KODAK ALARIS LIMITED

Financial Statements

Registered number 8552155

31 March 2020

Contents

Strategic report

Kodak Alaris Limited ("the Company") is comprised of parts of the Alaris, Kodak Moments (KM) and the Paper, Photochemicals & Film (PPF) businesses of the Kodak Alaris Group in Europe, Africa and the Middle East. The Company provides sales and support for the group businesses in these geographic locations.

Company Results

The Company reported revenue of €135.9 million for the year (March 2019: €124.2 million). The 9% increase against the prior year is due to higher sales within the KM and PPF businesses across Europe. Gross margin decreased to 34% of revenue at €46.2 million for the year (March 2019: €43.7 million representing 35% of revenue) due to a combination of higher amortization charges on addition of research and development costs and increased cost of servicing annual maintenance contracts compared to the prior year. Operating costs are €42.6 million (March 2019: €37.3 million) and have increased due to impairment losses of €11.4 million (March 2019: nil) on tangible as well as intangible assets and subsidiary investments. The impairment charges specifically relate to the trading challenges forecast by the KM business in the context of the current global COVID-19 pandemic. This increase is partially offset by a reduction in employee costs of €3.3m resulting from the reallocation of global function employees as of 1 April 2019 to Kodak Alaris Holdings limited and management charges having reduced by €2.3m. This resulted in an operating loss of €0.7 million (March 2019: profit €2.7 million).

The profit before tax is €5 million (March 2019: loss €0.5 million) which is primarily due to an unrealized foreign exchange gain within financial income of €6.7 million on remeasurement of sterling intercompany loan balances (March 2019: €2.3 million foreign exchange loss). The tax charge for the year is €1.6 million (March 2019: credit €0.5 million). The resulting profit after tax is €3.4 million (March 2019: loss €0.06 million). The Company had net assets of €0.8 million at 31 March 2020 (March 2019 restated: liabilities €2.8million).

In January 2018, the board of directors of the Company's holding company approved a proposal to pursue the sale of the Paper, Photochemical and Film ('PPF') business and authorized management of the Company's holding company to initiate discussion with potential buyers. Management of the Company's holding company had actively marketed the business with the initial expectation that the sale of the PPF business would be completed before 31 March 2019. The associated assets, liabilities and related trading results of the PPF business were separately disclosed at 31 March 2019.

In the second half of the calendar year 2019, the negotiations with the bidder for the PPF business ended without success and following an internal reorganisation, the Film business has operated as a separate product line within Kodak Moments from 1 April 2020 to take advantage of the natural synergies. The PPF business did not meet the requirements for separate disclosure at 31 March 2020 and as a result of these changes the Company has restated the prior year comparatives to report the PPF business as continuing operations.

Going Concern

In the previous year the former shareholder of the parent company, Kodak Alaris Holdings Ltd, had issued an instruction to the directors of Kodak Alaris Holdings Ltd to undertake the active exploration of an orderly disposal of the Kodak Alaris Holdings Ltd Group ('the Group') or its component businesses. However, in March 2020 due to the uncertain economic environment the disposal programmes for the Alaris and Kodak Moments (including Film) businesses were terminated and the former shareholder agreed to retain and run these businesses. As a result of this change of strategy the directors of the parent company have concluded that the going concern basis is appropriate for preparing the Kodak Alaris Holdings Ltd consolidated financial statements for the year ended 31 March 2020.

The Directors of the holding Company have referred to material uncertainties in respect of the going concern position of the Kodak Alaris Holdings Limited Group (see note 1.5). Consequently, in the event that the Group is unable to continue as a going concern, there is a material uncertainty as to whether the Company will be able to continue as a going concern. In the event the Company is unable to continue as a going concern, the Company may therefore be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the annual financial statements.

Prior Year Adjustment

In September 2013, the Company acquired the trade and net assets of various businesses from Eastman Kodak Company. Whilst the majority of assets were correctly accounted for using the acquisition method, the Company did not include the full consideration in the acquisition accounting, nor did it record the full loan received from its parent entity, Kodak Alaris Holdings Limited, to purchase the trade and net assets. As a result, no goodwill was recorded arising on acquisition as required by IFRS 3 Business Combinations. Of the goodwill that should have been recorded this would have been mostly impaired before 1 April 2018. This has been corrected by restating each of the affected financial statement line items for the prior periods. See note 2.

Strategic report (continued)

Business Divisions

Alaris

Alaris business solutions enable customers to capture and consolidate data from digital and paper sources, understand and extract valuable insight from the contents, and deliver the right information to the right people at the right time. They are a leading provider in information capture with a uniquely differentiated portfolio of scanning hardware, capture software, and associated services.

The Alaris scanner offerings include production scanners used in centralized locations for high volume requirements; distributed and networked scanners used in decentralized location for departments or work groups with low volume requirements; and picture scanning systems optimized for photo scanning.

The Alaris capture software provides foundational platforms to capture the content of business documents and automate related workflows.

The Alaris service offerings include preventative, repair and replacement services, product installation and configuration, and training for operators of both Alaris scanners and competitors' equipment.

Alaris financial performance

Alaris revenues for the year are €42.9 million (March 2019: €44.6 million), which is a 4% decrease primarily due to lower sales in the mid-volume and workgroup product lines. Gross profit is €14.1 million, 33% of sales (March 2019: €17.0 million, 38% of sales). The reduction in gross profit is largely due to an increase in costs of maintaining annual service contracts and amortisation of development costs in the year.

Kodak Moments (KM)

The KM business is a world leading provider of self-service retail photo kiosks and behind-the-counter dry technology photo lab equipment with related consumables, break-fix and network connected services. Powered by over 100,000 customer touchpoints across the Kodak Alaris Group (the majority of which are internet connected for net-to-retail and retail-to-net ordering), our retailers can deliver a portfolio of high-quality photo products (prints, enlargements and photo gifts) to consumers for fulfilment within the store.

KM financial performance

KM revenues for the year are €73.9 million (March 2019: €62.8 million). Revenues is up 18% primarily due to an increase in intercompany sales to Kodak Alaris Germany, predominantly within the drylab and instant kits product lines. Gross profit was €21.5 million, 29% of sales (March 2019: €19.0 million, 30% of sales). The decrease in margin is primarily due to amortisation of increased development costs.

Paper, Photochemicals & Film (PPF)

The PPF Business is a leading provider of consumer and professional photographic products. It supplies the highest quality consumer and professional colour negative paper, associated photo chemicals and display films, and is a market leader in providing consumer and professional photographic film and one-time use cameras.

Following an internal reorganisation, the management of the parent company announced that the Film business would operate as a separate product line within the Kodak Moments business and the remaining PPF business was renamed Paper Photochemical Display and Software ('PPDS') from 1 April 2020.

After the reporting date a definitive agreement was signed by the Company's holding company with an existing trading partner for the sale of the remaining PPDS business.

PPF Revenues

PPF revenues for the year are €19.1 million, (March 2019: €16.8 million) which is primarily from sales of traditional and analogue films. The Film product line generated revenue of €16.9 million (2019: €15.6 million) and the increase is due to growth within the professional film product line. Gross profit is €10.6 million, 55% of sales (March 2019 €7.7 million, 46% of sales) the increase in margin is due to higher prices on professional and APS films.

