
Kodak alaris
Annual Report & Accounts | 2020

Unlocking the power of
digital transformation
in business and in life

Employee photo competition entry by TODD BENHAM

Contents

Kodak Alaris UK Headquarters
Hemel One, Boundary Way
Hemel Hempstead, HP2 7YU
United Kingdom
Phone: +44 (0) 330123 0391

STRATEGIC REPORT

Highlights

- Kodak Alaris performed solidly across its main businesses throughout a very eventful year, contending with ever increasing competitive revenue pressure, navigating the US-China trade dispute uncertainty and in the final quarter of FY20 the initial outbreak of the COVID-19 pandemic.
- Whilst the Group achieved the key trading metrics set by the Board for the year, the directors recognise that the Group operates in mature markets. The results have declined in comparison to the prior year primarily due to the impact of weaker FX rates and the initial impact of COVID-19. The Group generated revenue of $628m for the year, delivering an adjusted EBITDA[1] of $42m, and at the end of the year the closing net assets were $16m, including a cash balance of $69m.
- The Group loss after tax was $91m (2019: $40m) which includes impairment charges of $37m, (2019: nil) $33m of which specifically relates to the trading challenges forecast by the Kodak Moments business in the context of the current global COVID-19 pandemic. Since the end of the year the Group has experienced a material stepdown in trading in all core businesses due to COVID-19, but the Group has continued to conserve its cash position by implementing several cost cutting measures.
- Given this uncertain economic environment the disposal programmes for the Alaris and Kodak Moments (including Film) businesses have been terminated and the knowledge gained through the strategic review, will allow the Group to focus on optimising efficiency and growing value in its core businesses.
- As the COVID-19 pandemic developed globally towards the end of the financial year, the Group took immediate action to safeguard the wellbeing of its employees by closing all offices and manufacturing sites, ahead of local government guidance.
- The agility and speed of the business continuity response from the IT and supply chain functions enabled productive and effective remote working for all office based staff and ensured continuity of critical services to maintain operations, supporting the continued flow of goods and services to customers during the COVID-19 pandemic.
- In September 2020 the Group successfully negotiated a three-year funding arrangement with its shareholder KPP2 and has access to $50m of committed funding until September 2023. Borrowing is limited based on a formula of available obligor collateral and on signing the facility, not all obligors were in place and as such, the initial available facility is limited to $40m.
- During the year the claim brought by ITyX Solutions AG against Kodak Alaris Inc. has been concluded which resulted in a payment by the Group of $9m. A further claim has been settled in the Group's favour for an action brought against Tech Park Owner, LLC, the owner of the facility in Rochester, New York from which the Group operates.
- After the reporting date Kodak Alaris Holdings Ltd settled its dispute with Eastman Kodak Company (EKC) for a net settlement of $11m resolving EKC's non-payment of the contingent purchase price adjustment and in the process securing an extension to film and specialty chemicals supplies.
- The investment in engineering for the year was $58m (2019: $49m) to develop innovative and sustainable technology for customers that will continue to drive profitability across the businesses. Of this total $11m (2019: $8m) has been capitalised into intangible assets and the balance has been expensed.
- Alaris continues to win numerous industry accolades for its product portfolio, innovative offers and channel programmes. In 2020, Alaris won the BLI Scanner Line of the Year[2] award for the fourth time in five years, winning more awards than any other scanner manufacturer in the testing lab's 62-year history.
- During the year Kodak Moments added a key partner, Google Photos, and launched their 4x6 printing capability to all US CVS stores, providing Google Photos users with more than 7,400 printing locations across the US. Kodak Moments also successfully defended its patented technology against misuse resulting in a settlement of $1m in the Group's favour during the year. All of the most significant customer contracts have now been renewed, including those signed since year-end.
- The anticipated sale of the PPF business did not complete in the year and following an internal reorganisation, the Film business has operated as a separate product line within Kodak Moments from 1 April 2020. After the reporting date a definitive agreement was signed with an existing trading partner for the sale of the remaining Paper, Photochemicals, Display and Software (PPDS) business.
- The PPF business introduced new formats in the Ektachrome 100 product series generating positive press interest and critical acclaim, film capture demand continued to be strong in the year, with a 30% increase in sales compared to the prior year.
- AI Foundry launched its Agile Mortgages™ solution and went live with several key accounts through the year, notably AmeriHome has stated that the implementation will enable them to significantly reduce costs and accelerate their loan purchase cycle. After the reporting date this business was sold to a subsidiary of one of AI Foundry's largest and fastest growing customers in the digital mortgage market.

1 Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, impairment and non-recurring items and is referenced throughout the Strategic Report.

2 BLI analysts bestow the coveted Line of the Year honour annually to the vendor whose product line is rated the best overall, with models at every level excelling in BLI's rigorous two-month laboratory evaluations.

STRATEGIC REPORT

Revenue $m

$628

2018[1]: **$697** | 2019: **$656**

The decline in reported revenue of 4% from the prior year was broadly in line with the expectations set by the Board.

The Film business has continued to outperform expectations and delivered a 30% growth in revenue compared to 2019.

Gross Profit (GP) $m

$186

2018[1]: **$200** | 2019: **$202**

Gross profit percentage for the year of 30% was also in line with the expectations set by the Board, representing a 1% reduction on the prior year.

Successfully implemented Go To Market changes in APAC in the year, transitioning supply chain support has resulted in improved operational efficiency.

Adjusted EBITDA[2] $m

$42

2018[1]: **$40** | 2019: **$48**

Adjusted EBITDA of $42m for FY20, supported by maintaining margins in mature markets coupled with continued investment in development of new products for the future.

Loss After Tax $m

-$91

2018[1]: **-$137** | 2019: -**$40**

Loss for the year of $91m, is impacted by the $37m impairment charge of which $33m specifically relates to the trading challenges being forecast by Kodak Moments due to the global COVID-19 pandemic.

There was no impairment charge in FY19.

Net Assets $m

$16

2018: **$157** | 2019: **$110**

Net Assets reduced to $16m in FY20, in part due to impairment of historical asset carrying values taking account of the change of strategy for the Group and the uncertain trading impact of COVID-19, reduction in bank balance and net working capital.

Closing Cash $m

$69

2018: **$70** | 2019: **$100**

The Group ended the year with significant liquidity resulting from cash balances of $69m (includes restricted cash of $4m), a decrease of $31m from the prior year.

The Group has continued to conserve its cash position since year-end by implementing several cost cutting measures. The management team will continue to evaluate, enhance and adjust our actions until the post COVID-19 trading position stabilises.

1 2018 revenue, GP, adjusted EBITDA and loss after tax balances are unaudited.

2 Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, impairment and non-recurring items and is referenced throughout the Strategic Report.

Chairman's Statement

The Board of Kodak Alaris Holdings Limited is pleased to report its results for the year to 31 March 2020. These results reflect the total business performance of the Company and its subsidiaries, together referred to as the 'Group.'

The last year has proved to be a year of significant activity across many areas of the business with several important technology, product and customer successes combined with a continued focus on operating cost reductions. This resulted in a solid operational and financial performance in the year which met the Board's overall expectations for trading performance. More broadly the year and the period since the balance sheet date, has seen considerable focus on the strategic review, refinancing, managing the significant challenges as a result of the COVID-19 pandemic and recently the completion of several planned leadership and Board changes. In all respects the Board are extremely proud of the way the business and our employees have responded both to the usual competitive challenges and the drive for change but particularly through the early phases of the pandemic that have touched so many lives and businesses in 2020.

The Group's overall trading performance in the year was solid with a mixed performance across the core businesses as PPDS and Kodak Moments met and exceeded our expectations respectively whereas AI Foundry and Alaris where slightly weaker, the later due entirely to the early impacts of COVID-19 in February and March 2020. This solid performance was a notable achievement given the continued challenges for the end markets in which we compete in addition to the impact of global trade disputes with tariff regimes and towards the end of the financial year the early impacts from COVID-19.

Completion of the Strategic Review

As previously reported, KPP2 issued an instruction to the directors of the Company in September 2018 to undertake a strategic review and the active exploration of an orderly disposal of the Group or its component businesses, within the Kodak Alaris portfolio. Substantial activity on this programme has been running throughout FY20 for many of the leadership team and our advisors.

Throughout this period, the Board has held regular discussions with KPP2, the UK Pensions Regulator (TPR) and the Pension Protection Fund (PPF) regarding the options to maximise the value of the Group.

The Board, with agreement of our current (KPP2) and future shareholder (PPF), concluded these reviews with decisions to dispose of two smaller/non-core businesses (PPDS and AI Foundry) and retain both the Alaris and Kodak Moments businesses. We have now moved to a Retain and Run strategy. These decisions were made in order to maximise value reflecting a deteriorating economic environment, uncertainty due to COVID-19, and a more challenging M&A environment.

Our focus has now turned to efficiently running and growing these core businesses. Both Kodak Moments and Alaris operate in markets that are mature. Allied to both our decision to Retain and Run these core businesses and manage the near-term impacts of the pandemic we are undertaking a series of transformation activities across the Group. Our priorities remain focused on driving the maximum value from these core businesses, exiting lower return activities while adapting to create new opportunities for growth in an adjacent digital world. We will exploit our core engineering, market and customer knowledge and technical expertise to facilitate their future growth plans.

Impacts of the COVID-19 Pandemic

The near-term impacts of COVID-19 have been severe across the globe in all societies and businesses. Kodak Alaris has not been immune from these issues but I am glad to report that a resilient organisation which acted quickly to protect our employees and customers means that while we have had a very small number of infections around the globe we have thankfully not lost any of our global team to the pandemic.

As the situation initially developed in China, where the Group has around 250 employees our priorities instantly focused first on the health and safety of our teams. This rapidly expanded to our teams in Europe, the US and Latin America as the pandemic spread. This focus on our teams has been, and will continue to be, a central focus of our leadership group but also the Board – which has met much more regularly than would normally be the case to monitor these issues and its impact on the business and support our executive teams.

Like many businesses Kodak Alaris has employed a complete lockdown in all parts of the business in the early stages of the pandemic. Employees worked from home where that was a possibility. As local, state, or national regulations have allowed, we have executed a slow considered partial release of those restrictions where it makes sense. At the date of this report many parts of our global team remain working remotely and our operational plants have deployed appropriate procedures to ensure social distancing, health monitoring as advised by the WHO. It has been very encouraging that despite this period of grave concern and massive disruption that many parts of our business and support for our customers and suppliers has operated very normally with limited/no disruption to daily activities – for this, the Board and I send a sincere gratitude to a dedicated and resilient organisation.

These initial actions then progressed to the actions that we took to protect the business as we started to see a slowdown of various levels in each of our core businesses.

Chairman's Statement

This extended to managing cost and cash flow and taking a number of actions to defer major investment decisions, negotiate more favourable payment terms with many suppliers, reduce costs, move numbers of our global teams on to rolling furlough arrangements all to help match our cost base with our reduced trading levels while also accessing a number of tax and funding schemes in numerous countries in which we operate.

I am glad to report that these actions not only achieved our important priorities of protecting our teams but also ensure that the Group maintained a strong liquidity position through this phase as we also completed our refinancing activities.

Our businesses are slowly emerging from these challenges. However, like all businesses we know that the full impact is too early to determine and so our focus remains on protecting our strong financial position, taking short and long term decisions to adapt our cost base and ways of working while ensuring we take no risk with the health and safety of our teams.

After the Balance Sheet Date

In the period since the balance sheet date we have been successful to reaching agreement to sell both the AI Foundry and PPDS businesses – both to well established and respected industry players in their respective markets. The sale of AI Foundry completed on 7 July. We are currently supporting Sino Promise Group (buyer of the PPDS business) to work through the transition phase and expect to complete the disposal later in 2020 after completion of the usual milestones customary with a transaction of this size and global complexity.

The Group made changes to its financing facilities. The prior RCF expired and has been replaced with an entirely new 3 year $50m facility provided by our owner (KPP2).

At the time of this report the facility remains undrawn but the Board consider it important to maintain financial flexibility, especially given the uncertain environment caused by the pandemic and the usual seasonal nature of our businesses.

This has been a testing period for our businesses and our people, to whom I and the Board, owe our deepest gratitude for their significant efforts and achievements delivered over the last year. I know the Board members feel extremely fortunate to have so many talented and dedicated people across our businesses, as we progress the turnaround and future growth of our two core businesses.

Leadership and Board Changes

After many years of stability within our Board we have seen several changes to the executive and non-executive directors in the period after the balance sheet date.

In anticipation of the sale of parts of our business we have been working with Marc Jourlait to plan his departure and a smooth transition to his successor, Mark Alflatt. We formalised this change on 23 July with Marc's departure on 31 July. Marc has served the company as CEO for three and a half years. He has led the transformation of the culture of the company and focused it on fulfilling commitments to our customers and our owners with a real spirit of teamwork. I thank him for his vision and strong leadership of our Group over that time and wish him well for the future.

The Board unanimously agreed that the right successor for the CEO role was Mark Alflatt. Mark has been our CFO since February 2016 and has a broad range of commercial and financial experience and has the right skills, experience and leadership qualities to take our Group forward.

Diane Gardner, previously Deputy Group CFO, was appointed as Group CFO and joined the Board on 23 July 2020. Diane has considerable financial experience gained in a number of tax, treasury and generalist financial roles and will be a strong addition to the Board.

Patrick De Smedt, Non-Executive Director, retired from the Board on 31 March 2020.

Stephen Ross, Non-Executive Director, retired from the Board on 30 June 2020.

Brian Larcombe, Non-Executive Director, retired from the Board on 21 July 2020.

I thank all my former Board colleagues for their considerable efforts and contribution to the Group. They brought impressive experience to bear as we formed the Company and began the significant job of transforming the culture and structuring its balance sheet to be fit for purpose. I wish them all well for the future.

Oliver Morley, currently CEO of the Pension Protection Fund, joined the Board on 9 April 2020 as a Non-Executive Director and Shareholder representative on the Board.

Chris Howell joined the board as a Non-Executive Director on 23 July. Chris comes to the board with significant experience leading companies through strategic resets to create long term growth. Chris previously held Chairman roles at Maxeda DIY Group in Benelux and Oceanico Group and has led and supported numerous private and publicly listed companies in an executive, non-executive and advisory capacity including Managing Director at KPMG.

I welcome these new Directors to the Board.

With these changes I am confident that we have the right Board to support and challenge the leadership team through a period of uncertainty, but also considerable opportunity, for the business.

Chairman's Statement

Investment focus

I am pleased with a solid year of progress in Alaris and Kodak Moments. The business divisions and Group's focus on investing in future technology, product and our people continued through FY20 with strong discipline in our capital allocation decisions.

This remains the key operational focus for our leadership teams at this time as we balance the near-term liquidity management with continuing to invest in priority, strong return areas of the portfolio.

Financial results from operations

The financial results continue to reflect the significant investments being made across the Group to rationalise the portfolio, reduce cost and improve productivity in its core businesses and position the portfolio in the right growth markets going forward.

Revenue – The Group generated revenues of $628m in the year to 31 March 2020 (2019: $656m). The Alaris and Kodak Moments businesses protected their market share positions although the PPDS Colour Negative Paper position weakened in a particularly competitive sector of the market. The broader market changes combined with weaker foreign exchange rates contributed to the majority of the annual revenue reductions.

Adjusted EBITDA – Reflects the underlying performance of the business excluding one-off non-recurring costs and benefits. For year ended March 2020 the Group delivered $42m of Adjusted EBITDA, a deterioration of $6m from FY19, due mainly to the margins associated with the volume reductions due to the declines in the end markets. The decline in underlying volumes and gross profit was partially offset by good cost control across the business, and an increased focus on overhead spend.

Group loss – Overall, the Group reported a loss after tax of $91m for the year (2019: $40m loss) which was after a total of $54m of non-recurring and impairment charges in the period. $13m of this was costs incurred in relation to the strategic review and the $37m impairment related mainly to the impact of COVID-19 within the Kodak Moments business. During the year there were charges of $50m for depreciation and amortisation, a negative impact from foreign exchange rates of $5m, and a further $23m relating to financing and tax charges.

A detailed explanation of these areas in the Financial Performance Review on pages 25 to 27.

Cash – Cash balances of $69m at the end of the period (2019: $100m) reflected a strong period of trading performance and improved working capital management such that the Group finished the year with a strong balance sheet – an important asset as we moved in to the period of considerable uncertainty caused by the initial impacts of the pandemic. The main driver of the cash outflow in FY20 reflected ongoing investments in the business, costs related to the strategic review and progressing the sale of two businesses in the year, with proceeds expected to be being received in FY21.

Dividends

While the Group's balance sheet and liquidity is in a strong position, the Board concluded that no distribution should be proposed for the period. The Board has reviewed this position on a regular basis over the last two years. The Board will continue to monitor the Group's balance sheet strength and liquidity needs, the ongoing cash and investment needs of the Group and the uncertainty driven by the economic effects of the pandemic in determining the timing and scale of potential dividend distributions.

