executive Officer, Deputy Chairman
- Tania Crasnianski, Executive Director
- Stéphane Gibon, Chief Financial Officer
- Christian Autié, Chief Operating Officer (Chairman of the Executive Team)
- Charlotte Delbès, Chief Marketing Officer

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

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

Shareholder communication and engagement

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

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

Corporate governance continued

In normal circumstances, private investors are encouraged to attend the AGM and have the opportunity to question the Board. All members of the Board usually attend the AGM. Shareholders are given the opportunity to vote on each separate issue. The number of proxy votes lodged is given at the meeting after the vote on a show of hands for each resolution and is published on the Company's website after the meeting.

Accountability and internal control

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

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

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

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

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

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

A whistle-blowing procedure by which staff may raise concerns about possible improprieties in matters of financial reporting or other

matters was in place throughout the year. The whistle-blowing policy can be found on the Company's website.

Internal control and risk management in relation to the financial reporting process

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

This process includes:

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

The above process, plus the review by the Audit Committee of a comprehensive note that sets out the details of the preparation, internal verification and approval process for the Annual Report and Accounts, provides comfort to the Board that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable, and give the information necessary for shareholders to assess the Group's position and performance, business model and strategy. In connection with the audit for year ended 31 October 2023, the above process and review did not result in any adverse findings, and the Audit Committee found the process and associated controls sufficient and adequate for their purpose.



Statement of Directors' Responsibilities

The Directors of the Company, whose names and respective functions are set out on page 71 (and are deemed to be included in this statement), are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for the Group and the Company for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the Company's financial statements on the same basis.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of their respective profit or loss for that period. In preparing each of the Group and the Company's financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained in the Group and Company financial statements respectively; and
- Prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and

disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that their financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and as regards the Group's financial statements, Article 4 of the IAS Regulation

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

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

Responsibility Statement of the Directors in respect of the annual financial report

Each of the Directors of the Company, whose names and functions are listed on page 71, confirms that, to the best of his or her knowledge:

- The financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and

the undertakings included in the consolidation taken as a whole; and

- The Strategic Report and Report of Directors in the Annual Report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Fair, balanced and understandable

In accordance with the principles of the UK Corporate Governance Code, the Directors have arrangements in place to ensure that the information presented in the Annual Report is fair, balanced and understandable; these are described on page 86.

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

Significant accounting policies, critical estimates and key judgments

Our significant accounting policies are set out on pages 125 to 134 and following of the consolidated financial statements and conform to UK-adopted international accounting standards. These policies and applicable estimation techniques have been reviewed by the Directors who have confirmed them to be appropriate for the preparation of the 2022/2023 consolidated financial statements.

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

The Company has in place a written and legally binding agreement as required by Listing Rule 9.2.2ADR(1). As one independent Non-executive Director, Françoise Coutaz-Replan, is being proposed for re-election at the Company's AGM to be held on 26 April 2024, her re-election will be conducted in accordance with Listing Rules 9.2.2ER and 9.2.2FR.

By order of the Board

Sir John Lewis OBE
Non-executive Chairman

27 February 2024

Directors' Remuneration Report

In the 12 months ended 31 October 2023, the Committee's work has largely been focused on reviewing the Directors' Remuneration Policy in advance of the 2024 AGM to ensure that Executive Directors and senior executives remain appropriately incentivised and rewarded in respect of the Company's performance.



Emmanuel Olympitis
Chairman of the Remuneration Committee

Annual Statement

Dear Shareholder,

On behalf of the board, I am pleased to present our Directors' Remuneration Report which covers the 12 months ended 31 October 2023.

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

This report is divided into three sections being:

This **Annual Statement**, which summarises the work of the Committee, remuneration outcomes in 2022/23 and how the Remuneration Policy will be operated in 2023/24;

The **Remuneration Policy Report**, which details the Company's proposed Policy for the remuneration of Executive and Non-executive Directors. As the current Policy was last approved by shareholders at the 2021 AGM, a new Policy with no material changes to the current Policy, will be put to a shareholder vote at the 2024 AGM; and

The **Annual Report on Remuneration**, which discloses details of the Committee, how the Policy was implemented in the year ended 31 October 2023, and how the Policy will operate for the year ending 31 October 2024.

The new Remuneration Policy will be subject to a binding shareholder vote and the Annual Statement and Annual Report on Remuneration will be subject to an advisory shareholder vote at the AGM on 26 April 2024.

In addition, following a review of long-term incentive provision and noting that the Company's existing long-term incentive arrangement (the

Photo-Me Executive Share Option Scheme 2014) is reaching the end of its ten-year-shareholder-approved life, the Committee concluded that, subject to shareholder approval, the existing scheme should be renewed and updated to govern future grants under the name of the ME Group Executive Share Option Scheme (2024). The terms of the new scheme materially continue with the main features of the existing scheme save for developments to align to the new Directors' Remuneration Policy (including enhanced malus and clawback provisions) and introducing scope for French tax-favoured options to qualifying employees.

Work of the committee during the 12 months ended 31 October 2023

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

- Agreeing the performance against the targets for the 2022/2023 annual bonus awards;
- Agreeing the approach in respect of the 2023/2024 annual bonus awards;
- Agreeing the targets for the 2023/2024 annual bonus;
- Agreeing the award levels and performance targets for the 2023 ESOS awards; and
- Reviewing the Directors' Remuneration Policy given that the current Policy is reaching the end of its shareholder approved term.

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

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

Directors' Remuneration Report continued

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

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

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

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

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

Remuneration outcomes in 2022/23

The performance of the Group is summarised on page 1, and in the financial statements on pages 118 to 186.

In respect of the annual bonus for the year ended 31 October 2023, performance against the profit and strategic targets resulted in bonus awards of 150% of salary for Mr Crasnianski and 20% of salary for Miss Tania Crasnianski. Further details

of the target set, and the performance against those targets are set out in the Annual Report on Remuneration.

Based on an EPS for the year ended 31 October 2023 of 13.40p against a target range of 8p to 10.5p, ESOS awards granted on 5 August 2021 are expected to vest in full on 5 August 2024. Details of the awards vesting, and their pre-tax intrinsic value as at 31 October 2023, are detailed in the Annual Report on Remuneration.

Implementation of the remuneration policy for 2023/24

The Committee proposes to operate the Policy for the year ending 31 October 2024 as follows:

- Executive Directors' current base salaries, together with prior year comparators (split between Euro and GBP where salaries are split into two currencies) are as follows:
- Benefit provision will be in line with the approved Policy
- Mr Crasnianski's pension provision will continue at 15% of salary going forward. Given the diverse nature and geographies of the Company's businesses and employees, no single Group-wide pension plan operates and therefore pension contribution rates vary across the Group with pension levels not necessarily reflecting seniority. Miss Tania Crasnianski does not receive a pension provision
- The annual bonus for the year ending 31 October 2024 will continue to be capped at 150% of salary, with targets based on pre-tax profit growth (80% of the bonus) and a number of key personal/strategic targets

| Role | Name | Salary from 1/11/2023 | | Salary from 1/11/2022 | |
|--------------------|--------------------------------|-----------------------|---------|-----------------------|---------|
| | | € | £ | € | £ |
| CEO | Serge Crasnianski | – | 560,211 | – | 560,211 |
| Executive Director | Tania Crasnianski ¹ | 290,000 | 50,000 | 230,000 | 50,000 |

¹ Ms Crasnianski is paid €290,000 (increased from €230,000 from 1 January 2023, following a review by the Committee, to reflect additional responsibilities and increased experience in the role since her appointment) under a contract with ME Group GSS (previously known as Photo Me France SAS), and £50,000 under a contract with Photo-Me Limited.



(20% of the bonus). The bonus targets are currently considered to be commercially sensitive and as such, the targets and performance against the targets will be disclosed retrospectively in next year's Directors' Remuneration Report

- Future grants of ESOS awards to Executive Directors will be kept under review

Use of discretion

In determining remuneration outcomes for the year ended 31 October 2023, the Committee has not exercised discretion.

Shareholder engagement

The Committee takes an active interest in shareholder views on our Executive Directors' Remuneration Policy and is mindful of the concerns of shareholders and other stakeholders. This is reflected in the Company's voting results at the 2021 AGM (approval of the current Remuneration Policy) and more recent AGMs in respect of the Annual Statement and Remuneration Report resolutions which were supported by a significant majority of shareholders. The Committee hopes that shareholders continue to support the Remuneration Committee, and specifically the resolutions in respect of the new Remuneration Policy, the Annual Statement and Annual Report on Remuneration, and renewal of the 2014 ESOP at the AGM on 26 April 2024.

Yours faithfully,

Emmanuel Olympitis

Chairman of the Remuneration Committee

27 February 2024

Remuneration Policy Report

The following Remuneration Policy will be put to shareholders for approval at the AGM to be held on 26 April 2024.

Other than an enhancement to the withholding (malus) and recovery (clawback) triggers (references to reputational damage and corporate failure have been added) and the addition of Committee discretion to adjust formulaic outcomes in respect of the annual bonus and long-term incentives in line with best and market practice, there are no proposed changes to the Remuneration Policy approved by shareholders at the 2021 AGM.

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

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

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

| Component | Purpose and link to strategy | Operation | Maximum | Performance measures |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Salary | <p>Reflects the value of the individual and their role</p> <p>Reflects skills and experience over time</p> <p>Provides an appropriate level of basic fixed income, avoiding excessive risk arising from over-reliance on variable income</p> | <p>Normally reviewed annually, effective 1 May</p> <p>Normally paid in cash; pensionable</p> <p>Comparison against companies with similar characteristics and comparators taken into account in review</p> | <p>The Committee is guided by the requirements of the Company and prevailing market levels</p> <p>However, no Executive Director will receive a base salary increase in excess of 10% p.a., except to reflect the fact that their salary was set at a lower level initially, with the intention that the salary be increased to a more market-reflective level as the individual gains experience (subject to performance)</p> | N/A |
| Benefits | <p>Provides insured benefits to support the individual and their family during periods of ill health or death</p> <p>Gives allowances to support individuals in their relevant roles</p> | <p>Includes company car and private medical insurance, and may include an overseas housing allowance for a director working outside of his or her country of normal residence</p> <p>Other benefits may be offered where appropriate</p> | Benefits will not normally be provided with a value per Executive Director in excess of £75,000 p.a. | N/A |
| Annual Bonus | <p>Incentivises delivery of specific Company, divisional and personal annual goals</p> <p>Maximum bonus only payable for achieving specified targets</p> | <p>Normally payable in cash; non-pensionable</p> <p>Committee has the discretion to defer up to 50% of the bonus in shares for three years</p> | Up to 150% of base salary p.a. | <p>Performance is assessed on an annual basis, based on the achievement of objectives relating to financial performance, progress of strategic priorities and/or personal targets. The specific measures used in the bonus and their weighting may vary each year depending on business context and strategy</p> <p>Withholding and recovery provisions are operated</p> |
| Pension | Provides competitive retirement benefits | Defined contribution Executive Directors may be offered cash in lieu of pension | Workforce aligned (noting that no single Groupwide pension plan operates and therefore pension contribution rates vary across the Group with pension levels not necessarily reflecting seniority) | N/A |

Remuneration Policy Report continued

| Component | Purpose and link to strategy | Operation | Maximum | Performance measures |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Executive Share Option Scheme (ESOS) | Aligns Executive Directors' interests with those of shareholders Retention | Annual awards of market value options may be granted The Committee reviews the quantum of awards annually and monitors the continuing suitability of the performance measures Awards vest after three years and a two year post vesting holding period will operate | Up to 150% of base salary p.a. | The Remuneration Committee may set such performance conditions on awards as it considers appropriate (whether financial or non-financial; and whether corporate, divisional or individual) EPS (based on sliding scale vesting targets) is currently the sole performance metric used. Up to 25% of salary vests at threshold, increasing to 150% vesting at maximum Withholding and recovery provisions are operated |
| Share Ownership Guidelines | Provides alignment of interests between Executive Directors and shareholders | In employment: Executive Directors are required to build and maintain a shareholding equivalent to at least two years' base salary through the retention of 50% of the net-of-tax vested share awards or through open-market purchases Post cessation: Executive Directors will be required to retain a shareholding for two years post cessation of employment | In employment: 200% of salary Post cessation: 100% of the in-employment guideline (or actual shareholding if lower) excluding: (i) own shares purchased/ shares currently held; and (ii) shares vesting from any share award granted prior to the 2021 AGM | |
| Non-executive Directors | Provides fees reflecting time commitments and responsibilities, in line with those provided by similarly sized companies | Cash fee paid on a monthly basis; fees are reviewed annually Not entitled to participate in any Group pension scheme. No awards to be granted under the annual bonus or ESOS No Non-executive Director receives any benefits in kind (other than in respect of the expenses relating to the performance of that individual's duties, such as travel to/from Board meetings) | The Committee is guided by market rates, time commitments and responsibility levels However, aggregate annual fees will not exceed £750,000 or such other figure as provided for in the Company's Articles of Association from time to time The Board may request that a Non-executive Director undertake services not within the normal scope of his or her role. Should this be the case in the future, a commercial rate would be paid and full disclosure would be provided in the relevant Directors' Remuneration Report | N/A |

Withholding and recovery provisions

The Committee operates withholding (malus) and recovery (clawback) provisions. If, at any point before the third anniversary of the date that a bonus was paid or an option becomes exercisable, it is discovered that there has been: (i) a material misstatement of the Company's financial results, (ii) an error of calculation (including on account of inaccurate or misleading information); (iii) serious misconduct on the part of the Director in question; (iv) serious reputational damage caused by the Director in question; or (v) corporate failure, the Committee may invoke the withholding and recovery provisions by way of a reduction in the amount of any future bonus, existing options or future share awards and/or a requirement to make a cash payment.

Committee discretion

The Committee retains discretion to adjust the level of incentive awards (i.e. annual bonus awards and/or ESOS vesting) either up or down from that which would otherwise result (for example, that would otherwise result by reference to formulaic outcomes alone). The Committee would only exercise such discretion in exceptional circumstances and in its exercise may have regard to corporate and personal performance.

Choice of performance measures

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

The choice of the performance metrics applicable to the annual bonus scheme reflects the Committee's belief that any incentive compensation should be appropriately challenging, with the majority (or the entirety) linked to the achievement of profit-related targets. The Committee may also link a proportion of the annual bonus to strategic and/or personal objectives if it deems this appropriate with regard to the Company's key objectives. The earnings per share (EPS) performance condition, applicable to the Executive Share Option Scheme, was selected by the Committee on the basis that it incentivises the delivery of sustainable long-term financial performance and rewards management for growing the Company while retaining an appropriate profit margin. The use of share options retains a robust link between management and shareholders by incentivising management to deliver long-term growth in the Company's share price. The Committee retains discretion over the use of other financial/share price-based performance metrics and the calculation of EPS in order to appropriately adjust for any material one-off items including

(but not limited to) major acquisitions, changes in accounting policies and major share issues.

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

How employees' pay is taken into account

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

How the Executive Directors' Remuneration Policy relates to the Group

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

How shareholders' views are taken into account

The Committee continues to take an active interest in shareholder views on our executive Remuneration Policy and is mindful of the concerns of shareholders and other stakeholders. This is reflected in the voting result at the AGM held on 30 April 2021, with 94.84% shareholder support (of votes cast) in respect of the current Directors' Remuneration Policy.

Approach to recruitment and promotions

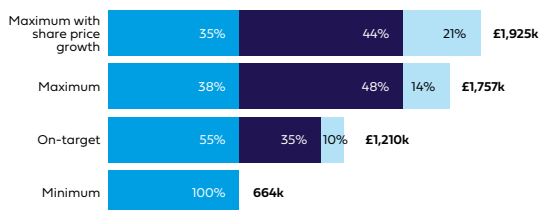
The remuneration package for a new Executive Director would be set in accordance with the terms of the Company's prevailing approved Remuneration Policy at the time of appointment and takes into account the skills and experience of the individual, the market rate for a candidate of that experience and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

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

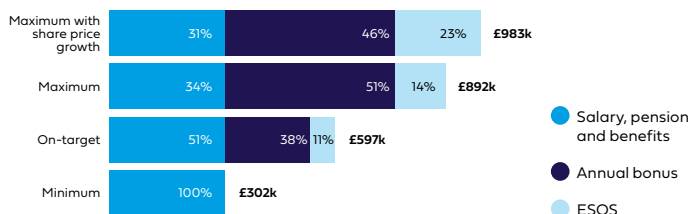
Remuneration Policy Report continued

Reward scenarios

CEO



Other Director



● Salary, pension and benefits
 ● Annual bonus
 ● ESOS

The scenarios in the above graphs for the Executive Directors are based on the following:

| Director | Minimum | On-target | Maximum | Maximum with share price |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|------------------------------------|----------------------------------|
| Fixed pay | Current base salary levels (using a €1.1489:£1 Exchange rate for Tania Crasnianski) Estimated value of benefits (CEO only) 15% of salary pension (CEO only) | | | |
| Annual bonus | 0% | 50% of maximum | 100% of maximum | 100% of maximum |
| ESOS ¹ | 0% | 50% of the value assumed at the maximum | 30% of 150% of salary ² | Assumes a 50% share price growth |

¹ This is the maximum award level permitted. The Committee will determine the extent to which ESOS awards will be granted to Executive Directors and the award levels and the treatment of the shares under award at exercise.
² Based on 30% of the face value of the maximum ESOS awards that may be granted.

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

Pension provision will be in line with the Company’s prevailing approved Remuneration Policy at the time of appointment.

Consistent with Part 4 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 as amended, the cap on benefit provisions does not apply to new recruits, although the Committee would not envisage exceeding this caps in practice unless absolutely necessary.

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

For an internal Executive Director appointment, any variable pay element awarded in respect of

the prior role may be allowed to pay out according to its original terms.

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

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

Approach to leavers

No Executive Director has the benefit of provisions in his or her service contract for the payment of predetermined compensation in the event of a termination of employment. It has been the Committee’s general policy that the service contracts of Executive Directors (none of which is for a fixed term) should provide for termination of employment by giving notice or by making a payment of an amount equal to base salary (and in the case of the CEO and other Executive Directors, an additional amount equal to the cost of providing any benefits for the period of notice) in lieu of any unserved notice period. It is the Committee’s general policy that no Executive Director should be entitled to a notice period or payment on termination of employment in excess of the levels set out in his or her service contract. In determining amounts payable on termination, the Committee also considers, where it is able to do so, appropriate adjustments to take into

account accelerated receipt and the Executive Director's duty to mitigate his or her loss.

An annual bonus may be payable for a good leaver (e.g. death, ill health, disability, redundancy or other circumstances at the discretion of the Committee) with respect to the period of the financial year served, although it will be prorated for time served and paid at the normal pay-out date.

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

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

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

The Company has the power to enter into settlement agreements with Directors and to pay compensation to settle potential legal claims. In

addition, and consistent with market practice, in the event of the termination of an Executive Director, the Company may make a contribution towards that individual's legal fees and fees for outplacement services as part of a negotiated settlement. Any such fees will be disclosed as part of the detail of termination arrangements. For the avoidance of doubt, the policy does not include an explicit cap on the cost of termination payments.

Service contracts

Details of the Executive Directors' service contracts are as follows:

| Executive Director | Date of contract | Notice period |
|--------------------------------|------------------|------------------------|
| Serge Crasnianski ¹ | 01/05/2010 | 12 months ² |
| Tania Crasnianski | 23/06/2021 | 12 months ² |

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

External appointments

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

| Director | Appointment letter date | Year of last election | Expected year of expiry of current |
|--------------------------------------|-------------------------|-----------------------|------------------------------------|
| Sir John Lewis ³ | 03/07/2008 | 2021 | 2024 |
| Françoise Coutaz-Replan ⁴ | 27/08/2015 | 2021 | 2024 |
| Emmanuel Olympitis | 11/11/2009 | 2022 | 2025 |
| Camille Claverie ⁵ | 23/06/2021 | 2022 | 2025 |
| René Proglio ⁶ | 23/06/2021 | 2022 | 2025 |
| Jean-Marc Janailhac ⁷ | 01/11/2023 | 2022 | 2025 |

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

² Where served by the Company; six months, notice where served by the Director or where applicable their service company.

³ Appointed Chairman on 26 July 2010.

⁴ First appointed to the Board as Group Finance Director on 24 September 2009, and resigned as an Executive Director on 27 August 2015. Miss Coutaz-Replan has remained as a Non-executive Director since that date.

⁵ First appointed to the Board on 23 June 2021. Ms Claverie's contract is with Photo-Me Limited, a wholly-owned subsidiary of the Company.

⁶ First appointed to the Board on 23 June 2021, Mr Proglio's services are made available under a consultancy agreement with Photo-Me Limited and a third party that makes Mr Proglio's services available to the Company.

⁷ Appointed to the Board on 22 July 2019 as a Non-executive Director, he became an Executive Director on 27 July 2020 and reverted to being a Non-executive Director on 1 November 2023.

Annual report on Remuneration

Implementation of the Remuneration Policy for the year ending 31 October 2024.

The Committee proposes to operate the Policy for the year ending 31 October 2024 as follows:

- Executive Director base salaries were not increased from 1 November 2023. Details of the current salary levels are set out in the Annual Statement
- Benefit provision will be in line with the approved Policy
- Mr Crasnianski's pension provision will continue at 15% of salary going forward. Given the diverse nature and geographies of the Company's businesses and employees, no single Group-wide pension plan operates and therefore pension contribution rates vary across the Group with pension levels not necessarily reflecting seniority. Miss Tania Crasnianski does not receive a pension provision
- The annual bonus for the year ending 31 October 2024 will continue to be capped at 150% of salary, with targets based on pre-tax profit growth (80% of the bonus) and a number of key personal/strategic targets (20% of the bonus). The bonus targets are currently considered to be commercially sensitive and as such, the targets and performance against the targets will be disclosed retrospectively in next year's Directors' Remuneration Report
- Future grants of ESOS awards to Executive Directors will be kept under review

Non-executive Directors

The fees for Non-executive Directors are reviewed at least once every three years, the last increase having taken place in 2022. Current Non-executive Director fee levels are as follows (with prior year comparators also presented):

| Non-executive Director | Role | Committee chairman | 1 November 2023 £ | 1 November 2022 £ |
|-------------------------------|-----------------------------|------------------------|----------------------|----------------------|
| Sir John Lewis | Chairman | Nomination Committee | 145,000 | 145,000 |
| Emmanuel Olympitis | Senior Independent Director | Remuneration Committee | 67,500 | 67,500 |
| Françoise Coutaz-Replan | Non-executive Director | – | 47,500 | 47,500 |
| Camille Claverie ¹ | Non-executive Director | – | – ¹ | – ¹ |
| René Proglío | Non-executive Director | Audit Committee | 57,500 | 57,500 |
| Jean-Marc Janailhac | Non-executive Director | – | 45,000 | – |

¹ Ms Claverie has chosen not to receive any fee.

Single total figure of remuneration (audited)

The detailed emoluments received by the Executive and Non-executive Directors for the 12 months ended 31 October 2023 and the 12 months ended 31 October 2022 are shown below:

| Executive Directors | Year | Salary/ Fees | Benefits ¹ | Bonus ² | LTI ³ | Pension ⁴ | Total | Total fixed remuner- ation | Total variable remuner- ation |
|----------------------------------|------|-----------------|-----------------------|--------------------|------------------|----------------------|------------------|----------------------------------|----------------------------------------|
| | | £ | £ | £ | £ | £ | | | |
| Serge Crasnianski ⁵ | 2023 | 560,212 | 23,183 | 840,318 | 771,800 | 84,032 | 2,279,545 | 667,427 | 1,612,118 |
| | 2022 | 560,212 | 18,774 | 840,318 | 0 | 84,032 | 1,503,336 | 663,018 | 840,318 |
| Jean-Marc Janailhac ⁶ | 2023 | 222,564 | – | – | 308,720 | – | 531,284 | 222,564 | 308,720 |
| | 2022 | 285,340 | – | 169,851 | – | – | 455,191 | 285,340 | 169,851 |
| Tania Crasnianski ⁷ | 2023 | 293,716 | – | 60,058 | 74,690 | – | 428,464 | 293,716 | 134,748 |
| | 2022 | 245,333 | – | 58,598 | – | – | 303,931 | 245,333 | 58,598 |

| Non-executive Directors | Year | Salary/ Fees | Benefits ¹ | Bonus ² | LTI ³ | Pension ⁴ | Total | Total fixed remuner- ation | Total variable remuner- ation |
|--------------------------------------|------|-----------------|-----------------------|--------------------|------------------|----------------------|---------|----------------------------------|----------------------------------------|
| | | £ | £ | £ | £ | £ | | | |
| Sir John Lewis ⁸ | 2023 | 145,000 | – | – | – | – | 145,000 | 145,000 | – |
| | 2022 | 132,000 | – | – | – | – | 132,000 | 132,000 | – |
| Françoise Coutaz-Replan ⁹ | 2023 | 47,500 | – | – | – | – | 47,500 | 47,500 | – |
| | 2022 | 44,000 | – | – | – | – | 44,000 | 44,000 | – |
| Jean-Marcel Denis ¹⁰ | 2023 | – | – | – | – | – | – | – | – |
| | 2022 | 29,985 | – | – | – | – | 29,985 | 29,985 | – |
| Emmanuel Olympitis | 2023 | 67,500 | – | – | – | – | 67,500 | 67,500 | – |
| | 2022 | 55,000 | – | – | – | – | 55,000 | 55,000 | – |
| Camille Claverie | 2023 | – | – | – | – | – | – | – | – |
| | 2022 | – | – | – | – | – | – | – | – |
| René Proglío ¹¹ | 2023 | 57,500 | – | – | – | – | 57,500 | 57,500 | – |
| | 2022 | 57,500 | – | – | – | – | 57,500 | 57,500 | – |

¹ Taxable benefits comprise the provision of private medical insurance and, where appropriate, an accommodation allowance.

² The annual bonus for 2023 is in respect of the year ended 31 October 2023 (see annual bonus section below) while the annual bonus for 2022 is in respect of the year ended 31 October 2022.

³ The EPS for the year ended 31 October 2023 was 13.40p against a target range of 8p to 10.5p, therefore of the ESOS awards granted on 5 August 2021 to Executive Directors will vest post year end (see Scheme Interests Vesting Based on Performance to 31 October section below). The EPS for the year ended 31 October 2022 was 10.26p against a target range of 9p to 11p, therefore of the ESOS awards granted on 27 August 2019 to Mr Crasnianski over 816,509 shares, 564,752 vested post year end following audit completion. As the share price at 31 October 2022 was lower than the exercise price of 101.4p, no value was shown in the table for 2022 above.