Strategic report (continued)

Subsequent events

On 10 November 2020, the assets and liabilities of the former ultimate controlling entity, KPP (No.2) Trustees Ltd, were formally transferred to the Board of the UK Pension Protection (see note 23).

After the reporting date, the Company and its parent undertaking, Kodak Alaris Holdings Limited, successfully negotiated a new funding arrangement with KPP2, under which a committed facility of up to USD 50 million has been made available until September 2023 (see note 1.5). The Company acts as a borrower under the facility and as guarantor for any borrowings made by its parent. As of 10 November 2020 the obligations of the lender under this facility were transferred from KPP2 to the Board of the Pension Protection Fund on the same terms and conditions

Business Risk Factors

The business has incorporated the Risk Register into its management review processes for each of the individual business units. This is delivering improved visibility to the global risks the Company faces and has facilitated increased focus and more timely risk mitigation activities. It is regularly reviewed by the Audit and Risk Committee of the parent company's Board throughout the year.

The following is a list of principal risks which have been assessed and which have mitigation plans in place:

I. **Cyber security/General Data Protection Regulation (GDPR):** We continue to maintain robust information security and data privacy programmes. In the prior year a programme was launched by Information Security to identify undocumented and/or unevaluated information systems within the Company and implement improved processes. The programme has been completed successfully and resulted in a significant reduction in identified risk and improved visibility of all connected systems. Additionally, a project has been launched to further strengthen security and reduce risk in our cloud environment which having completed the discovery phase is now beginning implementation.

   In the data privacy space, we regard the Company to be within the scope of GDPR and a major project is underway to ensure compliance with all relevant legislation. With the exit of the Deputy DPO (Data Protection Officer) and separation and segregation efforts, the Privacy Office has been restructured to include additional legal representation, meeting weekly. Furthermore, Brexit will likely have an impact on Privacy matters, but no changes are expected to occur before the end of 2020.

II. **Market Competitiveness**: Elements of the businesses operate in market spaces that are experiencing continuing structural decline. Within these businesses, management have maintained strict and focused attention on market share, product costs and other associated costs related to specific product lines. The management team will continue to monitor profitability and overall performance of the core businesses as it funds related growth opportunities.

III. **Political risk:** The Brexit Assessment team is comprised of the CFO and other key members of operational management. The team continues to monitor the potential risks associated with the UK leaving the European Union ("Brexit"). Approximately 84% (2019: 81%) of the Company's revenue is generated outside the UK and 61% (2019: 69%) of the products and services purchased are direct imports from overseas, of which 82% (2019: 84%) are from countries inside of the European Union. The Company is working with its logistics and operations partners and has a plan in place for the movements of goods into the UK from the European Union in readiness for the end of transition period.

   Notwithstanding this assessment, as the definitive arrangements for Brexit have not yet been finalised, the final outcome remains unclear and it is too early to understand fully the impact that Brexit will have on the Company's operations.

   The key areas of focus for the Company in relation to Brexit include:

   - Financial Markets - access to funding
   - Financial Markets - FX Risk Management
   - Supply Chain / European hub structure
   - Tax considerations

Strategic report (continued)

Business Risk Factors (continued)

IV. **Dependence on key customers:** Within KM, the Company has a concentration of its business within a few large retail customers. Therefore, it continues to invest in ways to create greater turnover opportunities for these customers to secure its position and their success. The business leaders have accelerated investments in mobile applications to broaden the direct-to-consumer engagement and take advantage of the explosive growth in mobile imaging.

V. **People:** The Company is dependent on having talented people to achieve its business objectives and goals. To mitigate against the risk of not being able to attract and retain high caliber individuals, the Company regularly reviews talent management and development plans, and focuses on recognition, targeted retention as well as structured communication.

VI. **Pandemic - COVID-19:** In early March 2020 the Company began to experience the effects of the COVID-19 pandemic. Significant uncertainties remain as to how long this crisis will continue and the economic impact to individual countries as well as the global economy. The pandemic is the most significant external risk currently facing the Company. The COVID-19 team is a dedicated global cross functional taskforce established in January 2020 to monitor and manage this risk. It is important to stress that the health and safety of our staff and customers remains our upmost priority.

VII. **Going concern and liquidity:** The Company has implemented several measures to deal with the business impacts of the pandemic, including reduced discretionary spend, elimination of travel and employee furloughs or reduced work hours. Where practical and reasonable, government support plans are being utilised.
The continuing effects of COVID-19 on the Company's going concern and liquidity position have resulted in management taking further steps including reducing the supply pipeline to reflect the impact of temporarily reduced demand for our products and services.

By order of the Board

M. Alflatt

Mark Alflatt
Director, Chief Executive Officer
Hemel One Boundary Way
Hemel Hempstead
Hertfordshire, HP2 7YU
16 December 2020

Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2020.

The business operates throughout Europe, Africa and the Middle East.

Principal Activities

The principal activities of the Company are the sale of scanning hardware, capture software and associated services, consumer and professional photographic products, photographic paper, associated chemicals, photo kiosks and dry technology photo labs and event imaging systems.

Directors

The directors who held office during the year were as follows:

- Mrs Nicoletta Assaro Zongrone (President, Kodak Moments) – Executive Director
- Mr Mark Alflatt (Chief Executive Officer) – Executive Director
- Mr Dennis Olbrich (President, Paper & Output Systems) – Executive Director - resigned 31 December 2019

Research and Development

During the year ended 31 March 2020 the Company invested in the future with research and development expenditure totaling €9.9 million (March 2019: €8.2 million). The research and development cost increased in the year to 31 March 2020 due to a focus on pipeline projects with high potential. Of these total projects amounting to €3.4 million were capitalized during the year (March 2019: €1.7 million). The Company plans to continue to invest in research and development.

Political and charitable contributions

The Company made no political and charitable donation of during the year (March 2019: nil).

Dividends

The directors do not recommend the payment of a dividend (March 2019: nil).

Employee Matters

The Company recognises that its employees are key to successfully delivering its strategy and sustaining future business. With 110 employees at the end of the year across three countries (March 2019: 125, three countries). The Company relies on talented people who are committed to delivering these solutions.

The Company recognises the importance of engaging its employees to help them make their fullest contribution to the business. Through a variety of channels, our leadership seeks to listen to employees' views and opinions and keep them informed about developments and prospects for the business.

The Company is committed to creating an inclusive work environment where a diverse range of talented people can work together to ensure business delivery. Diversity amongst the Group's workforce is a significant force for innovation and assists the Group in responding to customer requirements.