Financial outlook and risks

The conclusion of our strategic review to exit two non-core businesses and retain and focus on our two larger businesses provides a new start and series of opportunities for the Group.

In the near term we will see changes as we adapt to be a more focused organisation but also continue to take actions to address the short and long-term implications of the COVID-19 pandemic. This is an uncertain time for all businesses – Kodak Alaris is no different in this respect – but I am encouraged by the strength of leadership we have across our businesses that we are well positioned to protect and prosper in its chosen markets and emerge from this global uncertainty better positioned to compete.

In the near term our priorities remain, as it has been since the start of the pandemic, on the health and safety of our employees and customers and managing the economic impacts of the pandemic including specifically on cost and cash management.

Mark Elliott

Mark Elliott
Chairman of the Board
8 October 2020

Chief Executive's Letter

Mid-way through my fourth year at the helm of Kodak Alaris, I look back with pride at what the team has accomplished and delivered this past financial year: the fiscal year ending 31 March 2020 represents 27 consecutive months of meeting or beating my expectations. Despite all the headwinds and unexpected events, the team's unshakable resilience, tenacity and perseverance continued to shine through and to deliver the targeted operational results at the Kodak Alaris Group level.

Overall, Kodak Alaris performed solidly across its main businesses throughout a very eventful business year: contending with ever increasing competitive revenue pressure, navigating the US-China trade dispute uncertainty on a real-time basis, driving the renewal of the quasi-totality of our Kodak Moments retail contracts, managing through supply constraints and significant cost increases on key film supplies, and in the final quarter of FY20 (January-March 2020) the initial COVID-19 pandemic generated supply-side shock which rapidly mutated into an unprecedented demand-side shock. With each one of these, I am pleased to report that the Kodak Alaris team stepped up, tackled the issues, got things back on track.

Having undergone a strategic review of the entire Kodak Alaris group, it was concluded that Kodak Alaris would sell the PPDS and AI Foundry businesses. We intend to maintain ownership of the remaining core businesses, Kodak Moments and Alaris, and to invest in their long-term success. Having completed the divestiture of AI Foundry and having reached a definitive agreement for the sale of PPDS after the reporting date, the Board and our shareholder concluded the right approach to maximising value was to retain and run the two core businesses.

Financials

FY20 revenue for the Group came in at $628m (2019: $656m) which represented 99% of our targets. Adjusted EBITDA, excluding costs relating to the strategic review project, and reflective of true operational performance of the Kodak Alaris businesses, came in at $42m (2019: $48m), or 103% of Board approved targets. The Group cash position ended at $69m (2019: $100m) despite a $14m shortfall due to the unpaid last tranche of the reverse earn-out income from Eastman Kodak Company and inclusive of one-time strategic project costs of $13m. Operational cash performance was strong thanks to solid earnings, disciplined inventory and working capital management, and diligent credit and collections across all our businesses. Despite revenue shortfalls in Alaris and AI Foundry and higher tariff costs, overall favourable pricing and product mix drove solid gross margin percentage performance. Strong cost management came from across all Global Functions, SG&A and R&D.

Growth

Looking closer into each business, the benefit and balance provided by a diverse portfolio clearly come to light:

- Our **Alaris** document scanner business revenue declined, albeit at a lower rate than the prior year, due to softer sales in mature Production Capture (PC) and Distributed Capture (DC) products, half of which came through due to the COVID-19 pandemic at the tail end of the fiscal year. The upside in solutions and professional services revenue partially offset the shortfall.
- Our retail photo kiosk **Kodak Moments** business revenue exceeded the metric set by the Board as a result of strong additional equipment sales to a key retail customer as well as a favourable mix of premium products. The new partnership with Google Photos and CVS was successfully launched and exceeded expectations.
- Our **PPF** business revenue delivered in line with the expectations set by the Board thanks to strong film capture performance, despite tight supply throughout the year, offset by reduced Color Negative Paper revenue due to difficult competitive and market trading conditions.
- **AI Foundry**, our AI and Machine Learning business process robotization fin-tech start-up, achieved lower revenue than planned due to deal closure delays following a strategy and technology pivot. Subsequent customer conversion effort from a system integration reselling approach to an in-house developed "AI bot" portfolio offering showed significant traction in the second half of FY20 and early months of FY21 despite the COVID-19 pandemic thanks to low US interest rates driving a huge spike in demand for residential mortgage refinancing which is evidenced through the 100x volume of mortgage being processed through AI Foundry's bots in production environments.

Transformation and simplification

On the continuous improvement journey, FY20 was no exception to the on-going efforts to streamline, optimise, cost-reduce and simplify our business: from our legal entity structure, to our office leases, to how we interface with our key channel partners and customers, to our suite of IT tools, to our day-to-day business processes, the entire Kodak Alaris team has continued to push itself to never settle and to constantly search for a better, faster, smarter more efficient way for the Company. The bottom line delivered operationally this past year is a testament to those incessant efforts to never rest on our laurels when it comes to improving every facet of Kodak Alaris. And this journey never ends.

Chief Executive's Letter

People

In summary for Kodak Alaris, FY20 was a remarkably solid year of operational execution delivered by the team. The Kodak Alaris team indeed contended with several surprises, unforeseen headwinds, and a few one-off challenges, and for the leadership team as well as many of our people this meant juggling our day to day responsibilities with the additional workload resulting from the shareholder's instruction to complete the strategic review and explore the potential sale of our businesses.

We are sad to see some long-time colleagues leave the Kodak Alaris family, and want to thank both the PPDS and AI Foundry teams for their contributions to Kodak Alaris over many years. We know they are both in good hands in what we are certain is great future ownership.

Full credit goes to the global Kodak Alaris teams for executing and delivering on our operational targets. It has been another satisfying year for me personally as CEO of Kodak Alaris and certainly both humbling and tremendously gratifying to lead and watch the team perform and deliver.

As the global effects of the recent COVID-19 pandemic became apparent towards the end of the financial year, the teams showed flexibility and willingness in their ability to adapt quickly to the changing working environment. Furthermore, the agility and high speed at which our global IT team have worked to enable remote working and continuity of business services, has helped mitigate some of the adverse effects that the pandemic has had on Kodak Alaris. We are so grateful to our global team for such commitment and dedication.

Throughout FY20 we have witnessed our team members continue to develop and flourish through the Kodak Alaris mentorship programme, Emerging Professional Network and various workshops including our nurturing wellbeing workshops. Furthermore, by facilitating employee participation in our company sponsored corporate social responsibility activities we have seen true altruism at work within our team, through engagement within the communities we live and work in.

Each year, Kodak Alaris runs a photo competition for our global employees. The response each year has been overwhelming and it has been such a treat to witness the wonderful talents of our team, both professional photographers and amateurs. This year, we have decided to showcase some of these in this very report so thank you to all involved and for allowing us to use some of your wonderful "Kodak Moments".

Our **Mission** at Kodak Alaris remains unchanged and our teams lived up to it and delivered on it in FY20: to transform and maximise the profitability of the portfolio of businesses that make up Kodak Alaris, to create further value in a culturally renewed values-driven Company; a Company that invests in growth businesses, systematically and reliably delivers on its financial commitments, operates within an efficient, cost-effective infrastructure and based on a cultural foundation of innovation, transparency, discipline and accountability.

Our **Vision** for each one of our businesses remains as ambitious: to be recognised by the market as the leading provider of products and services in each of the segments we participate in. We want to lead in each key industry we participate in through better products, better quality and reliability, better customer service, the best and the brightest employee talent, and world class partners around the globe.

Our well-established Kodak Alaris **Values** that we live and breathe by can be defined by the acronym **I-ACT**:

- **Innovation** as the core of Kodak Alaris as a technology company
- **Accountability** to deliver on our commitments
- **Customer Satisfaction** in all aspects of our business
- **Teamwork** in how we resolve issues and grow our portfolio

During the year there were numerous examples of team members exhibiting our core values.

I(nnovation): Kodak Alaris established a new market category "Smart Connected Scanning" with the introduction of its INfuse Solution. INfuse addresses significant unmet needs of solution integrators including the need for faster, cheaper and secure onboarding of business inputs into a workflow. This market requirement is particularly prominent in the changing work processes caused by the COVID-19 pandemic. Analyst firms have recognised INfuse as highly innovative and a uniquely differentiated capture solution. The solution has also received several awards including BLI's Outstanding Achievement in Innovation award.

A(ccountability): The Environmental Health and Safety team, alongside the Alaris team, held themselves **accountable** to ensure our products met requirements for EH&S regulations worldwide. Through design testing and management of documentation they ensured compliance in highly regulated, frequently changing and complex environments. Recent certifications include: Energy Star 3.0, EH&S Management System implementation in LATAM, and EPEAT Silver status.

C(ustomer Satisfaction): Kodak Moments and CVS partnered with Google Photos to launch print-to-store service from Google Photos on web and mobile apps. Google recognise the value in the Kodak Moments' global retail printing network to enable a same day printing service from their apps for their users. The print volume exceeded goals aided by the additions of enlargements coupled with CVS & Google marketing. Kodak Moments efforts were essential in providing the tools that, combined with CVS and Google expertise, brought customer satisfaction and great results.

T(eamwork): The Kodak Alaris IT Team, along with several key business partners, rolled out the next generation of collaboration tools from Microsoft called Teams.

Chief Executive's Letter

Teams delivered major improvements in both capability and reliability with their fully integrated platform allowing users to collaborate on another level. A great example of **teamwork** to develop, communicate, and train employees to ensure the entire workforce was informed and able to adapt to the transition.

These all continue to be underpinned by four foundational strategic pillars that drive our action plans, priorities and investments: **Financials, Growth, Transformation & Simplification and People.**

Marc Jourlait
Chief Executive Officer *[retired 23 July 2020]*
8 October 2020

Mission Transform and grow the Kodak Alaris portfolio to create value

Vision To be recognised by the market as the leading provider of products and services across the Kodak Alaris portfolio

Values I-ACT

Innovation
in product, knowledge and expertise, the markets we play in and the way we do business

Accountability
for results and performance

Customer Satisfaction
in performance, quality and customer-first service (for partners, end consumers, internal customers)

Teamwork
with start-up like passion, empowerment and delegation, and cohesive and effective collaboration

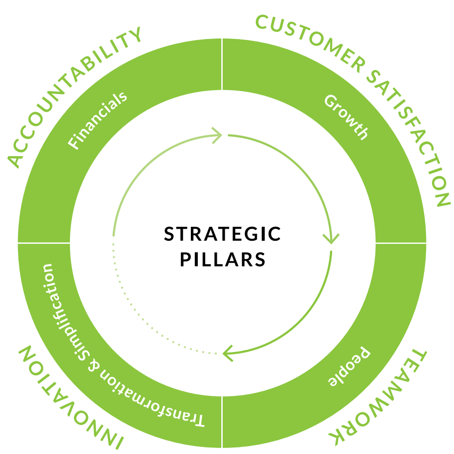
CEO Succession:

I have had the honour and privilege to take over as Chief Executive Officer of Kodak Alaris from Marc Jourlait in July 2020 having been CFO of the Group since March 2016. It's been a pleasure to work for Marc over his time in Kodak Alaris and now have the chance to build on his achievements as I and the team now focus on taking the business forward in a "retain, run and grow" mode following the completion of our strategic review. I appreciate the trust and the support of our Board in selecting me to lead the Group going forward in what has clearly been a challenging phase as the Company, our customers and colleagues have adapted rapidly to the consequences of a global health and economic shock caused by COVID-19. I am incredibly proud of the way our global team has responded – firstly to ensure our teams and customers have remained safe and well through this phase through the accelerated implementation of health and safety protocols in our operations and then the full lock down of most of our locations – many of which remain in a remote working mode today.

While I start from the position of an unpredictable environment I take huge confidence in the dedication, ingenuity and resilience of our global team and talented leaders around the globe together with our continued focus on Customer First and ongoing investment in product and service development across our portfolio. We have proved ourselves to be both innovative, adaptable and responsive again through the last financial year and in the months since the start of the pandemic which provide us a significant advantage as we move our business forward and while there are undoubted uncertainties I am confident in this team to also execute on the considerable opportunities ahead of us.

I look forward to updating you at the end of FY21 on our progress and performance in my first year as CEO.

Mark Alflatt
Chief Executive Officer
8 October 2020



Business Review

Kodak alaris

Kodak Alaris is on a journey to help people and businesses reap the rewards of digital transformation through its state-of-the-art products and services.

Fuelled by our **Kodak** heritage, we're bringing our vision, innovation and digital solutions to the next generation of professional and amateur photographers. Our reach spans specialty films, advanced film processing labs, consumer photo-printing kiosks creating more ways than ever for people to preserve their most cherished memories.

Through our vast expertise in image science and advanced process automation, we're unlocking the power of digital transformation. Our patented systems help propel businesses and governments forward by turning data into powerful, actionable insights – combining breakthrough technologies, artificial intelligence, machine learning and human know-how.

Who we are and where we are going

Kodak Alaris was formed in 2013 by the UK Kodak Pension Plan, after it had taken over the Kodak Personalised Imaging and Document Imaging businesses from the Eastman Kodak Company (EKC). At the behest of the UK pension regulatory authority, it was subsequently transferred to a new pension plan, KPP2, its sole shareholder.

In 2018, KPP2 instructed the directors of the Company to explore the sale of some or all of its component businesses if an attractive offer could be achieved but given the uncertain economic environment the disposal programmes for the Alaris and Kodak Moments (including Film) businesses have been terminated. Having completed the divestiture of AI Foundry and having reached a definitive agreement for the sale of PPDS after the reporting date, the Board and our shareholder concluded the right approach to maximising value was to retain and run the two core businesses.

What our businesses do

Kodak Moments

Kodak Moments is a 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. With a global base of more than 100,000 installed units (the majority of which are internet connected for net-to-retail and retail-to-net ordering), our retailers are able to deliver a portfolio of high-quality photo products (prints, enlargements and photo gifts) to consumers for in-store fulfilment.

Alaris

Alaris is a leading provider of information capture solutions that simplify business processes. We exist to help the world make sense of information with smart, connected solutions powered by decades of image science innovation. Our award-winning range of scanners, software and services are available worldwide, and through our network of channel partners. For more information, please visit AlarisWorld.com.

Paper/Photochemicals/Film (PPF)

PPF is a leading provider of consumer and professional photographic products. It supplies the world's highest quality consumer, 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 film business has been managed as a separate product line within Kodak Moments from 1 April 2020. After the reporting date a definitive agreement was signed with an existing trading partner for the sale of the remaining Paper, Photochemicals, Display and Software (PPDS) business.

AI Foundry

AI Foundry utilises the latest in AI, machine learning and machine vision to transform raw data into actionable intelligence. Our Agile Mortgages solution contains a suite of cognitive robots that harnesses the power of actionable intelligence to help our customers increase efficiency, decrease process bottlenecks and vastly improve customer experience. With the power of actionable intelligence, AI Foundry helps organisations achieve measurable results that directly impacts their bottom line and shapes their future. After the reporting date this business was sold to a subsidiary of one of AI Foundry's largest and fastest growing customers in the digital mortgage market.

Business Review

Kodak Moments

From major milestones to everyday moments, print has the power to connect us through the stories we share. We believe that celebrating life's meaningful memories is what matters the most.

Kodak Moments —
for all that matters™.

Kodak Moments is a leading global provider of photo products and services to retailers, consumers, and entertainment properties.

Kodak Moments inspires consumers to bring their memories to life through innovative, high-quality photo products and experiences they find truly meaningful. Powered by over 100,000 consumer retail touchpoints, the Kodak Moments App and KodakMoments.com, it's our vision to be the brand consumers choose to discover, celebrate and relive their magical moments in everyday life.

Business overview

This was a milestone year due to the renewal of the majority of key accounts. We've maintained financial sustainability through a disciplined approach to expansion and a strong commitment to developing mobile-first, consumer-centric products. Our category leadership sets us apart. By continually investing in brand, channel, product and technological innovation, we are executing on our dynamic transformation and reshaping the industry.

Our installed base of more than 100,000 consumer touchpoints across 30 countries globally offers ease, convenience and choice in creating and delivering a portfolio of high-quality photo products such as prints, enlargements and photo merchandise to consumers through our retail partners. Our offerings include Kodak Moments iOS and Android mobile apps as well as Kodak Moments desktop and mobile websites for order creation with both ship-to-home and BOPIS (Buy Online, Pick Up in Store) fulfilment options. In FY20, consumer reach increased through expanding total photo category participation, including prints and do-it-yourself products, supported by the Kodak Moments To Go self-service kiosks, which are aimed at channel expansion.