⁴ The pension payment to Mr Crasnianski in the financial period ended 31 October 2023 represented 15% of base salary which was paid as a salary supplement. Mr Janailhac and Miss Tania Crasnianski do not receive pension provision.

⁵ The emoluments of Mr Crasnianski shown above for the 12 months ended 31 October 2023 include fees totalling £405,969 (£405,969 for the 12 month-period ended 31 October 2022), payable to a third party in respect of making available the services of Serge Crasnianski to the Company.

⁶ Mr Janailhac was paid partially in GBP (£45,000) and partially in euros which when converted amounted to £240,340 which were paid to a third party in respect of making available the services of Mr Janailhac to the Company. The euro amounts have been translated at the exchange rate set out in note 12.

⁷ Ms Crasnianski was paid €280,000 (increased from €230,000 from 1 January 2023 to reflect additional responsibilities and increased experience in the role since appointment) under a contract with ME Group GSS (formerly called Photomaton France SAS), and £50,000 under a contract with Photo-Me Limited. The euro amount has been translated at the exchange rate set out in note 12.

⁸ The emoluments of Sir John Lewis shown above include fees of £49,500 paid to a third party in respect of making available the services of Sir John Lewis to the Company (£49,500 for the 12 month-period ended 31 October 2022).

⁹ Ms Coutaz-Replan stepped down as an Executive Director on 27 August 2015, and was appointed as a Non-executive Director on the same date.

¹⁰ The emoluments of Mr Denis shown above were paid to a third party in respect of making available the services of Mr Denis to the Company. Mr Denis left the Board on 29 April 2022.

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

¹² Exchange rate: of €1.1489: £1.

Annual report on Remuneration continued

Annual Bonus for the year ended 31 October 2023

Details of the performance against the profit before tax targets for the year ended 31 October 2023 annual bonuses is as follows:

Financial Targets (80% of Bonus Potential)

| Executive | 2021/22 Annual Bonus (% of salary) |
|-------------------------------------------------------------------------------|-------------------------------------------------------|
| Group pre-tax profit between 100% and 105% of prior year | Committee discretion depending on year-on-year growth |
| Group pre-tax profit 5% more but less than 10% higher than that of prior year | 60% |
| Group pre-tax profit 10% or more than prior year | 120% |
| Prior year profit | £53.4m |
| Current year actual profit result | £67.1m |
| % of bonus payable (out of 120% of salary) | 120% of salary |

Personal/Strategic Targets (20% of Bonus Potential)

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

| Serge Crasnianski & Tania Crasnianski | | |
|---------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Targets | Weighting | Committee Assessment |
| Continue to drive the expansion of the Company's business activities through identifying and negotiating acquisitions | 10% of salary | Met in full. During the period, the Group significantly extended its presence in Japan through the acquisition of 3,548 photobooths acquired from FUJI in September 2023, positioning the Group as the leading operator in the Japanese photobooth market, with over 15,000 machines in operation today |
| Actively invest in R&D to drive technological innovation to further diversify and expand the breadth of products and services offered | 10% of salary | Met in full. The Committee noted the significant R&D investment during the year to drive technological innovation, particularly in respect of the next generation in Photobooths, which offer a range of new functionalities, focused around enhancing the user experience. These new features include 'Mobile to Print', user personalisation services using AI and photo filters. The Group expects other new functions will be added over time |
| Continue to make material progress against the delivery of Company's sustainability strategy | 10% of salary | Met in full. The Committee noted significant progress made in the year under review across the Group – at our head office, at our R&D centre in France, and at our other sites – to reduce industrial waste, limit packaging, favour local suppliers, and reduce water and energy consumption |
| | | 30% of salary |

Following the Committee's assessment of the financial and personal/strategic targets, the Committee awarded:

- Mr Crasnianski a bonus of 150% of salary based on performance against both the financial targets (80% of bonus potential) and the personal/strategic targets (20% of bonus potential)
- Miss Tania Crasnianski a bonus of 30% of salary (i.e. 20% of bonus potential) reflecting progress made against her strategic targets (she was not eligible to receive a bonus against the pre-tax profit targets for the year ended 31 October 2023)

ESOS (Audited)

Scheme Interests Vesting Based on Performance to 31 October 2023 (Audited)

| Executive Director | Granted | Vesting (100%) ¹ | Pre-tax Intrinsic Gain at 31 October 2023 ² |
|---------------------|-----------|-----------------------------|--------------------------------------------------------|
| Serge Crasnianski | 1,000,000 | 1,000,000 | £771,800 |
| Jean-Marc Janailhac | 400,000 | 400,000 | £308,720 |
| Tania Crasnianski | 96,774 | 96,774 | £74,690 |

¹ EPS for the year ended 31 October 2023 was 13.40 pence compared against a target range of 8p to 10.5p.

² Based on the 3 month average share price to 31 October 2023 of 154.68p less the 77.5p exercise price.

Scheme interests awarded in the year (Audited)

The Company granted the following market value share option awards (exercise price of 126.7 pence per share) to Executive Directors during the year ended 31 October 2023:

| Executive Director | Date of grant | Number of ESOS Awards | Basis | Face Value ¹ |
|--------------------|---------------|-----------------------|------------------------|-------------------------|
| Tania Crasnianski | 4 April 2023 | 100,000 | Fixed number of shares | £126,700 |

¹ Based on a share price of £1.267 which was the average share price over the three days immediately prior to grant.

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

| EPS 2025 | Portion of option that becomes exercisable |
|--------------------------|-------------------------------------------------------------------------------------------------|
| 14.5p | Up to portion with an aggregate Exercise Price of no more than 25% of the Participant's Salary |
| 15p | Up to portion with an aggregate Exercise Price of no more than 50% of the Participant's Salary |
| 15.5p | Up to portion with an aggregate Exercise Price of no more than 75% of the Participant's Salary |
| 16p | Up to portion with an aggregate Exercise Price of no more than 100% of the Participant's Salary |
| 16.5p | Up to portion with an aggregate Exercise Price of no more than 125% of the Participant's Salary |
| 17p | Up to portion with an aggregate Exercise Price of no more than 150% |
| Between the above points | On straight-line basis between the above |

Directors' interests in shares (audited)

According to the records kept by the Company, the Directors had interests in the share capital of the Company as shown below.

| Executive Director | Beneficially owned at | | ESOS Awards ¹ | ESOS Awards ² | Requirement (% of salary) | Shareholding (% of salary) ³ | Guideline |
|--------------------------------|-----------------------|-----------------|--------------------------|--------------------------|---------------------------|-----------------------------------------|-----------|
| | 31 October 2023 | 31 October 2022 | | | | | |
| Serge Crasnianski ⁴ | 137,803,041 | 137,803,041 | 1,564,752 | – | 200% | 34,487% | Yes |
| Jean-Marc Janailhac | 225,555 | 225,555 | 400,000 | – | 200% | 113% | No |
| Tania Crasnianski | – | – | 96,774 | 200,000 | 200% | 0% | No |

| Non-executive Director | Beneficially owned at | |
|--------------------------------------|-----------------------|-----------------|
| | 31 October 2023 | 31 October 2022 |
| Sir John Lewis | 25,000 | 25,000 |
| Françoise Coutaz-Replan ⁵ | 200,000 | 200,000 |
| Emmanuel Olympitis | 45,000 | 45,000 |

¹ Options with no further performance conditions attached that have not been exercised.

² Options with outstanding performance conditions attached.

³ Executive Directors are required to build and maintain a shareholding equivalent to at least 200% of base salary through the retention of 50% of the net-of-tax vested share awards or through open-market purchases. Calculated using the closing share price on the last trading day in October 2023 (140.2p) and current salary levels (based on an exchange rate of €1.1489: £1 where relevant). The shareholding guideline is calculated using only beneficially owned shares.

⁴ Of the shares beneficially owned by Serge Crasnianski, 63,750 shares (2022: 63,750) were registered in his name, the balance in other names.

⁵ Françoise Coutaz-Replan stepped down as an Executive Director on 27 August 2015, continuing as a Non-executive Director.

Annual report on Remuneration continued

Directors' interests in share options (audited)

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

| Executive Director | Number of options as at 1 Nov 2022 | Granted during period | Exercised during period | Lapsed during period | As at 31 Oct 2023 | Exercise price | Exercisable from | Expiry date |
|----------------------------|------------------------------------|-----------------------|-------------------------|----------------------|------------------------------|----------------|------------------|-------------|
| Serge Crasnianski | | | | | | | | |
| 27 August 2019 | 816,509 | – | – | 251,757 | 564,752 | 101.4p | 27 Aug 22 | 27 Aug 26 |
| 5 August 2021 | 1,000,000 | – | – | – | 1,000,000¹ | 77.5p | 5 Aug 24 | 4 Aug 28 |
| Jean-Marc Janailhac | | | | | | | | |
| 5 August 2021 | 400,000 | – | – | – | 400,000¹ | 77.5p | 5 Aug 24 | 4 Aug 28 |
| Tania Crasnianski | | | | | | | | |
| 5 August 2021 | 96,774 | – | – | – | 96,774¹ | 77.5p | 5 Aug 24 | 4 Aug 28 |
| 12 May 2022 | 100,000 | – | – | – | 100,000 | 68.7p | 12 May 25 | 11 May 29 |
| 4 April 2023 | – | 100,000 | – | – | 100,000 | 126.7p | 4 Apr 26 | 3 Apr 30 |

¹ See the Scheme Interests Vesting Based on Performance to 31 October 2023 (Audited) section above.

Relative importance of the spend on pay

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

| | Paid during FY 2022 | |
|--------------------------------------|---------------------|---------------|
| | Pence per share | £'000 |
| Interim (paid 3 November 2022) | 2.6 | 9,829 |
| Final for FY 2022 (paid 12 May 2023) | 3 | 11,345 |
| Special (paid 19 May 2023) | 0.6 | 2,269 |
| Total | 6.2 | 23,433 |

¹ Based on the cash returned to shareholders through dividends, as shown in note 9 to the Financial Statements. The Company purchased 1,260,534 of its own shares into treasury in the financial period ended 31 October 2023, returning a further £1,969,000 to shareholders.

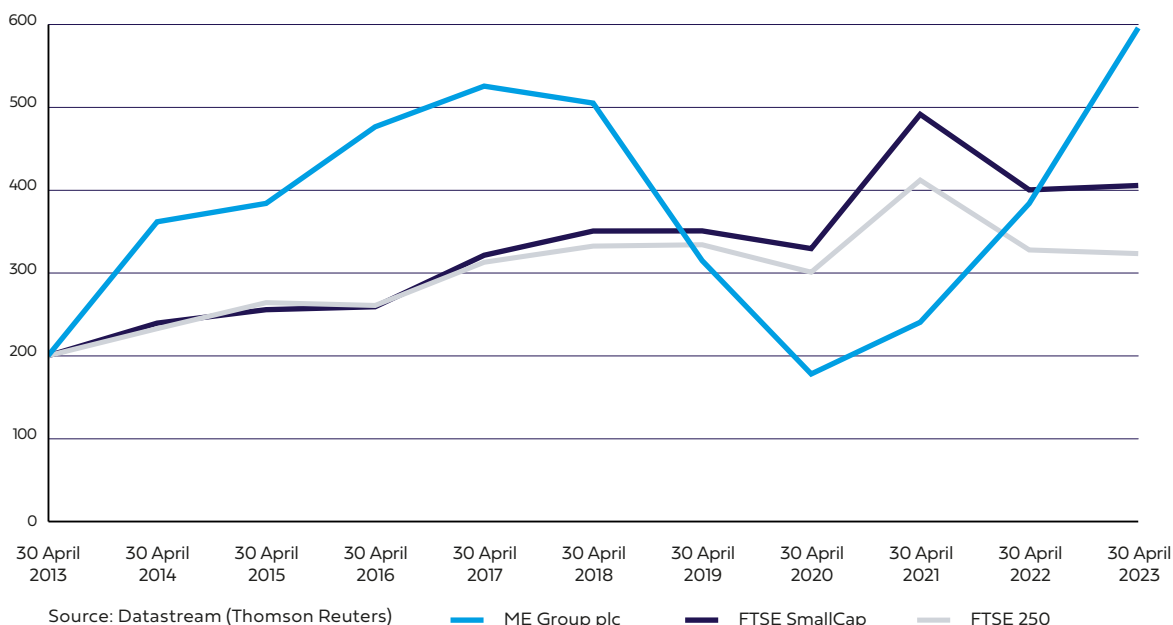
| | Group (£'000) | |
|------------------------------------------|---------------|---------------|
| | 2023 | 2022 |
| Total employee remuneration costs | 56,864 | 51,943 |

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

TSR performance graph

The graph below shows the Company's performance, measured by total shareholder return (TSR) (share price growth plus dividends reinvested) compared with the performance of the FTSE SmallCap Index (calculated on the same basis) from 1 May 2013. As the Company has been a constituent of the FTSE SmallCap Index for much of the relevant period, this index is considered an appropriate form of "broad equity market index" against which the Company's performance should be compared.

Total shareholder return



Percentage increase in the remuneration of the members of the Board

The table below shows the change in the salary, benefits and annual bonus for the members of the Board who served in both the period just ended and the previous financial year in full, compared with the change in remuneration for the UK employee population. Comparative numbers for the year to 31 October 2022 and the year to 31 October 2021 are also presented.

| | Year to 31 October 2023 | | | Year to 31 October 2022 | | | Year to 31 October 2021 | | |
|--------------------------------|-------------------------|------------|--------------|-------------------------|-----------|--------------|-------------------------|-----------|--------------|
| | Base salary | Benefits | Annual bonus | Base salary | Benefits | Annual bonus | Base salary | Benefits | Annual bonus |
| Executive Directors | | | | | | | | | |
| Serge Crasnianski | 0% | 23% | 0% | 18% | 14% | 0% | 0% | 0% | 0% |
| Jean-Marc Janailhac | (22%) | 0% | 0% | 46% | 0% | 100% | 27% | 0% | 0% |
| Tania Crasnianski | 20% | 0% | 2% | 176% | 0% | 100% | N/A | N/A | N/A |
| Non-executive Directors | | | | | | | | | |
| Sir John Lewis | 10% | N/A | N/A | 21% | N/A | N/A | 0% | N/A | N/A |
| Françoise Coutaz-Replan | 8% | N/A | N/A | 18% | N/A | N/A | 0% | N/A | N/A |
| Jean-Marcel Denis | N/A | N/A | N/A | -29% | N/A | N/A | 0% | N/A | N/A |
| Emmanuel Olympitis | 23% | N/A | N/A | 18% | N/A | N/A | 0% | N/A | N/A |
| René Proglgio | 0% | N/A | N/A | 218% | N/A | N/A | 0% | N/A | N/A |
| Camille Claverie | N/A | N/A | N/A | 0% | N/A | N/A | 0% | N/A | N/A |
| UK Employee Population | 1% | 26% | 60% | 11% | 0% | 16% | 11% | 1% | 16% |

Annual report on Remuneration continued

CEO remuneration

The table below shows the total remuneration for the CEO over the same 10.5-year period as the TSR chart on the previous page. All share awards are valued at the date of vesting.

| | CEO | Total (£) | Annual (% of max) | Long-term incentives (% of max) ¹ |
|-------------------------------------|-------------------|-----------|-------------------|----------------------------------------------|
| 2023 (12 months to 31 October 2023) | Serge Crasnianski | 2,279,545 | 100% | 100% |
| 2022 (12 months to 31 October 2022) | Serge Crasnianski | 1,503,336 | 100% | 69% |
| 2021 (12 months to 31 October 2021) | Serge Crasnianski | 1,404,423 | 100% | – |
| 2020 (18 months to 31 October 2020) | Serge Crasnianski | 984,248 | 0% | – |
| 2019 (12 months to 30 April 2019) | Serge Crasnianski | 650,380 | 0% | – |
| 2018 (12 months to 30 April 2018) | Serge Crasnianski | 681,954 | 0% | – |
| 2017 (12 months to 30 April 2017) | Serge Crasnianski | 1,498,113 | 100% | – |
| 2016 (12 months to 30 April 2016) | Serge Crasnianski | 1,429,209 | 100% | 100% |
| 2015 (12 months to 30 April 2015) | Serge Crasnianski | 1,031,628 | 100% | – |
| 2014 (12 months to 30 April 2014) | Serge Crasnianski | 914,278 | 100% | – |

¹ Shows the number of share options that vested as a percentage of the maximum number of share options that could have vested. For the years ended 30 April 2011 to 30 April 2019 (but excluding 2016), Serge Crasnianski did not have any outstanding share option awards that could have vested in the relevant years. For the year ended 31 October 2022, partial vesting was achieved between the 9p and 11p target range in respect of the 2020 ESOP awards.

CEO pay ratio

The data shows how the CEO's single figure remuneration for the year ended 31 October 2023 compares with equivalent single figure remuneration for full-time equivalent UK employees, ranked at the 25th, 50th and 75th percentile. The 2020 salary and total pay and benefits data (18 months) have been annualised to aid with year on year comparison.

| Period | Method | 25th percentile pay ratio | Median pay ratio | 75th percentile pay ratio |
|--------|----------|---------------------------|------------------|---------------------------|
| 2023 | Option A | 80:1 | 71:1 | 57:1 |
| 2022 | Option A | 58:1 | 53:1 | 42:1 |
| 2021 | Option A | 74:1 | 58:1 | 41:1 |
| 2020 | Option A | 44:1 | 30:1 | 24:1 |

No components of pay and benefits have been omitted for the purpose of the above calculations.

Option A was selected given that this method of calculation was considered to be the most statistically robust approach in respect of gathering the required data for 2023.

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

| Period | Salary | | | Total pay and benefits | | |
|--------|-----------------|---------|-----------------|------------------------|---------|-----------------|
| | 25th percentile | Median | 75th percentile | 25th percentile | Median | 75th percentile |
| 2023 | £26,599 | £29,217 | £35,000 | £28,652 | £31,970 | £39,991 |
| 2022 | £25,094 | £26,662 | £34,795 | £25,847 | £28,555 | £36,189 |
| 2021 | £18,309 | £23,533 | £32,187 | £18,858 | £24,286 | £34,336 |
| 2020 | £14,410 | £21,185 | £25,687 | £14,825 | £21,824 | £28,579 |

Committee role and membership

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

Biographies of the members of the Committee are set out on page 71. Details of their membership of the Committee and attendance at the meetings during the year are as follows.

| Name | Position | Appointment date | Number of Meetings attended (Maximum possible) |
|--------------------|--------------------|------------------|------------------------------------------------|
| Emmanuel Olympitis | Committee Chairman | 11 November 2009 | 2 (2) |
| Sir John Lewis | Committee Member | 3 July 2008 | 2 (2) |

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

The Committee's terms of reference are published in the "Investor Relations" section of the Company's website at <https://me-group.com>.

Payments to past Directors

No payments were made to past Directors.

Advisers

FIT Remuneration Consultants LLP advised the Committee during the period ended 31 October 2023 in respect of the preparation of this Remuneration Report and the renewal of the ESOS at the forthcoming AGM. Fees paid to FIT in respect of the year ended 31 October 2023 totalled £53,083 (exclusive of VAT). The Committee is satisfied that the advice provided by FIT is objective and independent, and fees were charged based on time and material.

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

Statement of shareholder voting

The table below shows the advisory vote on the 2021/22 Directors' Remuneration Report at the 2023 AGM held on 28 April 2023 and the last binding vote on the Remuneration Policy at the 2021 AGM.

| | Total Votes For | % | Total Votes Against | % | Total Votes Cast (excluding withheld) | % of total votes cast/ issued capital | Votes Withheld ¹ |
|--------------------------------------------------------------------|-----------------|--------|---------------------|-------|---------------------------------------|---------------------------------------|-----------------------------|
| Directors' Remuneration Report (excluding the Remuneration Policy) | 269,821,992 | 91.19% | 26,068,419 | 8.81% | 296,043,584 | 78.29% | 153,173 |
| Directors' Remuneration Policy | 250,728,194 | 94.84% | 13,636,756 | 5.16% | 264,364,950 | 69.94% | 13,044 |

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

By order of the Board

Emmanuel Olympitis

Chairman of the Remuneration Committee

27 February 2024



Financial Statements

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Augmented Reality in our photobooths adds digital overlays, enhancing the users' view with makeup, filters or bespoke backdrops, creating better identification or professional pictures.

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

Opinion

We have audited the financial statements of Me Group International plc (the 'parent company') and its subsidiaries (together the 'group') for the year ended 31 October 2023 which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Company Statement of Financial Position, the Group Statement of Cash Flows, the Company Statement of Cash Flows, the Group Statement of Changes in Equity and the Company Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 October 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the group's and the parent company's future financial performance;
- Challenging the appropriateness of the directors' key assumptions in their cash flow forecasts, as described in note 1.1, by reviewing supporting and contradictory evidence in relation to these key assumptions and assessing the directors' consideration of severe but plausible scenarios;
- Testing the accuracy and functionality of the model used to prepare the directors' forecasts;
- Assessing the historical accuracy of forecasts prepared by the directors;

- Considering the consistency of the directors' forecasts with other areas of the financial statements and our audit; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

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

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

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

Key audit matters

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

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

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

| Key Audit Matter | How our scope addressed this matter |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Recognition, valuation and impairment of intangible assets, including goodwill (Group)</p> <p>The Risk</p> <p>Refer to note 1.4 (significant accounting policies), note 1.1 (critical accounting estimates and key judgements), note 3.0 (business combinations) and note 11 (Goodwill and other intangible assets) to the consolidated financial statements.</p> <p>Intangible assets, including goodwill, represented £31.9 million at 31 October 2023 and £32.8 million at 31 October 2022.</p> <p>In the year ended 31 October 2023, in accordance with IFRS 3 – Business Combinations and its requirements on 'measurement period':</p> <ul style="list-style-type: none"> ▪ The group finalised the valuation of the intangible assets recognised on the acquisition of one entity in France resulting in an increase in other intangibles of £0.9 million and residual goodwill of £0.8 million. ▪ Additionally, the group recognised on a provisional basis £3.3 million of goodwill resulting from the acquisition of one entity in Japan, where the Purchase Price Allocation (PPA) has not been finalised at the date of this report. | <p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> ▪ For the acquisition in the year, we reviewed the sale and purchase agreement and financial information at the date of acquisition of the entity acquired to confirm the level of initial goodwill recognised in the year. ▪ In respect of the recognition of other intangible assets arising from measurement period adjustments, we obtained and reviewed management expert's report and engaged our valuation experts to assess the proposed purchase price allocation (PPA) adjustments, including the review of the methodology and key inputs used by management. ▪ In respect of the impairment assessment performed by management, we reviewed the impairment testing process implemented by group management, based on cash-flow forecasts from the budget and five-year plan presented to and approved by the Board. In addition, we assessed management's identification of CGUs and allocation of intangibles and goodwill, tested the mathematical accuracy of the impairment model, reviewed the accuracy of historical forecasting to actual results and with the assistance of our valuation experts we challenged key assumptions. ▪ We assessed the sensitivity of the impairment test to changes in key assumptions. |

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

| Key Audit Matter | How our scope addressed this matter |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The recognition and valuation of intangible assets including the assessment of the recoverable value of these assets is a key audit matter, given the high degree of estimation and judgment required by management. These include assumptions used in finalising the provisional PPA during the measurement period, identification and valuation of additional intangible assets recognised, assumptions regarding the future evolution of trading, the determination of long-term growth rates and discount rates applied to the appropriate future cash flows.</p> | <p>Our observations Based on our audit work performed, the movements in intangible assets, including goodwill, in the year and their carrying value reflected in the consolidated financial statements are appropriate. Overall, the key assumptions used by management in their impairment assessment were considered reasonable.</p> <p>The prior year balance for Intangible assets was restated to correct a classification error of £3.8m, previously showing in "Other debtors". There was no impact on the Group Statement of Comprehensive Income or Total shareholders' funds in the current year or in the prior year.</p> |

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

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing, and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality and Parent company materiality

| Key Audit Matter | Group | Parent company |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Overall materiality | £3,250,000 | £1,720,000 |
| How we determined it | Our materiality has been determined with reference to a benchmark of profit before tax of which it represents 5%. | Materiality has been determined with reference to a benchmark of net assets, of which it represents 2%. |
| Rationale for benchmark applied | We used profit before tax as, in our view, this provides us with the most relevant performance measure of the group. | We used net assets as, in our view, this provides us with the most relevant performance measure of the company, being primarily the parent company of the group. |
| Performance materiality | <p>Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.</p> <p>We set performance materiality at £2,275,000, which represents 70% of overall materiality. This was based on our risk assessments, together with our assessment of the group's overall control environment.</p> | <p>Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.</p> <p>We set performance materiality at £1,205,000, which represents 70% of overall materiality.</p> |
| Reporting threshold | We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £97,000 for the group and £52,000 for the parent company, which is set at 3% of overall materiality, as well as misstatements below those amounts that, in our view, warranted reporting on qualitative reasons. We also reported to the Audit Committee disclosure matters that we identified during the course of assessing the overall presentation of the financial statements. | |

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

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

Our group audit scope included an audit of the group and parent company financial statements. Based on our risk assessment, the eight most significant entities within the group representing 86% of the relevant materiality benchmark (profit before tax) were subject to full scope audit which was performed by the group audit team for two entities and by component auditors for the other entities. Where we relied on work performed by component auditors, we issued audit instructions, directed component audit teams, reviewed component audit files and maintained appropriate oversight throughout the audit. For entities that we did not subject to a full scope audit, we performed specified audit procedures and desktop analytical reviews.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the:

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Corporate governance statement

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

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

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 76;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why they period is appropriate, set out on page 66;
- Directors' statement on fair, balanced and understandable, set out on page 89;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 38;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 86; and;
- The section describing the work of the audit committee, set out on page 83.

Responsibilities of Directors

As explained more fully in the statement of the directors' responsibility set out on page 88, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the directors on 3 September 2019 to audit the financial statements for the period ending 31 October 2020 and subsequent financial periods. The period of total uninterrupted engagement is 4.5 years, covering the years ending 2020 to 2023.