Directors' report (continued)

Disclosure of Information to Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 16 December 2020, and signed on its behalf

M. Alflatt

Mark Alflatt
Director, Chief Executive Officer
Hemel One Boundary Way
Hemel Hempstead
Hertfordshire, HP2 7YU

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Approved by the Board on 16 December 2020, and signed on its behalf

M. Alflatt

Mark Alflatt
Director, Chief Executive Officer
Hemel One Boundary Way
Hemel Hempstead
Hertfordshire, HP2 7YU

Independent Auditor's Report to the members of Kodak Alaris Limited

Opinion

We have audited the financial statements of Kodak Alaris Limited ("the company") for the year ended 31 March 2020 which comprise the Income Statement, Statement of Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.5 to the financial statements which indicates that there is a material uncertainty over the Group's access to sufficient cash flows in a severe, but plausible, downside scenario given the uncertainties presented by COVID-19. These events and conditions, along with the other matters explained in note 1.5, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

C. Anderson

Charlotte Anderson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
58 Clarendon Road
Watford
WD17 1DE

Date 18 December 2020

Income Statement
for the year ending 31 March 2020

	Note	Year ended 31 March 2020 €000	Year ended 31 March 2019 (Represented)[1] €000
Revenue	3	**135,911**	**124,178**
Cost of sales		(89,728)	(80,485)
Gross profit		**46,183**	**43,693**
Administrative expenses	4	(42,621)	(37,346)
Other operating expenses	5	(4,266)	(3,606)
Operating (loss) / profit		**(704)**	**2,741**
Financial income	9	6,684	-
Financial expenses	9	(992)	(3,263)
Profit / (loss) on ordinary activities before taxation		**4,988**	**(522)**
Tax (charge) /credit for the year	10	(1,588)	459
Profit / (loss) for the year		**3,400**	**(63)**

[1] In the current period the Paper, Photochemicals and Film (PPF) business, previously presented as a discontinued operation, ceased to be classified as held for sale.

The notes on pages 14 to 35 form an integral part of these financial statements.

Statement of Other Comprehensive Income
for the year ending 31 March 2020

	Year ended 31 March 2020 €000	Year ended 31 March 2019 €000
Profit / (loss) for the year	**3,400**	**(63)**
Remeasurements of defined benefit liability	178	(90)
Total comprehensive profit / (loss) for the year	**3,578**	**(153)**

The notes on pages 14 to 35 form an integral part of these financial statements.

Balance Sheet
at 31 March 2020

	Note	31 March 2020	31 March 2019 (Restated)[1]
		€000	€000
Non-current assets			
Property, plant & equipment	11	5,229	14,809
Intangible assets	12	19,736	22,322
Investment in subsidiaries & associates	13	262	1,770
Non-current other receivables	16	4	11
Deferred tax assets	14	57	-
		25,288	38,912
Current assets			
Inventories	15	10,643	9,806
Trade and other receivables	16	38,741	34,264
Cash at bank and in hand		1,920	2,501
		51,304	46,571
Assets classified as held for resale			
Inventories		-	1,379
		51,304	47,950
Current liabilities			
Other interest-bearing loans and borrowings	19	(17,317)	(17,497)
Trade and other payables	17	(54,970)	(68,210)
Provisions	18	(180)	(246)
		(72,467)	(85,953)
Net current liabilities		(21,163)	(38,003)
Non-current liabilities			
Non-current other payables	17	(1,527)	(1,164)
Provisions	18	(1,782)	(2,507)
		(3,309)	(3,671)
Net assets		816	(2,762)
Capital and reserves			
Called up share capital and share premium	20	13,477	13,477
Profit and loss account		(12,661)	(16,239)
Shareholders' funds		816	(2,762)

[1] Restated see note 2.

The notes on pages 14 to 35 form an integral part of these financial statements.

These financial statements were approved by the Board of directors on 16 December 2020 and were signed on its behalf by:

M. Alflatt

Mark Alflatt
Director, Chief Executive Officer

Company registered number: 8552155

Statement of Changes in Equity

	Share Capital & Premium	Profit and loss account	Total equity
	€000	€000	€000
Balance at 1 April 2018 (as previously stated)	13,477	20,827	34,304
Prior year adjustment (see note 2)	-	(36,913)	(36,913)
Restated balance at 1 April 2018	**13,477**	**(16,086)**	**(2,609)**
Loss for the period	-	(63)	(63)
Other comprehensive income	-	(90)	(90)
Total comprehensive loss for the period	-	**(153)**	**(153)**
Balance at 31 March 2019 (restated)	**13,477**	**(16,239)**	**(2,762)**
Balance at 1 April 2019	**13,477**	**(16,239)**	**(2,762)**
Total comprehensive income for the year			
Profit for the year	-	3,400	3,400
Other comprehensive income	-	178	178
Total comprehensive profit for the year	-	**3,578**	**3,578**
Balance at 31 March 2020	**13,477**	**(12,661)**	**816**

The notes on pages 14 to 35 form an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

1.1 Basis of Preparation

Kodak Alaris Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's parent undertaking, Kodak Alaris Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Kodak Alaris Holdings Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Hemel One, Boundary Way, Hemel Hempstead, Hertfordshire, HP2 7YU.

The Company is exempt from the obligation to prepare and deliver group accounts under s400 of the Companies Act 2006 on the grounds that it is included in the group accounts of Kodak Alaris Holdings Limited.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Comparative movement tables in relation to property, plant and equipment and intangible assets;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures in respect of transactions with related parties which are part of the group.

As the consolidated financial statements of Kodak Alaris Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the comparative period;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures; and
- Disclosures in relation to the key assumptions used in the determination of recoverable amount for impairment purposes as required by IAS 36.
- An additional balance sheet for the beginning of the earliest comparative period following the correction of error. (see note 2).

The financial statements are presented in Euro which is the Company's functional currency.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 26.

Notes to the financial statements *continued...*

1.2 Change in significant accounting policies

Accounting standards adopted in the year

IFRS 16: Leases, which specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all major leases. There is no distinction between finance and operating leases and the Company has elected to use the modified retrospective approach to implementing IFRS 16 and to measure each asset at an amount equal to liability in all cases. The comparatives have not been restated and are reported under IAS 17. See note 22 for further details.

1.4 Measurement convention

The financial statements are prepared on the historical cost basis except where the Company has assets and liabilities that are stated at their fair value such as derivative financial instruments.

1.5 Going concern

The Company achieved a profit after tax for the year of €3,400,000 (31 March 2019: loss €63,000) and at 31 March 2020 had net assets of €816,000 (31 March 2019: liabilities €2,762,000) and cash of €1,920,000 (31 March 2019: €2,501,000).

The impact of COVID-19 on the UK economy and the resultant lockdown instituted by the government in March 2020 has impacted trading operations and the Company has seen a 37% decrease in its revenue in the current period to 31 October 2020, against the same period in the prior year. The Company expects a gradual return to normal trading levels in the remaining months of the current financial year as the lockdown restrictions are eased. Management has put in place several measures to control costs during this period and continue to explore other opportunities to reduce working capital. The UK government has also instituted several relief measures for companies to assist in mitigating against resultant losses from disruption to trading, most of which the Company have adopted.

The ability of the Company to continue to pay its debts as and when they fall due is dependent upon the continuing financial support of its parent company, Kodak Alaris Holdings Ltd, and continued future profitable operations. Included in current liabilities of the Company at 31 March 2020 is an amount of €17,317,000 (31 March 2019: €17,497,000) owing to its parent company (refer Note 19). The Company has received an undertaking from its parent company that it will provide financial support for a period of 12 months from the date the 31 March 2020 financial report is approved if the Company does require liquidity in the future.

In the previous year the former shareholder of the parent company, Kodak Alaris Holdings Ltd, had issued an instruction to the directors of Kodak Alaris Holdings Ltd to undertake the active exploration of an orderly disposal of the Kodak Alaris Holdings Ltd Group ('the Group') or its component businesses. However, in March 2020 due to the uncertain economic environment the disposal programmes for the Alaris and Kodak Moments (including Film) businesses were terminated and the former shareholder agreed to retain and run these businesses. As a result of this change of strategy, the directors of the parent company have concluded that the going concern basis is now appropriate for preparing the Kodak Alaris Holdings Ltd consolidated financial statements for the year ended 31 March 2020.