Kodak Moments has a global supply chain reach with expanded converting and packaging facilities around the world for delivery to regional channel partners. Our in-store equipment continues to be sourced from original manufacturing partners and is assembled by third-party integrators located in the U.S. and Germany. Our retail printing consumables are manufactured in our ISO-certified (ISO 9001 Quality Management System and ISO 14001 Environmental Management) facility in the U.S. and through our strategic partner in Germany. In 2019, Kodak Moments thermal paper products used in retail destinations nationwide, achieved certification under the internationally recognized Forest Stewardship Council® (FSC) Chain of Custody (CoC) standard.

Business Review

Kodak Moments

Industry dynamics

Kodak Moments' market participation is based on the overall global photo output market, which was valued at $18bn in 2019, split between the prints market at $11bn and photo merchandise (e.g. home decor, photo books, cards and mugs) at $7bn. The market projection in 2020 for photo merchandise is flat to slight growth, while prints are projected to stay roughly flat. These numbers, however, may be negatively affected by the global pandemic.

Kodak Moments participates predominantly within the dry technology retail segment of the photo output market. Our global share of this highly competitive environment is 23%, based on the latest available information.

Smartphones are projected to be in the hands of 43.9% of the worldwide population by 2023[1]. The smartphone proliferation means millions more people will have cameras in their pockets with access to e-commerce on-demand. eMarketer estimates retail sales will grow 4-5%, while mobile commerce sales are projected to increase by double digits each year for the next five years[1]. The opportunity lies in an omnichannel approach—including app, web, and in-store — leveraging the strength of our brand, technology and retail partners to deliver innovative photo solutions to consumers.

Key achievements

The year saw a continuation of investment in high-velocity technology development across all platforms. The Moments Finder™ was introduced as a state-of-the-art AI technology to produce the "easiest photo books you'll make." New image science features and new underlying technology bases were added to the Kodak Moments website and mobile apps. In retail, improved self-service technologies were put to trial at multiple locations.

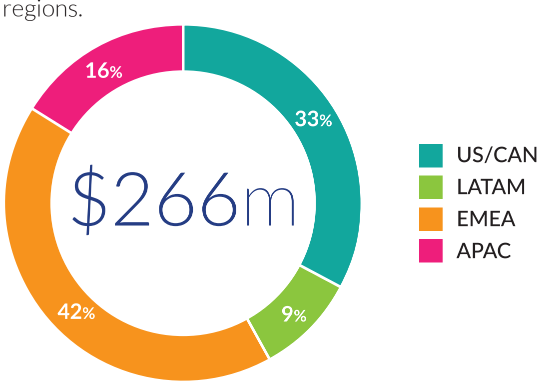
Continued investment in the existing global retailer photo offerings to enhance ongoing customer experience through improved workflows and expansion of premium product offerings propelled many retailers to have sustained increases in same-store sales. Bordered prints, 5R (5-inch wide) formats and mini print formats have been added along with Kodak Moments branded DIY products to consumer workflows. BOPIS user experience improvements, partner program expansion and product portfolio growth contributed to double-digit revenue growth in our connected services. New product revenue for both retailers and Kodak Moments grew by over 75% from the start of the year. In total, 104 new retailer product features were introduced during the year, along with the introduction of the M1 Kiosk.

Our continuous drive for innovation has led to contract renewals with several key retail partners. We renewed contracts with DM, Rossmann, CVS, Walmart Canada, Kmart Australia and Disneyland Paris during the year with some finalised shortly after year-end.

We have also actively defended our intellectual property and have settled a patent infringement lawsuit in 2019 with a mutually agreeable settlement consisting of a license to our Kodak Moments panoramic printing patents.

Kodak Moments financials

Our geographic revenue composition is split between operations in the Americas and those within the EMEA/APAC regions.



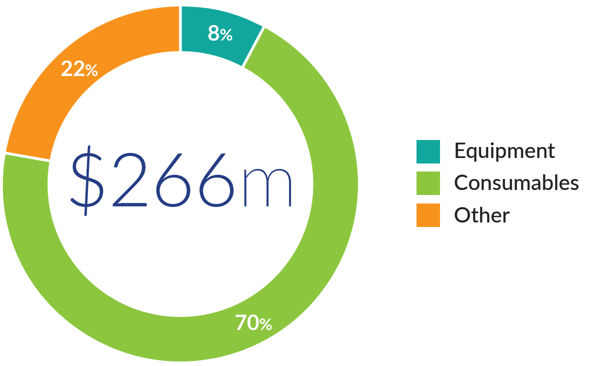
Revenue by region for 12 months to 31 March 2020
(2019 Represented[2]: US/Can 33%, LATAM 11%, EMEA 42%, APAC 14%)

1 eMarketer, February 2020.
2 Regional split for the comparative year represented to be consistent with note 3 Revenue.

Business Review

Kodak Moments

Our revenue composition from the products and services we provide to our customers is as follows:



Revenue by segment for 12 months to 31 March 2020
(2019: Consumables 69%, Equipment 9%, Other 22%)

Revenue for the year ended 31 March 2020 was $266m, compared to $281m for the year ended 31 March 2019. More than half of the revenue decline is calculated to have been driven by the unfavourable impact of changes in foreign currency exchange rates. The remainder resulted from a small decline in total global print volume, which was only partially offset by growth in our premium product portfolio.

Gross profit for the year ended 31 March 2020 was $76m, compared to $83m for the year ended 31 March 2019. Excluding the unfavourable impact of changes in foreign currency exchange rates, gross profit was $5m lower. Growth in our premium product portfolio and global cost-savings initiatives partially offset declines in total global print volume.

Future outlook

We operate in a very competitive market that includes the challenge of retail transformation. Our focus for FY21 will be continued innovation on mobile-first, multi-channel photo printing and gifting that makes creating and purchasing high-quality Kodak Moments photo products easy. We continue to gain intellectual property from our investments in this area and are integrating these innovations into both current and future planned products.

We anticipate the Covid-19 pandemic will have an impact on the retail photo printing market particularly in the short term, and the FY21 Q1 slowdown in trading has resulted in an impairment charge for FY20 of $33m (2019: nil) for our business. However, there has been improvement in revenue trends and increasing order levels since the lows of April.

Within this new market environment Kodak Moments is well placed to recover, with a strong portfolio of key retail customers who are themselves resilient. We are continuing to invest in our branded eco-system as we develop a strategy of omni-channel retail and are seeing growth in our online business and out of store ordering.

Kodak Moments provides a great connected experience across all of our touchpoints

Business Review

Kodak Moments Case Study

Kodak Moments Prints API Program Enables App Providers Printing to Retail

Kodak Moments Prints API Program enables app developers to tap into a whole new revenue and business model powered by Kodak Moments Prints. With most U.S. consumers printing photos - and 56%[1] of those preferring to order online - the program gives access to same-day printing at more than 8,000 retail locations across the US. The same-day alternative delivery option in e-commerce provides a competitive advantage.

The program has experienced significant growth with consumer orders and sales having doubled in the past year. Over the last year, the program has fulfilled more than 2 million orders, with forecasts increasing as more photo products and app partners are added.

Google Photos Joins Kodak Moments Prints Program

On 12 September 2019, Kodak Moments added a key partner, Google Photos, and launched their 4x6 printing capability to CVS stores across the US.

User & Retail Printing Scale

Google Photos was established in 2015 and now has over 1 billon users. It serves as the home for photos and videos, helping people store, organise and share their photo and video libraries.

Accessible via iOS or Android as well as through the Google Photos website, Google's partnership with CVS and Kodak Moments provides customers with the ability to print photos for same-day pick up across the US. This service is underpinned by Kodak Moments' enhanced software technology and vast global retail network. Kodak Moments' partnership with CVS provided Google Photos users with more than 7,400 printing locations.

Launch Day

Google Photos launched this service on 12 September 2019 with a press event in New York City.

The event was attended by CNET, USA Today and Yahoo among many others. This event met its objective of driving awareness to this new service. In addition, CVS and Kodak Moments issued a joint press release which garnered additional business-to-business coverage and generated over 375 million impressions.

Marketing the New Service

Both Google and CVS put great effort toward marketing the new service in their respective worlds. CVS placed attractive marketing signage in all stores and emailed their customer base. Google placed in-app messaging in addition to emailing their own customer base.

Great Results

Orders received over the last quarter of calendar 2019 exceeded all expectations with the revenue goal being exceeded by 42%. The addition of the 5x7 and 8x10 sizes in November boosted the great results even further. Operations went extremely well with all aspects of the system, which delivered positive consumer experiences.

1 2018 Kodak Alaris U.S. Attitudes and Usage Study conducted by Keypoint Intelligence – InfoTrends.

Business Review

Alaris

a Kodak Alaris business

Alaris is a leading provider of information capture solutions that automate business processes. We exist to help the world make sense of information with smart, connected solutions powered by decades of image science innovation. Our award-winning range of scanners, software and services are available worldwide, and through our network of channel partners.

The Alaris business designs, manufactures and markets a broad portfolio of document scanning solutions consisting of scanner hardware, scanning systems, capture software, repair and maintenance and professional services. Our solutions and services are sold through a network of channel partners who operate in over 100 countries. We estimate that the Alaris portfolio is used by more than 85,000 end customers including numerous Fortune 500 companies.

Business overview

Alaris enables organisations to digitise content and onboard critical information into business workflows, digital repositories and the Cloud.

Alaris is uniquely differentiated through its industry leading image science technology. Alaris' innovative Perfect Page Technology enables businesses to increase accuracy while reducing the time required to extract important business information. Alaris offers advanced paper handling capabilities in addition to fast and efficient image processing that yield significantly smaller file sizes and reduce the time spent digitising documents. Precise machine controls further optimise scanning workflows and reduce costs.

Industry dynamics

The ubiquitous nature of Digital Transformation is driving an increased market opportunity for document scanning as companies digitise and automate business processes.

Industry analysts report that a large percentage of organisations struggle to meet their digital transformation goals or make progress slower than planned. A key reason lies in paper still being a core element of critical business workflows, which presents a hurdle for the automation of processes and the deployment of data analysis and intelligent automation tools.

The need to digitise paper processes continues to be a key business requirement in companies and public organisations of all sizes and across industries. Opportunities continue to exist in paper heavy processes that are common in many industries including customer and employee onboarding, applications, expense reporting, content review and approval, sales operations, purchase orders, and document sharing. Industries with particular needs for document capture are those in earlier maturity stages of digitisation like healthcare, insurance, banking, and the public sector.

Business applications that have more advanced automation needs, and involve intelligent automation tools like Robotic Process Automation (RPA) and machine learning, require superior document capture inputs. Alaris is uniquely positioned to meet these requirements with superior image quality as well as advanced paper handling capabilties.

The increasing market demand for information capture is evidenced by the continued market growth of 2% in FY20, driven by increasing demand for scanners in decentralised scanning applications in larger organisations, and demand from smaller businesses. Global market demand slowed at the end of the fiscal year, especially in China, due to the start of the COVID-19 pandemic.

Alaris portfolio and go-to-market model

The Alaris portfolio includes document capture solutions that meet scanning requirements ranging from small organisations or personal scanning to high-end scanning at the enterprise level and business process outsourcers.

Kodak Alaris offers a broad range of document scanners covering all market categories for professional use, including options for both network and PC based scanning. The portfolio of scanning hardware is supported by several capture software offers optimised for centralised and decentralised use cases. Alaris scanners and software are supported by best in class preventative, repair and replacement services, as well as professional and managed services for implementation and optimisation.

Business Review

Alaris

a Kodak Alaris business

Document capture solutions from Kodak Alaris are backed by decades of image science expertise. Each year, Alaris wins numerous awards, which validates it as one of the most innovative information capture companies in the world. Further evidence is the number of patents Alaris has earned for innovations in image capture and processing.

Alaris partners with a global network of over 2,800 value added resellers and distributors who resell and integrate capture components and solutions from Kodak Alaris in business applications and repositories. This network also includes many strategic and development partners who offer intelligent automation systems and services.

Key achievements

In the Production Scanner segment Alaris held the number 2 position in FY20 (same as in FY19) with a 23% market share in FY20, this compares to 24% in FY19. In the addressable Distributed Scanner segment Alaris accounts for 7% in FY20 (same as in FY19).

Alaris has been awarded numerous industry accolades for its portfolio, innovative offers and channel programmes.

BLI recognised Kodak Alaris with the Scanner Line of the Year[1] award in 2020 for the fourth time in five years winning more awards than any other scanner manufacturer in the testing lab's 62-year history. Furthermore, Alaris'IN2 Ecosystem won the KMWorld 2019 Readers' Choice Award for 'Best Content Management/Services' solution.

In Spring 2019 Kodak Alaris launched a new Workgroup scanner platform, which received several industry awards including BLI's Summer Pick as Outstanding Scanner for SMBs, Better Buy's Editors' Choice Award and the Technology Reseller Editor's Choice.

In FY20 Kodak Alaris established a new market category "Smart Connected Scanning" with the introduction of its INfuse Solution. INfuse addresses significant unmet needs of solution integrators including the need for faster, cheaper and secure onboarding of business inputs into a workflow. This market requirement is particularly prominent in the changing work processes caused by the COVID-19 pandemic. The solution includes INfuse AX Scanners, smart network scanners which leverage capabilities of the innovative S2000 platform. These require no PC or software/drivers and securely transfer data, metadata and finished image files directly into a cloud-based business process created and hosted by the Alaris channel partner or solution provider (typically an ISV or integrator). The system also includes INfuse Management Software, which provides Alaris partners with easy end-user set-up, remote configuration, and fleet management.

Analyst firms have recognised INfuse as highly innovative and a uniquely differentiated capture solution. According to IDC, INfuse "is an extremely unique offering on the market today and may indicate the future of the scanning market as a physical node of a solutions-based platform rather than as a hardware platform with software-based capabilities"[2]. The solution has also received several awards including BLI's Outstanding Achievement in Innovation award.

Alaris has also further optimised its partner network and the related support of its partners enrolled in its reseller, developer and strategic alliance programme. Alaris augmented its sales and marketing team with strong talent, offering deep market expertise. They use an array of digital marketing and sales tools to foster strong partner and customer relationships.

Alaris has made a focused effort to grow in emerging markets, including China and countries in the Middle East and Africa.

New customer demo centers were opened in Beijing and Dubai to support the demand generation efforts in these geographies.

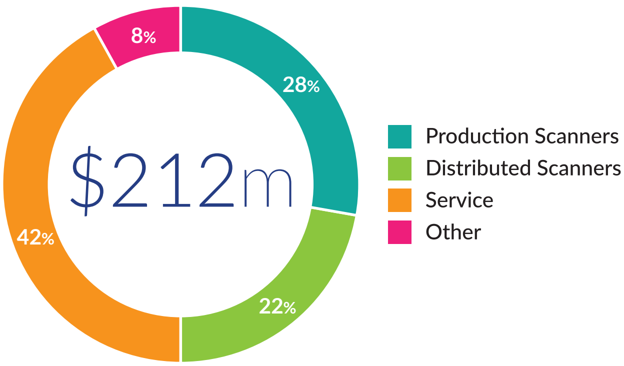
1 *BLI analysts bestow the coveted Line of the Year honour annually to the vendor whose product line is rated the best overall, with models at every level excelling in BLI's rigorous two-month laboratory evaluations.*
2 *IDC, North America Document Imaging Scanner Market Shares, 2019: More Competition with Better Price for Performance, Doc # US46251920, May 2020.*

Business Review

Alaris

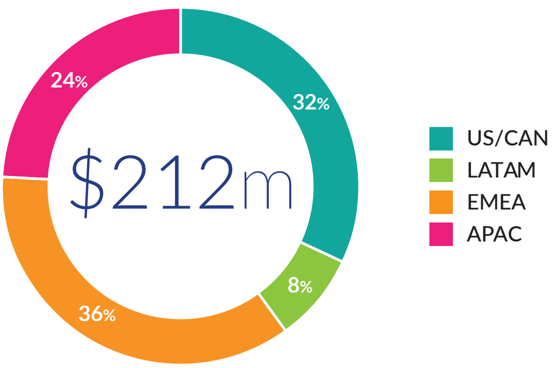
a Kodak Alaris business

Alaris financials



Revenue by segment for 12 months to 31 March 2020
(2019: Production Scanners 28%, Distributed Scanners 22%, Service 44%, Other 6%)

Alaris generated revenues of $212m for the year, a reduction of 5% compared to the same prior year period (2019: $223m), driven partly by the market slow down caused by the COVID-19 pandemic in calendar Q1 2020, adverse foreign exchange rates and the continued decline of the scanner maintenance service market.



Revenue by region for 12 months to 31 March 2020
(2019 Represented[1]: US/Can 34%, LATAM 8%, EMEA 36%, APAC 22%)

Gross profit for the year amounted to $92m, representing a decline of 6% year-over-year (2019: $98m). Gross profit, as a % of sales declined slightly from 44% to 43% compared to 2019, a result of growing business in the price sensitive emerging markets and the impact of the China tariffs in the last fiscal year.