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

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

Use of the audit report

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

company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

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

David Herbinet (Senior Statutory Auditor)

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

27 February 2024

Group Statement of Comprehensive Income

For the 12 months ended 31 October 2023

| | Notes | 31 October 2023 £'000 | 31 October 2022 £'000 |
|---------------------------------------------------------------------------------------------------------|-------|-----------------------------|-----------------------------|
| Revenue | 3 | 297,662 | 259,780 |
| Cost of Sales | | (195,017) | (178,377) |
| Gross Profit | | 102,645 | 81,403 |
| Other Operating Income | 4 | 194 | 7,916 |
| Administrative Expenses | | (35,351) | (32,638) |
| Share of Post-Tax Profits from Associates | 15 | 14 | – |
| Operating Profit | | 67,502 | 56,681 |
| Other net gains/(losses) | 4 | 701 | (1,176) |
| Finance Income | 6 | 1,401 | – |
| Finance Cost | 6 | (2,537) | (2,151) |
| Profit before Tax | 3 | 67,067 | 53,354 |
| Total Tax Charge | 7 | (16,401) | (14,561) |
| Profit for the year | | 50,666 | 38,793 |
| Other Comprehensive Income | | | |
| Items that are or may subsequently be classified to Profit and Loss: | | | |
| Exchange Differences Arising on Translation of Foreign Operations | | 454 | 829 |
| Total Items that are or may subsequently be classified to profit and loss | | 454 | 829 |
| Items that will not be classified to profit and loss: | | | |
| Remeasurement (loss)/gains in defined benefit obligations and other post-employment benefit obligations | | (220) | 1,151 |
| Deferred tax on remeasurement loss/(gains) | | 48 | (248) |
| Total Items that will not be classified to profit and loss | | (172) | 903 |
| Other comprehensive income for the year net of tax | | 282 | 1,732 |
| Total Comprehensive income for the year | | 50,948 | 40,525 |
| Profit for the Year Attributable to: | | | |
| Owners of the Parent | | 50,666 | 38,793 |
| Non-controlling interests | | – | – |
| | | 50,666 | 38,793 |
| Total comprehensive income attributable to: | | | |
| Owners of the Parent | | 50,948 | 40,525 |
| Non-controlling interests | | – | – |
| | | 50,948 | 40,525 |
| Earnings per Share | | | |
| Basic Earnings per Share | 10 | 13.40p | 10.26p |
| Diluted Earnings per Share | 10 | 13.31p | 10.23p |

All results derive from continuing operations.

The notes on pages 125 to 186 are an integral part of these consolidated financial statements.

Group Statement of Financial Position

As at 31 October 2023

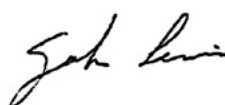
| | Notes | 31 October 2023 £'000 | 31 October 2022 (Restated) £'000 |
|-------------------------------------------------------|-------|-----------------------------|-------------------------------------------|
| Assets | | | |
| Goodwill | 11 | 18,888 | 16,320 |
| Other intangible assets | 11 | 17,822 | 20,218 |
| Property, plant & equipment | 12 | 118,124 | 101,090 |
| Investment property | 13 | – | 592 |
| Investment in associates | 15 | 35 | 21 |
| Financial instruments held at FVTPL | 16 | 5,886 | 5,239 |
| Other receivables | 17 | 3,005 | 1,973 |
| Non-Current Assets | | 163,760 | 145,453 |
| Inventories | 18 | 32,501 | 25,491 |
| Trade and other receivables | 17 | 16,623 | 16,267 |
| Current tax | | 7,962 | 2,990 |
| Cash and cash equivalents | 19 | 111,091 | 136,185 |
| Current assets | | 168,177 | 180,933 |
| Non-Current Assets Classified as Held for Sale | 14 | 585 | – |
| Total assets | | 332,522 | 326,386 |
| Equity | | | |
| Share capital | 21 | 1,891 | 1,889 |
| Share premium | | 11,083 | 10,627 |
| Treasury shares | 21 | (1,969) | – |
| Translation and other reserves | | 11,958 | 11,159 |
| Retained earnings | | 136,025 | 108,974 |
| Total Shareholders' funds | | 158,988 | 132,649 |
| Liabilities | | | |
| Financial liabilities | 22 | 58,447 | 82,429 |
| Post-employment benefit obligations | 23 | 4,063 | 3,850 |
| Deferred tax liabilities | 25 | 8,566 | 7,778 |
| Non-current liabilities | | 71,076 | 94,057 |
| Financial liabilities | 22 | 32,063 | 35,657 |
| Provisions | 24 | 1,884 | 1,567 |
| Current tax | | 10,590 | 10,208 |
| Trade and other payables | 26 | 57,921 | 52,248 |
| Current liabilities | | 102,458 | 99,680 |
| Total equity and liabilities | | 332,522 | 326,386 |

The notes on pages 125 to 186 are an integral part of these consolidated financial statements.

The accounts were approved by the Board on 27 February 2024 and signed on its behalf by:



Serge Crasnianski
Chief Executive Officer



Sir John Lewis OBE
Non-executive Chairman

Registration number: 00735438

Company Statement of Financial Position

As at 31 October 2023

| | Notes | 31 October 2023 £'000 | 31 October 2022 £'000 |
|-------------------------------------|-------|-----------------------------|-----------------------------|
| Assets | | | |
| Intangible assets | 11 | 3 | 5 |
| Property, plant & equipment | 12 | 16,329 | 15,364 |
| Investment in subsidiaries | 15 | 44,616 | 44,468 |
| Financial instruments held at FVTPL | 16 | 1,145 | 789 |
| Deferred tax assets | 25 | – | 215 |
| Other receivables | 17 | 981 | – |
| Non-current assets | | 63,074 | 60,841 |
| Inventories | 18 | 1,793 | 1,830 |
| Trade and other receivables | 17 | 32,662 | 23,142 |
| Current tax | | 1,806 | 1,205 |
| Cash and cash equivalents | 19 | 3,344 | 13,321 |
| Current assets | | 39,605 | 39,498 |
| Total assets | | 102,679 | 100,340 |
| Equity | | | |
| Share capital | 21 | 1,891 | 1,889 |
| Share premium | | 11,083 | 10,627 |
| Treasury shares | 21 | (1,969) | – |
| Translation and other reserves | | 3,073 | 2,728 |
| Retained earnings | | 70,504 | 68,743 |
| Total Shareholders' funds | | 84,581 | 83,987 |
| Liabilities | | | |
| Financial liabilities | 22 | 1,026 | 741 |
| Deferred tax liabilities | 25 | 672 | – |
| Non-current liabilities | | 1,698 | 741 |
| Financial liabilities | 22 | 609 | 1,060 |
| Trade and other payables | 26 | 15,791 | 14,552 |
| Current liabilities | | 16,400 | 15,612 |
| Total equity and liabilities | | 102,679 | 100,340 |

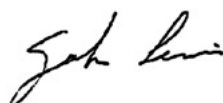
The notes on pages 125 to 186 are an integral part of these financial statements.

The company recognised a profit after tax for the period of £25,196,000 (2022: £57,824,000).

The accounts were approved by the Board on 27 February 2024 and signed on its behalf by:



Serge Crasnianski
Chief Executive Officer



Sir John Lewis OBE
Non-executive Chairman

Registration number: 00735438

Group Statement of Cash Flows

For the period ended 31 October 2023

| | Notes | 31 October 2023 £'000 | 31 October 2022 (restated) £'000 |
|----------------------------------------------------------------------------|-------|-----------------------------|-------------------------------------------|
| Cash flow from operating activities | | | |
| Profit before tax | | 67,067 | 53,354 |
| Finance costs | | 1,286 | 794 |
| Interest of lease liabilities | | 1,251 | 1,357 |
| Finance income | | (1,401) | – |
| Other net (gains)/losses | | (701) | 1,176 |
| Operating profit | | 67,502 | 56,681 |
| Amortisation and impairment of intangible assets | 4 | 6,586 | 6,772 |
| Depreciation and impairments of property, plant and equipment | 4 | 32,552 | 28,791 |
| Loss/(gain) on sale of property, plant and equipment and intangible assets | | 555 | (7,490) |
| Exchange differences | | (129) | (594) |
| Movements in provisions | | 362 | (809) |
| Other non cash items | | (33) | (432) |
| Changes in working capital: | | | |
| Inventories | | (7,010) | (7,033) |
| Trade and other receivables | | (1,387) | 6,078 |
| Trade and other payables | | 5,673 | 9,764 |
| Cash generated from operations | | 104,671 | 91,728 |
| Net interest paid | | (1,136) | (2,151) |
| Taxation paid | | (20,203) | (10,895) |
| Net cash generated from operating activities | | 83,332 | 78,682 |
| Cash flows from investing activities | | | |
| Acquisition of subsidiaries | 30 | (4,790) | (739) |
| Proceeds from disposal of subsidiaries | | 209 | 152 |
| Purchase of intangible assets | | (3,798) | (6,269) |
| Proceeds from sale of intangible assets | | – | 71 |
| Purchase of property, plant and equipment | | (45,842) | (32,670) |
| Proceeds from sale of property, plant and equipment | | 1,539 | 8,997 |
| Investment in financial instruments | | – | (4,450) |
| Net cash utilised in investing activities | | (52,682) | (34,908) |
| Cash flows from financing activities | | | |
| Issue of ordinary shares to equity shareholders | | 458 | 28 |
| Acquisition of minority interest | | – | (2,985) |
| Purchase of treasury shares | | (1,969) | – |
| Repayment of principal of leases | | (5,857) | (6,196) |
| Repayment of borrowings | 20 | (30,960) | (24,622) |
| New borrowings drawn | 20 | 4,817 | 61,773 |
| Dividends paid to owners of the Parent | 9 | (23,443) | (35,497) |
| Net cash utilised in financing activities | | (56,954) | (7,499) |
| Net (decrease)/increase in cash and cash equivalents | | (26,304) | 36,275 |
| Cash and cash equivalents at beginning of year | | 136,185 | 99,362 |
| Exchange gain on cash and cash equivalents | | 1,210 | 548 |
| Cash and cash equivalents at end of year | | 111,091 | 136,185 |

The notes on pages 125 to 186 are an integral part of these consolidated financial statements.

Company Statement of Cash Flows

For the period ended 31 October 2023

| Notes | 31 October 2023 £'000 | 31 October 2022 £'000 |
|---------------------------------------------------------------|-----------------------------|-----------------------------|
| Cash flow from operating activities | | |
| Profit before tax | 26,634 | 57,111 |
| Interest of lease liabilities | 167 | 209 |
| Finance income | (91) | (15) |
| Dividends received | (25,000) | (56,511) |
| Other net (gains)/losses | (356) | 914 |
| Operating profit | 1,354 | 1,708 |
| Amortisation and impairment of intangible assets | 2 | – |
| Depreciation and impairments of property, plant and equipment | 4,213 | 2,123 |
| Loss/(gain) on sale of property, plant and equipment | 182 | (110) |
| Non cash movement in investment of subsidiary | – | 2,956 |
| Other non cash items | 204 | (125) |
| Changes in working capital: | | |
| Inventories | 38 | (338) |
| Trade and other receivables | (10,501) | (3,676) |
| Trade and other payables | 1,239 | (6,448) |
| Cash utilised in operations | (3,269) | (3,911) |
| Interest paid | 69 | (194) |
| Taxation paid | (1,338) | (125) |
| Net cash utilised in operating activities | (4,538) | (4,230) |
| Dividends received from investments in financial instruments | 42 | – |
| Purchase of property, plant and equipment | (5,024) | (7,095) |
| Purchase of intangible assets | – | (5) |
| Proceeds from sale of property, plant and equipment | 229 | 450 |
| Dividends received from associates and subsidiaries | 25,000 | 56,511 |
| Net cash generated from investing activities | 20,247 | 49,862 |
| Cash flows from financing activities | | |
| Issue of ordinary shares to equity shareholders | 458 | 28 |
| Purchase of treasury shares | (1,969) | – |
| Repayment of principal of leases | (731) | (844) |
| Dividends paid to owners of the Parent | 9 | (35,497) |
| Net cash utilised in financing activities | (25,685) | (36,313) |
| Net (decrease)/increase in cash and cash equivalents | (9,977) | 9,319 |
| Cash and cash equivalents at beginning of year | 13,321 | 4,002 |
| Cash and cash equivalents at end of year | 3,345 | 13,321 |

The notes on pages 125 to 186 are an integral part of these consolidated financial statements.

Group Statement of Changes in Equity

For the period ended 31 October 2023

| | Share capital £'000 | Share premium £'000 | Treasury shares £'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 2021 | 1,889 | 10,599 | – | 1,781 | 7,654 | 106,051 | 127,974 | 1,720 | 129,694 |
| Profit for the period | – | – | – | – | – | 38,793 | 38,793 | – | 38,793 |
| Other comprehensive income/(expense): | | | | | | | | | |
| Exchange differences | – | – | – | – | 840 | – | 840 | (11) | 829 |
| Remeasurement gains in defined benefit pension scheme and other post-employment benefit obligations | – | – | – | – | – | 1,151 | 1,151 | – | 1,151 |
| Deferred tax on remeasurement gains | – | – | – | – | – | (248) | (248) | – | (248) |
| Total other comprehensive income/(expense) | – | – | – | – | 840 | 903 | 1,743 | (11) | 1,732 |
| Total comprehensive income/(expense) | – | – | – | – | 840 | 39,696 | 40,536 | (11) | 40,525 |
| Transactions with owners of the Parent: | | | | | | | | | |
| Shares issued in the period (note 21) | – | 28 | – | – | – | – | 28 | – | 28 |
| Share options (note 21) | – | – | – | 884 | – | – | 884 | – | 884 |
| Dividends (note 9) | – | – | – | – | – | (35,497) | (35,497) | – | (35,497) |
| Acquisition of minority | – | – | – | – | – | (1,276) | (1,276) | (1,709) | (2,985) |
| Total transactions with owners of the Parent | – | 28 | – | 884 | – | (36,773) | (35,861) | (1,709) | (37,570) |
| At 31 October 2022 | 1,889 | 10,627 | – | 2,665 | 8,494 | 108,974 | 132,649 | – | 132,649 |
| At 1 November 2022 | 1,889 | 10,627 | – | 2,665 | 8,494 | 108,974 | 132,649 | – | 132,649 |
| Profit for the period | – | – | – | – | – | 50,666 | 50,666 | – | 50,666 |
| Other comprehensive income/(expense): | | | | | | | | | |
| Exchange differences | – | – | – | – | 454 | – | 454 | – | 454 |
| Remeasurement losses in defined benefit pension scheme and other post-employment benefit obligations | – | – | – | – | – | (220) | (220) | – | (220) |
| Deferred tax on remeasurement losses | – | – | – | – | – | 48 | 48 | – | 48 |
| Total other comprehensive income/(expense) | – | – | – | – | 454 | (172) | 282 | – | 282 |
| Total comprehensive income | – | – | – | – | 454 | 50,494 | 50,948 | – | 50,948 |
| Transactions with owners of the Parent: | | | | | | | | | |
| Shares issued in the period (note 21) | 2 | 456 | – | – | – | – | 458 | – | 458 |
| Purchase of treasury shares (note 21) | – | – | (1,969) | – | – | – | (1,969) | – | (1,969) |
| Share options (note 21) | – | – | – | 345 | – | – | 345 | – | 345 |
| Dividends (note 9) | – | – | – | – | – | (23,443) | (23,443) | – | (23,443) |
| Total transactions with owners of the Parent | 2 | 456 | (1,969) | 345 | – | (23,443) | (24,609) | – | (24,609) |
| At 31 October 2023 | 1,891 | 11,083 | (1,969) | 3,010 | 8,948 | 136,025 | 158,988 | – | 158,988 |

The notes on pages 125 to 186 are an integral part of these consolidated financial statements

Company Statement of Changes in Equity

For the period ended 31 October 2023

| | Share capital £'000 | Share premium £'000 | Treasury shares £'000 | Other reserves £'000 | Retained earnings £'000 | Total £'000 |
|--------------------------------------------------------------|------------------------|------------------------|--------------------------|-------------------------|----------------------------|----------------|
| At 1 November 2021 | 1,889 | 10,599 | – | 2,207 | 46,405 | 61,100 |
| Profit for the period | – | – | – | – | 57,824 | 57,824 |
| Other comprehensive income | – | – | – | – | 11 | 11 |
| Total comprehensive income | – | – | – | – | 11 | 11 |
| Total comprehensive income | – | – | – | – | 57,835 | 57,835 |
| Transactions with owners of the Parent | | | | | | |
| Shares issued in the period (note 21) | – | 28 | – | – | – | 28 |
| Capital contributions relating to share-based payments (net) | – | – | – | 521 | – | 521 |
| Dividends (note 9) | – | – | – | – | (35,497) | (35,497) |
| Total transactions with the Parent | – | 28 | – | 521 | (35,497) | (34,948) |
| At 31 October 2022 | 1,889 | 10,627 | – | 2,728 | 68,743 | 83,987 |
| At 1 November 2022 | 1,889 | 10,627 | – | 2,728 | 68,743 | 83,987 |
| Profit for period | – | – | – | – | 25,196 | 25,196 |
| Other comprehensive income | – | – | – | – | 7 | 7 |
| Total other comprehensive income | – | – | – | – | 7 | 7 |
| Total comprehensive income | – | – | – | – | 25,203 | 25,203 |
| Transactions with owners of the Parent | | | | | | |
| Shares issued in the period (note 21) | 2 | 456 | – | – | – | 458 |
| Purchase of treasury shares (note 21) | – | – | (1,969) | – | – | (1,969) |
| Share options (note 21) | – | – | – | 345 | – | 345 |
| Dividends (note 9) | – | – | – | – | (23,443) | (23,443) |
| Total transactions with the Parent | 2 | 456 | (1,969) | 345 | (23,443) | (24,609) |
| At 31 October 2023 | 1,891 | 11,083 | (1,969) | 3,073 | 70,504 | 84,581 |

The notes on pages 125 to 186 are an integral part of these consolidated financial statements.

Notes to the Financial Statements

For the 12 months ended 31 October 2023

General Information

ME Group International plc (the "Company") is a public limited company incorporated and registered in England and Wales and whose shares are quoted on the London Stock Exchange, under the symbol MEGP. The registered number of the Company is 735438 and its registered office is at Unit 3B, Blenheim Rd, Epsom, KT19 9AP. The principal activities of the Group continue to be the operation, sale, and servicing of a wide range of instant-service equipment. The Group operates coin-operated automatic photobooths for identification and fun purposes, and a diverse range of vending equipment, including digital photo kiosks, laundry machines, and business service equipment, and amusement machines.

Authorisation of the financial statements and statement of compliance with IFRSs

The Group and the Company financial statements of ME Group International plc (the "Company") for the period ended 31 October 2023 were authorised for issue by the directors on 21 February 2024 and the statements of financial position were signed by S. Crasnianski, Chief Executive Officer and J. Lewis, Non-executive Chairman.

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

1 Accounting policies

The principal accounting policies adopted in the preparation of the Group's consolidated financial statements and the Company's individual financial statements are set out below. The policies have been consistently applied, unless otherwise stated, to all of the statements presented. New standards adopted for this financial period are shown in note 2 on page 135.

1.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards under the historical cost convention except for certain financial instruments held at FVTPL, share-based payments and defined benefit pension obligations that have been measured at fair value.

The consolidated financial statements and the Company's own financial statements are presented in Sterling being the functional and presentational currency of the Parent Company and of the Group and all values are shown in £'000 except where indicated. Further details are provided in note 1.3.

Going concern

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

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

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

Scenario 1:

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

Scenario 2:

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

- A 5% decrease in machine installations due to supply chain issues
- A 5% price increase in spare parts and consumables
- A 1% increase in labour costs
- A 5% increase in paper costs
- A 1% drop in total revenue due to loss of key accounts
- A 1% drop in revenue due to the potential impact of a future pandemic or other global event.
- This scenario does not consider the potential impact of new regulations regarding photo identification or permission of selfies as official photos within the five year forecast.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

1 Accounting policies continued

Scenario 3:

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

- A 10% decrease in machine installations due to supply chain issues,
- A 10% price increase in spare parts and consumables
- A 2% increase in labour costs
- A 10% increase in paper costs
- A 1% drop in total revenue due to loss of key accounts
- A 3% drop in revenue due to the potential impact of a future pandemic or other global event.
- Revenue is reduced by 3% each year due to the potential impact of new regulations regarding photo identification or permission of selfies as official photos.

Scenario 4:

The "worst case" scenario is based on the budget, but with the following sensitivities added:

- A 30% decrease in machine installations due to supply chain issues,
- A 15% price increase in spare parts and consumables
- A 3% increase in labour costs
- A 15% increase in paper costs
- A 3% drop in total revenue due to loss of key accounts
- A 5% drop in revenue due to the potential impact of a future pandemic or other global event.
- Revenue is reduced by 5% each year due to the potential impact of new regulations regarding photo identification or permission of selfies as official photos.

In all four scenarios, exchange rate assumptions are as per the budget. The forecasts assume payment of dividends commensurate with results and the Group's dividend policy.

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

Brexit impact was considered by management to have no significant impact on the business of the Group, nor will the Ukrainian or Israeli conflicts, as the Group has no activity in these regions.

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

As a result, the cash flow projections indicate that the Group and the Parent Company will remain within their available banking facilities over the 12 months from signing these financial statements. Additional information on these facilities is provided in note 16.

Critical accounting estimates and key judgements

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

1) Development costs – notes 1.4 and 11.

Judgement is required to determine whether development expenditure meets the criteria for capitalization as an intangible asset, in accordance with IAS38. Specifically, management must determine that it is probable that future economic benefits that are attributable to the asset will flow to the Group, and that the cost of the asset can be reliably measured. Management assesses whether an asset under development will be a commercial success, and therefore generate economic benefit, through the use of discounted cashflow analysis. This judgement has been applied consistently year to year.

2) Application of IFRS16 to site agreements – note 1.7

The Group operates vending units which are deployed under a fee-paying agreement with the site owner. These agreements vary widely in their terms and conditions. Due to the high volume of such agreements, the accounting impact is material to the Group. Management assesses, on agreement-by-agreement basis, whether the criteria for recognition as a lease under IFRS 16 has been met. While the standard sets out the definition of a lease, judgement is required in assessing the degree to which those criteria are met, particularly with regard to the presence of an identified asset with no substitution rights. This judgement has been applied consistently year to year.

Group and Company

The following are areas of estimation uncertainty:

1) Goodwill and other intangible assets – notes 1.4, 1.8 and 11.

Impairment

The recoverable amount of cash generating units (CGUs) has been determined by management on a value in use basis. These calculations require estimates by management, including management's expectations of future growth in revenue, costs and profit margins, cash flows and discount rates.

The carrying value of goodwill and intangible assets at the period end were £18,888,000 and £17,822,000 respectively.

For both goodwill and intangible assets, we have used for impairment tests the discounted cash flows method to evaluate the asset value. Value in use was determined by discounting the future cash flows of the CGU. Cash flows include a forecast period of five years, based on actual operating results, budgets and economic market research with a terminal value based on a long-term growth rate applied thereafter. The Growth rate assumption for all CGUs was 1% (2022: 1%).

WACC discount rates were calculated for each territory and ranged between 9.7% and 15.2% (2022: 9.74%-14.24%).

Further details of impairment testing, including assumptions and sensitivities, are disclosed in note 11.

Goodwill impairments are not reversed or adjusted.

Purchase price allocation (PPA)

In accordance with IFRS, purchase price allocation is completed within one year of the acquisition date. Resulting adjustments to prior year balances are shown as an opening balance remeasurement in the current year.

2) Useful lives and impairment of property, plant and equipment – notes 1.5, 1.8, 12 and 13.

Management make estimates of the useful life of property, plant and equipment as disclosed below in notes 1.4 and 1.5. Technological developments and regulatory changes can impact on the lives of the vending estate. Management consider these factors in assessing the useful lives of the assets.

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

Where impairment tests indicated a reduced level of impairment, the impairment balance is reduced, with care taken to ensure that the closing net book value does not exceed what it would have been had the original impairment never occurred.

Further details, including assumptions and sensitivities, are disclosed in note 12.

The carrying value of property, plant and equipment at the period end was £118,124,000.

3) Valuation of pension obligations – note 1.13 and 23

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

The carrying value of the Group's pension and retirement obligations at the period end was £4,063,000.

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

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

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

1 Accounting policies continued

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

Management obtained expert external advice on the determination of appropriate discount rates for the year ended 31 October 2023. The discount rates used range between 1.13% and 4.84%.

1.2 Basis of consolidation

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

Subsidiaries

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

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

Changes in ownership of subsidiaries and loss of control

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

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

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

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

Transactions eliminated on consolidation

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

Associates

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

Application of the equity method to associates and joint ventures

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

The Group's share of post-tax profits from associates is recognized within operating profit in the group statement of comprehensive income. This policy is employed as the Group's only associate investment, Photomaton Maroc, is engaged in the same principal activity as the Group, so the investment is deemed to be part of the Group's operating activities.

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

1.3 Foreign currency translation

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

Transactions in foreign currencies are translated into the respective functional currencies of the Group's subsidiaries at the exchange rate ruling on the date the transaction is recorded. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates ruling at 31 October. Exchange gains and losses resulting from the above translation are reflected in the income statement, except where they qualify as cash flow hedges and are reflected in equity. There were no qualifying cash flow hedges in 2023 or 2022.

Income statements of overseas entities are translated into Sterling, at weighted average rates of exchange, as a reasonable approximation to actual exchange rates at the date of the transaction and their statements of

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

1.4 Intangible assets

Goodwill

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

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

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

Research and development expenditure

Research and Development costs are accounted for in line with all relevant criteria as mandated by IAS 38 Intangible Assets. Research expenditure is expensed as incurred. Costs incurred in developing projects are capitalised as intangible assets when it is considered that the commercial viability of the project will be a success based on discounted expected cash flows, and the costs can be reliably measured.

Development costs that do not meet the capitalization requirements of IAS 38 are expensed and are not recognised as assets.

Other intangible assets

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

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

1 Accounting policies continued

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

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

Droit au bail, which occur in France, are rights to occupy a space to site vending equipment.

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

1.5 Property, plant and equipment

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

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

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

| | |
|----------------------------------------------------------|---------------------------------|
| Freehold buildings | 2% – 5% straight-line |
| Photobooths and vending machines | 10% – 33.33% straight-line |
| Right of use assets | Depreciated over the lease term |
| Plant, machinery, furniture, fixtures and motor vehicles | 12.5% – 33.33% straight-line. |

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

Operating equipment assets are reviewed at least annually for impairment testing.