The Company's assets and liabilities are subject to security arrangements in respect of funding provided by the parent company's shareholder, the Board of the Pension Protection Fund, which replaced KPP (No. 2) Trustees Ltd on 10 November 2020, to the Kodak Alaris Holdings Limited Group. As outlined above the consolidated financial statements of the parent company, Kodak Alaris Holdings Limited, for the year ended 31 March 2020 were prepared on a going concern basis, however, the directors of the parent company emphasized material uncertainties in respect of the basis of preparation of these consolidated annual financial statements.

Set out below are excerpts from the going concern accounting policy note included in the consolidated financial statements of the parent company (amounts in USD) for the year ended 31 March 2020 which outline the status of the going concern position of the Kodak Alaris Holdings Limited Group and the material uncertainties in respect of the going concern position. These excerpts reference KPP (No. 2) Trustees Ltd as the parent company's shareholder which was the position at date of approval of the Kodak Alaris Holdings Limited consolidated financial statements. The financing referred to in the excerpts below was transferred from KPP (No.2) Trustees Limited to the Board of the UK Pension Protection Fund on 10 November 2020 on the same terms and conditions.

Notes to the financial statements *continued...*

1.5 *Going concern (continued)*

"In addition, the directors have also considered the Group's solvency and liquidity risks. The directors recognise that the Group currently operates in mature markets and given the continuing economic uncertainty due to the COVID-19 pandemic, expect to see significant volatility over the short term reducing the Group's expected performance for the year ended 31 March 2021. In the short term, the Group has continued to conserve its cash position by implementing several cost cutting measures including reduced discretionary spend, tight control of working capital, elimination of travel, employee furloughs or reduced work hours and delayed investment decisions. In spite of the overall market dynamics, the directors are confident that in the medium-term post COVID-19 environment trading will recover and then improve as the Group implements the planned investments to exploit its core engineering, market and customer knowledge as well as technical expertise.

The Group meets its day-to-day working capital requirements through its operations together with funding provided by its shareholder and after the reporting date has successfully negotiated a new funding arrangement for $50 million until September 2023. This senior facility agreement is provided by the shareholder, KPP (No. 2) Trustees Ltd, and borrowing is limited based on a formula of available obligor collateral. On signing the facility, not all obligors were in place and as such, the initial available facility is limited to $40 million. Cash balances at 31 March 2020 were $69 million. The Group has managed it's working capital and cash balances effectively through the COVID-19 environment and at the date of this report the facility remains undrawn.

In the event of the severe but plausible case occurring and without implementing any mitigating actions, the Group would exceed the initial $40 million borrowing capacity at 31 March 2021 without the proceeds from the sale of the Paper, Photochemicals, Display and Software ('PPDS') business and in certain subsequent periods, with the low point of the projection exceeding the full $50 million facility as at 30 September 2021 regardless whether those proceeds were received. Furthermore, under the severe but plausible downside case only, the Group exceeds both the asset cover and leverage ratio covenant, as early as 28 February 2021 in respect of the asset cover, and 30 September 2021 for the leverage cover (its first test date). In the event the financial covenants are exceeded, the shareholder has the right to withdraw the facility. Should the forecast assumed in the severe but plausible scenario begin to look likely management would expect to approach the shareholder for a waiver of these covenant requirements so that it would not be breached.

However, at the date of approving these financial statements, no agreement with the lender has been reached and there can be no certainty such an agreement could be obtained.

Notwithstanding the above, management have assessed that they are able to manage within its facilities through taking immediate mitigating actions to manage downside risks. These would include minimising investments on capital expenditure, R&D and growth opportunities as well as reducing levels of discretionary spend and corporate costs which have not been reflected in the risked outlook above. In order to position the Group to take advantage of future opportunities and to manage the near-term impact of the pandemic, the Group is undertaking a series of transformation activities which includes a strategic review, including review of the extent of the existing legal entity footprint in order to adapt our cost base to the revised levels of trading.

Whilst the directors are confident that the full $50 million committed facility from its shareholders will enable them to manage the business throughout the forecast period, the mitigating actions outlined above may be necessary and the directors also acknowledge that it is difficult to assess with any degree of certainty what effect the continued impact of the COVID-19 might have on the global economy and the markets in which the Group operates.

In summary, the Group is reliant on the funds provided by its shareholders, part of which remains outstanding at the point these financial statements are signed. While the directors are confident that the remaining funding will be available to the Group this is subject to executing the required documentation. Furthermore, under the Group's severe but plausible COVID-19 downside cash flow scenario, the directors acknowledge the inherent uncertainties associated with the continued impact of the COVID-19 on the Group's future trading, and without implementing any mitigating actions, the Group would exceed the financial covenants on the facility within the forecast period and would require further funds. The directors consider in such circumstances the Group would be able to obtain agreement from the shareholder to waive the covenants to avoid such a breach, and obtain further funding if needed, however there can be no certainty

Notes to the financial statements *continued...*

1.5 Going concern (continued)

that such an agreement and / or additional funding would be forthcoming. These circumstances represent material uncertainties that may cast significant doubt on the Group and Company's ability to continue as a going concern and in such circumstances, it may therefore be unable to realise its assets and discharge its liabilities in the normal course of business.

Despite this, the Board is confident, with the committed funding of $50 million from its shareholder, that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the date of signing of these financial statements which are therefore prepared on a going concern basis and do not include any adjustments that would be necessary if this basis were inappropriate."

The Directors of the Company refer to the above material uncertainties in respect of the going concern position of the Kodak Alaris Holdings Limited Group. Consequently, in the event that the Kodak Alaris Holdings Limited Group is unable to continue as a going concern, there is a material uncertainty as to whether the Company will be able to continue as a going concern. In the event the Company is unable to continue as a going concern, the Company may therefore be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the annual financial statements.

1.6 Foreign currency

Transactions in currencies other than the Euro are translated to Euro, the Company's functional currency, at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than Euro at the balance sheet date are retranslated to Euro at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a currency other than Euro are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in currencies other than Euro that are stated at fair value are retranslated to Euro at foreign exchange rates ruling at the dates the fair value was determined.

1.7 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are stated at cost less impairment.

Trade and other receivables

Trade and other receivables are recognized initially at fair value. Subsequent to initial recognition, and if the amounts are material, they are measured at amortised cost using the effective interest method, less any impairment losses. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributed transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognized initially at fair value. Subsequent to initial recognition, and if the amounts are material, they are measured at amortised cost using the effective interest method.

Notes to the financial statements *continued...*

1.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The Company capitalizes costs directly related to the acquisition or construction of a capital asset if the item costs €3.6k or more and, in general, has a useful life of three years or more. The Company capitalizes costs incurred during the ownership of a capital asset if the expenditure exceeds €3.6k or more and either increases the asset's productive capacity, enhances the asset's performance or operating efficiency, or extends the useful life of the asset.

All leased assets acquired are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of property, plant and equipment. Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. Typical estimated useful lives are as follows:

- Buildings and building equipment - 5 to 20 years
- Plant and equipment - 5 to 15 years
- Rental equipment - 4 years
- Right of use assets – Property & vehicle – lease term

1.9 Intangible assets

Intangible assets

Intangible assets are stated at cost less any accumulated impairment losses.