Future outlook

Industry analysts predict the impact of the COVID-19 pandemic on the Document Scanner market to be similar or slightly more severe than the global recession in 2008/2009. This will result in a slow-down for the Alaris business due to the expected delay or cancellation of digitisation projects.

Within this new market environment Kodak Alaris is particularly well positioned to continue as a market leader with its innovative portfolio of products and solutions and its strong market expertise with the support and collaboration of its partner network.

We are committed to provide differentiated solutions to our partners and end customers through continued investment in technologies that provide superior solutions to business problems, including:

- Bringing innovative features and functionality to the Production Scanning market by leveraging the System on a Chip (SoC) platform and associated cost advantages.
- Continuing to expand the INfuse platform to respond to requirements from integration partners and large customers including authentication, expanded user interfaces and integration into windows-based applications.
- Enhancing Internet of Things (IoT) based managed services and scanner fleet management-based solutions.

Kodak Alaris will increase its focus on strategic partnerships. Alaris engages with these partners to jointly develop customised solutions that fulfill vertical and/or local requirements.

1 *Regional split for the comparative year represented to be consistent with note 3 Revenue.*

Business Review

Alaris

a Kodak Alaris business

Case Study

AI based assessment of Chinese students

iFLYTEK and Kodak Alaris develop intelligent student grading solution for smart assessment

科大讯飞 iFLYTEK

Since the strategic collaboration was initiated in 2015, iFLYTEK and Kodak Alaris have provided intelligent grading solution for educators and students throughout China.

iFLYTEK is a leading provider of AI based solutions for the Chinese education sector. iFLYTEK assists educators to simplify the grading process while improving efficiency and accuracy. Also, it gathers and digitises student test data to enable smart assessment of student and teacher performance.

The system automatically calculates and adds scores for objective questions, while subjective ones are evaluated by the teacher using its smart grading application. Big data analysis based on the test results allow educators to provide personalised teaching for students, reshaping the traditional teaching model.

The first step of this intelligent grading solution is to scan all test papers and answer sheets and convert them into images. This is particularly challenging due to unstandardised test papers which consist of documents with different weights, sizes and qualities.

Production scanners from Kodak Alaris are particularly well suited for handling these challenging documents as it offers differentiating intelligent features for image processing as well as paper handling.

Scanners from Kodak Alaris used in the iFLYTEK intelligent student grading solution allow feeding these extreme mixes of documents through intelligent features like:

- Intelligent Document Protection (IDP), which listens for problems and alerts the operator before they become jams or misfeeds.
- Efficient batch scanning with a 250-sheet feeder/elevator that enables continuous throughput.
- Straight through paper path allows to feed particularly thick materials such as cardboard and file folders, as well as extra-long documents.

Alaris' Perfect Page Technology delivers high quality images which are required for the smart assessment including Optical Character Recognition (OCR) and natural language understanding. Production scanners from Kodak Alaris with Perfect Page Technology automatically optimise the image quality and deliver a consistently high-quality image to the downstream process.

iFLYTEK management noted that the company is devoted to developing a new generation of scanning solutions that provide innovative products for the education industry. They further highlighted that Kodak Alaris and iFLYTEK combine current-edge scanners with leading intelligent grading solutions.

STRATEGIC REPORT

Business Review

Kodak alaris
Paper/Photochemicals/Film

With a legacy of outstanding innovation and performance in professional films, papers and media, Kodak Alaris Paper, Photochemicals and Film (PPF) delivers the world's best imaging media for the professional market, helping photographers produce powerful images with the most comprehensive and technically superior professional film and paper portfolio available today.

Our output solutions are designed to meet exacting needs in a variety of professional lab and studio workflows. From trusted products focused on print perfection to innovative, practical software that streamlines workflow and creates profitable new possibilities, we are focused on solutions for photographers, consumers and business success.

Business overview

The PPF business is a leading provider of consumer and professional photographic products. From 1 April 2020 the film capture business has been managed as a separate product line within Kodak Moments. After the reporting date a definitive agreement was signed with Sino Promise for the sale of the remaining Paper, Photochemicals, Display and Software (PPDS) business. PPF supplies the world's highest quality consumer and professional Colour Negative Paper (CNP), associated photo chemicals and display films for traditional silver halide photo printing. The silver halide process provides the best image quality and permanence of all printing technologies.

These products comprised 53% of PPF revenue for the year.

PPF is also the market leader in providing consumer and professional photographic film and one-time-use cameras for traditional silver halide image capture. PPF maintains the highest quality and most extensive product portfolio in the market. These products comprised 47% of PPF revenue for the year. PPF serves customers in over 50 countries with approximately 50% of revenues shipped from North America.

Industry dynamics

PPF is one of the leading global players in the imaging market with the majority of the PPF revenues coming from the film (47%) and CNP (39%) product segments, with the balance from Photochemicals and Display Media.

The estimated calendar year 2019 CNP industry decline increased to 10% driven primarily by increased transition to dry technologies in the China market and economic weakness in several Latin American countries. Whilst competitors have compromised price to gain volume share, PPF have operated at the high end of the market optimising profitability.

Film industry sales grew at a modest rate in FY20 due to the continued resurgence of interest in film photography. The PPF business capitalised on the resurgence with the re-introduction of Ektachrome 120 and sheet film formats. PPF film revenue also benefitted from continued investment in social media platforms and programs. The combination of the additional products and the marketing efforts helped to deliver a double-digit revenue percentage increase for film versus the previous year.

The PPF business continues to operate with a fully outsourced manufacturing model except for our paper finishing operations in Manaus, Brazil. PPF relies on strong distribution partnerships enabling working capital optimization and the ability to minimize selling and overhead costs supporting the business.

Business Review

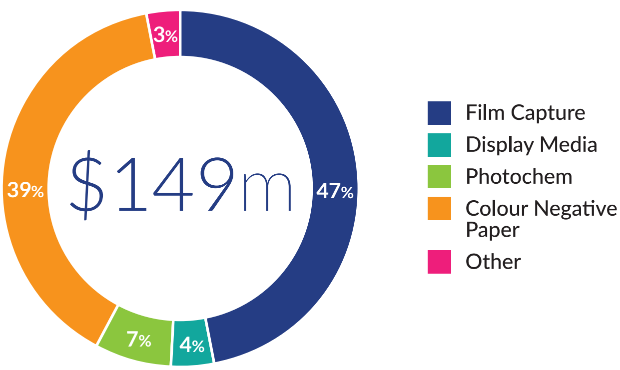
Kodak alaris
Paper/Photochemicals/Film

Key achievements

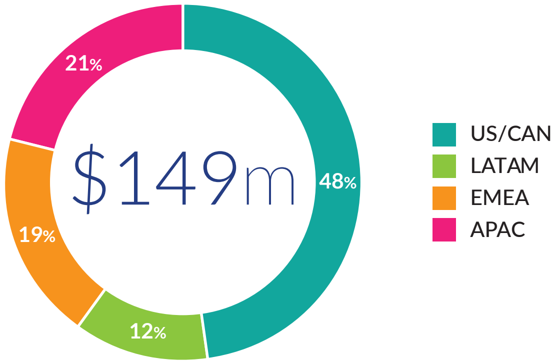
The reintroduction of Ektachrome 120 and sheet film formats to the product portfolio continued momentum in the photographic industry and positive press for Kodak-branded films. The business achieved 30% revenue growth versus prior year and continues to evaluate alternatives for additional growth.

In the CNP segment the PPF team focused on productivity projects required to optimize margins and working capital efficiency in this highly competitive segment. The business continued to participate in all global markets through a combination of direct and distributor sales models.

PPF financials



Revenue by segment for year to 31 March 2020
(2019: Film 36%, DM 5%, Photochemicals 7%, CNP 49%, Other 3%)



Revenue by region for year to 31 March 2020
(2019 Represented[1]: US/Can 48%, LATAM 16%, EMEA 16%, APAC 20%)

PPF revenue for the year to 31 March 2020 was $149m and for the year to 31 March 2019 was $151m. Of this total the revenue for the PPDS business for the year to 31 March 2020 amounted to $78m (2019: $97m). The primary drivers of reduced PPDS revenue were the ongoing impact of industry decline and aggressive competitive pricing in the CNP and Photochemical markets. Revenue for the film business for the year to 31 March 2020 was $71m (2019: $54m). The film business continued to benefit from industry growth and gains in market share.

Gross Profit for the year to 31 March 2020 was $19m broadly consistent with the result for the year to 31 March 2019. This Gross Profit is attributable to the Film business, PPDS generated no Gross Profit during the year due to declining sales volumes and industry pricing pressure.

Future outlook

While the global impact of the COVID-19 pandemic has adversely impacted near term business performance CNP volumes are expected to stabilise. Film volumes within Kodak Moments are expected to be relatively stable for the foreseeable future with profitable opportunities to expand the product portfolio.

As outlined above, after the reporting date a definitive agreement was signed with Sino Promise for the sale of the remaining Paper, Photochemicals, Display and Software (PPDS) business.

1 Regional split for the comparative year represented to be consistent with note 3 Revenue.

Business Review

AI Foundry utilises the latest in artificial intelligence, machine learning and machine vision to transform raw data into actionable intelligence.

Our Agile Mortgages solution contains a suite of cognitive robots that harnesses the power of actionable intelligence to help our customers increase efficiency, decrease process bottlenecks and vastly improve customer experience. With the power of actionable intelligence, AI Foundry helps organisations achieve measurable results that directly impacts their bottom line and shapes their future.

Business overview

Intelligent Process Automation (IPA) is the application of artificial intelligence (AI), computer vision, cognitive automation and machine learning to process automation.

During the previous year the business made a strategic decision to deliver configurable products rather than custom services and is now well positioned to provide "out of the box" value in an accelerated timeframe.

In FY20, AI Foundry engaged a team of data scientists to use state-of-the-art machine learning and vision-based image recognition to build a leading-edge solution that can provide improved speed and accuracy for the enhanced management of document intensive processes. The business is currently geographically focused within the United States, but management recognise the potential application of its technology platform globally.

AI Foundry has developed advanced artificial intelligence, machine learning, and machine vision to create cognitive robots that review mortgage loans, improve the speed and efficiency of mortgage processing, and deliver automation to all areas of the lending process. This automation greatly reduces and in some cases, even eliminates the need for a human touch, allowing operations teams to focus on the more complex areas of the loan process.

The Agile Mortgages™ solution is made up of a suite of cognitive robots that assist loan application, processing, underwriting, closing, and sale of the loan to Government Sponsored Entities or correspondent investors. A cognitive robot is truly an AI assistant that is purpose built to significantly increase productivity for a specific part of the mortgage process value chain.

After the reporting date this business was sold to a subsidiary of one of AI Foundry's largest and fastest growing customers in the digital mortgage market.

Key achievements

During the year AI Foundry has successfully deployed its next generation Cognitive Business Automation Platform, with the new Agile Mortgages solution cognitive robots.

In the last quarter of FY20, AI Foundry achieved live production status for the Agile Mortgages solution for several key customers. Significant among these, AmeriHome is utilising the Correspondent Document Verification and the Correspondent Loan Data Verification cognitive robots to reduce costs and accelerate their loan purchase cycle. Additionally, Allied Mortgage Group has deployed the Document Indexing and Filing cognitive robot in the initial post-closing phase of the mortgage process and has stated that this significantly reduces the time per file from nearly an hour to just minutes.

Management also invested in people and formed a new engineering team to lead the robot development effort. This includes the out-of-the box deployment strategy and microservices architecture for rapid, repeatable deployment. This Software-as-a-Service (SaaS) business model will deliver increased value and flexibility for our customers and partners to scale up or down without the need for significant upfront investment.

The business continued to add new customers during the year, including a second top 10 US mortgage lender.

AI Foundry financials

The change of strategy has continued to have a negative impact on earnings during the year. However, the new modular approach with cognitive robots has been well received with customers whose focus is on immediate productivity gains and is expected to drive the future growth and competitive advantage for the business.

Revenue was $560 thousand for the year (2019: $757 thousand), a slight reduction compared with that for the previous year.

The business incurred a gross margin loss for the year of $2.2m (2019: $1.7m) reflecting the increased professional services team and outsourced technology services costs.

Future outlook

As outlined above, after the reporting date this business was sold to a subsidiary of one of AI Foundry's largest and fastest growing customers in the digital mortgage market.

Employee photo competition entry by PATTY SINGER


Employee photo competition entry by RICHARD MCVEIGH

Financial Performance Review

The Group's trading performance was encouraging given several unusual challenges through the course of the year. These included the impact of trade disputes between the US and China and consequent tariffs impacting both the Alaris and PPDS business, the now concluded strategic review and towards the end of the year the COVID-19 pandemic which initially impacted the Alaris business operations following closure of the factory in Shanghai, China and by mid-March 2020 had stalled the economy globally.

Given this economic environment, the disposal programmes for the Alaris and Kodak Moments (including Film) businesses have been terminated. The Board and our shareholder concluded the right approach to maximising value is to retain and run these two core businesses. Having undergone a strategic review of the entire Kodak Alaris group, it was concluded that the PPDS and AI Foundry businesses would be sold. After the reporting date, the divestiture of AI Foundry was completed, and a definitive agreement was reached for the sale of PPDS.

The decline in reported revenue of 4% from the prior year was broadly in line with the expectations set by the Board and reflected the impact of weaker FX rates, the initial impact of COVID-19 on the PPDS and Alaris business partially offset by the Film business that continued to outperform expectations and delivered a 30% growth in revenue compared to 2019. Following an internal reorganisation, this business has operated as a separate product line within Kodak Moments from 1 April 2020.

Kodak Moments reported a decline in revenue of $15m (5%) $3m of which was attributed to adverse movements in foreign currency exchange rates[1]. The critical focus for the team in the year was on the renewal of the most significant customer contracts and including those signed since year-end all have been renewed.

Gross Margin percentage for the year, at 30%, was also in line with the expectations set by the Board, representing a 1% reduction on the prior year (2019: 31%), reflecting strong cost control and improved revenue mix despite modest pricing pressure in some businesses.

Overall gross profit for the Group was $186m, a decline of $16m on the previous year (2019: $202m) largely as a result of the volume reductions.

The Group invested $58m (2019: $49m) in engineering expenditure to maximise market opportunities on its current and future product portfolios. Engineering and new product development spend increase of $9m from 2019 was primarily on new product innovation in Alaris and on its in-store and out-of-store solutions in Kodak Moments.

During the year the Group incurred non-recurring costs of $13m in relation to the strategic review and the divestiture programme. Although the potential transactions were terminated, the work completed has been critical in informing the strategic direction for the two core businesses to focus on going forward and also supported the sale of the two non-core businesses in AI Foundry and PPDS.

The Group ended the year with strong liquidity with a cash balance of $69m, a decline in the year of $31m which reflects $23m of capital expenditure primarily on capitalised engineering spend and kiosk installations, costs associated with completing the strategic review and business disposals together with payment of $10m into a joint escrow account with ITyX Solutions AG. This balance was lower than anticipated due to a delay in the collection of contingent purchase price adjustment that was subsequently settled after the year end. After the reporting date the Group successfully completed a three-year funding arrangement with its shareholder KPP2 and has access to $50m of committed funding until September 2023. This replaces the prior Revolving Credit Facility the Group had in place with HSBC.

Kodak Alaris $m	**Audited** 12 months to 31 March 2020	**Audited** 12 months to 31 March 2019
Revenue	628	656
Gross profit	186	202
Gross profit %	30%	31%
Adjusted Costs[2]	(144)	(154)
Adjusted EBITDA[3]	42	48
Closing cash	69	100
Net working capital	79	87
Net Assets	16	110
Net Loss	(91)	(40)

Extracts from consolidated income statement and balance sheet

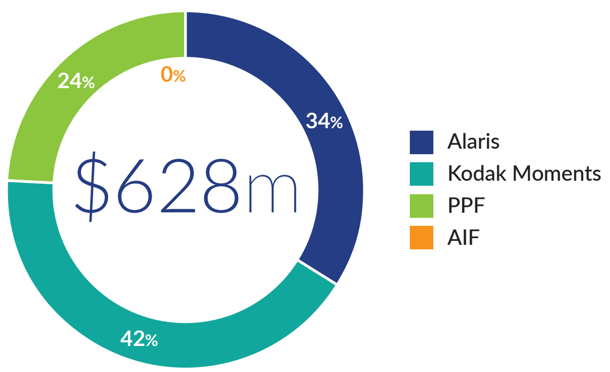
1 Variances attributed to foreign currency exchange are determined based on restating FY19 and FY20 actual results based on 31 March 2019 exchange rates used for the FY20 Budget process.
2 Costs before non-recurring costs, interest, tax, depreciation and amortisation.
3 Earnings before non-recurring costs, interest, tax, depreciation and amortisation.