1.6 Investment property

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

1.7 IFRS16 leases

The Group has arrangements across three main categories that meet the definition of a lease under IFRS 16: site agreements, property and motor vehicles. The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognizes a right-of-use asset and corresponding lease liability at the lease commencement date, except for short term leases and leases of low value. For these leases, the lease payments are recognized as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred. The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are from the commencement date depreciated over the shorter period of lease term and useful life of the underlying asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the relevant country discount rate. Lease Liabilities are adjusted for certain re-measurement events, e.g. revised discount rate, change in the lease term or change in future lease payments resulting from a change in an index. Discount rates are determined using the Group's external cost of borrowing adjusted for timing of borrowing, lease term, country and currency impacts. An asset specific adjustment is also applied to tailor the discount rate to the specific characteristic of the leased asset. For the purpose of determining asset specific adjustments leases have been organised into pools of similar leased asset types.

Site agreements

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

Non-IFRS16 leases

Some of the Group's lease arrangements do not meet the criteria for IFRS16 treatment (e.g. variable rent, site owners have the control on the machine location or ME Group can stop a contract with a short period notice at any time) and are de facto accounted for as operating costs

1.8 Impairment

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

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

If necessary, the carrying value is reduced by charging an impairment loss in the income statement.

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

Reversal of impairment

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

1.9 Financial instruments

(i) Financial assets

Classification of financial assets

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

(a) Trade receivables

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

(b) Financial assets held at amortised cost

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

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

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

For investments designated as financial assets at fair value through profit or loss, the fair values of quoted investments are based on current bid prices. For unlisted investments the Group uses various valuation techniques to determine fair values. Investments in convertible bonds are valued on a discounted cashflow basis and by reference to the issuing company's equity value, where necessary.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

1 Accounting policies continued

(ii) Financial liabilities

(a) Borrowings

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

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

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

(b) Trade and other payables

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

1.10 Inventories

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

Finished goods also include operating equipment not yet sited.

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

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

1.11 Cash and cash equivalents

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

1.12 Share capital and reserves

Share capital

Shares of the Company are classified as equity.

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

Share premium

Any excess received for shares issued over their nominal value is recorded in the share premium account.

Translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and associates. In accordance with the options allowed under IFRS 1, only exchange rate differences arising on translation after the date of transition, 1 May 2004, are shown in this reserve.

Other reserves

Other reserves include the share options reserve, which is used to accrue the expected fair value of options issued, in accordance with IFRS 2.

The other reserve accounts included mainly arise in subsidiaries, are generally not distributable, and arise as a result of local legislation regarding capital maintenance.

1.13 Employee benefits

Pension obligations

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

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

Defined benefit scheme

Details of the pension schemes are included in note 23.

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

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

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

Defined contribution scheme

Contributions to defined contribution schemes are expensed as incurred.

Other post-employment benefits

In addition to the pension schemes noted above, contracts of employment in certain Group companies require provision to be made for employee retirements. These provisions are based on local circumstances, length of service and salaries of the employees concerned. They are included in post-employment benefit obligations and shown in note 23 as other retirement provisions.

Equity compensation benefits

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date of grant, determined using the Black-Scholes model. The fair value is expensed on a straight-line basis over the

vesting period, based on management's estimate of the number of shares that will eventually vest. The Group does not have options with market conditions.

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

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

Details of equity compensation benefits are included in note 21.

Termination benefits

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

Short-term employee benefits

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

1.14 Provisions

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

1.15 Taxation

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

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

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

1 Accounting policies continued

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

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

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

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

1.16 Segment reporting

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

1.17 Revenue recognition

There are 3 types of revenue considered by the Group:

- Vending revenue from the operating machines is recognised when the services are provided which is when payment is received. Vending revenue is total consideration received during the period including that held in machines at the statement of financial position date. There are no vending transactions requiring unbundling of components. Revenue is the fair value of consideration received or receivable and is measured net of discounts, VAT and other sales-related taxes. Payment is received immediately before the service is delivered to the customer.
- Revenue from the sale of equipment, spare parts and consumables is recognised upon delivery of products and acceptance, if applicable, by the customer. Equipment, spare parts and consumables are sold on their own and no unbundling is required for accounting purposes. Revenue is the fair value of consideration received or receivable and is measured net of discounts, VAT and other sales-related taxes. Payment is typically due and received 30 days after the delivery of the product. The Group offers a two year warranty

on all machines sold and is responsible for any repairs required in that period

- Revenue from the provision of services, principally maintenance contracts, is recognised at the time the service is delivered to the customer. Services are sold on their own as stand-alone products with no unbundling required. Revenue is the fair value of consideration received or receivable and is measured net of discounts, VAT and other sales-related taxes. Revenue is recognised in a straight line manner over the maintenance contract term. Payment is typically due and received 30 days after the delivery of the service is complete. Contract terms do not exceed one year in length.

1.18 Dividend distributions

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

1.19 Company investments

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

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

1.20 Non-current assets classified as held for sale

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Non-current assets transferred to held for sale are recognised at the lower of their carrying amount and fair value less costs to sell and presented separately on the Statement of Financial Position. Non-current assets classified as held for sale are not depreciated.

2 New standards, amendments and interpretations

New accounting standards

Adopted by the Group

The Group has adopted the following new standards and amendments for the first time in these financial statements with no material impact.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

Not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted by the Group. These new standards and interpretations, which are not expected to have a material effect on the Group, are set out below.

| Description | Date required to be adopted by the Group |
|---------------------------------------------------------------------------------------|------------------------------------------|
| Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) | 1 January 2023 |
| Definition of Accounting Estimate (Amendments to IAS 8) | 1 January 2023 |
| IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising | 1 January 2023 |

3 Segmental analysis

IFRS 8 requires operating segments to be identified, based on information presented to the Chief Operating Decision Maker (CODM) in order to allocate resources to the segments and monitor performance. The Group reports its segments on a geographical basis: Asia Pacific, Continental Europe and United Kingdom & Ireland. The Group's Continental European operations are predominately based in Western Europe and, with the exception of the Swiss operations, use the Euro as their domestic currency. The Board, being the CODM, believe that the economic characteristics of the European operations, together with the fact that they are similar in terms of operations, use common systems and the nature of the regulatory environment allow them to be aggregated into one reporting segment.

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

| | Asia Pacific £'000 | Continental Europe £'000 | United Kingdom & Ireland £'000 | Corporate £'000 | Total £'000 |
|-----------------------------------------------------|-----------------------|--------------------------------|-----------------------------------------|--------------------|-----------------|
| 31 October 2023 | | | | | |
| Total revenue | 44,332 | 211,432 | 48,183 | – | 303,947 |
| Inter segment sales | – | (6,275) | (10) | – | (6,285) |
| Revenue from external customers | 44,332 | 205,157 | 48,173 | – | 297,662 |
| EBITDA | 9,475 | 90,109 | 18,545 | (11,490) | 106,639 |
| Depreciation and amortisation | (5,126) | (26,079) | (6,785) | (355) | (38,345) |
| (Impairment)/reversal of impairment | (37) | (1,395) | 639 | – | (793) |
| Operating profit/(loss) | 4,312 | 62,635 | 12,399 | (11,844) | 67,502 |
| Operating profit | – | – | – | – | 67,502 |
| Other net gains | – | – | – | – | 701 |
| Finance income | – | – | – | – | 1,401 |
| Finance costs | – | – | – | – | (2,537) |
| Profit before tax | – | – | – | – | 67,067 |
| Tax | – | – | – | – | (16,401) |
| Profit for the period | – | – | – | – | 50,666 |
| Capital expenditure (excluding Right of Use assets) | 8,846 | 37,494 | 7,380 | 733 | 54,453 |
| Non-current assets | 28,134 | 107,994 | 26,508 | 1,124 | 163,760 |

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

3 Segmental analysis continued

| 31 October 2022 | Asia Pacific £'000 | Continental Europe £'000 | United Kingdom & Ireland £'000 | Corporate £'000 | Total £'000 |
|---------------------------------------------------------------------------------|-----------------------|-----------------------------|-----------------------------------|--------------------|----------------|
| Total revenue | 39,945 | 187,897 | 41,996 | – | 269,838 |
| Inter segment sales | – | (10,058) | – | – | (10,058) |
| Revenue from external customers | 39,945 | 177,839 | 41,996 | – | 259,780 |
| EBITDA | 9,094 | 75,497 | 15,388 | (7,738) | 92,241 |
| Depreciation and amortisation | (5,421) | (26,153) | (6,954) | (322) | (38,850) |
| (Impairment)/reversal of impairment | (1,715) | 1,919 | 3,086 | – | 3,290 |
| Operating profit/(loss) | 1,958 | 51,263 | 11,520 | (8,060) | 56,681 |
| Operating profit | – | – | – | – | 56,681 |
| Other net losses | – | – | – | – | (1,176) |
| Finance income | – | – | – | – | – |
| Finance costs | – | – | – | – | (2,151) |
| Profit before tax | – | – | – | – | 53,354 |
| Tax | – | – | – | – | (14,561) |
| Profit for the period | – | – | – | – | 38,793 |
| Capital expenditure (excluding Right of Use assets) (restated – see note 11) | 4,218 | 23,839 | 9,522 | 1,359 | 38,939 |
| Non-current assets (restated – see note 11) | 24,870 | 94,742 | 25,045 | 796 | 145,453 |

Inter-segment revenue mainly relates to sales of equipment.

The Parent Company is domiciled in the UK. Total revenue from external customers is as follows:

| | Group | |
|-----------------------------------------------|-----------------------------|-----------------------------|
| | 31 October 2023 £'000 | 31 October 2022 £'000 |
| Total revenue from external customers | | |
| Sales of equipment, spare parts & consumables | 18,724 | 20,459 |
| Sales of services | 3,615 | 3,895 |
| | 22,339 | 24,355 |
| Vending revenue | 275,323 | 235,425 |
| Total revenue | 297,662 | 259,780 |

There were no key customers in the period ended 31 October 2023 (2022: none).

4 Profit for the period

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

| | 31 October 2023 £'000 | 31 October 2022 £'000 |
|-------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Amortisation, depreciation and impairment | | |
| Amortisation of previously capitalised research and development expenditure: | | |
| – reflected in income statement in cost of sales | 930 | 2,955 |
| Amortisation of intangible assets other than research and development: | | |
| – reflected in income statement in cost of sales | 3,275 | 3,394 |
| – reflected in income statement in administrative expenses | 235 | 272 |
| (Reversal of impairment of)/impairment of previously capitalised research and development expenditure | – | 153 |
| Impairment of/(reversal of impairment of) intangible assets other than research and development | 1,445 | – |
| Impairment of goodwill | 701 | – |
| | 6,586 | 6,772 |
| Depreciation of property, plant and equipment and investment property | | |
| Depreciation of owned assets | 27,860 | 25,774 |
| Depreciation of right of use assets | 6,045 | 6,445 |
| Impairment of/(reversal of impairment of) owned property, plant and equipment and investment property | (1,353) | (3,443) |
| | 32,552 | 28,776 |
| Short term and low value leases | | |
| – property | 913 | 945 |
| – plant and equipment | 1,095 | 825 |
| | 2,008 | 1,770 |
| Inventory cost | | |
| Cost of inventories recognised as an expense | 4,098 | 6,580 |
| Provisions charged against obsolete inventory | 572 | 288 |
| | 4,670 | 6,868 |
| | 31 October 2023 £'000 | 31 October 2022 £'000 |
| Other items | | |
| Research and development current period expenditure, not capitalized | 1,725 | 1,724 |
| Trade receivables impairment/(reduction of impairment) (note 17) | 604 | (126) |
| Net foreign exchange losses | 764 | 630 |
| Loss/(Gain) on sale of property, plant and equipment | 555 | (175) |

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

4 Profit for the period continued**Audit and non-audit services**

The following fees for audit and non-audit services were paid or are payable to the Company's auditor, Mazars (2022: Mazars) and its associates.

| | 31 October 2023 £'000 | 31 October 2022 £'000 |
|--------------------------------------------------------------|-----------------------------|-----------------------------|
| Fees for the audit of the company and the group – Mazars LLP | 397 | 313 |
| Fees for the audit of the subsidiaries – other Mazars | 120 | 39 |
| Fees for audit related services (interim review) – Mazars | 50 | 50 |
| Non audit related services – Mazars | – | – |
| Fees for the audit of the subsidiaries – Other firms | 50 | 84 |
| | 617 | 486 |

In order to maintain the independence of the external auditors, the Board has determined policies as to what non-audit services can be provided by the Company's external auditors and the approval processes related thereto. This function is performed by the Audit Committee. Such services will only be approved if there are clear efficiencies and added value benefits to the Company.

In addition to the audit fees payable to the Group's auditor and its associates, certain Group subsidiaries are audited by other firms.

Other operating income

| | 31 October 2023 £'000 | 31 October 2022 £'000 |
|--------------------------------------------------|-----------------------------|-----------------------------|
| Gain on disposal of property | – | 7,315 |
| Rental income from investment property (note 13) | 79 | 365 |
| Other small items of non-trading income | 115 | 236 |
| | 194 | 7,916 |

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

Administrative expenses

| | Note | 31 October 2023 £'000 | 31 October 2022 £'000 |
|---------------------------------------------------|------|-----------------------------|-----------------------------|
| Employment costs | 5 | 20,619 | 19,840 |
| Depreciation of owned assets | 12 | 836 | 834 |
| Impairment of owned property, plant and equipment | 12 | 2,146 | – |
| Foreign exchange loss | | 959 | 355 |
| Legal, audit and professional fees | | 4,147 | 4,022 |
| Travel and entertaining costs | | 1,146 | 959 |
| Other administrative costs | | 5,498 | 6,628 |
| | | 35,351 | 32,638 |

Other net gains/(losses)

Other gains and losses comprise of profits arising on financial instruments held at FVTPL and profit on disposal of subsidiaries. They have been disclosed separately in order to improve a reader's understanding of the financial statements and are not disclosed within operating profit as they are non-trading in nature.

| | 31 October 2023 £'000 | 31 October 2022 £'000 |
|--------------------------------------------------------------|-----------------------------|-----------------------------|
| Other net gains/(losses) | | |
| Gain/(Loss) on disposal of subsidiary | 57 | (459) |
| Fair value gain/(loss) on financial instrument held at FVTPL | 586 | (350) |
| Other gain/(loss) | 58 | (367) |
| | 701 | (1,176) |

Period ended 31 October 2023

The Group generated a profit on disposal of £57,000 from the disposal of its Korean subsidiary Photo-ME Korea Company Limited, recognized in other net gains/(losses) in the income statement.

Period ended 31 October 2022

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

5 Employees

Employment costs

| | 31 October 2023 £'000 | 31 October 2022 £'000 |
|--------------------------------------------------|-----------------------------|-----------------------------|
| Wages and salaries | 45,723 | 41,394 |
| Social security costs | 10,178 | 9,017 |
| Share options granted to directors and employees | 345 | 884 |
| Post-employment benefit costs | | |
| – defined benefit schemes | 417 | 383 |
| – defined contribution schemes | 201 | 265 |
| | 56,864 | 51,943 |

Number of employees

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

| | 31 October 2023 | 31 October 2022 |
|------------------------------------------|--------------------|--------------------|
| Full – time | 1,053 | 996 |
| Part – time | 140 | 121 |
| | 1,193 | 1,117 |
| UK : Full – time | 154 | 159 |
| UK : Part – time | 3 | 4 |
| Continental Europe : Full – time | 730 | 688 |
| Continental Europe : Part – time | 29 | 24 |
| Asia and rest of the world : Full – time | 169 | 149 |
| Asia and rest of the world : Part – time | 108 | 93 |
| | 1,193 | 1,117 |

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

5 Employees continued

Employees by category

| | As at 31 October 2023 | As at 31 October 2022 |
|----------------------------------------------------------------|-----------------------------|-----------------------------|
| Senior managers in the Group (excluding directors of ME Group) | 21 | 27 |
| Employees – Sales | 136 | 110 |
| Employees – Administration | 194 | 191 |
| Employees – Operating | 842 | 789 |
| Total | 1,193 | 1,117 |

The cost of sales employees and operating employees are recognised in the income statement in Cost of Sales. The cost of administration employees is recognised in the income statement in Administrative Expenses. The cost of senior managers is recognised in the income statement in either Cost of Sales or Administrative Expenses, dependent on the function they perform.

6 Finance income and costs

| | 31 October 2023 £'000 | 31 October 2022 £'000 |
|---------------------------------------------|-----------------------------|-----------------------------|
| Finance income | | |
| Interest income | 1,401 | – |
| | 1,401 | – |
| Finance costs | | |
| Bank loans and overdrafts at amortised cost | (1,168) | (714) |
| Interest on lease liabilities | (1,251) | (1,437) |
| Other finance costs | (119) | – |
| | (2,537) | (2,151) |

Interest income, interest cost on bank loans and overdrafts and interest on lease liabilities are all recognised on an effective interest rate basis.

Interest income is earned on short term deposits. Group earned interest on deposits at rates between 2.90% and 2.93% in the year (2022: 1.14% to 1.80%).

7 Taxation expense

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

| | 31 October 2023 £'000 | 31 October 2022 £'000 |
|---------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Taxation | | |
| Current taxation | | |
| UK Corporation tax | | |
| – current period | 9,833 | 6,104 |
| – prior periods | (1,068) | 2,253 |
| | 8,765 | 8,357 |
| Overseas taxation | | |
| – current period | 6,916 | 7,200 |
| – prior periods | (212) | 90 |
| | 6,704 | 7,290 |
| Total current taxation | 15,469 | 15,647 |
| Deferred taxation | | |
| Origination and reversal of temporary differences | | |
| – current period – UK | 677 | (150) |
| – current period – overseas | (663) | (961) |
| Adjustments in respect of prior periods – UK | 843 | 27 |
| Adjustments in respect of prior periods – Overseas | – | 45 |
| Impact of change in rate | 75 | (47) |
| Total deferred tax | 932 | (1,086) |
| Tax charge in the income statement | 16,401 | 14,561 |
| Tax relating to items (credited)/charged to other components of comprehensive income | | |
| Corporation tax | – | – |
| Deferred tax | (48) | 248 |
| Tax charge in other comprehensive income | (48) | 248 |
| Total tax charge in the statement of comprehensive income | 16,353 | 14,809 |

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

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

The difference between the Group tax charge and the standard UK corporation tax rate of 22.5% (2022: 19%) is explained below:

| | 31 October 2023 £'000 | 31 October 2022 £'000 |
|-----------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Profit before tax | 67,067 | 53,354 |
| Tax using the weighted average UK corporation tax rate of 22.5% (2022: 19%) | 15,090 | 10,137 |
| Effect of: | | |
| – non-taxable items | 449 | 405 |
| – overseas tax rates | 580 | 1,983 |
| – remeasurement of deferred tax for changes in tax rates | 75 | (47) |
| – losses not recognised in deferred tax (relieved)/incurred | – | (1,053) |
| – non-deductible expenses | 8 | (98) |
| – adjustments to tax in respect of prior periods | (436) | 2,416 |
| – foreign exchange movements | – | – |
| – other adjustments | 635 | 818 |
| Total tax charge | 16,401 | 14,561 |
| Effective tax rate | 24.5% | 27.3% |

The Group tax charge of £16.4m (2022: £14.6m) corresponds to an effective tax rate of 24.5% (2022: 27.3%).

The UK Corporation Tax rate increased from 19% to 25% with effect from 1 April 2023. The weighted average UK Corporation Tax rate for the year ended 31 October 2023 was 22.5%.

The Group undertakes business in multiple tax jurisdictions.

8 Profits attributable to members of the parent company

The profit for the period, after tax, dealt with in the financial statements of the Parent Company is £25,196,000 (2022: £57,824,000), including dividends received from subsidiaries.

9 Dividends paid and proposed

| | 31 October 2023 | | 31 October 2022 | |
|---------------------------------------------|-----------------|---------------|-----------------|--------|
| | pence per share | £'000 | pence per share | £'000 |
| Dividends Paid | | | | |
| Special dividend | | | | |
| Approved by the Board on 18 July 2022 | – | – | 6.50 | 24,572 |
| Final | | | | |
| 2021 approved at AGM held on 29 April 2022 | – | – | 2.89 | 10,925 |
| Interim Dividend | | | | |
| 2022 approved by the board on 18 July 2022 | 2.60 | 9,829 | – | – |
| Final | | | | |
| 2022 approved at AGM held on 28 April 2023 | 3.00 | 11,345 | – | – |
| Special dividend | | | | |
| 2022 approved by the board on 20 April 2023 | 0.60 | 2,269 | – | – |
| | 6.20 | 23,443 | 9.39 | 35,497 |
| Dividends Proposed | | | | |
| Interim Dividend | | | | |
| 2022 approved by the board on 18 July 2022 | – | – | 2.60 | 9,829 |
| Interim Dividend | | | | |
| 2023 approved by the board on 11 July 2023 | 2.97 | 11,240 | – | – |
| | 2.97 | 11,240 | 2.60 | 9,829 |

Period ended 31 October 2023 – Dividends paid in the period

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

The Board proposed a final dividend of 3.00p per ordinary share in respect of the year ended 31 October 2022, which was approved by shareholders at the Annual General Meeting held on 28 April 2023 and paid on 12 May 2023.

The Board also approved, at its 20 April 2023 meeting, a special dividend of 0.60p per ordinary share, which was paid on 19 May 2023.

Period ended 31 October 2023 – Proposed dividends not yet paid in the period

The Board approved an interim dividend of 2.97p per ordinary share for the six month period ended 30 April 2023, at its 11 July 2023 meeting. The interim dividend was paid on 23 November 2023.

Period ended 31 October 2022 – Dividends paid in the period

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

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

Period ended 31 October 2022 – Proposed dividends not yet paid in the period

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

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

10 Earnings per share

Basic earnings per share amounts are calculated by dividing net earnings attributable to shareholders of the Parent of £50,666,000 (2022: £38,793,000) by the weighted average number of shares in issue during the period.

Diluted earnings per share amounts are calculated by dividing the net earnings attributable to shareholders of the Parent by the weighted average number of shares outstanding during the period plus the weighted average number of shares that would be issued on conversion of all the dilutive potential shares into shares. The Group has only one category of dilutive potential shares being share options granted to senior staff, including directors, as detailed in note 21.

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

| | 31 October 2023 | | | 31 October 2022 | | |
|----------------------------------|-------------------|----------------------------------------------------|--------------------------------|-------------------|----------------------------------------------------|--------------------------------|
| | Earnings £'000 | Weighted average number of shares '000 | Earnings per share pence | Earnings £'000 | Weighted average number of shares '000 | Earnings per share pence |
| Basic earnings per share | 50,666 | 378,110 | 13.40 | 38,793 | 378,052 | 10.26 |
| Effect of dilutive share options | – | 2,490 | (0.09) | – | 1,048 | (0.03) |
| Diluted earnings per share | 50,666 | 380,600 | 13.31 | 38,793 | 379,100 | 10.23 |

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

11 Goodwill and other intangible assets**Goodwill
Group**

| | £'000 |
|---------------------------------|---------------|
| Cost: | |
| At 1 November 2021 | 18,398 |
| Exchange differences | 204 |
| Additions | 1,652 |
| Disposals | (2,523) |
| At 31 October 2022 | 17,731 |
| IFRS remeasurement | (796) |
| At 1 November 2022 (restated) | 16,935 |
| Exchange differences | 3 |
| Additions | 3,268 |
| At 31 October 2023 | 20,206 |
| Impairment charges: | |
| At 1 November 2021 | 3,093 |
| Exchange differences | 45 |
| Disposals | (2,523) |
| At 31 October 2022 | 615 |
| At 1 November 2022 | 615 |
| Exchange differences | 2 |
| Impairment charge in the period | 701 |
| At 31 October 2023 | 1,318 |
| Net book value: | |
| At 1 November 2021 | 15,305 |
| At 1 November 2022 (restated) | 16,320 |
| At 31 October 2023 | 18,888 |

IFRS remeasurements represent the finalisation of purchase price allocation on acquisitions.

In the period the purchase price allocation was completed for Dreamakers. Brand and customer related intangible assets with a total value of £814,000 were identified and transferred from goodwill to intangible assets. A deferred tax liability of £18,000 was recognised in respect of these intangible assets and added to the value of goodwill. Further details of the purchase price allocation are provided in note 30.

Additions to goodwill in the year are in relation to the following business combination:

| | |
|----------------------------------|--------------|
| Additions: | £'000 |
| Fujifilm Imaging Systems Co. Ltd | 3,268 |

The assessment of the purchase price adjustments in relation to Fujifilm Imaging Systems Co. Ltd was still in progress at the date of publishing these financial statements.

Company

The Company has no goodwill.

Goodwill by segments

The table below shows the allocation of goodwill acquired through business combinations between segments.

The amount of impairment losses is recognised in Administrative costs.

Goodwill has been allocated for impairment testing purposes to nine (2022: nine) cash-generating units (CGUs)

| | 31 October 2023 £'000 | 31 October 2022 (Restated) £'000 |
|------------------------------------------------|-----------------------------|-------------------------------------------|
| Carrying amount | | |
| UK & Ireland | | |
| CGU 1 – ME Group Ireland Supplies Limited | 154 | 154 |
| CGU 2 – Photo-ME Northern Ireland | 14 | 14 |
| Total UK & Ireland | 168 | 168 |
| Continental Europe | | |
| CGU 1 – ME Group France SAS | 312 | 308 |
| CGU 2 – ME Group Germany GmbH | 2,005 | 1,976 |
| CGU 3 – Sempa SARL | 3,423 | 3,374 |
| CGU 4 – Pizza vending division (formerly SGER) | – | 693 |
| CGU 5 – Dreamakers | 925 | 896 |
| Total Continental Europe | 6,665 | 7,247 |
| Asia | | |
| CGU 1 – ME Group Japan ¹ | 11,016 | 7,801 |
| CGU 2 – Now Retail Group | 1,039 | 1,104 |
| Total Asia | 12,055 | 8,905 |
| Total | 18,888 | 16,320 |

¹ Asia CGU 1 includes goodwill from the acquisition of Photo Plaza Co Ltd, which was merged into ME Group Japan on 15th March 2021. Asia CGU 1 also includes goodwill generated by the acquisition of the photobooth division of Fujifilm Imaging Systems Co. Ltd on 30 September 2023. This is because Asia CGU1 acquired the trade, assets and liabilities of the business, as opposed to acquiring the share capital of a new subsidiary.