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure

Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends, has the technical ability and has sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design to produce new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Intangible rights

Intangible rights include the purchase of the rights to know-how royalty stream for Europe, Africa and Middle East region (EAMER) and Asia Pacific Region from Kodak Alaris Inc. The Rights were valued on the basis of the discounted cashflow benefits expected over the next 20 years,

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment annually. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Notes to the financial statements *continued...*

1.9 Intangible assets (continued)

- Customer relationships – 5 to 15 years
- Intangible rights – 20 years

1.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.11 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an expense in the income statement in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.12 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.13 Revenue

Revenues comprise sales to customers after discounts, excluding value added taxes. The main revenue streams of the Company are:

- Product consumables;
- Equipment hardware:
- Software sales; and
- Services sales.

The Company recognises revenue based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Control is transferred when the customer can direct the use of and obtain substantially all the remaining benefits from the asset. Revenue is recognised either 'over time' as control of the performance obligation is transferred to the customer or when the performance obligation in the contract has been performed ('point in time').

Product consumables - paper, photo chemicals and film. The performance obligation is the product being supplied. Revenue is recognised when control of the products has been transferred, when the Company has discharged its shipping obligations and there is no further obligation that could affect the distributors' acceptance of the product.

Equipment hardware - scanners and photo kiosks. The performance obligation is the equipment being supplied. Revenue is recognised when control of the products has transferred, when the Company has discharged its shipping obligations and there is no further obligation that could affect the distributors' acceptance of the product.

Where the Company is responsible for installing the equipment, revenue is recognised when the equipment is installed at the customer.

Notes to the financial statements *continued...*

1.13 Revenue (continued)

Manufacturer fault warranties do not comprise a separate performance obligation and are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. The Company accrues the estimated cost of post-sale obligations based on historical experience at the time the Company recognises revenue.

Software sales - for software with a right to use which transfers immediately to the customer, revenue is recognised at the point of time when the installer is delivered. For right to access software licences which require continuous upgrades and updates for the software to remain useful, revenue is recognised over time.

Services sales – comprise a diverse range of performance obligations, including marketing, technical advice, warranty and maintenance agreements. The contract price is deferred and recognised in line with the service period. In situations where the service is provided as part of a package, the transaction price is allocated to these performance obligations based on the standalone selling price method or cost-plus margin approach.

1.14 Expenses

Financing income and expenses

Interest income and interest payable is recognized in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.15 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.16 Critical accounting estimates and judgements

The reported results of the Company for the financial year ended 31 March 2020 are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements.

The judgements and assumptions involved in the group's accounting policies that are considered by the Directors to be the most important to the portrayal of its financial condition are discussed in note 26.

1.17 Leases

Effective on 1 April 2019, the Company has adopted the IFRS 16 Leases accounting standard, which specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all major leases. There is no distinction between finance and operating leases and the Company has elected to use the modified retrospective approach to implementing IFRS 16 and to measure each asset at an amount equal to liability in all cases.

IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Notes to the financial statements *continued...*

1.17 Leases (continued)

At inception of a contract, the entity is required to assess whether the contract is, or contains, a lease. The following must be in place for a contract which contains a lease:

Identified asset
- Right to control use of identified asset
- Right to obtain substantially all economic benefits from use
- Right to direct the use for a period of time

Reasons for exclusion as a right of use asset include:
- Asset purchased
- Excluded from scope as intangible asset (e.g. software)
- Contract for service

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance expense. The finance expense is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Property - the Company has elected to recognise all its property right-of-use assets and lease liabilities. This is irrespective of lease term and value, including all leases within the year at transition.

Vehicles - the Company has elected to recognise all its vehicle right-of-use assets and lease liabilities except for short-term leases or low value leases which have a lease term of 12 months or less and leases of low-value assets of €3,600 or less respectively.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that are based on an index (e.g. RPI, CPI) or a rate (e.g. 2% per annum) initially measured using the index or rate as at the commencement date of the lease, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

An index that depends on future updates (e.g. RPI, CPI) is not estimated forward but the liability is remeasured when the new rate is known. A fixed rate (e.g. 2%) is built into the initial calculation as the future amounts are known with certainty.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

Policy applicable before 1 April 2019
Payments made under operating leases were recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received were recognised in the income statement as an integral part of the total lease expense.

Notes to the financial statements *continued...*

2 Prior year adjustment

In September 2013, the Company acquired the trade and net assets of various businesses from Eastman Kodak Company. Whilst the acquisition was accounted for using the acquisition method, the Company did not include the full consideration in the acquisition accounting, nor did it record the full loan received from its parent entity, Kodak Alaris Holdings Limited, to purchase the trade and net assets. As a result, no goodwill was recorded arising on acquisition as required by IFRS 3 Business Combinations. Of the goodwill that should have been recorded, this would have been mostly impaired before 1 April 2018. In addition, customer relationship intangibles have been impaired that would not have been had the correct goodwill been recorded. This has been corrected by restating each of the affected financial statement line items for the prior periods. The following tables summarise the impacts on the Company's financial statements.

(i) Balance Sheet

At 31 March 2019
In €000

	Impact of correction of error		
	As previously reported	**Adjustments**	**As restated**
Intangibles – goodwill	-	742	742
Intangibles – customer relationships	1,625	(4)	1,621
Trade and other payables	(30,559)	(37,651)	(68,210)
Net assets	**34,151**	**(36,913)**	**(2,762)**
Profit and loss account	20,674	(36,913)	(16,239)
Opening shareholders funds	34,304	(36,913)	(2,609)

(ii) Income Statement and Statement of Other Comprehensive Income

For the year ending 31 March 2019
In €000

There is no impact on the Company's income statement or statement of other comprehensive income for the year ending 31 March 2019.

Notes to the financial statements *continued...*

3 Revenue

	Year ended 31 March 2020 €000	Year ended 31 March 2019 (Restated)[1] €000
Sale of goods	126,463	112,061
Rendering of services	9,448	12,117
	135,911	**124,178**
By geographical region		
UK	22,055	23,850
Europe, Middle East and Africa	110,541	96,672
Rest of the World	3,315	3,656
	135,911	**124,178**

Of the total sales, €77.6 million relates to inter group sales (March 2019: €66.6 million).

4 Administrative Expenses

	Year ended 31 March 2020 €000	Year ended 31 March 2019 (Restated)[1] €000
Advertising	2,211	2,278
Marketing	707	730
Sales	6,312	6,321
Admin and other	4,997	8,663
Management charges	10,416	12,717
Investment impairment	1,508	-
Impairment charge kiosk assets	7,284	-
Impairment charge customer relationships	607	-
Impairment charge know how asset	2,038	-
Research and Development	6,541	6,477
Restructuring costs	-	160
Total administrative expenses	**42,621**	**37,346**

[1] Restated to include both continued and discontinued operations

Notes to the financial statements *continued...*

5 Other Operating Income and Expenses

	Year ended 31 March 2020	Year ended 31 March 2019
	€000	**€000**
Royalty expense	6,207	5,515
Royalty income	(1,941)	(1,909)
Total other operating expenses	**4,266**	**3,606**

6 Auditor's remuneration

	Year ended 31 March 2020	Year ended 31 March 2019
	€000	**€000**
Audit of these financial statements	95	88

No amounts have been paid to the Company's auditor and its associates in respect of services to the Company, other than the audit of the Company's financial statements.