Financial Performance Review

Revenue – the Group generated revenue of $628m for the year to 31 March 2020, a reduction of $28m (4%) compared with $656m for the previous year to 31 March 2019. Whilst all business units saw a decline in revenue, the business delivered to within 1% of the Board's expectations.

Alaris revenue declined by $11m (5%) for the year, of which $3m related to weaker FX rates with the balance primarily reflecting to declines in service revenues as was expected. Approximately $8m of revenue opportunities for the final quarter of the year were delayed in to FY21 as a result of the initial impact of the COVID-19 pandemic. Kodak Moments revenue declined by $15m (5%) of which $3m related to weaker FX rates, $3m due to lower equipment installations (which is influenced by the timing of contract renewals) with the balance reflecting a weaker market environment.

Within PPF, the resurgence of Film sales saw an increase in revenue of $17m (30%) during the year however this has been offset by the reduction in CNP revenue which has continued to be impacted by aggressive low price competition in the market as the overall global market continues to decline at between 5 and 10 percent per year.

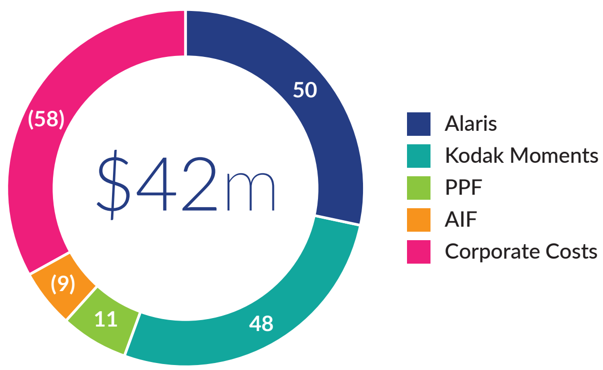


Revenue by business for 12 months for 31 March 2020 (2019: Alaris 34%, KM 43%, PPF 23%, AIF 0%)

Engineering – despite operating in mature markets, the Group remains committed to continued investment in its product portfolio, including engineering and new product development, investing $58m in the year, $9m of additional investment from the prior year (2019: $49m). Of this total, $11m (2019: $8m) has been capitalised into intangible assets reflecting investment in new products and future product streams with the remainder being expensed to the income statement as either R&D or cost of sales. Alaris investment included their latest product INfuse, a smart network scanning device requiring no PC or software/driver that accurately and securely transfers data, metadata and finished image files directly into a business process. Kodak Moments continues to invest in its in-store and out-of-store solutions.

In-store development is focused on its kiosk software and its cost effective high image quality printing platforms. Out-of-store development focuses on BOPIS (Buy Online Pick-up In Store) including Google prints, web gifting, and both branded and non-branded applications. Kodak Moments also continues to invest in channel expansion.

Adjusted EBITDA – the Group delivered adjusted EBITDA of $42m which although $6m lower than last year (2019: $48m) exceeded the expectations set by the Board for the year to 31 March 2020. This has been achieved through maintaining margins in mature markets, good cost control offset by additional investment in Kodak Moments new product development which will create opportunities for the future and delivering further savings arising from stronger cost control over supply chain activities.



Adjusted EBITDA by business for 12 months for 31 March 2020 (2019: Alaris $54m, KM $57m, PPF $12m, AIF ($7m), Corp ($68m))

Restructuring – restructuring costs for the year to 31 March 2020 were less than $1m in line with the prior year.

Non-recurring items – the Group incurred non-recurring costs during the year of $16m (2019: $12m), of which $13m (2019: $5m) related to the strategic review and transaction costs related to the disposal of the Group's non-core businesses, subsequently completed in FY21. Additionally, $1m related to the ongoing litigation costs arising from the discontinuation of the relationship with ITyX Technology GmbH (2019: $7m). A further $3m (2019: nil) relates to provision for an alleged breach of contract claim for certain supply and service agreements with Eastman Kodak Company which has now been settled (see note 30). These costs are offset by non-recurring income of $1m (2019: $2m) primarily related to an award for successfully defending our patented technology.

Financial Performance Review

Loss on disposal of assets – there were losses on disposal of assets in the year to 31 March 2020 of $1m (2019: $1m).

Impairment – the carrying value of goodwill and intangible assets that have indefinite useful lives is tested for impairment annually. These assessments have been prepared taking account of the change of strategy for the Group and the uncertain trading impact of COVID-19. With the retail environment for non-essential items being severely impacted by the pandemic, an impairment charge of $33m has been recorded for Kodak Moments to reflect the reduced recoverable amount at 31 March 2020. In addition, PPDS tangible and intangible assets with a carrying value of $1m and $3m respectively have been fully impaired during the year. In the previous year no impairment charges were required.

In the current year the impairment review of the carrying value of the investments resulted in an impairment in the parent company of $124m (2019: nil).

Interest expense – the interest expense has increased to $13m (2019: $11m). The majority of this expense relates to long term Loan Notes which are due for settlement in 2028 where the interest accrues rather than being cash settled each year and as a result has increased the annual charge to the income statement for the year.

Tax – tax expense was $11m for the year ended 31 March 2020 (2019: $10m), which is split into both current and deferred tax and driven by a mix of income from various taxing jurisdictions, many of which have higher statutory tax rates than the UK. The difference between current and deferred tax results from the difference in timing of taxability or deductibility of various income items.

Loss after tax – the Group reported a loss after tax and interest of $91m for the year to 31 March 2020 (2019: $40m loss). This includes $88m (2019: $45m) of depreciation, amortisation, loss on disposal and impairment as well as net non-recurring items of $16m (2019: $12m).

Funding arrangements – in addition to the loan notes above, the Group had a multicurrency revolving credit facility of $50m with its principal lender HSBC which expired in June 2020. As of 31 March 2020, the Group had drawn nil of this available facility other than by way of outstanding trade guarantees in the normal course of business of $1m (2019: $2m). In September 2020 the Group successfully negotiated a three-year funding arrangement with its shareholder KPP2 and has access to $50m of committed funding until September 2023. Borrowing is limited based on a formula of available obligor collateral and on signing the facility, not all obligors were in place and as such, the initial available facility is limited to $40m.

Cash and investments – the Group ended the year with significant liquidity resulting from cash balances of $69m, a decrease of $31m from the prior year (2019: $100m). The Group has continued to conserve its cash position since year-end by implementing several cost cutting and working capital measures across the Group. At the date of this report the Group maintained a strong cash position despite the challenges of the last few months of COVID-19 impacts. The Group has managed it's working capital and cash balances effectively through the COVID-19 environment and at the date of this report has an undrawn lending facility of $40m.

Net working capital – was $79m at 31 March 2020, a decrease of $8m from the prior year closing position (2019: $87m). This decrease arose due to weaker revenue in the final quarter as a result of the impact of the COVID-19 pandemic, resulting in lower receivables and increased inventory offset by higher accounts payable. Working capital is being closely managed to mitigate the cash flow impact of continuing reduced customer demand resulting from the pandemic.

Dividends – the Company has a dividend policy which outlines the considerations to balancing near term business performance, investment needs, broader economic uncertainties in determining the timing and scale of dividends to shareholders. Given the uncertainties of the strategic review and more recently the COVID-19 pandemic no dividend was paid in the year or has been proposed since.

Impact of COVID-19 – Since the end of the year the Group has experienced a material stepdown in trading in all core businesses, but the Group has continued to conserve its cash position by implementing several cost cutting measures including reduced discretionary spend, elimination of travel and employee furloughs or reduced work hours and delaying investment decisions. Given the limited near and medium-term visibility to future trading trends the management team continues to take actions on cost and investment to maintain the financial strength of the business units and maintain options which have been successful in the early phase of this global health and economic crisis. 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, including review of the extent of the existing legal entity footprint in order to adapt our cost base to the revised levels of trading.

Diane Gardner
Chief Financial Officer
8 October 2020

Risk Report

With a global reach, Kodak Alaris faces a continually changing, sophisticated and diverse range of risks and uncertainties. In order to achieve the successful delivery of our strategic objectives we have developed an appropriate and effective risk-management process aligned with an active risk culture, which in turn will drive us to meet our short and medium-term goals.

Our approach

Our Risk Management framework currently applies a top-down approach to identifying the Group's key risks and we continue to refine our framework to identify, evaluate, mitigate and monitor the risks we face as a business. The Corporate Risk register identifies the principal risks facing the business and we have extracted the top eight risks for this report. We continue to ensure there are appropriate processes to identify operational, functional and regional risks in a timely manner, for each of the individual business units.

Corporate oversight

Risk management

The Risk Committee is comprised of the Kodak Alaris Executive Committee (KAEC) members and a mix of senior management specialists from the business and operations. The committee establishes the nature and extent of risk the Group is willing to accept in pursuit of its strategic objectives. This is achieved through robust quarterly assessments of the risk register, focussing on the evolving risk landscape, emerging risks and those risks considered to be significant by the committee. Key risks facing the business are reviewed with the Board bi-annually.

In addition, all business units continue to review and update their risk registers to ensure coverage of their principal and specific local risks, relevant to the markets in which they operate.

Financial control

The internal risk management and control systems of the Group are based on the principles of effective management control at all levels in the organisation and are tailored to the day-to-day working environment in which the company operates worldwide. One of the main foundations for financial control is the internal culture of the Group, which is characterised by a high degree of transparency regarding the timely identification, evaluation and reporting of risks.

The Group continues to standardise and enhance its comprehensive system of accounting and financial management controls, policies and processes to ensure data in the Group's financial statements is reconciled to the underlying financial systems. Regular Business Assurance reviews are performed to assess the design and operational effectiveness of accounting controls to provide assurance that the position of the Group is fairly reflected and complies with approved accounting standards and practices.

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"). Although Kodak Alaris is a UK headquartered company, 96% (2019: 97%) of the Group's revenue, profit and cash flow is generated outside the UK. Within the UK, 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. Accordingly, the Group's ability to service its customers' needs, whether they are inside or outside of the EU, is unlikely to be affected materially by Brexit.

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 Group's operations.

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

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

Key areas of risk focus

The Risk Committee continues to challenge and improve the quality of risk information generated across the business. Detailed reviews are completed on targeted risks where there has been an increase in the risk score, or where identified as a new risk. The purpose of these reviews is to assess the strength of the control(s) in place and the effectiveness of the awareness, communication and requirements of the mitigating actions.

Risk Report

Business assurance

The Audit Committee reviews and approves the Business Assurance audit programme for the year on an annual basis. It reviews progress against the plan at each committee meeting, considers the adequacy of available resource, the results of audit findings and any changes in business circumstances which may require a change in focus or additional audits.

Results of audits are reported to the KAEC and senior management and where required, corrective actions are agreed. These results are summarised for the Audit Committee along with progress against agreed actions. It is noted that overall audit ratings have improved year on year.

Risk appetite

The Group approach is to minimise its exposure to environmental, health & safety, reputational and operational risks leading to financial risk whilst accepting and recognising a risk/reward trade-off in the pursuit of its strategic and commercial objectives. The business operates in challenging and highly competitive markets and as a result recognises that strategic, commercial and investment risks will be required to seize opportunities and deliver results.

Cybersecurity/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 Group 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, the California Consumer Privacy Act (CCPA) came into force as of 1 January. We regard all the Group to be within the scope of both GDPR and CCPA 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.

Pandemic - COVID-19

In early March 2020 the Group began to experience the worldwide 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 Group.

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.

Going concern and cash liquidity

The Group 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 Group continues to work through how to use these most effectively and where applicable understand when and under what terms these will need to be repaid.

The continuing effects of COVID-19 on the Group going concern and liquidity position have resulted in management taking further steps including significantly reducing capital investment over the next six months and reducing the supply pipeline to reflect the impact of temporarily reduced demand for our products and services. In the going concern statement on page 49 management have highlighted material uncertainties around customer demand and the continuation of government support arrangements.

Counterparty credit risk

This risk has increased in the year due to the global effects of the COVID-19 pandemic. The pandemic has affected the ability of some of our customers to pay in accordance with the contractual terms which has resulted in larger overdue accounts receivable balances. We are supporting our customers with extended payment terms where practical and continue to hold regular business unit/credit and collections reviews.

Principal risks

The principal risks in the table opposite reflects the development in our strategic priorities and identifies the Group's top eight risks as agreed by the KAEC and Board:

Risk Report

DESCRIPTION OF RISK	HOW THE RISK MIGHT IMPACT THE GROUP'S PROSPECTS	HOW THE RISK IS MANAGED OR MITIGATED	TREND
Pandemic – COVID-19 Short term as well as medium to longer term business performance risks	• Increased absentee levels • Loss of customers • Loss of suppliers • Declining revenue • Reduction in EBITDA and cash • Reducing liquidity levels	• Dedicated global cross functional taskforce • Global HR and EH&S teams actively monitor employee health • Government support plans utilised where practical and reasonable • Actions to reduce costs and protect cash	NEW
Going concern and cash liquidity Ability of the business to continue trading and to meet its financial obligations	• Deterioration of cash inflows • Reducing liquidity levels • Reduction in ability to meet liabilities as they fall due	• Significantly reducing capital investment over next 6 months • Reducing discretionary spend • Employee furloughs and reduced work hours • Reducing supply pipeline to reflect the impact of temporary reduced demand • Negotiating new borrowing facility after the year end	NEW
Reliance on key customers One or more of our largest customers fails or discontinues doing business with us	• Declining revenues • Reduction in EBITDA and cash	• Agreement of mid to long term contracts that renew at different times • Continuing to develop our portfolio including alternative retail channels • Adapt to create new opportunities for growth • Actions to reduce costs and protect cash • Negotiation of new contacts with majority of Kodak Moments customers	↑
Dependence on key suppliers Issues with any of our single suppliers could lead to higher prices or unavailability	• Quality and timeliness of supply • Customer disruption • Reduction in EBITDA and cash	• Identifying and working with potential alternative suppliers • Monitoring performance of supply chain • Renegotiating contractual terms	↑
Counterparty credit risk Customer or counterparty is unable to meet its contractual obligations	• Deterioration of cash flows • Increased working capital • Financial loss from customers failing to meet contractual obligations	• Weekly reviews with credit & collections team and business units • Supporting customers with longer payment periods where practical	↑
Growth initiatives Business is unable to execute on all growth areas and insufficient opportunities in the pipeline	• Declining revenues • Reduction in EBITDA and cash	• Regular business unit reviews with KAEC against plan • In-depth reviews with Board of Directors • Adjust funding levels as appropriate to maximise returns • Global technology initiatives	↔
People Talent management, inability to attract and retain high calibre staff with prolonged working from home	• Decreased productivity • Increased staff turnover • Reduction in staff morale • Lack of skillset for growth	• Regular communication, design measures for managing stress, DSE assessments • Talent management and development plans • Focus on recognition, retention and regular communication • Developing and recruiting appropriate skills to support growth areas • Set up sufficient IT support for remotely working employees	↔
IT - Cyber security and data privacy/protection Business is hit by a cyber-attack or significant data loss. COVID-19 has resulted in a surge in cyber-attacks	• Reputational damage • Regulatory fines • Loss of revenue	• Up-to-date tools to support the detection and prevention of unauthorised access • Information security training program • Robust incident response plan • Dedicated team with appropriate expertise	↔

KEY: NEW New risk ↔ Risk unchanged ↑ Risk increasing

Risk Report

Summary

Two new risks have been added in the last financial year:

- **Pandemic COVID-19** – In early March 2020 the Group began to experience the worldwide effects of the COVID-19 pandemic. Significant uncertainties remain as to how long this crisis will continue, the economic impact to individual countries and the global economy. The pandemic is the most significant external risk currently facing the Group.
- **Going concern and cash liquidity** – The Group had a strong cash position at year-end. Since then management have taken several steps to maintain sufficient liquidity during the COVID-19 pandemic. These cost reductions have helped off-set the impacts of declining revenue, so the current cash position remains strong. The Group has successfully negotiated new funding arrangements until September 2023.

Three risks have increased in the last financial year:

- **Reliance on key customers** – This risk has increased due to the impacts of the COVID-19 pandemic. Significant reductions in revenues across all business units raises the importance of our key customers in helping us respond to the challenge.
- **Dependence on key suppliers** – As the Group has reduced its manufacturing base the reliance on an external supply chain for the purchase of finished goods has increased and we are dependent on our key suppliers for continued supply and support. The impacts of COVID-19 will further increase the reliance on our key suppliers.
- **Counterparty credit risk** – The risk of default has increased due to the impact of the pandemic, but credit teams are in regular communication with customers and taking appropriate actions.

Three risks remain at the same risk level as the last financial year:

- **People** – additional risk due to prolonged periods of working from home, however, corresponding reduction of risk from cessation of disposal programs. In addition, succession plans and non-cash retention activity have helped ensure the risk has been assessed as remaining unchanged.
- **Cyber Security and data privacy/protection** – although the frequency, sophistication and impact of cyber-attacks in businesses are rising and the Group is increasing its digital footprint and connectivity with third parties, this is off-set by the further development of defences and strengthening of controls in these areas, therefore, the risk trend remains the same.
- **Growth initiatives** – AI Foundry revenue delayed by the highly regulated target market. Direct-to-customer revenues have been lower than expected but will receive further targeted investment to maximise returns.