The Group tests annually, for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amount of all CGUs has been determined on a value in use basis.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

11 Goodwill and other intangible assets continued

Value in use was determined by discounting the future cash flows of the CGU. Cash flows include a forecast period of five years, based on actual operating results, budgets and economic market research with a terminal value based on a long-term growth rate applied thereafter.

As a result of the impairment tests, the goodwill relating to the pizza vending division (formerly SGER) was fully impaired (£701,000). This is due to a reduction in forecast cash generation.

Key assumptions for impairment tests of goodwill and other intangible assets

Growth rate 1% (2022: 1%)

The Growth rate assumption for all Group CGUs was 1%. The growth rate has been determined based on a conservative basis for expected annual growth in EBITDA for each CGU and takes into account revenue, volumes, selling prices and operating costs. It is based on past experience and expected future developments in markets, operations and economic conditions.

Discount rate 9.7%-15.2% (2022: 9.74%-14.24%)

The post-tax discount rates applied to the cash flow forecasts for the CGUs are derived from the pre-tax weighted average cost of capital for the Group adjusted for country specific risks, local risk free borrowing rates and local tax rates for the specific country concerned. The changes in discount rate assumptions from the prior year reflect the change in economic conditions, in each territory, over the period.

The rates used are: United Kingdom 14.1%, (2022: 13.3%), Ireland 13.0% (2022: 10.4%), France 12.8% (2022: 12.4%), Germany 11.6% (2022: 11.2%), Spain 14.8% (2022: 14.2%), Japan 11.0% (2022: 10.7%), Portugal 15.2% (2022: 12.3%), Belgium 13.2% (2022: 10.1%), Netherlands 11.7% (2022: 11.3%), Switzerland 9.7% (2022: 10.0%), Austria 12.7% (2022: 9.7%) and Australia 13.5% (2022 n/a). The Board is confident, overall, that these discount rates reflect the circumstances in each region, and are in accordance with IAS 36.

Sensitivity to key assumptions

As at the measurement date, the recoverable amount of all cash-generating units, based on their value in use, is significantly higher than the carrying amount relevant for the impairment test. After considering all key assumptions, management considers that a reasonably pessimistic revision of key assumptions which can rationally be expected would still cause the carrying amount of the cash-generating units to exceed their recoverable amount. The headroom of recoverable amount over carrying value, across all CGUs is £704,443,000.

Discount rate

A 1% increase in the discount rate assumption for each territory would not generate any additional impairments. Headroom across all CGUs would be reduced by £66,110,000.

Growth rate

A 1% decrease in the growth rate assumption for each territory would not generate any additional impairments. Headroom across all CGUs would be reduced by £45,769,000.

Future growth in revenue, costs and profit margins

CGUs were subjected to an impairment test under a worst case scenario, with decreased revenue and increased costs. The details of the sensitivity assumptions used are disclosed in the going concern section of the accounting policies (note 1.1 Basis of preparation). In this worst case scenario, two further CGUs would be impaired: Asia CGU 1 £1,331,000 and Asia CGU 2 £243,000. Headroom across the remaining unimpaired CGUs would be reduced by £263,703,000.

Other intangible assets – Group

| | Capitalised development costs £'000 | Software £'000 | Brands £'000 | Customer related £'000 | Patents £'000 | Droit au Bail £'000 | Total £'000 |
|-----------------------------------------------------------|----------------------------------------------|-------------------|-----------------|------------------------------|------------------|---------------------------|-----------------|
| Cost: | | | | | | | |
| At 1 November 2021 | 13,011 | 3,079 | 2,233 | 22,842 | 1,656 | 3,372 | 46,193 |
| Exchange differences | (16) | 4 | (122) | (262) | 13 | 61 | (322) |
| Additions | 1,418 | 908 | – | 40 | – | 120 | 2,486 |
| Additions new subsidiary | – | – | – | 98 | – | – | 98 |
| Transfers | – | (26) | (1,256) | 1,282 | – | – | – |
| Disposals | (6,374) | (110) | – | (4,027) | (169) | – | (10,680) |
| At 31 October 2022 | 8,039 | 3,855 | 855 | 19,973 | 1,500 | 3,553 | 37,775 |
| IFRS remeasurement | – | – | 425 | 389 | – | – | 814 |
| Correction of error - reclassification | 3,783 | – | – | – | – | – | 3,783 |
| At 1 November 2022 (restated) | 11,822 | 3,855 | 1,280 | 20,362 | 1,500 | 3,553 | 42,372 |
| Exchange differences | (95) | (17) | 11 | (274) | 27 | 52 | (296) |
| Additions | 2,337 | 437 | – | – | – | 39 | 2,813 |
| Additions work in progress | 985 | – | – | – | – | – | 985 |
| Additions new subsidiary | – | 49 | – | – | – | – | 49 |
| Transferred to property, plant and equipment (note 12) | – | – | – | (120) | – | (24) | (144) |
| Disposals | – | (163) | – | (6) | – | (37) | (206) |
| At 31 October 2023 | 15,049 | 4,161 | 1,291 | 19,962 | 1,527 | 3,583 | 45,573 |
| Amortisation: | | | | | | | |
| At 1 November 2021 | 10,128 | 2,531 | – | 10,063 | 111 | 3,372 | 26,205 |
| Exchange differences | (31) | – | 2 | (256) | 11 | 61 | (213) |
| Provided during the period | 2,955 | 248 | 188 | 2,918 | 309 | – | 6,618 |
| Impairment charge | 153 | – | – | – | – | – | 153 |
| Transfers | – | (26) | – | 26 | – | – | – |
| Disposals | (6,341) | (288) | – | (3,960) | (20) | – | (10,609) |
| At 31 October 2022 | 6,864 | 2,465 | 190 | 8,791 | 411 | 3,433 | 22,154 |
| At 1 November 2022 | 6,864 | 2,465 | 190 | 8,791 | 411 | 3,433 | 22,154 |
| Exchange differences | (105) | 4 | 6 | (88) | 13 | 50 | (120) |
| Provided during the period | 930 | 473 | 190 | 2,673 | 174 | – | 4,440 |
| Impairment charge | – | – | 577 | 57 | 811 | – | 1,445 |
| Transferred to property, plant and equipment (note 12) | – | – | – | (23) | – | – | (23) |
| Disposals | – | (104) | – | (4) | – | (37) | (145) |
| At 31 October 2023 | 7,689 | 2,838 | 963 | 11,406 | 1,409 | 3,446 | 27,751 |
| Net book value: | | | | | | | |
| At 1 November 2021 | 2,883 | 548 | 2,233 | 12,779 | 1,545 | – | 19,988 |
| At 31 October 2022 (restated) | 4,958 | 1,390 | 1,090 | 11,571 | 1,089 | 120 | 20,218 |
| At 31 October 2023 | 7,360 | 1,323 | 328 | 8,556 | 118 | 137 | 17,822 |

The opening balance of capitalised development costs at 1 November 2022 has been restated by £3,783,000 to correct an error in the prior year financial statements. The adjustment represents the value of work in progress which had previously been reported in prepayments under trade and other receivables. A corresponding adjustment has been made to reduce the opening balance of prepayments (note 17) by the same value.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

11 Goodwill and other intangible assets continued

The restatement is reflected in the group statement of financial position at 31 October 2022 as an increase in intangible assets and a decrease in trade and other receivables. The group statement of cashflows for the year ended 31 October 2022 has been restated by increasing cash generated from operations by £3,783,000 (movement in trade and other receivables) and increasing net cash utilised in investing activities by the same amount (purchase of intangible assets). This restatement had no impact on the group's total assets, total Shareholders' funds, statement of comprehensive income and earnings per share for the current or prior year. There was no impact on the consolidated statement of financial position at 1 November 2021.

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

Impairment charges

Impairment charges were recognised in the year against the following categories of intangibles assets: brands (£577,000); customer related (£57,000); and patents (£811,000).

All impairments charges were made against the intangible assets of KIS SAS and related to the pizza vending division (formerly SGER) CGU. The impairment charges were recognised in the line "Administrative expenses". Impairment charges were due to a reduction in forecast cash generation of the pizza vending division.

In 2022 a £153,000 impairment charge was recognised against capitalised development costs, in the line "Costs of sales".

Company

| | Customer related £'000 |
|---------------------------|---------------------------|
| Cost: | |
| At 1 November 2021 | 776 |
| Addition | 5 |
| At 31 October 2022 | 781 |
| At 31 October 2023 | 781 |
| Amortisation: | |
| At 1 November 2021 | 776 |
| At 31 October 2022 | 776 |
| Amortisation | 2 |
| At 31 October 2023 | 778 |
| Net book value: | |
| At 1 November 2021 | 0 |
| At 31 October 2022 | 5 |
| At 31 October 2023 | 3 |

12 Property, plant and equipment Group

| | Land & Buildings £'000 | Photobooth & vending machines £'000 | Plant, machinery, furniture & motor vehicles £'000 | Right of Use Land & Buildings £'000 | Right of Use Plant, machinery, furniture, fixtures £'000 | Right of Use Motor vehicles £'000 | Total £'000 |
|---------------------------------------|---------------------------|----------------------------------------|-------------------------------------------------------|----------------------------------------|-------------------------------------------------------------|--------------------------------------|----------------|
| Cost: | | | | | | | |
| At 31 October 2021 | 18,061 | 264,832 | 28,130 | 4,400 | 13,575 | 5,450 | 334,448 |
| Exchange difference | 206 | (644) | 295 | 59 | 155 | 102 | 173 |
| Additions | 683 | 27,205 | 4,782 | 2,878 | 1,803 | 2,617 | 39,968 |
| Additions – new subsidiary | 3 | 8 | – | – | – | – | 11 |
| Disposals | (3,650) | (14,477) | (3,042) | (2,328) | (1,047) | (1,707) | (26,251) |
| At 31 October 2022 | 15,303 | 276,924 | 30,165 | 5,009 | 14,486 | 6,462 | 348,349 |
| Exchange difference | (63) | (891) | 381 | 123 | 352 | 157 | 59 |
| Additions | 400 | 39,122 | 6,320 | 639 | 421 | 2,456 | 49,358 |
| Additions – new subsidiary | – | 1,496 | – | – | – | – | 1,496 |
| Transfer from intangible assets | – | 16 | 128 | – | – | – | 144 |
| Transfers | 8 | 481 | (489) | – | – | – | (0) |
| Disposals | (116) | (17,355) | (3,158) | – | (2,419) | (1,348) | (24,396) |
| At 31 October 2023 | 15,532 | 299,793 | 33,347 | 5,771 | 12,840 | 7,727 | 375,010 |
| Depreciation: | | | | | | | |
| At 31 October 2021 | 9,261 | 201,018 | 23,107 | 1,520 | 5,285 | 2,284 | 242,475 |
| Exchange difference | 7 | (1,439) | 357 | 93 | 23 | 40 | (919) |
| Provided during the period | 322 | 22,849 | 2,603 | 2,015 | 2,619 | 1,811 | 32,219 |
| Impairments/(reversal of impairments) | (86) | (2,650) | (707) | – | – | – | (3,443) |
| Disposals | (2,510) | (14,477) | (1,862) | (1,470) | (1,047) | (1,707) | (23,073) |
| At 31 October 2022 | 6,994 | 205,301 | 23,498 | 2,158 | 6,880 | 2,428 | 247,259 |
| Exchange difference | (66) | (1,268) | 297 | 88 | 281 | 99 | (569) |
| Provided during the period | 348 | 24,556 | 2,940 | 1,454 | 2,384 | 2,207 | 33,889 |
| Impairments/(reversal of impairments) | 6 | (304) | (1,055) | – | – | – | (1,353) |
| Transfer from intangible assets | – | 1 | 22 | – | – | – | 23 |
| Disposals | (47) | (16,576) | (1,973) | – | (2,419) | (1,348) | (22,363) |
| At 31 October 2023 | 7,235 | 211,710 | 23,729 | 3,700 | 7,126 | 3,386 | 256,886 |
| Net book value: | | | | | | | |
| At 1 November 2021 | 8,800 | 63,814 | 5,023 | 2,880 | 8,290 | 3,166 | 91,973 |
| At 31 October 2022 | 8,309 | 71,623 | 6,667 | 2,851 | 7,606 | 4,034 | 101,090 |
| At 31 October 2023 | 8,298 | 88,082 | 9,617 | 2,071 | 5,714 | 4,341 | 118,124 |

To improve presentation and understandability, additions previously presented as internal additions have now been included in the additions external line. The comparative figures have been reclassified to aid comparability. Additions with a value of £21,496,000 which were presented as additions internal in the photobooth & vending machines category in the prior year audited financial statements, are now presented as additions external.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

12 Property, plant and equipment continued Impairment

The Group and the Company test all significant operating equipment asset classes for impairment annually, or more frequently if there are indications of impairment. Impairment reviews on operating equipment are all conducted on a value in use basis. Value in use is determined by discounting the expected cashflows of an asset over the remainder of its useful economic life.

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

Impairments or reversals of impairment to photobooths and vending machines were recognised in the following operating segments: Asia Pacific – impairment charge of £37,000; Continental Europe – impairment reversal of (£44,000); and United Kingdom – impairment reversal of (£297,000).

An impairment charge to land and buildings of £6,000 was recognised in the United Kingdom operating segment. This relates to the impairment of vending machines whereby the site that the machine is located is impaired as well as the equipment. The impairment was due to a reduction in forecast cash generation of the vending machine.

Reversals of impairment to plant, machinery, furniture, fixtures and motor vehicles were recognised in the following operating segments: Continental Europe (£706,000) and United Kingdom (£349,000).

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

Key assumptions

The key assumptions for the value in use calculation are discount rates and growth rates during the forecast period.

Growth rate 0% (2022: 1%)

The Growth rate assumption used for all territories was 0%. This assumption is based on past experience and expected future developments in markets, operations and economic conditions.

Discount rate 9.7%–15.2% (2022: 9.74%–14.24%)

The post-tax discount rates applied to the cash flow forecasts of each asset are derived from the pre-tax weighted average cost of capital for the Group adjusted for country specific risks, local risk free borrowing rates and local tax rates for the specific country concerned. The changes in discount rate assumptions from the prior year reflect the change in economic conditions, in each territory, over the period.

The rates used are: United Kingdom 14.1%, (2022: 13.3%), Ireland 13.0% (2022: 10.4%), France 12.8% (2022: 12.4%), Germany 11.6% (2022: 11.2%), Spain 14.8% (2022: 14.2%), Japan 11.0% (2022: 10.7%), Portugal 15.2% (2022: 12.3%), Belgium 13.2% (2022: 10.1%), Netherlands 11.7% (2022: 11.3%), Switzerland 9.7% (2022: 10.0%), Austria 12.7% (2022: 9.7%) and Australia 13.5% (2022 n/a). The Board is confident, overall, that these discount rates reflect the circumstances in each region, and are in accordance with IAS 36.

Sensitivity to key assumptions

Discount rate

A 1% increase in the discount rate assumption for each territory would increase the impairment charge by £177,000.

Growth rate

A 1% reduction in the growth rate assumption (negative growth rate of -1%), would increase the impairment charge by £154,000.

Company

| | Land & Buildings £'000 | Photobooth & vending machines £'000 | Plant, machinery, furniture, fixtures & motor vehicles £'000 | Right of Use Land & Buildings £'000 | Right of Use Plant, machinery, furniture, fixtures £'000 | Right of Use Motor vehicles £'000 | Total £'000 |
|-----------------------------|---------------------------|----------------------------------------|-----------------------------------------------------------------|----------------------------------------|-------------------------------------------------------------|--------------------------------------|----------------|
| Cost: | | | | | | | |
| At 1 November 2021 | – | 38,432 | 2,281 | 1,011 | 1,898 | 1,415 | 45,037 |
| Additions | – | 5,493 | 1,030 | – | 28 | 60 | 6,611 |
| Transferred from subsidiary | 572 | – | – | – | – | – | 572 |
| Disposals external | – | (3,603) | (150) | – | (427) | (361) | (4,541) |
| At 31 October 2022 | 572 | 40,323 | 3,161 | 1,011 | 1,499 | 1,114 | 47,679 |
| Additions | – | 3,769 | 1,255 | – | – | 570 | 5,594 |
| Disposals external | – | (1,748) | (366) | – | (787) | (258) | (3,159) |
| At 31 October 2023 | 572 | 42,343 | 4,050 | 1,011 | 712 | 1,426 | 50,114 |
| Depreciation: | | | | | | | |
| At 1 November 2021 | – | 31,008 | 1,187 | 269 | 1,142 | 498 | 34,104 |
| Provided during the period | 18 | 1,107 | 147 | 107 | 408 | 336 | 2,123 |
| Transferred from subsidiary | 289 | – | – | – | – | – | 289 |
| Disposals external | – | (3,347) | (66) | – | (427) | (361) | (4,201) |
| At 31 October 2022 | 307 | 28,768 | 1,268 | 376 | 1,123 | 473 | 32,315 |
| Provided during the period | 17 | 3,462 | 14 | 106 | 289 | 325 | 4,213 |
| Disposals external | – | (1,620) | (83) | – | (782) | (258) | (2,744) |
| At 31 October 2023 | 324 | 30,610 | 1,198 | 482 | 630 | 540 | 33,785 |
| Net book value: | | | | | | | |
| At 1 November 2021 | – | 7,424 | 1,094 | 742 | 756 | 917 | 10,933 |
| At 31 October 2022 | 265 | 11,554 | 1,892 | 635 | 376 | 641 | 15,364 |
| At 31 October 2023 | 248 | 11,733 | 2,851 | 529 | 82 | 886 | 16,329 |

To improve presentation and understandability, additions previously presented as internal additions have now been included in the additions external line. The comparative figures have been reclassified to aid comparability. Additions with a value of £5,063,000 which were presented as additions internal in the photobooth & vending machines category in the prior year audited financial statements, are now presented as additions external.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

13 Investment property**Group**

| | £'000 |
|----------------------------------------------|----------|
| Cost: | |
| At 1 November 2021 | 12,822 |
| Exchange differences | 230 |
| At 31 October 2022 | 13,052 |
| Exchange differences | 190 |
| Transfer to non current assets held for sale | (13,242) |
| At 31 October 2023 | - |
| Depreciation: | |
| At 1 November 2021 | 12,225 |
| Exchange differences | 220 |
| Provided during the period | 15 |
| At 31 October 2022 | 12,460 |
| Exchange differences | 181 |
| Provided during the period | 16 |
| Transfer to non current assets held for sale | (12,657) |
| At 31 October 2023 | - |
| Net book value: | |
| At 1 November 2021 | 597 |
| At 31 October 2022 | 592 |
| At 31 October 2023 | - |

The investment property is freehold and is stated at cost less depreciation and any impairment charges. The directors are satisfied that the fair value of the Investment property is not less than its net book value.

Rental income from the investment property was £79,000 (2022: £365,000) (note 4).

In the year, management committed to selling the investment property, with the sale expected to complete in the first half of financial year 2024. Accordingly, the property was transferred from investment property to non-current assets held for sale. See note 14 for more details.

Company

The Company has no investment property.

14 Non-current assets classified as held for sale

| | 31 October 2023 £'000 | 31 October 2022 £'000 |
|--------------------------------------|-----------------------------|-----------------------------|
| Property classified as held for sale | 585 | - |

The non-current asset classified as held for sale is an office building located in Grenoble, France. The Group previously rented out the office building but now intends to dispose of the property.

Management are fully committed to the sale of the property, have been actively marketing it for sale and expect to complete the disposal within 12 months of the reporting date.

The non-current asset classified as held for sale is included in the Continental Europe operating segment.

15 Investments in associates and subsidiaries

Investment in associates

Group

In the current and prior year, the Group held investments in only one associate, Photomaton Maroc. This associate company is incorporated in Morocco and its registered address is 131 Bd D'Anfares Azur Sidi Belyout, Casablanca.

| | £'000 |
|---------------------------|-----------|
| Cost: | |
| At 1 November 2021 | 21 |
| Exchange differences | (1) |
| At 31 October 2022 | 20 |
| Exchange differences | 1 |
| Share of profit | 14 |
| At 31 October 2023 | 35 |

| Name | Assets £'000 | Liabilities £'000 | Revenue £'000 | Profit £'000 | Dividends received | Share of Interest % |
|--------------------|-----------------|----------------------|------------------|-----------------|-----------------------|---------------------------|
| At 31 October 2022 | 90 | 70 | – | – | – | 50 |
| | 90 | 70 | – | – | – | 50 |
| At 31 October 2023 | 141 | 106 | – | 14 | – | 50 |
| | 141 | 106 | – | 14 | – | 50 |

Company

| | Associated undertakings £'000 | Subsidiary undertakings £'000 | Total £'000 |
|--------------------------------------------------------|-------------------------------------|-------------------------------------|----------------|
| Costs: | | | |
| At 1 November 2021 | 6 | 48,821 | 48,827 |
| Capital increase relating to share-based payment (net) | – | 521 | 521 |
| Disposal | – | (2,956) | (2,956) |
| At 31 October 2022 | 6 | 46,386 | 46,392 |
| At 1 November 2022 | 6 | 46,386 | 46,392 |
| Capital increase relating to share-based payment (net) | – | 148 | 148 |
| At 31 October 2023 | 6 | 46,534 | 46,540 |
| Provision: | | | |
| At 1 November 2021 | 6 | 1,920 | 1,926 |
| Disposal | – | (2) | (2) |
| At 31 October 2022 | 6 | 1,918 | 1,924 |
| At 1 November 2022 | 6 | 1,918 | 1,924 |
| At 31 October 2023 | 6 | 1,918 | 1,924 |
| Net book value: | | | |
| At 1 November 2021 | – | 46,901 | 46,901 |
| At 31 October 2022 | – | 44,468 | 44,468 |
| At 31 October 2023 | – | 44,616 | 44,616 |

The net capital increase relating to share-based payments relates to share options in the parent company, ME Group International plc, granted to employees of subsidiary undertakings of the Group. Refer to note 21 for further details on the Group's share option schemes.

The details of all the Group's subsidiaries and associates are given in note 29.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

16 Financial instruments

Group Treasury

The Group has a centralised treasury function. The primary aim for this function is to manage liquidity and funding arrangements and the Group's exposure to associated financial and market risks, including credit risk, interest rate risk and foreign currency risk. The general approach for Group Treasury is one of risk reduction within a framework of delivering total shareholder return.

Treasury operations

Overview and policy

Treasury policy is set by the Board. Group treasury activities are subject to a set of controls appropriate for the magnitude of the borrowing, investments and group-wide exposures. To date the treasury function has limited itself to obtaining surplus cash from the subsidiaries and depositing this in bank accounts owned by the Group's Treasury Company. The Board has defined an investment strategy, amounts and types of products to which the surplus cash may be invested.

The Board monitors the performance of the Treasury function and is responsible for making changes to the personnel and limits of authority of Treasury personnel.

The Board has provided written principles for overall risk management of the Treasury Function. It has also defined policies and procedures covering such areas as foreign exchange risk, interest rate risk, credit risk, the use of derivative instruments and investment of excess liquidity (surplus funds above the immediate and short-term operational funding needs, such as working capital requirements). The key objectives for Group Treasury are to protect the principal value of cash and cash equivalents, to concentrate cash at the centre to minimise external borrowings, and to maximise the return on cash.

Liquidity risk

Liquidity risk is the risk that the Group will face in meeting its obligations in settling its financial liabilities. The Group's approach to managing liquidity risk is to ensure that it has sufficient funds to meet its liabilities when due without incurring unacceptable losses. A material and sustained shortfall in the Group's cash flow could undermine the Group's credit rating, impair major investor confidence and restrict the ability of the Group to raise new funds.

The Group maintained a satisfactory net cash position throughout the period and preceding periods as a result of cash generation from the business.

During the current period and prior period surplus cash held by the operating subsidiaries, over and above balances required for working capital management was transferred to Group Treasury. These funds were kept in their local currency, or converted into sterling and kept in the Treasury Company bank accounts which are interest bearing.

The strong cash generation and retention from the business together with available credit resources, help mitigate liquidity risk.

The Group may hold financial instruments (such as bank and other loans) to finance its day to day working capital requirements, for capital expenditure, for corporate transactions (such as dividend payments to shareholders, share buybacks, acquisitions), for the management of currency and interest rate exposure arising from its operations (which may involve the use of derivatives and swaps) and for the temporary investment of short-term funds. No derivatives or swaps have been used in the period ending 31 October 2023 (31 October 2022: none). With a satisfactory net cash position, the Group largely finances its working capital and capital expenditure programmes from its own resources. In addition, financial instruments such as trade receivables (amounts due from customers as a result of a sale) and trade payables (arising from purchases of materials and services) arise from day-to-day trading.

The following notes describe the Group's financial risk management policy and details on financial instruments.

16(a) Fair values of financial instruments by class

Generally, there is no material difference between the fair values and the carrying values of financial assets and financial liabilities held in the Group's or the Company's statement of financial position. However, given the sharp increase in market interest rates since the Group last financed its fixed rate debt, the fair value of the groups loans liabilities could differ from its carrying value. The estimated fair value of the Groups fixed rate debt at the reporting date is £77,423,000, which is £249,000 higher than its carrying value.

Financial instruments held at fair value – Level 1

The Group holds an investment in Max Sight Group Holdings Ltd, which as a listed company. This investment is valued at level 1. The Group owns 109,972,500 Max Sight Group Holdings Ltd's shares valued at 0,099 HKD per share as at 31 October 2023, giving a value at that date of £1,145,118.

This financial instrument is valued at the reporting date by reference to quoted market prices.

Financial instruments held at fair value – Level 2

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

Financial instruments held at fair value – Level 3

The Group holds 500,000 convertible bonds in Energy Observer Developments SAS, a privately held company. This investment is valued at level 3 as its value is linked to the equity value of Energy Observer Developments SAS, which is not observable market data. At 31 October 2023 the investment is valued at £4,741,310.

This financial instrument is valued at the reporting date using discounted cashflow analysis, for the bond cashflows, and by reference to the latest equity valuation of the issuing company. The key unobservable inputs to the valuation calculation are the discount rate of 5% and the equity valuation of Energy Observer Developments SAS. The equity valuation used was based on a recent fund raising by the issuing company. This, in effect, gave an external, arms-length valuation as new investors were purchasing equity based on their valuation of the company.