7 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	31 March 2020	**31 March 2019**
Europe, Africa, Middle East	110	125

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2020	Year ended 31 March 2019
	€000	**€000**
Wages and salaries	8,706	11,344
Social security costs	897	1,327
Contributions to defined contribution plans	798	1,196
	10,401	**13,867**

8 Directors' remuneration

The Directors received no remuneration (2019: Nil) in respect of their qualifying services as directors of the Company. The Directors are remunerated by Kodak Alaris Holdings Limited and Kodak Alaris Inc. It is not possible to accurately determine the allocation of remuneration of the Directors related to the Company.

Notes to the financial statements *continued...*

9 Finance Income and Expense

	Year ended 31 March 2020	Year ended 31 March 2019 (Restated)[1]
Continued operations	**€000**	**€000**
Finance Income		
Interest received	1	-
Net foreign exchange gain	6,683	-
	6,684	-
Finance Expense		
Net interest paid to group undertakings	944	956
Other interest paid	48	10
Net foreign exchange loss	-	2,297
	992	**3,263**

10 Taxation

Recognized in the Income Statement

	Year ended 31 March 2020	Year ended 31 March 2019
	€000	**€000**
Current tax expense		
Current year	16	43
Adjustments for prior year	1,629	(1,010)
Current tax expense / (credit)	**1,645**	**(967)**
Deferred tax expense / (credit)		
Current year	(57)	508
Deferred tax (credit) / expense	**(57)**	**508**
Total tax expense / (credit)	**1,588**	**(459)**

[1] Restated to include continuing and discontinued operations

Notes to the financial statements *continued...*

10 Taxation *(continued)*

Reconciliation of effective tax rate

	Year ended 31 March 2020 €000	Year ended 31 March 2019 €000
Profit / (loss) for the year	3,400	(63)
Total tax expense / (credit)	1,588	(459)
Profit /(loss) on operations excluding taxation	**4,988**	**(522)**
Tax using the UK corporation tax rate of 19% (2019:19%)	948	(99)
Non tax-deductible expenses	65	186
Non-taxable income	(1,562)	-
Tax on loss relief	549	(44)
Tax on Irish Branch	16	-
Adjustment for prior periods	1,629	(1,010)
Reduction of rate on deferred tax balances	-	(6)
Deferred tax on temporary differences	(57)	(155)
Deferred tax on net operating loss	-	669
Total expense / (credit)	**1,588**	**(459)**

The UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax at 31 March 2020 has been calculated at 19% (2019: 17%).

11 Property, plant and equipment

	Land and Buildings €000	Plant and Equipment €000	Rental Equipment €000	Right of use assets €000	Total €000
Cost					
Balance at 1 April 2019	919	590	57,079	-	58,588
Additions during the year	-	70	4,553	1,164	5,787
Disposals	(260)	(183)	(359)	-	(802)
Balance at 31 March 2020	**659**	**477**	**61,273**	**1,164**	**63,573**
Depreciation					
Balance at 1 April 2019	(633)	(483)	(42,663)	-	(43,779)
Depreciation for the year	(40)	(10)	(7,170)	(335)	(7,555)
Disposal	63	117	85	-	265
Impairment			(7,284)		(7,284)
Foreign Exchange differences	5	4	-	-	9
Balance at 31 March 2020	**(605)**	**(372)**	**(57,032)**	**(335)**	**(58,344)**
Net Book Value					
at 31 March 2019	286	107	14,416	-	14,809
At 31 March 2020	**54**	**105**	**4,241**	**829**	**5,229**

Within land and buildings, €260,000 relates to disposal of dilapidation costs related to asset retirement obligations which was not required due to a change in provisions.

Intangible assets were tested for impairment considering the uncertain trading impact of the COVID-19 pandemic. With the retail environment for non-essential items being severely impacted, an impairment charge of €7,284 thousand was recorded for Kodak Moments, allocated to rental equipment.

Notes to the financial statements *continued...*

12 Intangible assets

	Goodwill	Customer Relationships	Intangible Rights	Development Costs	Total
	€000	€000	€000	€000	€000
Cost	(Restated)[1]	(Restated)[1]			
Balance at 1 April 2019	37,103	25,362	53,629	7,383	123,477
Additions during the year	-	1,049	-	3,352	4,401
Balance at 31 March 2020	**37,103**	**26,411**	**53,629**	**10,735**	**127,878**
Amortisation					
Balance at 1 April 2019	(36,361)	(23,741)	(36,783)	(4,270)	(101,155)
Amortisation for the year	-	(411)	(1,037)	(2,894)	(4,342)
Impairment charge	-	(607)	(2,038)	-	(2,645)
Balance at 31 March 2020	**(36,361)**	**(24,759)**	**(39,858)**	**(7,164)**	**(108,142)**
Net Book Value					
At 31 March 2019	742	1,621	16,846	3,113	22,322
At 31 March 2020	**742**	**1,652**	**13,771**	**3,571**	**19,736**

The customer relationships acquired from other group companies in the year relate to the transfer of Kodak Moments and PPF businesses in Switzerland, the Netherlands and Austria. The additional Kodak Moments customer relationship value has been impaired in the year by €607 thousand (2019: nil). Intangible rights assets were impaired by €2,038 thousand (2019: nil) to its recoverable amount.

The amortisation expense and impairment charges are recognised in cost of sales in the income statement.

Intangible Rights

The recoverable amount was calculated based on value in use of the asset which was derived from discounting projected cashflows and using growth rates from the most recent 5 Year Business Plan adjusted for the impact of Covid-19 pandemic. The key assumptions used in estimating the recoverable amount were as follows:

	31 March 2020	31 March 2019
Discount value	12.3%	11.21%
Terminal value growth rate	0%	0%
5 Year Business Plan growth rate	1.1%	4%

The growth rates in the 5 Year Business Plan showed a sharp decline in the financial year 2020 followed by modest growth in outer years resulting in an impairment loss. This is primarily due to an impact of COVID-19 in the near term.

Customer Relationships

The recoverable amount was based on value in use of the asset which was derived from discounting projected cashflows and the key assumptions used in estimating the recoverable amount are as follows:

	31 March 2020	31 March 2019
Discount value – Alaris business	11.3%	11.5%
Discount value – Kodak Moments business	13.0%	11%
Terminal value growth rate	0%	0%

[1] Restated see note 2

Notes to the financial statements *continued...*

13 Investments in Subsidiaries & Associates

The Company has the following investments in subsidiaries & associates:

Company	Registered Office	Class of Shares Held	Ownership	Country of Incorporation
Kodak Alaris International Limited	Hemel One, Boundary Way, Hemel Hempstead, HP2 7YU, United Kingdom	Ordinary	100%	United Kingdom
Kodak Alaris SAIC	San Vladimiro 3056 Piso 1 (1642) San Isidro, Buenos Aires, Argentina	Ordinary	25%	Argentina

Investments in subsidiaries

Company	1 April 2019 €000	Impairment €000	31 March 2020 €000	31 March 2019 €000
Kodak Alaris International Limited	374	(374)	-	374
Kodak Alaris SAIC	1,396	(1,134)	262	1,396
	1,770	**(1,508)**	**262**	**1,770**

The losses of €1,508 thousand relate to impairment of the Company's subsidiary measured at the lower of their carrying amount and fair value less cost to sell.