Employee photo competition winner by MICHAEL SPAETH

Corporate Social Responsibility

At Kodak Alaris we are committed to ensuring that our business is conducted in all respects according to rigorous ethical, professional and legal standards.

We are a responsible employer that provides environmentally responsible products and services, safe workplaces for our employees, and invests in Community Outreach Programs as a vital part of our Kodak Alaris Corporate Social Responsibility (CSR) Program. We are proud to report our continued commitment to environmental responsibility and giving back through global initiatives and programs thus making a difference in wellness, community well-being, medical research, and employee experiences.

Our focus

Our global CSR policy focuses on four key areas: industry, people, community and environment. We continue to prioritise safeguarding the health, safety and wellbeing of our employees, reducing our environmental pollution impact, and caring for the people in our communities, continuing to make a positive difference around the world. Our employees care about corporate responsibility and it is expected from our customers. Employees want to feel like they are making an impact towards leaving the world a better place and helping our customers do the same. We continue to review and develop our approach to managing our environmental impact, risks and associated emissions and are proud to be able to show how our focus on continuous improvement applies to our corporate responsibility efforts.

Our governance structure

We have made excellent progress in the year to 31 March 2020 and will continue to develop a robust, diverse program. The CSR Governance Committee is responsible for the oversight of our CSR strategy and for reviewing results of our social responsibility performance and practices with the Executive Management Team (KAEC) and our Board of Directors.

Community outreach and wellness

For the year to 31 March 2020 we continued to assess the impact and growth of our corporate responsibility initiatives. Local teams of employees actively participated in suggesting and creating new programmes and in doing so have amplified their participation in charitable activities, deepening our engagement in our communities.

Kodak Alaris proudly maintains a robust culture of employee volunteering by offering each employee up to 16 hours of paid time a year to perform volunteer work in the community. Kodak Alaris actively encourages employees to get involved with their local communities both through their own personal passions and through Kodak Alaris sponsored events. Globally, across several sites, we organise volunteer events, build community partnerships and make donations to charitable organisations. Our community outreach strategy places priority on organisations that help people in our communities improve their health and well-being, improve daily life for those who are in need, advance medical research, and disease prevention awareness. The challenges, opportunities and interests facing our communities are diverse and complex. We strive to act with integrity to maintain and uphold a strong reputation that reflects our employees and portfolio of products and services. We believe that by focusing on the health and well-being of our communities we will help build stable, growing and prosperous communities into the future.

We are proud of the work and contributions our employees have made in contributing to communities and healthy environments. The following examples show a few of the ways that we made a difference in our communities in the year to 31 March 2020:

United States & Canada: Employees made a difference in our communities as part of the annual fundraising campaign for United Way by pledging $64,000 over the course of 12 months. As stated by the Associate Director of Development from the United Way, in relation to their donations:

"Kodak Alaris' donation is critical to helping our friends, colleagues and neighbours in need, and we are so grateful for your continued support and partnership in this important work. With your support, United Way is able to create solutions, fund services, collaborate on shared community goals and innovate for future success."

Efforts supporting health awareness and research contributed to the American Heart Association and Alzheimer's Association. Employees responded with great generosity in extending support to our local community with donations of household items, food, and books.

Latin America: Our Guadalajara team volunteered to provide and serve food to the homeless at a local shelter. The team also collected cleaning supplies and groceries for families in need.

Asia-Pacific: Our Australia team came together to support the Victoria Foodbank as part of our Australian Institute of Packaging collaboration. Over the course of the year, this team has joined forces with the foodbank multiple times resulting in 16.7 tons and 30,100 packed meals being given to families in need.

Europe, Middle East & Africa: Fundraising events which blended creativity, fun, and employee wellness were held in support of people and communities living with disabilities

Corporate Social Responsibility

and other challenges. Employees supported Dens, a local charity, supported homeless and vulnerable people, in a collection of clothes and food donations.

Employee experience

We can only attract and retain talent through an environment that supports people bringing their whole selves to work so that they feel engaged and can unleash their full potential. We strive to build capabilities that drive a culture of high performance, engagement and business growth. We are committed to developing a culture where employees at all levels of the organisation have clarity on their role and the behaviours and the skills needed to be successful. We are focused on developing talent and building pipelines for critical roles in order to strengthen our organisation's capabilities for the future. We aim to create a talent experience that attracts, develops, and retains the employees and leaders we need to be successful now and in the future by providing competitive compensation, benefits, and employee recognition. We provide an online training tool platform to allow employees to access self-led training as well as annual compliance training. Our mentorship programme and Emerging Professional Network provide an opportunity for employees to foster connections and develop in a supportive environment. Through the promotion of transparent business and company communications, we nurture a workforce that is both as diverse in its background as it is in its perspectives.

Environment, Health and Safety (EH&S)

We are on a mission to maintain safe, injury-free workplaces along with providing products and services that are environmentally responsible and safe throughout their lifecycle. We have established a worldwide EH&S policy whose objectives include:

- prevention of injury and pollution; and
- protection of health and the environment.

FSC
www.fsc.org
FSC® C150656

The mark of responsible forestry

The policy states that new products will be developed to minimise the EH&S risks throughout their lifecycle. We are committed to being good corporate citizens in every community in which we operate, communicating with suppliers our expectation that they conduct their operations in a responsible manner. We have maintained our strong emphasis on injury prevention, resulting in a low annual injury rate of three lost time injuries per 1,000 employees in calendar year 2019. In addition, there were no penalties, fines, safety recalls, or enforcement actions for products or our worldwide operations.

In 2019 Kodak Moments extended its Forest Stewardship Council® (FSC®) Chain of Custody (CoC) Certificate for thermal paper receiver to more of its global operations for products made at the Kodak Alaris site in Colorado. This extended certification is covered by a Multisite Certificate (reference SCS-CoC-006903) centred in the USA which now includes some other Group operations e.g. Argentina, Australia, Brazil, China, Mexico and the UK, which process invoices and other FSC® related documents. At the end of 2019 we had FSC® certification for the majority of our thermal paper receiver products distributed around the world. FSC® CoC certification communicates to Kodak Moments customers that its thermal paper receiver, which produces quality prints and photo products is sourced from FSC® certified responsibly managed forests and other controlled sources.

Energy Saving Opportunities Scheme (ESOS)

The UK operation of Kodak Alaris Holdings Limited (KAHL) is in the scope of the UK Government's Energy Saving Opportunities Scheme known as ESOS. Under ESOS, KAHL's UK operation reported a 12-month energy consumption of 746,618 kWh which includes all direct electricity purchase and our direct commercial travel activities. This figure was provided/verified by an independent consultant following the UK's ESOS methodology. Using the most recent conversion factor provided by the UK government (0.349) for kWh to tCO2e (kgs) across the whole country we can estimate our emissions were 260,570 kgs or 261 tonnes tCO2e during the 12 months (1 October 2018 until 30 September 2019) ESOS reporting period.

As well as ESOS, KAHL's UK operation is under the Streamlined Energy & Carbon Reporting (SECR) obligations which requires the setting of Key Performance Indicators (KPIs). Hence, in addition to reporting the above figure, KAHL management has agreed a KPI to reduce its total emissions per FTE. The UK operation had 142 FTEs at the end of 2019 which gives a baseline of 1.84 tonnes/FTE; our aim is to reduce this by at least 5% over the next reporting year. Furthermore, KAHL will review which of the recommendation(s) in its ESOS Report would be the most effective to achieve this KPI and implement at least one.

Furthermore, we have increased our long-term business sustainability through voluntary, "beyond compliance" 5-year environmental goals, approved by the Board in October 2016, covering products and services that are environmentally responsible and safe throughout their lifecycle.

Corporate Social Responsibility

5-Year Environmental Goals:

5-YEAR ENVIRONMENTAL GOAL	PROGRESS (YEAR 3 OF 5 YEAR ENVIRONMENTAL GOAL)
Reduce our total greenhouse gas (GHG) emissions (tCO2-eq) per US $ Revenue by 5% compared with 2015	Calendar year 2019 was not a year for our comprehensive Biennial Materiality Study across the Group. This does not mean we stopped trying to reduce our GHG emissions. In fact, by the end of 2019, our Thermal Media manufacturing facility has reduced electricity consumption by 15.8% compared with the 2015 baseline. In addition, our sensitised photographic paper manufacturing partner has reduced their energy consumption by 6.4% since 2017. These operations represent the two largest contributors to the overall Group GHG emissions.
Maintain uninterrupted ISO 14001 Environmental Management System certifications	We continue to maintain five externally accredited ISO 14001:2015 Environmental Management Systems (EMS) with no significant non-conformances. One is for environmental oversight, governance and product stewardship and the others for our manufacturing sites. These management systems require policy and senior management leadership and commitment, compliance with legal and other requirements, risk management, annual internal and external audits with the goal of continuous improvement and minimisation of environmental impacts.
Meet Australian Packaging Covenant (APC)	This voluntary agreement between government and industry's goals are to reduce the environmental impacts of packaging, to design more sustainable packaging, increase recycling rates and reduce packaging litter. While the programme is based in Australia, we do leverage the improvements globally. We have been APCO members since 2016. In our 2019/20 annual APCO report, our sustainability score rose from 40% to 46%. We have improved our overall status to Level 3, i.e. 'Advanced'. See Annual Report & Action Plan for Kodak Alaris Australia Pty Ltd on the APCO website for details - https://www.packagingcovenant.org.au/documents/item/2469
All Scanners will meet Electronic Product Environmental Assessment Tool (EPEAT) criteria (100% Bronze, 80% Silver and 10% Gold)	EPEAT is a global three tier rating system (Eco Logo) to recognise environmental performance of electronic products. EPEAT is third-party verified and covers the full product lifecycle, from design and production to energy use and recycling. We are ahead of our goal as 100% of our entire scanner portfolio is currently registered at EPEAT Silver level. We made significant progress in 2019 to obtain the additional criteria needed for Gold level for a range of new scanners due to be launched in 2020.

For more information, please see EH&S pages of our internet site:
https://www.kodakalaris.com/company/environment-health-and-safety

Employee photo competition winner by RICHARD MCVEIGH

Employee photo competition winner by LISA WAINWRIGHT

Employee photo competition winner by PAMELA ZIMMERMANN

Stakeholder Engagement

Kodak Alaris' fulfilment of a successful strategy is reliant on a robust relationship and healthy engagement with its stakeholders. The Group's stakeholders include individuals, groups and organisations that are affected by the activities of the business. The Board has identified key internal and external stakeholders which include the shareholder - KPP2; the Pension Protection Fund; employees; suppliers; customers; and the community and environment.

Section 172

Successful stakeholder engagement also underpins the essence of what is contained within Section 172 of the Companies Act 2006; it is a director's duty to promote the success of the company by having regard to stakeholder interests when discharging this duty. The following statement sets out how the directors at Kodak Alaris are discharging their duties.

Consequences of decisions in the long-term

The instruction issued by KPP2 to the directors of Kodak Alaris in September 2018 to undertake the active exploration of an orderly disposal of the Group or its component businesses within the Kodak Alaris portfolio, was a key focus of the Kodak Alaris Board, executive team and KPP2 during the year. That activity resulted in the sale of the PPDS and AI Foundry businesses, after the reporting date (with the PPDS divestiture to be completed later in the year). Due to the impacts from COVID-19 on the global economic environment, KPP2 requested the Board and executive team to cease any further efforts to market the remaining businesses. The Pension Protection Fund has provided a commitment that it will allow the group to retain and run the Alaris and Kodak Moments businesses thus allowing for long term strategic investments to be made with the aim of maximising profits and cash flow. The Board and executive team are therefore now fully focussed on the operation of the Alaris and Kodak Moments businesses as they transition to the ownership of the Pension Protection Fund. In order to promote an orderly transition and reinforce the strategic goals of the future owner, Mr. Oliver Morley, the CEO of the Pension Protection Fund joined the Board earlier in the year as a Non-Executive director and more recently, Mr. Chris Howell of Alban House, corporate restructuring advisers, joined the Board as a Non-Executive director at the direction of the Pension Protection Fund.

Maintaining a reputation for high standards in business conduct

Kodak Alaris seeks to maintain a reputation for high standards of conduct. There is an ethos in Kodak Alaris of "doing what is right" whether that be typified by supporting employees and their families through COVID-19, helping local charitable organisations or ensuring that as an organisation we maintain safe, injury-free workplaces. These are just a few of many examples of how the values that underpin the Business Conduct Guide, which was approved by the directors, are exemplified by the Board, Executive Committee and employees to ensure that operational decision making is both values based and sustainable and aligned to the requirements of Section 172.

Stakeholder Engagement

Group engagement with stakeholders is outlined below:

SHAREHOLDER	PENSION PROTECTION FUND	EMPLOYEES
Engagement with our shareholder, KPP2 and our future shareholder, the Pension Protection Fund is critical and ongoing given the sales activity undertaken within the Group and the move to the retain and run scenario which is backed by the Pension Protection Fund. **Board representation** A clear example of engagement with the shareholder has included the representation of KPP2 at all Group Board meetings during the year. Such representatives are encouraged by the Chairman to ask questions of the Group and its advisers about the progress being made with the strategy. In addition, as highlighted above, to ensure an orderly transition of ownership from KPP2 to the Pension Protection Fund, Mr. Oliver Morley, CEO of the Pension Protection Fund recently joined the Board as well as Mr. Chris Howell, of Alban House, advisers to the Pension Protection Fund. **Rochester Site Visit** During the year representatives of KPP2 visited the Group's facility in Rochester, US providing a further immersion into the activities of the Alaris, Kodak Moments and Paper, Photochemicals and Film businesses and the opportunity to meet the management teams for those businesses. Each deep dive also provided a focus on key investments made in growth opportunities.	**The Pension Protection Fund is also considered a critical stakeholder given that post the expiry of the Assessment Period, the assets and liabilities of the Kodak Alaris Group will be held directly by them rather than KPP2.** **Meetings with Pension Protection Fund** Members of the Board including the Chairman, CEO and CFO, have regularly attended meetings, together with the shareholder, with the Pension Protection Fund to provide status updates. The CEO of the Pension Protection Fund also now has direct access to the Chairman, CEO, CFO and senior executives in Kodak Alaris Group through its seat on the Board.	**The Board is committed to making Kodak Alaris a great place to work. Engagement with employees at all levels of the organisation across the globe is key to understanding local issues and how they impact how employees are feeling. This helps Kodak Alaris continuously evaluate its culture, environment and values.** **Town Halls** The CEO regularly engages with employees through Global Town Halls. All of these involve a "Q&A Session" where employees have the opportunity to ask the CEO questions about the performance of the business or strategy. There have been 5 Global Town Halls through the financial year hosted by the CEO. Participants have also included the Chairman of the Board and members of the Executive Committee. Additionally, the Chairman, CEO and CFO and some of the non-executive directors have visited various facilities during the year including Rochester, US; Hemel Hempstead, UK; Paris, France; Colorado, US; and Guadalajara, Mexico. As well as "walking the floors" and engaging with employees local Town Halls have taken place providing the directors and the executive team with the opportunity to hear about local issues and employee concerns. **Pulse Survey** Kodak Alaris also conducts an annual Pulse survey and invites all employees globally to provide open and honest feedback on what it is like to work for Kodak Alaris. The results of the survey enable the Board and the Executive Committee to identify key themes and where acted upon has led to improvements in the current working environment. The most current Pulse Survey undertaken in September 2019 highlighted the following areas: employee understanding of business direction; leadership responses to feedback from employees; and the CEO demonstrating a balanced interest across all areas of the business, including our employees, customers, suppliers, owners, partners, and overall company results. The survey results were very positive and when reviewed by the CEO it was decided to continue the current communication and business efforts. **Health and Safety** The Board takes a direct interest in the health and safety of the workforce. At the majority of Board meetings, the Board reviewed key metrics relating to employee lost time to assess any underlying root causes and areas for improvement. **COVID-19** Since January 2020, a dedicated global cross functional team lead by the Health and Safety function with the support of the Board and the executive team was established solely aimed at ensuring that all employees and visitors remain safe, healthy and free of COVID-19. A whole range of measures have been introduced including site closures, the distribution of personal protective equipment, testing and tracing and the development of working from home and managed back to work plans that involve social distancing. Employees have been involved in and developed local plans to combat the spread of the virus. Since the onset of COVID-19, the Executive Committee and Board at every meeting receive a detailed update on progress made. Throughout this period, it has also been necessary to take a number of actions involving employees to reduce payroll costs and protect liquidity in light of the reduced demand for the Group's products and services. Employees have in the main been fully supportive of this activity with the rationale for taking such steps having been communicated through regular updates provided by the CEO. Furloughing of employees has taken place in countries where government financial support has been available. Elsewhere employees have taken unpaid leave, worked reduced hours, taken salary reductions or used vacation accrued.