Sensitivity to key unobservable inputs

Discount rate

A 1% increase in the discount rate used to value the convertible bond would result in a decrease in valuation of £33,000.

Equity valuation

A 20% decrease in the equity value of Energy Observer Developments SAS would result in a decrease in valuation of £205,000.

Movement in level 3 financial instruments value

The following table presents the changes in level 3 financial instruments for the years ended 31 October 2022 and 31 October 2023.

| | Convertible Bond £'000 |
|--------------------------------------------------------------------|------------------------------|
| At 31 October 2021 | – |
| Addition | 4,450 |
| At 31 October 2022 | 4,450 |
| Fair value gain recognised in other gains/(losses) | 226 |
| Foreign exchange movement recognised in other comprehensive income | 65 |
| At 31 October 2023 | 4,741 |

No assets or liabilities were transferred between levels 1, 2 and 3 in the year.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

16(a) Fair values of financial instruments by class continued
Financial instruments by category

The tables below show financial instruments by category for the Group

| At 31 October 2023 | Amortised Cost £'000 | Fair Value Through Profit & Loss £'000 | Total £'000 |
|---------------------------------------------------|----------------------------|-------------------------------------------------|----------------|
| Assets per statement of financial position | | | |
| Financial instruments held at FVTPL | – | 5,886 | 5,886 |
| Financial assets – held at amortised cost: | | | |
| Trade and other receivables | 11,286 | – | 11,286 |
| Cash and cash equivalents | 111,091 | – | 111,091 |
| | 122,377 | 5,886 | 128,263 |

| At 31 October 2023 | Amortised Cost £'000 | Fair Value Through Profit & Loss £'000 | Total £'000 |
|--------------------------------------------------------|----------------------------|-------------------------------------------------|----------------|
| Liabilities per statement of financial position | | | |
| Borrowings | | 77,174 | 77,174 |
| Leases | | 13,336 | 13,336 |
| Trade and other payables | | 57,921 | 57,921 |
| | | 148,431 | 148,431 |

| At 31 October 2022 | Amortised Cost £'000 | Fair Value Through Profit & Loss £'000 | Total £'000 |
|---------------------------------------------------|----------------------------|-------------------------------------------------|----------------|
| Assets per statement of financial position | | | |
| Financial instruments held at FVTPL | – | 5,239 | 5,239 |
| Financial assets – held at amortised cost: | | | |
| Trade and other receivables | 10,475 | – | 10,475 |
| Cash and cash equivalents | 136,185 | – | 136,185 |
| | 146,660 | 5,239 | 151,899 |

| At 31 October 2022 | Amortised Cost £'000 | Fair Value Through Profit & Loss £'000 | Total £'000 |
|--------------------------------------------------------|----------------------------|-------------------------------------------------|----------------|
| Liabilities per statement of financial position | | | |
| Borrowings | | 102,163 | 102,163 |
| Leases | | 15,923 | 15,923 |
| Trade and other payables | | 52,248 | 52,248 |
| | | 170,334 | 170,334 |

Company

| At 31 October 2023 | Amortised Cost £'000 | Fair Value Through Profit & Loss £'000 | Total £'000 |
|---------------------------------------------------|----------------------------|-------------------------------------------------|----------------|
| Assets per statement of financial position | | | |
| Financial assets held at FVTPL | – | 1,145 | 1,145 |
| Financial assets – held at amortised cost: | | | |
| Trade and other receivables | 33,001 | – | 33,001 |
| Cash and cash equivalents | 3,344 | – | 3,344 |
| | 36,346 | 1,145 | 37,491 |

| At 31 October 2023 | Amortised Cost £'000 | Fair Value Through Profit & Loss £'000 | Total £'000 |
|--------------------------------------------------------|----------------------------|-------------------------------------------------|----------------|
| Liabilities per statement of financial position | | | |
| Leases | | 1,635 | 1,635 |
| Trade and other payables | | 15,791 | 15,791 |
| | | 17,426 | 17,426 |

| At 31 October 2022 | Amortised Cost £'000 | Fair Value Through Profit & Loss £'000 | Total £'000 |
|---------------------------------------------------|----------------------------|-------------------------------------------------|----------------|
| Assets per statement of financial position | | | |
| Financial assets held at FVTPL | – | 789 | 789 |
| Financial assets – held at amortised cost: | | | |
| Trade and other receivables | 23,142 | – | 23,142 |
| Cash and cash equivalents | 13,321 | – | 13,321 |
| | 36,463 | 789 | 37,252 |

| At 31 October 2022 | Amortised Cost £'000 | Fair Value Through Profit & Loss £'000 | Total £'000 |
|--------------------------------------------------------|----------------------------|-------------------------------------------------|----------------|
| Liabilities per statement of financial position | | | |
| Leases | | 1,801 | 1,801 |
| Trade and other payables | | 14,552 | 14,552 |
| | | 16,353 | 16,353 |

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

16(b) Financial statement risk management

Financial risk factors and financial risk management

Overview

The Group and the Company are exposed to the following risks arising from financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

Credit risk is the risk of financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It mainly arises on trade and other receivables and bank balances.

Liquidity risk arises from the Group and the Company having insufficient cash resources to meet its obligations as and when they fall due for payment.

Market risk arises from changes in market prices, such as exchange rates, interest rates and equity prices that will impact on the Group's and the Company's statement of comprehensive income or the value of its holding of financial instruments.

Listed below are details of these risks, the Group's objectives, policies and processes for measuring and monitoring risks and the Group's management of capital.

Risk Management Framework

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential risks for the Group. Information has been disclosed relating to the Parent Company only where material risk exists.

There is a continuous process for identifying, evaluating and managing the key financial risks faced by the Group in line with changing market conditions and the Group's strategy. If necessary, the Group's internal audit function may assist in monitoring and assessing the effectiveness of controls and procedures. The Board retains responsibility for ensuring the adequacy of systems for identifying and assessing significant risks, that appropriate control systems and other mitigating actions are in place and that residual exposures are consistent with the Group's strategy and objectives. Assessments are conducted for all material entities.

The Group may use derivatives to manage exchange or interest rate risk. Approval for their use is given by the Board and the position is monitored constantly.

With regard to management of interest rate risk, the objectives are to lessen the impact of adverse interest rate movements on earnings and shareholders' funds and to ensure no breach of covenants. This is mainly achieved by reviewing the mix of fixed and floating rate borrowings.

The Group's liquidity risk management involves maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities.

(i) Credit risk

The Group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, and on outstanding trade and other receivables. Cash deposits are limited to high credit quality financial institutions. The Group has policies in place to ensure that sales of products and services are made to customers with an approved credit history.

Credit quality of financial assets

Individual Group companies have banking relationships with leading banks in the country in which the Group company operates. Surplus cash is placed with Group Treasury bank accounts, as described above. The Group has procedures in place to ensure that cash is placed with sound financial institutions.

The Group and the Company trade with a large number of customers, ranging from quoted companies and state organisations to individual traders. Individual Group companies have credit control procedures in place before making sales to new customers and levels of credit are reviewed in light of trading experience. The normal terms of trade are in the range 30–90 days. The collection of outstanding receivables is monitored at both the Group and subsidiary level.

The Group and the Company make provisions against trade and other receivables, such provisions being based on the previous credit history of the debtor and if the debtor is in receivership or liquidation.

The maximum credit risk for financial assets is the carrying value.

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

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due or an impairment amount being required under the ECL model mandated by IFRS 9.

The Group applies the simplified ECL model to its impairments of trade receivables and contract assets.

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

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

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

The Directors have concluded that the credit risk of trade and other receivables has not increased significantly since initial recognition. The Directors have come to this conclusion having considered micro and macro-economic factors including Brexit, the Group's knowledge of its customers, payment history of the customers and industry trends.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

16(b) Financial statement risk management continued

The ageing of net current trade receivables is as follows:

| | Group | | | | | |
|--------------------------------|----------------------------------|------------------------------------------|--------------------------------|----------------------------------|------------------------------------------|--------------------------------|
| | 31 October 2023 | | | 31 October 2022 | | |
| | Gross trade receivables £'000 | Provision for trade receivables £'000 | Net Trade Receivables £'000 | Gross trade receivables £'000 | Provision for trade receivables £'000 | Net Trade Receivables £'000 |
| Current | 3,847 | – | 3,847 | 4,209 | – | 4,209 |
| Past due | | | | | | |
| – overdue 1-30 days | – | – | – | – | – | – |
| – overdue 31-60 days | 289 | – | 289 | 39 | – | 39 |
| – overdue 61 days | 2,378 | (1,326) | 1,052 | 2,617 | (987) | 1,630 |
| Total past due | 2,667 | (1,326) | 1,341 | 2,656 | (987) | 1,669 |
| Total trade receivables | 6,514 | (1,326) | 5,188 | 6,865 | (987) | 5,878 |

| | Company | | | | | |
|--------------------------------|----------------------------------|------------------------------------------|--------------------------------|----------------------------------|------------------------------------------|--------------------------------|
| | 31 October 2023 | | | 31 October 2022 | | |
| | Gross trade receivables £'000 | Provision for trade receivables £'000 | Net Trade Receivables £'000 | Gross trade receivables £'000 | Provision for trade receivables £'000 | Net Trade Receivables £'000 |
| Current | 24 | – | 24 | 12 | – | 12 |
| Past due | | | | | | |
| – overdue 1-30 days | – | – | – | – | – | – |
| – overdue 31-60 days | 1 | – | 1 | 5 | – | 5 |
| – overdue 61 days | 22 | (22) | – | 83 | (76) | 8 |
| Total past due | 23 | (22) | 1 | 89 | (76) | 13 |
| Total trade receivables | 47 | (22) | 25 | 101 | (76) | 25 |

The credit quality of trade receivables that are neither past due nor impaired is assessed on an individual basis, based on credit ratings and experience. Management believes adequate provision has been made for trade receivables.

Company – expected credit losses on intercompany balances

Intercompany balances with subsidiaries are repayable on demand. At the reporting date, each intercompany counterparty is assessed to determine whether it has sufficient accessible highly liquid assets to cover the intercompany debtor owed to the parent company. If this analysis determines that intercompany balance is not fully recoverable at the reporting date, management will set a recovery strategy and estimate the expected credit loss on the debtor. No provision was recognised against the Company's intercompany receivables in the year (2022: nil).

(ii) Liquidity risk

The Group's liquidity risk management involves maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Trading forecasts indicate that the current facilities provide more than sufficient liquidity headroom to support the business for the foreseeable future. The net cash position at 31 October 2023 and 31 October 2022 has reduced liquidity risk for the Group.

The Group has undrawn facilities totalling 2 million euros and having regard to the Group's cash flow, it is considered that the facilities provide adequate headroom for the Group's needs. The facilities are generally reaffirmed by the banks annually. These undrawn facilities, if used, will be subject to floating rates of interest and may be subject to the normal covenant conditions attached to such borrowings.

Some of the groups loans are subject to covenants and, during the years to 31 October 2023 and 31 October 2022, the Group and the Company have comfortably complied with such requirements. The nature of the covenants are ratio of EBITDA to debt, ratio of debt to equity, ratio of net interest to EBITDA, free cashflow and profit requirements.

The table below summarises the maturity profile of the Group's and Company's financial liabilities (including trade and other payables) at 31 October 2023 and 31 October 2022 based on contractual undiscounted payments.

Group contractual cash flows

| | Within one year £'000 | Year 2 £'000 | Year 3 £'000 | Year 4 £'000 | Year 5 £'000 | Over 5 years £'000 | Total £'000 |
|---------------------------------------------------------------|-----------------------------|-----------------|-----------------|-----------------|-----------------|--------------------------|----------------|
| At 31 October 2023 | | | | | | | |
| Interest bearing loans and borrowings and interest free loans | 27,676 | 20,663 | 17,655 | 10,819 | 771 | 976 | 78,560 |
| Finance leases | 6,243 | 4,061 | 2,376 | 1,462 | 1,026 | 1,331 | 16,499 |
| Trade and other payables | 57,921 | - | - | - | - | - | 57,921 |
| | 91,840 | 24,724 | 20,031 | 12,281 | 1,797 | 2,307 | 152,980 |
| At 30 October 2022 | | | | | | | |
| Interest bearing loans and borrowings and interest free loans | 30,412 | 26,272 | 19,904 | 16,939 | 10,211 | 271 | 104,009 |
| Finance leases | 6,235 | 4,610 | 2,643 | 1,552 | 1,116 | 1,411 | 17,568 |
| Trade and other payables | 52,248 | - | - | - | - | - | 52,248 |
| | 87,905 | 28,246 | 22,036 | 19,238 | 12,639 | 271 | 170,334 |

Company contractual cash flows

| | Within one year £'000 | Year 2 £'000 | Year 3 £'000 | Year 4 £'000 | Year 5 £'000 | Over 5 years £'000 | Total £'000 |
|---------------------------|-----------------------------|-----------------|-----------------|-----------------|-----------------|--------------------------|----------------|
| At 31 October 2023 | | | | | | | |
| Finance leases | 709 | 597 | 355 | 162 | 149 | - | 1,971 |
| Trade and other payables | 15,791 | - | - | - | - | - | 15,791 |
| | 16,500 | 597 | 355 | 162 | 149 | - | 17,762 |
| At 30 October 2022 | | | | | | | |
| Finance leases | 320 | 489 | 377 | 169 | 162 | 149 | 1,665 |
| Trade and other payables | 14,552 | - | - | - | - | - | 14,552 |
| | 15,612 | 185 | 185 | 185 | 185 | - | 16,353 |

Financial instruments held at amortised cost

These largely comprise of restricted bank deposit accounts where the cash acts as security against possible shortfalls in Group's UK pension fund obligation.

(iii) Market risk

Foreign exchange risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the local functional currency. In addition, the Group faces currency risks arising from monetary financial instruments held in non-functional currencies. The income statement reflects the impact of realised and unrealised exchange differences on trading items and monetary financial instruments (note 4).

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The main currency translation risk relates to foreign operations whose functional currency is the Euro, Swiss Franc or Japanese Yen. The investments are not hedged. The translation reserve reflects the exchange differences arising on translation of the opening net assets and results of the foreign operation (note 21).

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

16(b) Financial statement risk management continued**Operational foreign exchange exposure**

Where possible, the Group tries to invoice in the local currency of the respective entity. If this is not possible, to mitigate exposure, the Group endeavours to buy from suppliers and sell to customers in the same currency. The exposure relating to receivables and payables denominated in the non-functional currency is normally less than 3 months as this is the normal settlement period for these items.

Subject to the requirements of Group Treasury, as noted above, where possible, the Group tries to hold the majority of its cash and cash equivalent balances in the local currency of the respective entity.

Monetary assets/liabilities

The Group continues to monitor exchange rates and buy or sell currencies in order to minimise the open exposure to foreign exchange risk.

The Group may use derivative financial instruments mainly to reduce the risk of foreign exchange exposure on trading items (sales or purchases in currencies other than the domestic currency of the company concerned) and interest rate movements. The Group does not hold or issue derivative financial instruments for financial trading purposes.

Borrowings

At 31 October 2023 and 31 October 2022 the majority of the Group's borrowings were denominated in Euros and held by subsidiaries whose functional currency is the Euro.

Analysis of monetary assets and liabilities by currency – Group

| At 31 October 2023 | Sterling £'000 | Euro £'000 | Swiss Franc £'000 | Japanese Yen £'000 | Other Currencies £'000 | Total £'000 |
|--------------------------------------------------------|-------------------|---------------|-------------------------|--------------------------|------------------------------|----------------|
| Assets per statement of financial position | | | | | | |
| Financial instruments held at FVTPL | 1,145 | 4,741 | – | – | – | 5,886 |
| Trade and other receivables | 1,406 | 6,968 | 173 | 2,210 | 529 | 11,286 |
| Cash and cash equivalents | 17,769 | 77,828 | 6,198 | 8,200 | 1,096 | 111,091 |
| | 20,320 | 89,537 | 6,371 | 10,410 | 1,625 | 128,263 |
| Liabilities per statement of financial position | | | | | | |
| Borrowings and Leases | 1,635 | 80,351 | 296 | 8,194 | 34 | 90,510 |
| Trade and other payables | 8,426 | 42,437 | 2,415 | 3,995 | 648 | 57,921 |
| | 10,061 | 122,788 | 2,711 | 12,189 | 682 | 148,431 |

| At 31 October 2022 | Sterling £'000 | Euro £'000 | Swiss Franc £'000 | Japanese Yen £'000 | Other Currencies £'000 | Total £'000 |
|--------------------------------------------------------|-------------------|---------------|-------------------------|--------------------------|------------------------------|----------------|
| Assets per statement of financial position | | | | | | |
| Financial instruments held at FVTPL | 789 | 4,450 | – | – | – | 5,239 |
| Trade and other receivables | 2,152 | 11,925 | 139 | 3,002 | 1,023 | 18,241 |
| Cash and cash equivalents | 15,781 | 105,910 | 5,236 | 7,694 | 1,564 | 136,185 |
| | 18,722 | 122,285 | 5,375 | 10,696 | 2,587 | 159,665 |
| Liabilities per statement of financial position | | | | | | |
| Borrowings and Leases | 1,802 | 110,801 | 435 | 4,944 | 104 | 118,086 |
| Trade and other payables | 9,109 | 37,149 | 2,300 | 3,170 | 520 | 52,248 |
| | 10,911 | 147,950 | 2,735 | 8,114 | 624 | 170,334 |

IFRS 7 sensitivity analysis

Sensitivity analysis has been performed on the Group's Euro foreign exchange risk, as its most material foreign currency. A 10% strengthening of Euro against Sterling, at the Statement of Financial Position date, would have caused a £2,906,000 decrease in the Group's net assets at that date (2022: £2,432,000 decrease in net assets). A 10% weakening of Euro against Sterling would have had the equal and opposite effect on the Group's net assets.

Interest rate risk

| | 2023 Carrying amount £'000 | 2022 Carrying amount £'000 |
|-------------------------------------------------------|-------------------------------------|-------------------------------------|
| Net cash | | |
| Mainly non-interest bearing current accounts: | | |
| Cash at bank and in hand | 70,669 | 81,219 |
| Deposit accounts – generally interest bearing: | | |
| Bank deposit accounts | 40,422 | 53,981 |
| Restricted bank deposit accounts | – | 985 |
| Other items | | |
| Interest free and interest bearing loans | (77,174) | (102,164) |
| | 33,917 | 34,021 |

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

IFRS 7 sensitivity analysis

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

Details of the Group's borrowings are shown in the table below. All loans are subject to fixed rates of interest. A theoretical increase of 1% in the fixed rate of interest would result in an extra £772,000 (31 October 2022: £1,022,000) of interest expense. This sensitivity is purely illustrative as the Groups debt is not subject to an interest rate risk.

Terms and debt repayment schedule

The table below shows the maturity profile and interest rates of the Groups borrowings at 31 October 2023 and 31 October 2022.

| Group | Status | Currency | Interest Rate | Year of maturity | 2023 Carrying amount £'000 | 2022 Carrying amount £'000 |
|-------------------|------------|--------------|---------------|------------------|-------------------------------------|-------------------------------------|
| Loans | Fixed rate | Euro | 0,28% – 1,57% | 2023-2027 | 69,975 | 97,978 |
| Loans | Fixed rate | Japanese Yen | 0,54% – 1,15% | 2024-2030 | 7,199 | 4,186 |
| Lease liabilities | Fixed rate | Various | 6,1% – 18.6% | 2023-2033 | 13,336 | 15,922 |
| | | | | | 90,510 | 118,086 |

Price risk

The Group and the Company are exposed to changes in prices on raw materials, consumables and finished goods purchased from suppliers. Wherever possible, price rises are passed on to customers via sales price increases to help manage this risk.

The Group's investment in listed equity securities is not material thus the Group does not have any significant exposure to price risk on these equity investments.

The Group's investment in convertible bonds, which is linked to the equity of a privately held company, does not expose it to a material price risk.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

16(c) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to enhance long-term shareholder value, by investing in the business so as to improve the return on investment (by increasing profits available for dividends) and by managing the capital gearing ratio (mixture of equity and debt).

The Group manages, and makes adjustments to, its capital structure in light of the prevailing risks and economic conditions affecting its business activities. This may involve adjusting the rate of dividends, purchasing the Company's own shares, the issue of new shares and reviewing the level and type of debt. The Group manages its borrowings by appraising the mix of fixed and floating rate borrowings and the mix of long-term and short-term borrowings. Details of how the Group and subsidiaries are funded are shown below. There were no changes to the Group's approach to capital management during the period.

Group

The Group is funded by share capital and retained earnings; supplemented by external borrowing as required. The Group has had a strong net cash position throughout the current and comparative period.

Subsidiary companies

Subsidiary companies are funded by share capital and retained earnings, and where applicable local borrowings by the subsidiaries in appropriate currencies.

The capital structure of the Group is presented below.

| | 31 October 2023 £'000 | 31 October 2022 £'000 |
|------------------------------------------|-----------------------------|-----------------------------|
| Cash and cash equivalents | 111,091 | 136,185 |
| Borrowings | (77,174) | (102,164) |
| Net cash (excluding restricted deposits) | 33,917 | 34,021 |
| Equity | 158,988 | 132,649 |

The Group has various borrowings and available facilities that contain certain external capital requirements (covenants) that are considered normal for these types of arrangements. The Group remains comfortably within all such covenants.

17 Trade and other receivables

| | Group | | Company | |
|---------------------------------|-----------------------------|----------------------------------------|-----------------------------|-----------------------------|
| | 31 October 2023 £'000 | 31 October 2022 (restated) £'000 | 31 October 2023 £'000 | 31 October 2022 £'000 |
| Non-current assets | | | | |
| Other receivables | 3,005 | 1,974 | 981 | – |
| | 3,005 | 1,974 | 981 | – |
| Current assets | | | | |
| Gross trade receivables | 6,514 | 6,865 | 47 | 101 |
| Provision for trade receivables | (1,326) | (987) | (22) | (76) |
| Trade receivables | 5,188 | 5,878 | 25 | 25 |
| Amounts due from subsidiaries | – | – | 31,947 | 21,525 |
| Other receivables | 3,093 | 2,623 | 49 | 354 |
| Prepayments | 8,342 | 7,766 | 642 | 1,238 |
| | 16,623 | 16,267 | 32,662 | 23,142 |

The balance of prepayments at 1 November 2022 has been restated by a reduction of £3,783,000 to correct an error in the prior year financial statements. The adjustment represents the value of capitalised development work in progress which had previously been reported in prepayments but has now been reclassified to other intangible assets. A corresponding adjustment has been made to increase the opening balance of capitalised development costs in other intangibles assets (note 11) by the same value.

Non-current other receivables include restricted deposits related to pension schemes, which in previous years were included in cash and cash equivalents. Following a change in accounting policy, the respective deposits are now classified as non-current receivables. The value of restricted deposits at the reporting date was £990,000 for the Group and £981,000 for the Company.

All trade receivables arise from contracts with customers.

Current other receivables include deposits relating to operating sites and properties, indirect and other taxation and other receivables.

18 Inventories

| | Group | | Company | |
|-------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31 October 2023 £'000 | 31 October 2022 £'000 | 31 October 2023 £'000 | 31 October 2022 £'000 |
| Raw materials and consumables | 25,484 | 18,774 | 1,249 | 1,066 |
| Finished goods | 7,017 | 6,717 | 543 | 764 |
| | 32,501 | 25,491 | 1,793 | 1,830 |

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

19 Cash and cash equivalents

| | Group | | Company | |
|---------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31 October 2023 £'000 | 31 October 2022 £'000 | 31 October 2023 £'000 | 31 October 2022 £'000 |
| Cash at bank and in hand | 70,669 | 81,220 | 3,344 | 2,516 |
| Deposit accounts (excluding restricted deposits) | 40,422 | 53,980 | – | 9,829 |
| Restricted deposit accounts | – | 985 | – | 976 |
| Cash and cash equivalents per statement of financial position | 111,091 | 136,185 | 3,344 | 13,321 |

Cash and cash equivalents per cash flow comprise cash at bank and in hand and short-term deposit accounts with an original maturity of less than three months, less bank overdrafts. The amounts placed in short-term deposit accounts depend on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rate. The Group earned interest on deposits at rates between 2.90% and 2.93% in the year (2022: 1.14% to 1.80%). Cash at bank is generally interest free but may earn interest at the applicable daily bank floating deposit rate.

20 Net cash

| | Notes | Group | | Company | |
|---------------------------------------------------------------|-------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | 31 October 2023 £'000 | 31 October 2022 £'000 | 31 October 2023 £'000 | 31 October 2022 £'000 |
| Cash and cash equivalents per statement of financial position | 19 | 111,091 | 136,185 | 3,344 | 13,321 |
| Non-current borrowings | 22 | (50,137) | (72,365) | – | – |
| Current borrowings | 22 | (27,037) | (29,799) | – | – |
| Net Cash | | 33,917 | 34,021 | 3,344 | 13,321 |

Net cash is a non-GAAP measure since it is not defined in accordance with IFRS but is a key indicator used by management in assessing operational performance and financial position strength. The inclusion of items in net cash as defined by the Group may not be comparable with other companies' measurement of net cash/debt. The Group includes in net cash, cash and cash equivalents and certain financial assets, mainly deposits, less current and non-current borrowings outstanding excluding lease liabilities of £13,336,000 (2022: £15,922,000).