The Company also held a nominal share in the following companies;

Company	Registered Office	Class of Shares Held	Country of Incorporation	Ownership % 31 March 2020	Ownership % 31 March 2019
Kodak Alaris Services México, S.A. de C.V.	Amado Nervo 2200, Planta Baja Torre BIO I, Ciudad del Sol, Zapopan, Jalisco, C.P. 45050	Ordinary	Mexico	1%	1%
Kodak Alaris México, S.A. de C.V.	Amado Nervo 2200, Planta Baja Torre BIO I, Ciudad del Sol, Zapopan, Jalisco, C.P. 45050	Ordinary	Mexico	1%	1%
Kodak Alaris Manaus Indústria e Comércio de Material Fotográfico Ltda.	Av. dos Oitis, No. 760, warehouses 1 and 2, Distrito Industrial, Manaus, Amazonas, Brazil	Ordinary	Brazil	1%	1%
Kodak Alaris (Brazil) Comércio de Material Fotográfico e Serviços Ltda.	Rodovia Presidente Dutra, Km 154,7, suite 1, ground floor, part D of Building 6, São José dos Campos, São Paulo, Brazil	Ordinary	Brazil	1%	1%
Kodak Alaris Belgium SA	Avenue du Port 86c box 204 at 1000 Brussels, Belgium	Ordinary	Belgium	1%	1%
Kodak Alaris India Private Limited	Unit-2, Office No.272, Solitaire Corporate Park Guru Hargovindji Rd, Andheri- East Mumbai -400093, Maharashtra, India	Ordinary	India	1%	1%

All the entities noted above are trading companies, selling products and providing services similar to Kodak Alaris Limited.

Notes to the financial statements *continued...*

14 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 31 March 2020 €000	Liabilities 31 March 2020 €000	Assets 31 March 2019 €000	Liabilities 31 March 2019 €000
Property, plant and equipment	-	(588)	-	(645)
Net operating losses	781	-	781	-
Other	-	(136)	-	(136)
Provisions	-	-	-	-
Total Tax	**781**	**(724)**	**781**	**(781)**
Net Tax Asset		**57**		**-**

Movement in deferred tax during the period

	1 April 2019 €000	Recognised in income €000	Recognised in equity €000	Movement on exchange €000	31 March 2020 €000
Property, plant and equipment	(645)	57	-	-	(588)
Net operating losses	781	-	-	-	781
Other	(136)	-	-	-	(136)
Provisions	-	-	-	-	-
	-	**57**	-	-	**57**

	1 April 2018 €000	Recognised in income €000	Recognised in equity €000	Movement on exchange €000	31 March 2019 €000
Property, plant and equipment	(806)	161	-	-	(645)
Net operating losses	1,450	(669)	-	-	781
Other	(136)	-	-	-	(136)
Provisions	-	-	-	-	-
	508	**(508)**	-	-	-

15 Inventories

	31 March 2020 €000	31 March 2019 €000
Raw materials and consumables	1	-
Finished goods	10,642	9,806
Total Inventories	**10,643**	**9,806**

Finished goods recognised as cost of sales in the year amounted to €51.7 million (2019: €43.6 million). The write-down of inventories to net realisable value amounted to a charge of €216,000 in cost of sales (2019: €104,000 reduction). There were no reversals of write-downs during the period.

Notes to the financial statements *continued...*

16 Trade and other receivables

	31 March 2020	31 March 2019
	€000	€000
Trade debtors	11,321	12,101
Amounts owed by group undertakings	23,470	21,706
Other receivables	35	58
Tax receivable	3,499	-
Prepayments	420	410
Total Debtors	**38,745**	**34,275**
Current	38,741	34,264
Non-current	4	11
	38,745	34,275

The company applies a simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and credit rating, adjusted as appropriate for current observable data

17 Creditors: amounts falling due within one year

	31 March 2020	31 March 2019 (Restated)[1]
	€000	€000
Trade creditors	8,088	6,231
Amounts owed to group undertakings	37,761	44,558
Taxation and social security	1,358	1,389
Non trade payables and accruals	4,041	5,779
Deferred income	3,722	3,977
Other creditors	1,527	1,166
Tax payable	-	6,274
Total Creditors	**56,497**	**69,374**
Non-current*	1,527	1,164
Current	54,970	68,210
	56,497	69,374

* Non-current balance includes deferred income due in more than one year.

[1] Restated see note 2

Amounts owed to group undertakings are repayable on demand and non-interest bearing.

Notes to the financial statements *continued...*

18 Provisions

	Warranties	Asset Retirement Obligation	Other	Total
	€000	€000	€000	€000
Balance at 1 April 2019	246	2,087	420	2,753
Provisions made during the period	180	-	(178)	2
Provisions used during the year	(246)	-	-	(246)
Provisions reversed during the period	-	(723)	176	(547)
Balance at 31 March 2020	**180**	**1,364**	**418**	**1,962**
Non-Current	-	1,364	418	1,782
Current	180	-	-	180
	180	**1,364**	**418**	**1,962**

The Company provides warranties in connection with equipment sold both directly by Kodak Alaris Limited and equipment sold through fellow group entities in Europe, the Middle East and Africa, and generally these cover a period of one year.

Provisions for asset retirement obligations include the cost of removing and disposing of equipment loaned to customers. These provisions are expected to be utilised in three to five years. It also includes dilapidation costs of leasehold premises which are expected to be utilised at the end of lease period.

The other provision consists of the Dubai Leaving Indemnity Plan, being the amounts due to the Dubai employees of Kodak Alaris Limited should they leave, valued at the balance sheet date. This provision is utilised when employees leave the business and is expected to be utilised in more than one year.

19 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	31 March 2020	31 March 2019
	€000	€000
Creditors falling due within one year		
Loans due to group undertakings	17,317	17,497

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
				31 March 2020	31 March 2020	31 March 2019	31 March 2019
				€000	€000	€000	€000
Acquisition Loan	GBP	6%	On demand	12,459	12,459	12,894	12,894
Acquisition Loan	USD	6%	On demand	1,019	1,019	1,125	1,125
Accrued interest	GBP		On demand	3,839	3,839	3,478	3,478
				17,317	17,317	17,497	17,497

Notes to the financial statements *continued...*

20 Capital and reserves

Share capital

	Ordinary shares 31 March 2020	Ordinary shares 31 March 2019
On issue at 1 April 2019 and at 31 March 2020	**2**	**2**

	31 March 2020 €	31 March 2019 €
Allotted, called up and fully paid		
Ordinary shares of £1 each	2	2
Shares classified in shareholders' funds	2	2

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 premium

	31 March 2020 €000	31 March 2019 €000
Arising on the issue of one Ordinary share of €1.198 issued on 25 October 2013	**13,477**	**13,477**

Dividends

No dividends were recognised during the period and no dividends were proposed by the directors after the balance sheet date.

21 Financial instruments

Credit risk

Impairment of financial assets

The Company has the following type of financial assets that are subject to the expected credit loss model:
Trade receivables for sales of products, equipment, software, services and integrated solutions

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9 the identified impairment loss was immaterial.