Stakeholder Engagement

SUPPLIERS

At several Board meetings a business review took place wherein trading relationships with key suppliers were undertaken, to understand where there are key dependencies and key issues which need to be carefully monitored and to understand where suppliers may generate financial or trading risks for the Group and themselves. Alignment of interests with suppliers allows suppliers to invest for the future in a stable environment. Additionally, it is imperative to the Group that suppliers act both legally and ethically in the sourcing of and manufacture of any products or services supplied to the Group.

Treating our suppliers fairly
The Board acknowledges that suppliers must invest in their operations, sometimes for the long term and they would not be incentivised to do this without having sufficient comfort that the Group would treat them fairly. As such we have a regular dialogue with key suppliers sharing details of our commitment to a sector/product line for forward planning purposes. A substantial number of agreements with key suppliers also have volume purchasing commitments that run out several months in the interests of fostering an open, transparent purchasing environment that allows long term planning to be made by the suppliers. Certain directors most notably the CEO and CFO have taken a personal role in negotiating such terms.

COVID-19
Engagement with suppliers has been key throughout the COVID-19 pandemic. The Group has broadly taken three actions where suppliers are concerned:- a) payments to suppliers have been deferred to protect liquidity, in the main with full support from suppliers; b) supply terms are being re-negotiated to reflect the current environment and c) purchasing forecasts have been reset to reflect the reduced level of demand for the Group's products and services. There has been regular communication and co-ordination with suppliers to explain our requirements and seek support and engagement for the actions being taken.

Dealing with suppliers that act legally and ethically
It is a priority of the Board that all supplies are sourced both legally and ethically. As such we engage with all suppliers to ensure they are aware of and commit to comply with our "Supplier's Code of Conduct" which is a Board approved governance policy. This ensures that supplies are not produced with child labour and that working practices are both legal and meet the standards we expect. Over time this approach will drive up standards within the supplier's operations, community and environment. In accordance with UK legislation and guidance the Board has approved a policy that takes a risk-based approach to identify modern slavery and servitude. A supplier questionnaire has been constructed for the supplier base to provide feedback which is further reinforced by visits to key suppliers to "walk the floor" to ensure suppliers are acting responsibly.

Other supplier engagements
Supplier workshops happen on an ongoing basis with a senior management review and key purchasing initiatives are reviewed by the CFO on a regular basis.

CUSTOMERS

At the majority of Board meetings a business review took place wherein a review of trading was undertaken at the Group level and more importantly within each of the businesses, if there are any key issues. This is of particular importance to monitor both at a macro level to mitigate such risks as the China – US trade war, tariffs, COVID-19, Brexit etc. and also at a micro level as it impacts each business unit e.g. key customer contract renewals in Kodak Moments, continuing falling worldwide demand for photographic paper and delays in software deployment at AI Foundry. Engaging proactively with customers in certain circumstances has shown that risks can be controlled. Customer satisfaction surveys are also used as a technique to monitor customer satisfaction.

Kodak Moments Contract Renewals
Engagement with key customers of Kodak Moments has been a high priority of the Board to ensure the needs of the customer are being serviced into the future. This has involved investing in the category and rolling out new photo products and services to retail customers to ensure the Kodak Moments solution stays ahead of its competitors. This strategy of staying close to the customer is proving to be effective.

Smart Connected Scanning Solution
The development and launch in 2019 of the Alaris Smart Connected Scanning Solution was in direct response to customer demand for a standalone internet connected scanner. Through leveraging Alaris's core expertise in Information Capture technologies and by using developments in technology, Alaris was able to respond to those requests and launch the first INfuse scanner to wide customer acclaim and is now developing adjacent models to fulfil further demand.

COVID-19
The Alaris business is continuing to support its customers in particular industry segments such as healthcare and logistics although trading is significantly reduced in all sectors. With such uncertainty on demand, the management team will continue to evaluate opportunities to reduce investment until the position stabilises.

The Kodak Moments business was significantly affected by COVID-19 as its' retail partners either closed their kiosks or stores through the pandemic. Although footfall is returning to the high street and shopping centres, this is significantly reduced compared to pre COVID-19 levels and continues to suppress demand. Additionally, a number of retail partners that re-opened their stores delayed granting customers access to kiosks for fear of contamination risk. On a more positive note, through the pandemic Ship2Home services were resilient, although the impact on revenue was limited as this service currently only operates in a handful of countries across a limited product range.

COMMUNITY AND THE ENVIRONMENT

The Board has a continued commitment to environmental responsibility and giving back through global initiatives and programmes.

Environmental
The Board takes a direct interest in the sustainability of the Group and at the majority of Board meetings have reviewed performance against key goals that are set by the Board to reduce the Group's environmental footprint.

In order to increase long-term business sustainability, the Board has approved voluntary "beyond compliance" 5-year environmental goals.

To date our thermal media manufacturing facility has reduced electricity consumption by 15.8% since 2015 and our sensitised photographic paper manufacturing partner has reduced their energy consumption by 6.4% since 2017. These are two of the largest contributors of our greenhouse gases.

We continue to maintain five externally accredited Environmental Management Systems which require policy and senior management leadership and commitment with the goal of continuous improvement and minimisation of environmental impacts.

Community outreach
The Board takes a keen interest in and encourages Kodak Alaris to play a wider role supporting the communities where it operates. The Board has endorsed a programme of initiatives that has included for example Charity Bake Sales to support the Red Cross and Macmillan Cancer charities, time donated at food banks and a sponsored book appeal that resulted in 238 books being provided to schools in Rochester, NY.

For more information see page 34 of the strategic report.

The Strategic Report was approved by the Board and signed on its behalf by Mark Alflatt.

Mark Alflatt
Chief Executive Officer - 8 October 2020

Governance Statement

The Board is ultimately responsible to the shareholder for all the Group's activities, its strategy and financial performance, the efficient use of the Group's resources, and social, environmental and ethical matters.

Introduction

The Group adopts as far as is reasonably practical given it is a privately-owned Group and not a listed Group, the principles of the UK Corporate Governance Code (July 2018) (the "Code"). The adoption of these principles is designed to drive high standards of corporate governance through the Group and as a consequence secure long-term value for the shareholder.

Compliance

With the assistance of the Audit Committee, the Board approves the Group's governance framework and reviews its risk management and internal controls processes with a view to maintaining high standards of corporate governance across the Group.

The change in the accounting period in 2017 of the Group and a number of its subsidiaries to 31 March, continues to drive benefits through the peak trading period of September to December.

Following work carried out within the Group, led by the Chairman of the Audit Committee, we are also pleased to report the continued maturing of the risk management governance structure. During the year the Board undertook several reviews of the Group's emerging and principal risks together with how these are being managed and mitigated.

In addition, we have also actively managed our preparations for the potential consequences of Brexit. Whilst the UK left the EU on 31 January 2020 and has now entered a transition period, the consequences of the exit are still uncertain, and our risk planning demonstrates the impacts should be minimal and manageable. With a strong direct presence in the EU, the Group is well placed to address any challenges that may arise in the future relationship between the UK and the EU and the Risk Committee continues to monitor this situation closely in order to quickly assess any required actions as the impacts of the UK's exit becomes clearer.

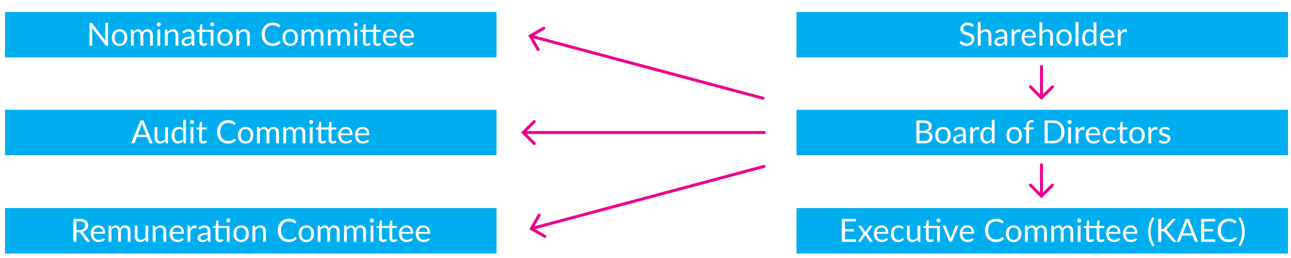
We also continued to mature our Compliance Programme during the financial period. Some key activities included the maturing of our Information Security, modern slavery and whistleblowing compliance programme; and continued work on implementing the Data Privacy Programme and standards introduced under the General Data Protection Regulations (GDPR), across all the Group's legal entities.

The Group also provides the means for any employee to raise confidentially any matters of concern. This facility is available anonymously to employees 24/7 across the World and accommodates over twenty languages. Any matters reported are initially reviewed by the Group Compliance Officer and independently investigated in accordance with an agreed protocol. Investigations are reviewed by the Board at each Board meeting together with details of any follow-up action. These efforts were complimented by e-learning modules and in-person training to emphasise compliance.

Furthermore, the Board has undertaken a review of the steps necessary to comply with section 172 of the Companies Act 2006. Further details of this work are set out in this report and the Directors' Report.

Additionally, further work has been undertaken within the Group at the instigation of the Chair of the Audit Committee to review the recommendations of the Brydon report on the Quality and Effectiveness of Audit and in the event they become legislation, it was agreed to revisit how the legislation and the principles underpinning it might be adopted by the Group in the interests of further improving governance and reporting.

Finally, during the financial year, further work has been undertaken to improve the contract management governance framework to contracting and approvals processes within the Group.



Governance Statement

Governance framework

The Board is committed to high standards of corporate governance and ethical behaviour in directing the Group's affairs. The Board is responsible for the oversight of the corporate governance framework and its implementation within all Group operating companies.

The Group General Counsel and Company Secretary is responsible for advising the Board on all governance matters and supports the Chairman in this capacity. In addition, the Group General Counsel also acts as the Group Compliance Officer and reports to the Board on all compliance issues.

The Board is supported by the Kodak Alaris Executive Committee (KAEC), and three Board Committees which operate on a Group-wide basis – Audit, Nomination and Remuneration. The Board structure is designed to enable the Board and its Committees to receive the appropriate business and functional support required to discharge their responsibilities and to facilitate an appropriate level of information to allow constructive challenge and debate at Board level.

Board responsibilities, attendance and activities

The Board of Directors is responsible for the overall management of the Group and maintaining effective operational control of the Group, including significant financial, organisational, legal and regulatory matters.

During the year the Board met on sixteen scheduled occasions. All Board directors were present at all meetings except for Mr. Larcombe, Mr. Ross and Mr. de Smedt who were unable to attend one meeting. At each Board meeting, to ensure independent judgment, the directors were invited to disclose any conflicts of interest and in addition any external appointments proposed to be undertaken that required the prior approval of the Board were also disclosed. The CEO provided an update on the Group's key activities and the CFO provided an update on the Group's financial performance for the year.

One of the Company Secretary's responsibilities is to ensure the business and the outcomes of each Board meeting are properly reflected in the Board minutes, together with any concerns noted by the Board. Board minutes were taken at each Board and Committee meeting throughout the year.

Board evaluation and outcome

As the shareholder had previously provided an instruction to the Board to undertake a series of divestitures of the businesses within the Group, if appropriate interest was received, with that backdrop, it was not deemed necessary for the Nomination Committee to undertake a formal or rigorous annual evaluation of the Board, its Committees, the Chair or individual Board members. Nonetheless, a number of evaluations of the Board, its Committees, the Chair and the individual directors have however been conducted by the Chair and Mr Ross, as appropriate. No external facilitator is used to undertake the Board evaluation process. The appointment of all non-executive Directors was reviewed in April 2020 with the Chairman, Mr. Larcombe and Mr. Webster accepting terms of service for a further three years. Subsequently in July 2020 Mr. Larcombe resigned his position of non-executive Director of the Company.

The Board has considered a range of matters during the period and up to the date of signing, including amongst other items:

- Business performance – financial, operational and strategic performance updates on the Group's businesses were provided by the relevant business Presidents (CEO/CFO).
- Strategy and annual budget – review of the Group's strategy, and approval of the annual budget. The Group's overall financial performance and those of its Businesses were reviewed against budget on a routine basis (CEO/CFO).
- Technology – progress updates on the development of the Direct-To-Consumer, Precision Imaging and AI Foundry technologies and businesses (CEO).
- Environment Health and Safety (EH&S) – the Group's strategy on EH&S matters and performance against that strategy (Group General Counsel and Group Secretary/Group EH&S Director).
- Disputes/litigation and Compliance – updates on any material disputes and compliance concerns faced by the Group (Group General Counsel and Company Secretary).
- HR Initiatives – review of employee productivity improvements, talent development and culture evolution (Group HR Director).

Board composition

The Board is led by an experienced independent Chairman and comprises six Directors (including the Chairman). In addition to the Chairman, the Board includes three independent Non-Executive Directors two of whom were recently appointed to represent the Pension Protection Fund's interests. See pages 46 and 47 for more detail on the directors.

Role of the Chairman – The Chairman is responsible for leading the Board and ensuring its effectiveness in governing the affairs of the Group. The Chairman ensures that links between the KAEC and the Group's shareholder are transparent and robust, whilst also providing support and challenge to the Executive Board members.

Governance Statement

Role of the Chief Executive (CEO) – The CEO is responsible for the implementation and execution of the Group's strategy and for the day to day management of the Group. The CEO is supported by his fellow Executive Directors and the KAEC members.

Role of the Non-Executive Directors – The Non-Executive Directors provide constructive challenge to the Executive Board members; monitor the delivery of the agreed strategy and provide strategy and market input to the Group's businesses. This input ensures appropriate co-ordination and sharing of knowledge, information and best practice across the Group.

The Board is satisfied that the Chairman and each of the Non-Executive Directors have committed sufficient time during the year to enable them to fulfil their duties as directors of the Group.

Board changes – Mr. de Smedt retired his position on the Board as of 31 March 2020. Mr. Ross the nominated director on behalf of Ross Trustees Services Limited retired his position on the Board as of 30 June 2020. Mr. Larcombe retired his position on the Board as of 21 July 2020 and Mr. Jourlait retired his position on the Board as of 23 July 2020.

As reported elsewhere Mr. Oliver Morley and Mr. Chris Howell recently joined the Board along with Ms. Diane Gardner following her promotion to Chief Financial Officer and Mr. Mark Alflatt's promotion to Chief Executive Officer in July 2020.

Kodak Alaris Executive Committee (KAEC)

The KAEC consists of senior Kodak Alaris employees – specifically the Chief Executive Officer (CEO), Chief Financial Officer (CFO), the Presidents of each of the Businesses Units, Chief Operating Officer (COO) and Group General Counsel, Group Compliance Officer and Company Secretary. In order to improve employee engagement, the CEO and other members of the KAEC provide regular face-to-face updates to employees through Town Hall meetings, new joiner events, family days and Q&A events to name a few. These updates provide a summary of the Group's strategy and performance, together with details of the challenges and opportunities faced by the Group. These events are designed to update employees on the progress of the Group and provide them with an opportunity to ask questions regarding the business.

Audit Committee

During the year, the Audit Committee was chaired by Stephen Webster. Stephen Webster is an independent Non-Executive Director with extensive financial experience gained in a number of prior senior positions. Mark Elliott attends by invitation only in order for the Group to comply with Provision 24 of the revised UK Corporate Governance Code 2018, which requires that the Chairman should not be a member of the Audit Committee. The composition of the Audit Committee includes three of the four Non-Executive Directors. The CFO is required to be present at all meetings. The quorum for the Audit Committee is two.

The Audit Committee has responsibility for:

- monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance, and reviewing significant financial reporting judgments contained in them;
- providing advice on whether the annual report and accounts taken as a whole, is fair, balanced and understandable and provides the information necessary for the shareholder to assess the Group's financial performance, business model and strategy;
- reviewing the internal financial and risk controls within the Group;
- monitoring and reviewing the effectiveness of the Corporate Business Assurance function;
- conducting the tender process and making recommendations about the appointment, renewal and removal of the external audit and reviewing and approving any fees relating to the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity;
- reviewing the quality of and effectiveness of the external audit process; and
- developing a policy on the engagement of the external auditor for the supply of non-audit services.

During the year the Audit Committee met on five scheduled occasions at which all members were present at all meetings except for Mr. Larcombe and Mr. Ross who were unable to attend one meeting.

Governance Statement

Nomination Committee

The Nomination Committee is chaired by Mark Elliott. Mark Elliott is also Chairman of the Board of Kodak Alaris Holdings Limited. The composition of the Committee includes all the Non-Executive Directors. The quorum for the Nomination Committee is two.