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

20 Net cash continued**Reconciliation of movement in liabilities arising from financing activities****Group**

| | 1 November £'000 | Non cash movements | | | Cash movements | | 31 October £'000 |
|-----------------------------------------------------------|---------------------|----------------------------------|-----------------------------------|-----------------------------|--------------------------------------|-----------------------|---------------------|
| | | Exchange differences £'000 | New lease liabilities £'000 | Other movements £'000 | Repayment of liabilities £'000 | New loans £'000 | |
| 31 October 2023 | | | | | | | |
| Non-current loans | 72,365 | 778 | - | (25,243) | (744) | 2,981 | 50,137 |
| Non-current lease liabilities | 10,064 | 157 | 657 | (2,568) | - | - | 8,310 |
| Non-current liabilities arising from financing activities | 82,429 | 935 | 657 | (27,811) | (744) | 2,981 | 58,447 |
| Current loans | 29,799 | 375 | - | 25,243 | (30,216) | 1,836 | 27,037 |
| Current lease liabilities | 5,858 | (4) | 2,462 | 2,568 | (5,858) | - | 5,026 |
| Current liabilities arising from financing activities | 35,657 | 371 | 2,462 | 27,811 | (36,074) | 1,836 | 32,063 |
| Total liabilities arising from financing activities | 118,086 | 1,306 | 3,119 | - | (36,818) | 4,817 | 90,510 |
| 31 October 2022 | | | | | | | |
| Non-current loans | 44,323 | 309 | - | (27,740) | (1,270) | 56,743 | 72,365 |
| Non-current lease liabilities | 10,735 | 135 | 2,189 | (2,556) | (439) | - | 10,064 |
| Non-current liabilities arising from financing activities | 55,058 | 444 | 2,189 | (30,296) | (1,709) | 56,743 | 82,429 |
| Current loans | 20,120 | 261 | - | 27,740 | (23,352) | 5,030 | 29,799 |
| Current lease liabilities | 5,757 | (41) | 3,343 | 2,556 | (5,757) | - | 5,858 |
| Current liabilities arising from financing activities | 25,877 | 220 | 3,343 | 30,296 | (29,109) | 5,030 | 35,657 |
| Total liabilities arising from financing activities | 80,935 | 664 | 5,532 | - | (30,818) | 61,773 | 118,086 |

Company

| | 1 November £'000 | New lease liabilities £'000 | Repayment of liabilities £'000 | Other movements £'000 | 31 October £'000 |
|-----------------------------------------------------|---------------------|-----------------------------------|--------------------------------------|-----------------------------|---------------------|
| 31 October 2023 | | | | | |
| Non-current lease liabilities | 741 | 358 | - | (73) | 1,026 |
| Current lease liabilities | 1,060 | 212 | (731) | 68 | 609 |
| Total liabilities arising from financing activities | 1,801 | 570 | (731) | (5) | 1,635 |
| 31 October 2022 | | | | | |
| Non-current lease liabilities | 1,727 | 36 | (14) | (1,008) | 741 |
| Current lease liabilities | 830 | 52 | (830) | 1,009 | 1,060 |
| Total liabilities arising from financing activities | 2,557 | 88 | (844) | - | 1,801 |

21 Share capital and reserves

| Share Capital | 31 October 2023 Number | 31 October 2022 Number | 31 October 2023 £'000 | 31 October 2022 £'000 |
|------------------------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|
| Allotted, issued and fully paid: | | | | |
| Ordinary shares of 0.5p each | | | | |
| At the beginning of the period | 378,051,637 | 378,011,637 | 1,889 | 1,889 |
| Issued in year – share options exercised | 403,242 | 40,000 | 2 | – |
| At the end of the period | 378,454,879 | 378,051,637 | 1,891 | 1,889 |

The holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share options, which have been granted to senior staff, including directors, to purchase Ordinary shares of 0.5p each, are as follows:

| Date options granted | At 31 October 2022 | Exercise price | Granted during year | Lapsed or forfeited during year | Exercised during year | At 31 October 2023 | Date from which exercisable | Last date on which exercisable |
|----------------------|--------------------------|----------------|---------------------|---------------------------------|-----------------------|--------------------------|-----------------------------|--------------------------------|
| 13-Jul-16 | 499,300 | 141.50p | – | (309,694) | (189,606) | – | 13-Jul-19 | 12-Jul-23 |
| 27-Aug-19 | 946,509 | 101.40p | – | (251,757) | (100,000) | 594,752 | 27-Aug-22 | 26-Aug-26 |
| 4-Oct-19 | 1,000,000 | 93.30p | – | (1,000,000) | – | – | 4-Oct-22 | 4-Oct-26 |
| 5-Oct-20 | 1,000,000 | 51.05p | – | (1,000,000) | – | – | 5-Oct-23 | 5-Oct-27 |
| 19-Apr-21 | 1,245,000 | 61.40p | – | (320,000) | – | 925,000 | 19-Apr-24 | 19-Apr-28 |
| 05-Aug-21 | 2,164,774 | 77.50p | – | (251,364) | (113,636) | 1,799,774 | 05-Aug-24 | 05-Aug-28 |
| 5-Oct-21 | 1,000,000 | 61.10p | – | (1,000,000) | – | – | 5-Oct-24 | 5-Oct-28 |
| 12-May-22 | 2,225,000 | 68.73p | – | (475,000) | – | 1,750,000 | 12-May-25 | 12-May-29 |
| 04-Apr-23 | – | 126.70p | 2,039,947 | (100,000) | – | 1,939,947 | 04-Apr-26 | 04-Apr-30 |
| | 10,080,583 | | 2,039,947 | (4,707,815) | (403,242) | 7,009,473 | | |

All options can be exercised, in normal circumstances, within a period of four years from the exercise of option date, providing that the performance criterion or performance condition has been achieved. The subscription price for all options is based upon the average market price on the three days prior to the date of grant. Options are restricted, or may lapse, if the grantee leaves the employment of the Group before the first exercise date.

All options are equity settled options.

Options granted after 2005 are covered by the new ME Group Executive Share Option Scheme. The vesting of options is subject to an EPS-based performance condition relating to the extent to which the Company's basic EPS for the third financial year, following the date of grant, reaches a sliding scale of challenging EPS targets.

Options are normally granted over shares worth up to 150% of a participant's salary each year. In exceptional cases as part of the terms of attracting senior management, options in excess of that number may be granted.

The weighted average exercise price of all options outstanding at 31 October 2023 is 88.83p (2022: 75.98p) and the weighted average exercise price of options exercisable at 31 October 2023 is 101.40p (2022: 105.54p).

The weighted average share price for options exercised during the period ended 31 October 2023 was 154.43p (31 October 2022: 96.35p).

The weighted average remaining years for options outstanding at the period-end date is 5.2 years (2022: 5.2 years).

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

21 Share capital and reserves continued

Share-based payments

In accordance with IFRS 2 Share-based Payments, share options granted to senior management including directors after November 2002 have been fair-valued and the Company has used the Black-Scholes option pricing model. This model takes into account the terms and conditions under which the options were granted.

The following table lists the inputs to the model used for the years ended 31 October 2023 and 31 October 2022:

| Date of grant | 27 August 2019 | 4 October 2019 | 5 October 2020 |
|------------------------------|----------------|----------------|----------------|
| Vesting period | 3 years | 3 years | 3 years |
| Share price volatility | 32.5% | 32.59% | 31.64% |
| Share price on date of grant | 101.40p | 92.80p | 42.30p |
| Option price | 103.00p | 93.30p | 93.30p |
| Expected term | 3.25 years | 3.25 years | 3.25 years |
| Dividend yield | 0.00% | 3.98% | 0.00% |
| Risk free interest rate | 0.00% | 0.00% | 0.00% |
| Fair value | 45.51p | 41.99p | 22.97p |

| Date of grant | 19 April 2021 | 5 August 2021 | 5 October 2021 |
|------------------------------|---------------|---------------|----------------|
| Vesting period | 3 years | 3 years | 3 years |
| Share price volatility | 51.40% | 77.50% | 49.48% |
| Share price on date of grant | 63.20p | 77.50p | 65.50p |
| Option price | 61.40p | 77.50p | 61.10p |
| Expected term | 3.25 years | 3.25 years | 3.25 years |
| Dividend yield | 0.00% | 0.00% | 0.00% |
| Risk free interest rate | 0.17% | 0.15% | 0.56% |
| Fair value | 34.89p | 28.18p | 24.47p |

| Date of grant | 12 May 2022 | 4 April 2023 |
|------------------------------|-------------|--------------|
| Vesting period | 3 years | 3 years |
| Share price volatility | 49.91% | 52.91% |
| Share price on date of grant | 65.20p | 127.40p |
| Option price | 68.73p | 126.70p |
| Expected term | 3.25 years | 3.25 years |
| Dividend yield | 4.43% | 4.40% |
| Risk free interest rate | 1.24% | 3.35% |
| Fair value | 25.17p | 59.25p |

The charge for share-based payments is £345,000 (2022: £884,000) and for the Company the charge is £197,000 (2022: £321,000).

Share price volatility is based on historical data.

Reserves

Group

Treasury shares (Group and Company)

In accordance with shareholders' resolutions passed at the Annual General Meeting on 18 August 2023, the Company may purchase its own shares up to a maximum of 10% of the Ordinary shares in issue. In the year ended 31 October 2023 the Company purchased, on various dates and at various prices, 1,260,534 shares at a combined cost of £1,969,000 including £23,000 transaction costs and is holding these shares as treasury shares (2022: no shares purchased or held in treasury). At 31 October 2023 the number of shares held in treasury was 1,260,534, representing 0.1% of the Ordinary issued share capital (2022: nil). The treasury shares have no voting or dividend rights.

Share premium

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

Other reserves

Other reserves mainly arise in subsidiaries, are generally not distributable, and arise as a result of local legislation regarding capital maintenance.

Translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and associates. In accordance with the options allowed under IFRS 1, only exchange rate differences arising on translation after the date of transition, 1 May 2004, are shown in this reserve. When an overseas subsidiary or associate is disposed, the cumulative exchange difference relating to the entity disposed is recycled through the statement of comprehensive income as part of the profit or loss on sale in other net gains/(losses) and is shown as a movement in other comprehensive income.

Company

Other reserves

The Company's other reserves £2,673,000 (2022: £2,007,000) relating to the fair value of options granted to employees of Group undertakings.

22 Financial liabilities

| | Group | | Company | |
|-------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31 October 2023 £'000 | 31 October 2022 £'000 | 31 October 2023 £'000 | 31 October 2022 £'000 |
| Non-current liabilities | | | | |
| Non-current instalments due on bank loans | 50,137 | 72,365 | - | - |
| Current liabilities | | | | |
| Current instalments due on loans | 27,037 | 29,799 | - | - |

Bank loans bear fixed rates of interest. Margins are generally between 0.4% and 1.0%. Further details are provided in note 16.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

22 Financial liabilities continued**Lease Liabilities**

In addition to bank loans, the Group has lease liabilities of £13,336,000 (2022: £15,922,000).

The Company has lease liabilities of £1,971,000 (2022 £1,665,000).

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

| Group | Site agreements | Property | Motor vehicles |
|---------------------------------|-----------------|----------|----------------|
| As at 31 October 2023 | | | |
| Number of lease agreements | 618 | 9 | 507 |
| Average lease term (months) | 80 | 74 | 41 |
| Average remaining term (months) | 50 | 41 | 22 |

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

| Company | Site agreements | Property | Motor vehicles |
|---------------------------------|-----------------|----------|----------------|
| As at 31 October 2023 | | | |
| Number of lease agreements | 44 | 1 | 124 |
| Average lease term (months) | 52 | 113 | 45 |
| Average remaining term (months) | 6 | 60 | 21 |

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

The maturity profile of lease liabilities is shown below:

| Group | Within one year £'000 | Year 2 £'000 | Year 3 £'000 | Year 4 £'000 | Year 5 £'000 | Over 5 years £'000 | Total £'000 |
|---------------------------|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------------|----------------|
| At 31 October 2023 | | | | | | | |
| Leases | 5,026 | 2,107 | 2,092 | 2,071 | 2,038 | 1 | 13,336 |
| At 31 October 2022 | | | | | | | |
| Leases | 5,858 | 2,568 | 2,513 | 2,503 | 2,480 | – | 15,922 |
| Company | | | | | | | |
| At 31 October 2023 | | | | | | | |
| Leases | 609 | 256 | 256 | 256 | 256 | – | 1,635 |
| At 31 October 2022 | | | | | | | |
| Leases | 1,060 | 185 | 185 | 185 | 186 | – | 1,801 |

23 Post-employment benefit obligations

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

Defined benefit plans

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

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

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

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

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

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

23 Post-employment benefit obligations continued

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

| | Group | | Company | |
|-----------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31 October 2023 £'000 | 31 October 2022 £'000 | 31 October 2023 £'000 | 31 October 2022 £'000 |
| Overseas employment benefit obligations | 3,847 | 3,692 | - | - |
| Defined benefit schemes | 216 | 158 | - | - |
| | 4,063 | 3,850 | - | - |

ME Group International plc defined benefit pension scheme

The Company runs a defined benefit pension scheme, the Photo-ME International Plc Pension and Life Assurance Fund (the "Fund"). This note covers the pension obligations provided from the Fund.

The Fund is administered by a corporate Trustee, with Trustee Directors, which is legally separate from the Company. The Trustee Directors include representatives of both the Company and Fund members. The Trustee Directors are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day to day administration of the benefits.

The level of benefits provided by the Fund depends on a member's length of service and salary at date of leaving or retiring from the Fund. Annual pension increases between leaving the Fund and retirement are linked to increases in the Retail Prices Index (RPI). After retirement, annual pension increases are at 3.0% pa for pension accrued before April 1997 and in line with increases in the Retail Prices Index (RPI), up to a maximum of 5.0% pa, for pension accrued from April 1997. The benefit payments are from a trustee administered fund containing assets held in trust and governed by UK regulations and practice. The amount of Company contributions is decided jointly by the Trustee Directors and the Company.

The Fund's investment strategy is decided by the Trustee Directors, in consultation with the Company. The Trustee Directors exercise their powers of investment (or delegation where these powers have been delegated to a fund manager) in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In order to avoid an undue concentration of risk a spread of assets is held. The diversification is both within and across asset classes. The assets are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Fund. Day to day selection of stocks is delegated to fund managers appointed by the Trustee Directors. As regards the review and selection of their fund managers, the Trustee Directors take expert advice.

The actuarial valuation of the UK Pension scheme has revealed a surplus at 31 October 2023 and at each financial statement date since 30 April 2017. This surplus has not been recognised as an asset, in accordance with IFRIC 14, as in the future the surplus will not be recovered by a reduction in future contributions to the scheme. The scheme has been closed to new members for over 30 years.

Profile of the Fund

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

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

The Fund duration is an indicator of the weighted-average time until benefit payments are made. For the Fund as a whole, the duration is around 8 years.

Funding requirements

UK legislation requires that pension schemes are funded prudently. The most recent triennial funding valuation of the Fund was carried out by a qualified actuary with an effective date of 1 June 2021. At this date the Fund had a funding level of 102% and a surplus of approximately £0.2 million on a technical provisions basis. This basis uses actuarial assumptions adopted by the Trustee Directors of the Fund that are consistent with the Fund continuing on an ongoing basis with support from the Company.

The last active member ceased employment with the Company in 2020 so contributions are no longer required in respect of the accrual of benefits in the Fund.

Risks associated with the Fund

The Fund exposes the Company to a number of risks, the most significant of which are described below.

| | |
|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Asset volatility | The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. |
| Changes in bond yields | A decrease in corporate bond yields will increase the value placed on the Fund's liabilities for IAS 19, although this will be partially offset by an increase in the value of the Fund's bond holdings and insurance policies backing pensions in payment. |
| Inflation risk | Some of the Fund's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). In addition, increases in expected inflation will be offset by an increase in the value of the Fund's index-linked bond holdings and insurance policies backing pensions in payment. |
| Life expectancy | The majority of the Fund's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities. Increases in life expectancy will be partially offset by an increase in the value of the insurance policies backing pensions in payment. |

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

| | 31 October 2023 £'000 | 31 October 2022 £'000 |
|---------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Present value of defined benefit obligation at beginning of the period | 4,364 | 5,788 |
| Current service cost | - | - |
| Interest cost | 206 | 107 |
| Actuarial (gains)/losses on fund liabilities arising in demographic assumptions | (70) | 67 |
| Actuarial (gains) from changes in financial assumptions | (225) | (1,332) |
| Actuarial (gains)/losses on liabilities from experience | (268) | 84 |
| Benefits paid | (322) | (350) |
| Present value of defined benefit obligation at end of the period | 3,685 | 4,364 |

Reconciliation of the movement in the fair value of plan assets

| | 31 October 2023 £'000 | 31 October 2022 £'000 |
|------------------------------------------------------|-----------------------------|-----------------------------|
| Fair value of plan assets at beginning of the period | 4,769 | 6,641 |
| Interest income on fund assets | 226 | 123 |
| Remeasurement (losses) on assets | (672) | (1,645) |
| Benefits paid | (322) | (350) |
| Fair value of plan assets at end of the period | 4,001 | 4,769 |

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

23 Post-employment benefit obligations continued
Amount to be recognised in the statement of financial position

| | 31 October 2023 £'000 | 31 October 2022 £'000 |
|------------------------------------------------------|-----------------------------|-----------------------------|
| Present value of funded obligations | 3,685 | 4,364 |
| Fair value of scheme assets | 4,001 | 4,769 |
| Net surplus | (316) | (405) |
| Effect of limit of recognition of an asset | 316 | 405 |
| Amount recognised in statement of financial position | – | – |

Amount recognised in profit and loss

| | 31 October 2023 £'000 | 31 October 2022 £'000 |
|------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Amount recognised in profit and loss | | |
| Current service cost | – | – |
| Interest on net defined liability/(asset) | – | – |
| Total charge | – | – |
| Pension expense recognised in profit and loss | – | – |
| Remeasurement in Other Comprehensive Income | | |
| Return on Scheme assets in excess of that recognised in net interest | 672 | 1,645 |
| Actuarial (gains) due to changes in financial assumptions | (225) | (1,332) |
| Actuarial (gains)/losses due to changes in demographic assumptions | (70) | 67 |
| Actuarial (gains)/losses on liabilities arising from experience | (268) | 84 |
| Adjustment due to the asset ceiling | (109) | (464) |
| Total expense/(income) amount recognised in Other Comprehensive Income | – | – |
| Total expense amount recognised in Comprehensive Income | – | – |

The amounts shown above are included in staff costs (note 5) and in administrative expenses.

An analysis of the assets of the plan is as follows:

| | 31 October 2023 | | 31 October 2022 | |
|------------------------------|-----------------|-----|-----------------|-----|
| | £'000 | % | £'000 | % |
| Bonds and insurance policies | 3,892 | 97 | 4,704 | 99 |
| Other | 109 | 3 | 65 | 1 |
| | 4,001 | 100 | 4,769 | 100 |

There were no financial instruments of the Company included in the plan assets (2023: none) and there were no property assets occupied by the Company (2022: none).

Principal actuarial assumptions

| | 31 October 2023 % | 31 October 2022 % |
|--------------------------------------|-------------------------|-------------------------|
| Discount rate for scheme liabilities | 5.6 | 4.9 |
| Rate for increase in salaries | n/a | n/a |
| Price inflation | 3.2 | 3.1 |
| Pension increases | 3.0 | 3.0 |

The mortality tables used for 2023 are S3NXA Light tables for males and S3NXA All lives for females, with CMI 2022 projections and a long-term rate of improvement of 1.25% pa. The mortality tables used for 2022 were also S3NXA Light tables, but with CMI 2021 projections and a long term rate of improvement of 1.25% pa. The mortality assumptions allow for expected future improvements in mortality rates.

| | 31 October 2023 | 31 October 2022 |
|--------------------------|------------------------------|-----------------------|
| Male currently aged 65 | 23.3 years (age 88.3) | 23.8 years (age 88.8) |
| Female currently aged 65 | 24.7 years (age 89.7) | 25.1 years (age 90.1) |
| Male currently aged 45 | 24.5 years (age 89.5) | 25.0 years (age 90.0) |
| Female current aged 45 | 26.1 years (age 91.1) | 26.5 years (age 91.5) |

History of asset values, defined benefit obligation and surplus/deficit in fund

| | 2023 £'000 | 2022 £'000 | 2021 £'000 | 2020 £'000 | 2019 £'000 |
|------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Fair value of defined benefit obligation | 3,685 | 4,364 | 5,788 | 6,267 | 5,940 |
| Fair value of assets | 4,001 | 4,769 | 6,641 | 7,040 | 6,675 |
| Surplus/(deficit) | 316 | 405 | 853 | 773 | 735 |

History of experience gains and losses

| | 2023 £'000 | 2022 £'000 | 2021 £'000 | 2020 £'000 | 2019 £'000 |
|-----------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Experience gains/(losses) on fund assets | (672) | (1,645) | (170) | 622 | 160 |
| Experience (losses)/gains on plan liabilities | 268 | (84) | 79 | (67) | 9 |

Liabilities for 2023, 2022, 2021, 2020 and 2019 relate to gains/(losses) in respect of liability experience only, and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

Sensitivity to key assumptions

The key assumptions used for the IAS 19 valuation are: discount rate, inflation rate and mortality. If different assumptions were used, this could have a material effect on the results disclosed. The table below shows the sensitivity to the key assumptions noted above.

| Period ended 31 October 2023 | Plan assets £'000 | Defined benefit obligation £'000 | Surplus £'000 |
|----------------------------------------------------------|-------------------------|-------------------------------------------|------------------|
| As reported | 4,001 | 3,685 | 316 |
| Following a 0.1% decrease in the discount rate | 4,009 | 3,714 | 295 |
| Following a 0.1% increase in the inflation assumption | 4,002 | 3,694 | 308 |
| Following an increase in the life expectancy of one year | 4,120 | 3,918 | 202 |

The sensitivity information shown above has been prepared using the same method as adopted when adjusting the results of the latest valuation to the statement of financial position data. This is the same approach as has been adopted in previous years.

Overseas pension schemes

The Group's Swiss subsidiary, ME Group Switzerland AG participates in funded multi-employer pension schemes. A guaranteed return for such employees' schemes is mandated by the Swiss state. An actuarial valuation was performed at 31 October 2023 and 31 October 2022 by independent actuaries.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

23 Post-employment benefit obligations continued**Reconciliation of the movement in the present value of the defined benefit obligation**

| | 31 October 2023 £'000 | 31 October 2022 £'000 |
|--------------------------------------------------------------------|-----------------------------|-----------------------------|
| Present value of defined benefit obligation at start of the period | 2,898 | 3,621 |
| Exchange difference | 136 | 275 |
| Contribution by members | 33 | 36 |
| Current service cost | 126 | 172 |
| Past service cost | (18) | (29) |
| Interest cost | 71 | 8 |
| Remeasurement gains on plan liabilities | (56) | (658) |
| Prepaid risk premiums | (36) | (38) |
| Benefits paid | (225) | (491) |
| Administration costs | 1 | 2 |
| Present value of defined benefit obligation at end of the period | 2,930 | 2,898 |

| | 31 October 2023 £'000 | 31 October 2022 £'000 |
|--------------------------------------------------|-----------------------------|-----------------------------|
| Fair value of plan assets at start of the period | 2,740 | 3,113 |
| Exchange difference | 127 | 245 |
| Contributions by company and members | 166 | 178 |
| Expected return on plan assets | 67 | 9 |
| Remeasurement losses on plan assets | (125) | (276) |
| Benefits paid | (225) | (491) |
| Prepaid risk premiums | (36) | (38) |
| Fair value of plan assets at end of the period | 2,714 | 2,740 |

| | 31 October 2023 £'000 | 31 October 2022 £'000 |
|--------------------------------------|-----------------------------|-----------------------------|
| Net liability at start of the period | 158 | 508 |
| Exchange difference | 8 | 30 |
| Increase/(decrease) in liability | 49 | (380) |
| Net liability at end of the period | 216 | 158 |

Amounts recognised in comprehensive income

| | 31 October 2023 £'000 | 31 October 2022 £'000 |
|----------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Amount recognised in profit and loss: | | |
| Amounts recognised in comprehensive income: | | |
| Current service cost | 127 | 172 |
| Past service cost | (18) | (29) |
| Administrative expenses | 1 | 2 |
| Net pension interest | 4 | (1) |
| Total charge | 114 | 144 |
| Amount recognised in other comprehensive income: | | |
| Loss on scheme assets | 125 | 276 |
| Actuarial gains on defined benefit obligation | (56) | (658) |
| Total amount recognised in other comprehensive income | 68 | (382) |
| Total amount recognised in profit and loss and other comprehensive income | 182 | (238) |

| | 31 October 2023 | | 30 October 2022 | |
|-----------------------------|-----------------|------------|-----------------|------------|
| | £'000 | % | £'000 | % |
| Cash | 27 | 1 | 27 | 1 |
| Equities & debt instruments | 1,954 | 68 | 1,863 | 68 |
| Other | 733 | 31 | 849 | 31 |
| Total plan assets | 2,714 | 100 | 2,740 | 100 |

Principal actuarial assumptions

| | 31 October 2023 % | 31 October 2022 % |
|-----------------------------------------------|-------------------------|-------------------------|
| Discount rate | 2.00 | 2.40 |
| Expected return on plan assets at end of year | n/a | n/a |
| Rate of increase in salaries | 1.20 | 1.20 |
| Price inflation | 1.00 | 1.00 |

The normal retirement age for males is between 60 – 65 years and for females between 59 – 64 years for both 2023 and 2022.

The mortality tables used in 2023, 2022 and 2021 were the BVG 2020 GT tables

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

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

23 Post-employment benefit obligations continued
History of assets, liabilities and actuarial gains and losses

| | 2023 £'000 | 2022 £'000 | 2021 £'000 | 2020 £'000 | 2019 £'000 |
|---------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Present value of defined benefit obligation | 2,930 | 2,898 | 3,621 | 4,792 | 4,144 |
| Fair value of assets | 2,714 | 2,740 | 3,113 | 3,615 | 3,087 |
| Deficit | (216) | (158) | (508) | (1,177) | (1,057) |

| | 2023 £'000 | 2022 £'000 | 2021 £'000 | 2020 £'000 | 2019 £'000 |
|------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Experience (losses)/gains on plan liabilities | 56 | 658 | 436 | (93) | (144) |
| – as a percentage of the present value of plan liabilities | (2%) | (23%) | (12%) | 2% | 3% |
| Remeasurement gains/(losses) on plan assets | (125) | (276) | 166 | (69) | 96 |
| – as a percentage of the present value of plan assets | (5%) | (10%) | 5% | (2%) | 3% |

Sensitivity to key assumptions

The key assumptions used for the IAS 19 valuation are: discount rate, inflation rate and mortality.

If different assumptions were used, this could have a material effect on the results disclosed.

The table below shows the sensitivity to the key assumptions noted above.

| | Defined benefit obligation £'000 | Increase/ (decrease) in defined benefit obligation £'000 |
|----------------------------------------|-------------------------------------|----------------------------------------------------------------------|
| Defined benefit obligation as reported | 2,930 | – |
| Defined benefit obligation | | |
| – with discount rate – 0.25% | 3,019 | 89 |
| – with discount rate 0.25% | 2,846 | (84) |
| – with salary decrease – 0.25% | 3,002 | 72 |
| – with salary increase 0.25% | 2,863 | (67) |
| – with life expectancy 1 year | 2,964 | 34 |
| – with life expectancy – 1 year | 2,894 | (36) |

The Group's best estimate for contributions to be paid by the company next year to the scheme is £140,000 (2022: £133,000).