Credit quality of financial assets and impairment losses

	Gross 31 March 2020 €000	Impairment 31 March 2020 €000	Gross 31 March 2019 €000	Impairment 31 March 2019 €000
Not past due	9,956	(120)	11,127	-
Past due 0-30 days	934	(20)	471	-
Past due 31-60 days	445	(28)	206	-
Past due 61-90 days	102	(14)	120	-
More than 90 days	190	(124)	592	(415)
	11,627	(306)	12,516	(415)

Notes to the financial statements *continued...*

21 Financial instruments (continued)

31 March 2020	**Current**	**1-30 days past due**	**31-60 days past due**	**61-90 days past due**	**90 days or more past due**	**Total**
	€000	**€000**	**€000**	**€000**	**€000**	**€000**
Carrying value of trade debtors	9,956	934	445	102	190	11,627
Expected credit loss	(120)	(20)	(28)	(14)	(124)	(306)
Net carrying value of trade debtors (note 16)	**9,836**	**914**	**417**	**88**	**66**	**11,321**

The historical expected loss rates are adjusted to reflect current and forward-looking information on factors affecting the ability of the customers to settle the receivables. The Company has identified factors in the countries in which it sells its goods and services to be the most relevant, and accordingly adjusts the historical loss rates based on expected changes in these factors.

22 Change in significant accounting policies

Effective on 1 April 2019, the Company adopted the IFRS 16 Leases accounting standard. IFRS 16 'Leases' - replaces IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on-balance sheet) and an operating lease (off-balance sheet). The new standard requires an asset (representing the right to use the leased item) and a financial liability (reflecting the discounted value of future committed lease payments) are recognised in the Balance Sheet.

IFRS 16 materially changes the presentation and timing of recognition of charges in the Income Statement. The operating lease expense reported under IAS 17 on a straight-line basis, within operating profit/(loss), is replaced by depreciation of the right-of-use asset and financing costs on the lease liability. This results in increased 'lease-related expenses' being charged to the Income Statement in the early years of a lease due to the front-loaded financing costs, significantly reducing reported Profit/(Loss) before tax.

The Company elected to use the modified retrospective approach in implementing IFRS 16 and to measure each asset at an amount equal to liability in all cases. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: The Company applied this approach to all leases.

The disclosure requirements in IFRS 16 have not been applied to comparative information. The details of the changes and quantitative impact are set out below.

Leases classified as operating leases under IAS 17
On transition, for operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. As a result, the Company has used the incremental borrowing rate applicable to the lease asset and liability of 3%

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular these were:

- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- and
- used hindsight when determining the lease term.

Notes to the financial statements *continued...*

22 Change in significant accounting policies (continued)

The following table summarises the quantitative impact of adopting IFRS 16 on the Company's financial statements for the year ending 31 March 2020.

	Impact of adoption of IFRS 16		
	As reported	**Adjustments**	**Balances without adoption of IFRS 16**
	€000	**€000**	**€000**
Balance sheet			
Assets			
Property, plant and equipment	5,229	(829)	4,400
Liabilities			
Non-trade payables and accrued expenses (current)	4,041	(243)	3,798
Non-trade payables and accrued expenses (non-current)	1,527	(590)	937
Income Statement			
Interest	992	(30)	962
Depreciation	(7,555)	(335)	(7,890)
Equity			
Retained Earnings	(12,661)	365	(12,296)

When measuring the lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 3%.

The following table summarises the difference between the operating lease commitments disclosed under IAS 17 at 31 March 2019 in the Company's financial statements and the lease liabilities recognised at 1 April 2019 :

	1 April 2019
	€000
Operating lease commitments at 31 March 2019 as disclosed under IAS 17	**2,590**
Discounted using the incremental borrowing rate at 1 April 2018	(687)
Finance lease liabilities recognised as at 31 March 2019	-
Commitments not classified as a lease	(739)
Lease liabilities recognised as at 1 April 2019	**1,164**

23 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Kodak Alaris Holdings Limited which is incorporated in the United Kingdom. On 10 November 2020, the assets and liabilities of the former ultimate controlling entity, KPP (No.2) Trustees Ltd, were formally transferred to the Board of the Pension Protection Fund.

The smallest and largest group in which the results of the Company are consolidated is that headed by Kodak Alaris Holdings Limited. The consolidated financial statements of the group are available to the public from the Company Secretary, Kodak Alaris Limited, Hemel One, Boundary Way, Hemel Hempstead, Hertfordshire, HP2 7YU.

Notes to the financial statements *continued...*

24 Contingent Liability

At the reporting date, the Company was one of the guarantors to a US$ 50,000,000 (2019: US$ 50,000,000) credit facility dated 7 April 2017 granted to Kodak Alaris Holdings Limited. Kodak Alaris Holdings Limited's shares in the Company and all assets debenture were pledged to support this credit facility. This facility expired on 30 June 2020 (see note 25).

25 Subsequent events

The lockdown initiated by the UK Government in March 2020 caused disruption to the Company's normal business operations creating uncertainties which have led to challenges in the Company's ability to forecast future business performance for the next 12 months. The Company has seen a 37% decrease in revenue from 1 April to 31 October 2020 against the same period in the year ended 31 March 2020. The Company subsequently put in place several mitigating measures like reduction to employee salaries and wages through furloughs and reduced working hours, renegotiating vendor payment terms and significantly reduced discretionary spend to help manage costs during this time. Despite these measures, the Company expects a decline in turnover in 2020/21 in comparison to 2019/20, and a lower profit.

As the ramifications of the lockdown were far reaching, the UK government instituted a number of relief measures to assist in mitigating against the impact of COVID-19, and the Company has subsequently adopted some of these measures. The Company has been able to collect most of the outstanding receivables at reporting date from customers as and when due during this challenging time without significant issues to report.

After the reporting date a definitive agreement was signed by the Company's holding company with an existing trading partner for the sale of the remaining PPDS business. This includes Kodak Alaris Manaus Indústria e Comércio de Material Fotográfico Ltda. and Kodak Alaris (Brazil) Comércio de Material Fotográfico e Serviços Ltda. in which the Company holds 1% shareholdings. The PPDS business did not meet the requirements for separate disclosure at 31 March 2020 and has therefore not been separately disclosed in these financial statements.

On 10 November 2020, the assets and liabilities of the former ultimate controlling entity, KPP (No.2) Trustees Ltd, were formally transferred to The Board of the Pension Protection Fund.

After the reporting date, the Company and its parent undertaking, Kodak Alaris Holdings Limited, successfully negotiated a new funding arrangement with KPP2, under which a committed facility of up to USD 50 million has been made available until September 2023 (see note 1.5). The Company acts as a borrower under the facility and as guarantor for any borrowings made by its parent. As of 10 November 2020 the obligations of the lender under this facility were transferred from KPP2 to the Board of the Pension Protection Fund on the same terms and conditions

26 Accounting estimates and judgements

Preparing these financial statements in conformity with FRS101 requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense.

Key sources of estimation uncertainty

Key assumptions concerning the future and key sources of estimation uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial period include the following.

Amortisation and impairment of intangibles

The amortisation of intangible assets requires judgements to be made of their estimated useful life to determine the appropriate rate of amortisation. Future impairment analysis may lead to write-offs of the unamortised balances. Future impairment review calculations require the use of estimates related to the cash generating ability of the acquired assets and the discount rate used in discounting these projected cash flows. If the recoverable amounts are lower, a further write down may be required.

Other key areas of judgement

The Group considers the following areas to be key areas of judgement and as discussed in note 1 to these financial statements; Provisions (note 1.12), Revenue recognition (note 1.13) and Tax (note 1.15).