The amount recognised in the income statement for this scheme was £114,000 (2022: £144,000).

Overseas post-employment benefit obligations

Provisions for obligations to make termination payments on retirement, to employees who are not members of the pension and retirement schemes, are as follows:

- The Group's Japanese subsidiary undertaking, ME Group Japan, has an unfunded post-employment retirement provision based on an employee's length of service with the company and their current salary. The allowance is paid to an employee when they leave the company. This has been provided for in full within the accounts. ME Group Japan, agreed with the employees that 50 % of the liability for the retirement provision will be paid in cash to an independently controlled defined contribution scheme, with the balance to be met by the company when the employee leaves. The provision were valued by an independent actuary using the Projected Unit Credit Method at 31 October 2023 and 31 October 2022. This actuarial valuation incorporated the following principal assumptions in arriving at the present value of the obligations:

| | 31 October 2023 | 31 October 2022 |
|------------------------------|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Discount rate | 0.95% | 0.49% |
| Rate of increase in salaries | 0% | 0% |
| Retirement age | 60 years | 60 years |
| Mortality table | Standard mortality rates under defined benefit corporation pension plan (the 22nd Life Table for male & female) | Standard mortality rates under defined benefit corporation pension plan (the 22nd Life Table for male & female) |

Expenses relating to the Japanese post-employment benefit obligation were recognised in following sections of the statement of comprehensive income:

- Administration expenses £65,000 (2022: £55,000)
- Remeasurement gains in other comprehensive income £1,000 (2022: £7,000)

To meet the legal obligations within France, the Group's subsidiary undertakings have unfunded retirement provisions, which were valued by an independent actuary using the Projected Unit Credit Method at 31 October 2023 and 31 October 2022. This actuarial valuation incorporated the following principal assumptions in arriving at the present value of the obligations:

| | 31 October 2023 | 31 October 2022 |
|------------------------------|--------------------|--------------------|
| Discount rate | 3.80% | 4.00% |
| Rate of increase in salaries | 2.00% | 2.00% |
| Retirement age | 62-67 years | 62-67 years |
| Inflation rate | 2.00% | 2.00% |
| Mortality table | TGH/TGF 05 | TGH/TGF 05 |

Expenses relating to the French post-employment benefit obligation were recognised in following sections of the statement of comprehensive income:

- Administration expenses £16,000 (2022: £1,000)
- Finance cost £102,000 (2022: £21,000)
- Remeasurement losses in other comprehensive income £151,000 (2022: remeasurement gain of £748,000)

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

24 Provisions**Group**

| | Employee related claims £'000 | Product warranties £'000 | Other £'000 | Total £'000 |
|----------------------------------------------|----------------------------------------|--------------------------------|----------------|----------------|
| At 31 October 2021 | 688 | 764 | 714 | 2,166 |
| Exchange differences | 3 | 7 | 18 | 28 |
| Utilised and other movements | (453) | (338) | (760) | (1,551) |
| Charged to income statement | – | 202 | 722 | 924 |
| At 31 October 2022 | 238 | 635 | 694 | 1,567 |
| Amount shown as current liability | 238 | 635 | 694 | 1,567 |
| Amount shown as non-current liability | – | – | – | – |
| At 31 October 2022 | 238 | 635 | 694 | 1,567 |
| Exchange differences | 5 | 4 | (1) | 8 |
| Utilised and other movements | (49) | (52) | (522) | (623) |
| Reclassifications | – | 314 | (314) | – |
| Charged to income statement | 78 | – | 854 | 932 |
| At 31 October 2023 | 272 | 901 | 711 | 1,884 |
| Amount shown as current liability | 272 | 901 | 711 | 1,884 |
| Amount shown as non-current liability | – | – | – | – |

Other provisions include amounts for unresolved claims made against the Group by suppliers.

25 Deferred taxation

Deferred tax comprises:

| | Group | | Company | |
|--------------------------------------------------------------------------------------------------------------|-----------------------------|----------------------------------------|-----------------------------|-----------------------------|
| | 31 October 2023 £'000 | 31 October 2022 (restated) £'000 | 31 October 2023 £'000 | 31 October 2022 £'000 |
| Temporary differences relating to property, plant and equipment | 2,089 | 187 | 702 | (907) |
| Other temporary differences in recognising revenue and expense items in other periods for taxation purposes: | | | | |
| – capitalised development costs | 1,030 | 1,015 | – | – |
| – post-employment benefit provisions | (1,254) | (1,243) | – | – |
| – acquisition related intangibles | 4,407 | 5,038 | – | – |
| – other short-term temporary differences | 2,294 | 2,781 | (30) | (41) |
| | 8,566 | 7,778 | 672 | (948) |
| The closing balance comprises: | | | | |
| Deferred tax assets | (1,020) | (1,982) | (30) | (948) |
| Deferred tax liabilities | 9,586 | 9,760 | 702 | – |
| | 8,566 | 7,778 | 672 | (948) |

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

| | Group | | Company | |
|----------------------------------------------------|-----------------------------|----------------------------------------|-----------------------------|-----------------------------|
| | 31 October 2023 £'000 | 31 October 2022 (restated) £'000 | 31 October 2023 £'000 | 31 October 2022 £'000 |
| Opening balance | 7,778 | 9,362 | (948) | (732) |
| Exchange differences | (92) | (137) | - | - |
| Adjustments for prior periods | - | 82 | - | - |
| Post-employment benefit provisions | (52) | 248 | - | - |
| Charge/(credit) for the period in income statement | 932 | (1,169) | 1,620 | (216) |
| Other | - | (626) | - | - |
| Closing balance | 8,566 | 7,760 | 672 | (948) |
| IFRS remeasurement | - | 18 | - | - |
| Closing balance | 8,566 | 7,778 | 672 | (948) |

The IFRS remeasurement relates to deferred tax on intangible assets identified by purchase price allocation. Refer to note 11 for details of the IFRS remeasurement.

Temporary differences associated with Group investments Unremitted earnings of overseas affiliates

No deferred tax liability has been recognised on the unremitted earnings of overseas subsidiaries as no tax is expected to be payable on them in the foreseeable future based on current legislation or where the Group is able to control remittance of earnings and it is possible that such earnings will not be remitted in the foreseeable future.

Unrecognised deferred tax assets

The Group has no unrecognised deferred tax assets.

Factors that may affect future tax charges

The UK Corporation Tax rate increased from 19% to 25% with effect from 1 April 2023. The deferred tax assets and liabilities have been recognised based on the respective corporation tax rates at which they are anticipated to unwind in each jurisdiction.

26 Trade and other payables

| | Group | | Company | |
|---------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31 October 2023 £'000 | 31 October 2022 £'000 | 31 October 2023 £'000 | 31 October 2022 £'000 |
| Amounts shown as current liabilities | | | | |
| Trade payables | 33,393 | 29,364 | 2,246 | 3,207 |
| Amounts owed to subsidiaries | - | - | 9,448 | 8,736 |
| Other taxes and social security costs | 2,631 | 4,176 | 814 | 736 |
| Other payables | 11,185 | 11,081 | - | 64 |
| Accruals and deferred income | 10,713 | 7,627 | 3,284 | 1,808 |
| | 57,921 | 52,248 | 15,791 | 14,552 |

27 Capital commitments and contingent liabilities

Contingent liabilities

The Company has given guarantees in the normal course of business to the Group's bankers. No losses are expected from guarantees given by the Company.

In the opinion of the Directors, adequate provision has been made for claims and legal disputes and the Directors therefore consider that no contingent liability for litigation exists.

The Group has no contingent liabilities with regard to its interest in the associated undertakings (2022 none).

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

28 Related parties

The Group's related parties are its associated undertakings, subsidiary undertakings and its key management personnel, which comprises the Board of Directors.

The following transactions were carried out with related parties:

Directors' compensation

| | Group | | Company | |
|---------------------------------------------------------------------|-----------------------------|---------------------------------------------------------|-----------------------------|-----------------------------|
| | 31 October 2023 £'000 | 31 October 2022 Represented ¹ £'000 | 31 October 2023 £'000 | 31 October 2022 £'000 |
| Salaries, director fees, short term benefits and short term bonuses | 2,318 | 2,485 | – | – |
| Share-based payment charge | 136 | 246 | – | – |
| | 2,454 | 2,731 | – | – |

¹ 2022 figure for directors' salaries, fees, short term benefits and bonuses was incorrectly presented as £1,315,000 in the prior year financial statements, due to error. The comparative figure has been represented to show the correct figure.

The remuneration of the directors, both executive and non-executive, of the Company, who are the key management personnel of the Group, is set out in the table above. These figures include amounts payable to third party companies for services of the directors. The figures exclude pension related costs and any long-term incentive costs.

Directors of the Company control 36.54% of the Ordinary shares of the Company.

Company

| | 31 October 2023 £'000 | 31 October 2022 £'000 |
|-------------------------------------------------------------|-----------------------------|-----------------------------|
| Transactions with subsidiaries: | | |
| Purchases | 74 | 36 |
| Amounts owed by subsidiaries | 31,947 | 22,371 |
| Amounts owed to subsidiaries | 9,448 | 8,736 |
| Other items: | | |
| Intercompany fees charged by/(received from) subsidiaries | 5,255 | 6,388 |
| Property, plant and equipment acquired from subsidiaries | 3,189 | 5,635 |
| Dividend income | | |
| – from subsidiaries | 25,000 | 56,511 |

29 Group undertakings

This disclosure is made in accordance with Section 409 of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended by the Companies, Partnerships and Groups (accounts and reports) Regulations 2015. A full list of subsidiary undertakings and associated undertakings (showing country of incorporation, which is also the main trading location of the company, and the effective percentage of equity shares held) at 31 October 2023 is shown below. Unless indicated otherwise the equity shares held are in the form of ordinary shares or common stock.

Principal group undertakings which affect the financial statements of the Group are highlighted in bold. Together with the parent company, ME Group International plc, these companies contributed over 90% of the Group's revenue and operating profit.

| Company name | Principal Activity | Group interest | Registered office address | Country of incorporation |
|-----------------------------------------|--------------------|-------------------|------------------------------------------------------------------------------------------------|--------------------------|
| UK & Ireland | | | | |
| Jolly Roger (Amusement Rides) Limited | In liquidation | 100% | Unit 3B, Blenheim Road, Epsom, KT19 9AP | UK |
| MgInvest Investments Limited | In liquidation | 100% ¹ | Unit 3B, Blenheim Road, Epsom, KT19 9AP | UK |
| ME Group International Limited | Dormant | 100% | Unit 3B, Blenheim Road, Epsom, KT19 9AP | UK |
| Photo-ME (Retail) Limited | In liquidation | 100% | Unit 3B, Blenheim Road, Epsom, KT19 9AP | UK |
| Photo-ME Limited | Corporate | 100% | Unit 3B, Blenheim Road, Epsom, KT19 9AP | UK |
| Photo-ME Trustee Company Limited | Dormant | 100% | Unit 3B, Blenheim Road, Epsom, KT19 9AP | UK |
| Xpand Investments Limited | In liquidation | 100% | Unit 3B, Blenheim Road, Epsom, KT19 9AP | UK |
| ME Group Ireland Supplies Limited | Operations | 100% | Unit A4, Alexander House, Tallaght Cross East, Tallaght, Dublin 24 | Republic of Ireland |
| Continental Europe | | | | |
| ME Group Austria G.m.b.H. | Operations | 100% | Industriestraße 7/K01 L/10, 2100 Korneuburg | Austria |
| Prontophot Belgium NV | Operations | 100% | Boulevard Paepsem 8a, 1070 Anderlecht | Belgium |
| Photo-ME Czech Republic s.p.o.l. s.r.o. | Dormant | 100% ¹ | Husova 2117, 256 01 Benešov | Czech Republic |
| Me-Group SPC Finland Oy | Operations | 100% | Unit 3B Blenheim Road, Epsom, UNITED KINGDOM. KT19 9AP | Finland |
| KIS SAS | Production | 100% ¹ | 7 Rue Jean-Pierre Timbaud, 38130 Echirolles | France |
| ME Group France | Operations | 100% ¹ | 8 rue Auber 75009, Paris | France |
| Sempa SARL | Operations | 100% ¹ | 73 D rue du Général Mangin, 38000 Grenoble | France |
| ME Group GSS | Corporate | 100% | 8 rue Auber 75009, Paris | France |
| SCI Immobilière du 21 | Property | 100% ¹ | 7 Rue Jean-Pierre Timbaud, 38130 Echirolles | France |
| Dreamaker | Operations | 100% | 80 route des Lucioles 06560 Valbourne | France |
| ME Group Germany G.m.b.H. | Operations | 100% | Gervinusstraße 15-17, 60322 Frankfurt am Main | Germany |
| Me-Group Italia Srl | Operations | 100% | Roma (RM) Via Lovanio 1, CAP 00198 | Italy |
| Kis Italia Srl | Dormant | 100% | Milano, Via Tiziano 32, CAP 20145 | Italy |
| Prontophot Holland B.V | Operations | 100% | Loonseweg 14, 5527 AC Hapert | Netherlands |
| KIS Poland s.p.z.o.o. | Operations | 100% | ul. Targowa 46/5, 03-733 Warszawa | Poland |
| ME Group Portugal LDA | Operations | 100% | Industrial do Carvalhinho – Fracção K 2860-579 MOITA | Portugal |
| ME Group Spain Solutions | Operations | 100% | 28224 – Pozuelo de Alarcón (Madrid), Calle de las Dos Castillas, 33, Ático 7 | Spain |
| ME Group Switzerland AG | Operations | 100% | Sonnentalstrasse 5, 8600Dübendorf | Switzerland |
| Asia & ROW | | | | |
| ME Group Australia Pty Ltd | Operations | 100% | 4/24 Philip Street, Hawthorne, Queensland 4171 | Australia |
| Now Retail Group Pty Ltd | Operations | 100% | Level 9, 123 Albert Street, Brisbane, Queensland 4000 | Australia |
| Photo-ME (Shanghai) Co Limited | Operations | 100% ¹ | Room 1102 Tongyong Tower, No. 1346 Gong he Xin Road, Zha bei District, Shanghai 200070 | China |
| Photo-ME Beijing Co Limited | Operations | 100% ¹ | Room 1124, Ocean Natural Xintiandi, No.106 East Majiapu Road, Fengtai District, Beijing 100000 | China |
| Photo-ME Chengdu Co Limited | Dormant | 100% ¹ | Room 1124, Ocean Natural Xintiandi, No.106 East Majiapu Road, Fengtai District, Beijing 100000 | China |
| ME Group Japan | Operations | 100% | Room 1302, Atlas Tower Roppongi, Roppongi 7-7-13,Minato-Ku, 106 0032 | Japan |
| Photomatico (Singapore) Pte Limited | Operations | 100% | 26 Sin Ming Lane, Singapore 573971 | Singapore |
| KIS Technology Company Limited | Dormant | 100% | P.1003, Ford Thang Long Building, 105 Lang Ha, Lang Ha Street, Ba Dinh district, Hanoi | Vietnam |
| Photomaton Maroc SARL | Operations | 50% | 131 Bd D'Anfares Azur Sidi Belyout,/Casablanca | Morocco |

¹ Investments in subsidiaries not owned directly by ME Group International plc.

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

29 Group undertakings continued

The following companies were in liquidation at 31 October 2023

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

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

The results of the Group's subsidiaries and associates are consolidated for the period ended 31 October 2023. Certain subsidiaries and associates have a different statutory year end, sometimes due to legal requirements in the country concerned.

The following companies are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts for the year ended 31 October 2023 by virtue of Section 479A of the Companies Act 2006:

- Photo-ME Limited.

30 Business combinations

Acquisition of the photobooths business of Fujifilm Imaging Systems Co. Ltd.

On 30 September 2023 the Group completed the acquisition of 100% of the photobooths business of Fujifilm Imaging Systems Co. Ltd (Fujifilm) for an initial consideration of JPY 905,961,000 (£4,971,000), obtaining control of the business on that date.

Fujifilm is a Japanese photobooth owner and operator and the acquisition of its photobooths division adds a further 3,548 photobooth units to the Group's existing operations in Asia Pacific. This acquisition is in line with the Group's strategy to expand the number of units in operation.

The acquisition was funded by a new loan facility taken by the Group's Japanese subsidiary, ME Group Japan.

In accordance with IFRS 3, this transaction meets the definition of a business combination so has been accounted for using the acquisition method.

Acquisition-related expenses of £146,000 have been recognised in the Group's statement of comprehensive income.

Deferred consideration

A portion of the total consideration is deferred and is contingent on the total number of photobooth units that are acquired. Post-closing there follows a six month period during which further units may be transferred to the Group, in addition to the 3,548 units transferred at the closing date, and subject to a maximum number of 3,806. The total consideration increases in proportion with the number of photoboosts acquired, up to a maximum value of JPY 996,000,000 (£5,466,000).

As at the reporting date, management's best estimate of the deferred consideration to be paid is JPY 40,039,000 (£220,000). This amount has been accrued and included in the total estimated consideration value of JPY 946,000,000 (£5,191,000).

Acquired assets and liabilities

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

Goodwill has been calculated using the provisional fair values of the assets and liabilities acquired, with a value of £3,268,000 recognised in the Group's Statement of Financial Position.

Pending receipt of the final valuations of the assets acquired, in accordance with IFRS 3, the accounts will be adjusted retrospectively within the measurement period of no more than one year from the acquisition date.

The provisional fair values of the assets and liabilities acquired, cash outlay on acquisition and results of the acquired business included in Group results in the year ended 31 October 2023 are shown in the table below.

| | £'000 |
|---------------------------------------------------------|--------------|
| Property, plant and equipment | 1,503 |
| Intangible assets | 49 |
| Total non-current assets | 1,552 |
| Inventory | 305 |
| Trade and other receivables | 301 |
| Cash and cash equivalents | 181 |
| Total current assets | 787 |
| Trade and other payables | 416 |
| Total current liabilities | 416 |
| Total liabilities | 416 |
| Total identifiable net assets excluding goodwill | 1,923 |
| Goodwill | 3,268 |
| Total identifiable net assets acquired | 5,191 |
| Satisfied by: | |
| Cash | 4,971 |
| Deferred consideration | 220 |
| Total consideration | 5,191 |
| Cash consideration per cashflow: | |
| Cash consideration | 4,971 |
| Net cash acquired | (181) |
| Initial cash outlay on purchase of subsidiaries | 4,790 |
| Revenue | 1,176 |
| Profit before tax | 307 |

Dreammakers

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

Dreammakers, which operates under the trading name 'VIP BOX', is a France based, market leader in the rental and sale of selfie stations for private and professional events. This acquisition supports the Group's strategic aim of product diversification. The acquisition was funded from the Group's cash resources. Acquisition-related expenses of £14,000 were recognised in the Group's statement of comprehensive income.

Acquisition-related expenses of £14,000 were recognised in the Group's statement of comprehensive income.

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

With the purchase price allocation now complete, the Group has during the period adjusted the provisional amounts that were recorded in the prior period financial statements by increasing intangible assets by €929,000 (£814,000) and reducing goodwill by the same amount (see note 11).

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

Notes to the Financial Statements continued

For the 12 months ended 31 October 2023

30 Business combinations continued

The fair value adjustments in respect of acquired intangible assets are due to the recognition of €255,000 (£223,000) in respect of Dreamakers' marketing database; €190,000 (£166,000) in respect of contractual customer relationships and order backlog; and €484,000 (£425,000) in respect of brand related assets.

The balance of residual goodwill is €1,060,000 (£929,000).

A deferred tax liability of €21,000 (£18,000), in respect of the order backlog intangible asset, has been recognised and reflected in the adjusted goodwill value.

Other changes to the composition of the Group

Disposal of Photo-ME Korea

On 30 November 2022 the group disposed of its South Korean subsidiary, Photo-ME Korea Company Limited. This was for consideration of £209,000. The group generated a profit of £57,000 which has been recognised in other gains in the income statement.

31 Events after the statement of financial position date

On 23 November 2023 the Group paid its interim dividend in respect of the six month period ended 30 April 2023 of 2.97 pence per ordinary share, totalling £11,240,000.

On 14 November 2023, the Group converted 100,000 of the 500,000 convertible bonds held in Energy Observer Developments SAS to 125 ordinary shares of the same company. The remaining 400,000 convertible bonds held by the Group will not be converted to shares.

32 Period summary

Income statement (unaudited)

| | 2023 £'000 | 2022 £'000 | 2021 £'000 | 2020 £'000 | 2019 £'000 |
|-----------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Revenue | | | | | |
| UK & Ireland | 48,173 | 41,996 | 29,644 | 54,623 | 52,919 |
| Continental Europe | 205,157 | 177,839 | 145,009 | 195,230 | 130,661 |
| Asia | 44,332 | 39,945 | 39,751 | 60,392 | 44,538 |
| Total revenue | 297,662 | 259,780 | 214,404 | 310,245 | 228,118 |
| Operating profit | 67,502 | 56,681 | 29,335 | 3,317 | 42,739 |
| Net finance (cost)/income & Other gains | (435) | (3,327) | (780) | (2,825) | (146) |
| Profit before taxation | 67,067 | 53,354 | 28,555 | 492 | 42,593 |
| Taxation | (16,401) | (14,561) | (6,703) | (2,844) | (11,314) |
| Profit after taxation | 50,666 | 38,793 | 21,852 | (2,352) | 31,279 |
| Attributable to: | | | | | |
| – Equity owners of the Parent | 50,666 | 38,793 | 21,713 | (2,305) | 31,226 |
| – Non-controlling interests | – | – | 139 | (47) | 53 |
| | 50,666 | 38,793 | 21,852 | (2,352) | 31,279 |
| Earnings per share – Basic | 13.40p | 10.26p | 5.78p | (0.62)p | 8.27p |
| Earnings per share – Diluted | 13.31p | 10.23p | 5.72p | (0.62)p | 8.26p |
| Dividends – interim | 2.97p | 2.60p | 0.00p | 0.00p | 3.71p |
| Dividends – final | 4.42p | 3.00p | 2.89p | 0.00p | 4.73p |
| Dividends – special | 0.00p | 7.10p | 0.00p | 0.00p | 0.00p |
| Total dividends | 7.39p | 12.70p | 2.89p | 0.00p | 8.44p |

Statements of financial position

| | 2023 £'000 | 2022 £'000 | 2021 £'000 | 2020 £'000 | 2019 £'000 |
|-------------------------------------|----------------|---------------|---------------|---------------|---------------|
| Intangible assets | 36,710 | 32,736 | 34,502 | 32,739 | 41,816 |
| Property, plant and equipment | 118,124 | 101,090 | 91,973 | 90,937 | 95,353 |
| Other non-current investments | 35 | 21 | 21 | 57 | 415 |
| Other non-current assets | 8,891 | 7,805 | 3,966 | 3,743 | 5,693 |
| Current assets | 168,177 | 184,716 | 141,688 | 139,760 | 128,723 |
| Assets held for sale | 585 | - | - | - | - |
| Total assets | 332,522 | 326,368 | 272,150 | 267,237 | 272,000 |
| Share capital | 1,891 | 1,889 | 1,889 | 1,889 | 1,889 |
| Share premium | 11,083 | 10,627 | 10,599 | 10,599 | 10,588 |
| Treasury shares | (1,969) | - | - | - | - |
| Reserves | 147,983 | 120,133 | 115,486 | 99,693 | 129,500 |
| Equity of the Parent | 158,988 | 132,649 | 127,974 | 112,181 | 141,977 |
| Non-controlling interests | - | - | 1,720 | 1,689 | 1,870 |
| Total equity | 158,988 | 132,649 | 129,694 | 113,870 | 143,847 |
| Total non-current liabilities | 71,076 | 94,039 | 68,900 | 52,968 | 64,450 |
| Total current liabilities | 102,458 | 99,680 | 73,556 | 100,399 | 63,703 |
| Total equity and liabilities | 332,522 | 326,368 | 272,150 | 267,237 | 272,000 |
| Net cash | 33,917 | 34,021 | 34,919 | 21,877 | 16,338 |

Note: The figures above have been extracted from the accounts for the relevant period and have not been adjusted for changes in accounting policies as a result of adoption of new accounting standards.

Financial & operating statistics

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|-----------------------------------------------------------|----------------|--------|--------|--------|--------|
| Capital expenditure – photobooth & vending machines £'000 | 39,122 | 27,205 | 22,563 | 38,435 | 24,938 |
| Capital expenditure – research & development £'000 | 2,337 | 1,418 | 1,802 | 2,296 | 1,631 |
| EBITDA £'000 | 106,639 | 92,241 | 65,077 | 87,313 | 69,705 |
| EBITDA % of revenue | 35.8% | 35.5% | 30.4% | 28.1% | 30.6% |
| Number of vending sites | 47,600 | 43,900 | 43,800 | 44,500 | 47,000 |

Company Information & Advisers

Registered in England and Wales

Number 735438

Registered Office

Unit 3B
Blenhiem Road
Epsom
KT19 9AP

Tel: +44 (0)1372 453399
Web: <https://me-group.com/>
e-mail: ir@me-group.com

Auditor

Mazars LLP
30 Old Bailey
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EC4M 7AU

Brokers

Berenberg
60 Threadneedle Street
London
EC2R 8HP

Peel Hunt LLP
100 Liverpool Street
London
EC2M 2AT

Bankers

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

Santander UK plc
2 Triton Square
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London
NW1 3AN

Financial Public Relations

Hudson Sandler LLP
25 Charterhouse Square
Barbican
London
EC1M 6AE

Registrars

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

Shareholder Information

Investor relations website

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

Transfer office and registration services

Link Group act on behalf of the Company. All shareholder enquiries, notifications of change of address, dividend mandates, etc. should be referred to them at:

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

Tel: 0371 664 0300
Overseas Tel: 00 44 371 664 0391

Link Group also offer a range of shareholder information online at www.capitashareportal.com

The Register of directors' interests is maintained at the Registered Office at Epsom.

Copies of the Annual Report should be requested from:

ME Group International plc
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Epsom
KT19 9AP

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

Financial Calendar

Annual General Meeting 26 April 2024

Half year results Announcement in July 2024
(to 30 April 2024)

Full year results Announcement in February 2025
(to 31 October 2024)

ME Group International plc

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