The Nomination Committee has responsibility for:

- succession planning, appointments to the Board and key roles within the Group;
- Board evaluation and development activities;
- reviewing leadership development programmes for the Group and to consider programmes for the continuing development of Non-Executive Directors.

The Committee discharges its responsibilities through its meetings which are normally held at a minimum twice per year and at other times as needed.

The Nomination Committee has met during the period since 31 March 2019.

Remuneration Committee

The Remuneration Committee was chaired during the year by Brian Larcombe who has since resigned from the Board. The composition of the Committee includes all the Non-Executive Directors. The quorum for the Remuneration Committee is two.

The Remuneration Committee has responsibility for:

- determining the overall framework and policy for the remuneration of the Chairman, Executive Directors and other Senior Executives;
- employee remuneration and related policies, and the alignment of incentives and rewards with culture;
- the appointment of any remuneration consultant as required;
- setting a remuneration policy in respect of Executive Directors and senior management to provide market competitive packages that are intended to attract, motivate and retain high calibre individuals necessary to develop the Group.

Items discussed included senior management objectives, performance management, incentive schemes and Board appointments. The retained advisor for remuneration is Willis Towers Watson.

The Committee discharges its responsibilities through its meetings which are held at a minimum twice per year and at other times as needed.

During the year the Remuneration Committee met on six scheduled occasions. All members were present at all meetings except for Mr. de Smedt and Mr. Ross who were unable to attend one meeting.

Mark Elliott

Mark Elliott
Chairman
8 October 2020

Board of Directors

Mark Elliott

Non-Executive Chairman of the Board and Chairman of the Nomination Committee

Mark was appointed Chairman to the Board and an independent non-executive director in May 2014.

Experience:
Mark has extensive experience in the technology services sector particularly in the US and Europe. He worked for IBM for over 30 years where he occupied a number of senior management positions, including General Manager of IBM Europe, Middle East and Africa and was a member of IBM's Worldwide Management Council.

External directorships:
Mark retired from his position as Chairman at Qinetiq Group plc in July 2019. His previous positions also include a Non-Executive Director of Reed Elsevier Group plc (and also Chairman of its Remuneration Committee) and Reed Elsevier NV from April 2003 until April 2013 and a Non-Executive Director of G4S plc, where he was the Senior Independent Director and Chairman of the Remuneration Committee.

Committees:
Mark is a member of Remuneration Committee and is also Chairman of the Nomination Committee.

Mark Alflatt

Chief Executive Officer and Executive Director

Mark was appointed Chief Financial Officer in February 2016 and served in that position until July 2020 when he was promoted to Chief Executive Officer.

Experience:
Mark was previously CFO of the Marine division within Rolls-Royce plc having spent more than 20 years in various financial and operational senior management roles across the Group.

Mark has overall leadership responsibility for Kodak Alaris, its financial and operational performance and strategy, as well as cultural transformation.

External directorships:
Wedinitaly Limited.

Diane Gardner

Chief Financial Officer and Executive Director

Diane was appointed Chief Financial Officer in July 2020 following the promotion of Mark Alflatt to Chief Executive Officer.

Experience:
Diane has over 20 years of progressive Finance experience with both public and private companies. She joined Kodak Alaris upon its inception in September 2013 as Chief Tax Officer, was subsequently named Vice President of Tax & Treasury in September 2017, and most recently served as Deputy CFO since August 2019.

External directorships:
None.

John O'Reilly

Group General Counsel, Group Compliance Officer and Company Secretary

John joined Kodak Alaris in September 2014 as the Group General Counsel and Company Secretary to the Board and has since assumed the role of Group Compliance Officer.

Experience:
As well as having overall responsibility for the Group's Legal and Compliance functions, John is also a member of the Executive Committee. Previously John was the General Counsel for the EMEA and APAC regions at Parker Hannifin, a global engineering business based out of Cleveland, Ohio and prior to this Corporate M&A counsel at Rolls-Royce plc. Before moving in-house, John spent 8 years in private practice as an M&A lawyer. He is a qualified Solicitor in England and Wales.

Board of Directors

Chris Howell

Non-Executive Director representing the Pension Protection Fund

Chris was appointed to the Board as a Non-Executive Director in July 2020 to represent the interests of the Pension Protection Fund.

Experience:
Chris manages Alban House, an award-winning global advisory and restructuring business with a proven track record delivering financial transformation and turnaround advice.

Chris is an experienced chairman and non-executive director and is also experienced in providing advice to global organisations facing challenging situations that require refinancing, restructuring and transformation. Chris is a Fellow of the Institute for Turnaround / Fellow Association of Business Recovery Professionals and was awarded the IFT Listed Company Turnaround of the Year in 2011.

External directorships:
Sigma Voice Solutions Limited.

Committees:
Chris is a member of the Audit, Nomination and Remuneration Committees.

Oliver Morley

Non-Executive Director representing the Pension Protection Fund

Oliver was appointed to the Board as a Non-Executive Director in April 2020 to represent the interests of the Pension Protection Fund.

Experience:
Oliver is the Chief Executive Officer of the Pension Protection Fund where he oversees the management, development and direction of the organisation, a position he has held since 1998.

Prior to joining the Pension Protection Fund, Oliver was CEO of the DVLA and led the successful digital transformation of one of the UK's biggest multi-channel service organisations with over 45 million customers and £6 billion of revenue. Prior to this he was Chief Executive and Keeper of The National Archives, which brings genealogy and key historical records to life for millions of users.

Before this, Oliver worked at Thomson Reuters in a range of senior global and regional roles from FX and Money Markets to market data and technology.

External directorships:
None.

Committees:
Oliver is a member of the Audit, Nomination and Remuneration Committees.

Stephen P. Webster

Non-Executive Director and Chairman of the Audit Committee

Stephen was appointed an independent Non-Executive Director in June 2014.

Experience:
Stephen was Chief Financial Officer for more than 15 years at Wolseley plc, (now known as Ferguson plc), a leading specialist distributor of plumbing and heating products and building materials and a FTSE 100 Group company based in the UK with operations in 25 countries. He was responsible for Wolseley's listing on the New York Stock Exchange in 2001. Prior to joining Wolseley, he was a partner for more than eight years at PricewaterhouseCoopers. Stephen is a Fellow of the Institute of Chartered Accountants.

External directorships:
Stephen has held several other non-executive appointments and has chaired three Audit Committees prior to joining the Board of Kodak Alaris.

He was a Non-Executive Director of Aventas Group, an internationally diversified industrial manufacturing business headquartered in Ireland, where he was the Senior Independent Director and a member of the Audit and Remuneration Committees, and a Non-Executive Director of Aqualisa Group, a leading shower designer and manufacturer in the UK where he was Chairman of the Audit Committee. He was also a consulting member of the Gerson Lehrman Group Research Council for three years until 2014 and a Chairman of the Audit and Risk Committee and a Non-Executive Director of Bradford & Bingley plc for five years until 2008.

Committees:
Stephen is a member of the Nomination and Remuneration Committees and is also Chairman of the Audit Committee.

Directors' Report

Principal activities

The principal activities of the Group and its subsidiaries 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, and actionable intelligence management solutions.

The review of performance during the year ended 31 March 2020, expected future development, and principal values and uncertainties are contained in the Strategic Report on pages 4 to 40.

Directors

The Directors who held office during the period were as follows:

- Mark Elliott (Chairman) – Independent Non-Executive Director
- Marc Jourlait (Chief Executive Officer) – Executive Director (retired 23 July 2020)
- Mark Alflatt (Chief Executive Officer) – Executive Director (promoted from CFO 23 July 2020)
- Diane Gardner (Chief Financial Officer) – Executive Director (appointed 23 July 2020)
- Ross Trustees Services Limited represented by Steven Ross – Independent Non-Executive Director (retired 30 June 2020)
- Chris Howell – Non-Executive Director representing Pension Protection Fund (appointed 23 July 2020)
- Oliver Morley – Non-Executive Director representing Pension Protection Fund (appointed 9 April 2020)
- Patrick J. de Smedt - Independent Non-Executive Director (retired 31 March 2020)
- Brian Larcombe – Independent Non-Executive Director (retired 21 July 2020)
- Stephen P. Webster - Independent Non-Executive Director

Director indemnities and insurance

In accordance with the Companies Act 2006 and the Company's Articles, the Group has purchased Directors' and officers' liability insurance, which remains in place at the date of this report. The Group reviews its insurance policies on an annual basis in order to satisfy itself that its level of cover remains adequate.

Sole shareholder

The Group is wholly and ultimately owned by KPP (no. 2) Trustees Limited (a company registered in England with registered number 8819827) in its capacity as trustee of the Kodak Pension Plan (no. 2) ("KPP2"). During the year the Chairman, Chief Executive Officer and Chief Financial Officer reported to the shareholder and its advisors on all key matters of importance, and to seek feedback on the strategy being undertaken and the performance of the Group. The Chairman reported to the Board at each Board meeting to ensure the feedback of the shareholder was known to the Board.

Financial risk management

Details of the Group's financial risk management policies and objectives in respect of its use of financial instruments are included in note 24 to the consolidated financial statements, together with a description of its exposure, including its exposure to market risk, credit risk, liquidity risk and capital risk of the Group, in connection with such financial instruments.

In light of the COVID-19 pandemic, the Board has discussed and considered the possible effects of exchange rate fluctuations on its future results, but it is not the Board's accepted practice to forecast forward exchange rates. Any future foreign exchange gains or losses will be included in the income statement.

The Group has performed its regular review of expected credit loss provisions as part of the year-end process and recorded additional provisions where it considered there to be particular risks, specifically as a result of COVID-19.

The Group has successfully negotiated new funding arrangements 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 $40m.

Subsequent events and future developments

As previously reported, the shareholder had issued an instruction to the directors to undertake the active exploration of an orderly disposal of the Group or its component businesses. On 25 March 2019 KPP2 entered an assessment period with the Pension Protection Fund. It is the Board's current understanding that the assessment period will end in November 2020 and once this period has been concluded the assets and liabilities of KPP2 (including the Group) will formally transfer to the ownership of the Pension Protection Fund.

The shareholder has confirmed to the Board that it is no longer pursuing the divestment of the Group's businesses and all disposal activity in relation to the Alaris and Kodak Moments businesses has ceased. The Directors have now

Directors' Report

been requested by the shareholder to oversee the work required to maximise shareholder value in a retain and run environment. The management team have begun this work and as required the Board will make recommendations to the shareholder on the optimal future operating plan. Throughout this process minimal disruption to trading will be sought.

Having undergone a strategic review of the entire Kodak Alaris group, it was concluded that the PPDS and AI Foundry businesses would be sold. After the reporting date, the divestiture of AI Foundry was completed, and a definitive agreement was reached for the sale of PPDS.

Going concern

In the previous year, the directors concluded that the financial statements could not be prepared on a going concern basis as a result of the instruction by the shareholder that, in a full divestiture scenario where appropriate fair valuations are achieved, the Group would liquidate any remaining legal entities of the Group. However, as outlined above due to the uncertain economic environment, the disposal programmes for the Alaris and Kodak Moments (including Film) businesses were terminated in March 2020 and the shareholder agreed to retain and run these businesses. As a result of this change of strategy, the directors have concluded that the going concern basis is now appropriate for preparing these financial statements.

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 delaying 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 investment 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 $50m 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 $40m. 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 assessing the going concern position of the Group, the directors have undertaken an assessment of all the available planning information, including the forecast for the year ending 31 March 2021, most recent cash flow forecasts for the period to 31 March 2022 and a forecast assessment of the covenant compliance required within the going concern period. The directors have also relied on a post COVID-19 base case 5-year financial forecast which has been stress tested by removing the proceeds from the sale of the PPDS business and overlaying further severe but plausible downside scenarios and contemplating the risks as well as giving consideration to the likely degree of effectiveness of current and available mitigating actions that could be taken to avoid or reduce the impact or occurrence of the risks in the base case and downside scenarios.

The Group is reliant on funds provided by its shareholder, 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 that 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 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 $50m 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.

Research and development

During the year ended 31 March 2020 the Group invested a total of $34 million (2019: $28 million) in research and development expenditure to support the development of future products and markets. A total of $23 million (2019: $20 million) was charged to the income statement in the year. In addition, $11 million (2019: $8 million) was capitalised as internally developed intangible assets. The investments improved and expanded our Kodak Moments, Alaris and PPF

Directors' report

software applications and enhanced our kiosk, dry lab and scanner product lines. The Group plans to continue to invest in research and development.

Branches outside UK

The Group has subsidiaries and associates outside the UK which are set out in note 4 of the Company Financial Statements.

Political donations

Neither the Group nor any of its subsidiaries made any political donations or incurred any political expenditure during the period (2019: nil).

Dividends

Kodak Alaris Holdings Limited Dividend Policy:

As a result of the direction provided to the Board to actively explore an orderly disposal of the Group and its component businesses, the Board did not declare the dividend planned to be paid to KPP2 in September 2018 and has not declared a dividend since.

As the business divestment project has ceased and the Group is moving to a "retain and run" strategy, it will in the future seek to declare dividends subject to any limitations required by third party debt providers such as any Revolving Credit Facility or other Term Debt Facility providers and subject to the Board being satisfied on the availability of minimum cash and liquidity levels, the future cash needs of the business for normal operations including cash requirements for investment and otherwise that the payment is in the best interests of the Group.

Employee engagement

The Board recognise that its employees are key to successfully delivering its strategy and sustaining future business. With an average of 1,950 employees employed during the year (2019: 1,974) in 27 countries (2019: 27), the Group relies on talented people who are committed to achieving its objectives.

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

The Board ensures investment in the workforce by providing an online training tool platform to allow employees to access self-led training as well as annual compliance training. The mentorship programme and Emerging Professional Network provide an opportunity for employees to foster connections and develop in a supportive environment. The Board also supports a number of leadership strategies including holding regular performance reviews with employees to identify learning and development needs and supporting where appropriate, facilitating employee participation in corporate social responsibility activities and holding workshops to educate employees in areas of health and safety, mental wellbeing and similar.

The Board is committed to creating an inclusive work environment where a diverse range of talented people can work together to ensure business delivery. Increasing diversity amongst the Group's workforce is a significant force for innovation and continuing initiatives in this area will improve diversity and enable better customer service.

For more information see pages 38 to 40 of the Strategic Report.

Business relationships

The Board performs detailed reviews of its relationships with key partners at the Board meetings. This includes review of macro level issues that have the potential to impact financial performance of the Group as well as key customer and supplier relationships, where necessary.

Other relationships reviewed at the Board meetings includes key banking and financing facilities and litigation with material impacts.

For more information see pages 38 to 40 of the Strategic Report.

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 Group'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 Group's auditor is aware of that information. Further, the Board considers the annual report and accounts to be fair, balanced and understandable and provides the information necessary for the shareholder to assess the Group's position, performance, business model and strategy.

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 8 October 2020 and signed on its behalf by

Diane Gardner
Director, Chief Financial Officer

Audit Committee Report

Kodak Alaris's Audit Committee Report for the year ended 31 March 2020 provides an insight into the focus, work and key issues handled by the Audit Committee. The Audit Committee monitors the Group's accounting policies, control environment and financial reporting process on behalf of the Board of Directors. The Group's management has primary responsibility for the financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting.

System of risk management and internal control

The Audit Committee has been delegated, by the Board, the responsibility of monitoring the effectiveness of the Group's system of risk management and internal control. It does so through:

- reviews and discussions with management and executives;
- review of business assurance reports, which focus on the Group's highest risk areas; and
- the use of external audit reports as part of the year-end audit and on-going review processes.

Key issues identified through this process are discussed by the Audit Committee with actions, owners and timelines being agreed, implemented and monitored. The Audit Committee regularly reviews the risk management process and its development (see Risk Report on pages 29 to 32 for more detail) and receives regular updates from the CFO, the Compliance officer and updates on the Group's whistleblowing policy from the Group General Counsel.

Configuration

The Audit Committee comprises three of the four Non-Executive Directors of the Board, whose relevant experience is set out on page 47. In addition, by invitation, the Non-Executive Chairman, Chief Executive Officer (CEO), Chief Financial Officer (CFO), the Group General Counsel, the Group Financial Controller and the Director of Business Assurance attend all meetings of the Audit Committee together with the Group's external auditors.

Responsibilities

The Audit Committee has been established to monitor the integrity of the Group's financial statements, the effectiveness of the internal financial controls, to approve relevant accounting policies and to confirm the independence of the external auditors. The terms of reference for the Audit Committee were last reviewed in 2018 and amended to reflect current requirements, where appropriate. During the year, the Audit Committee, within their scope, supported management, external auditors, business assurance and other members of the senior management team, in fulfilling their responsibilities.

The key responsibility of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by monitoring:

- financial reporting processes;
- key accounting policies;
- the effectiveness of the Group's internal control and internal audit, where applicable;
- the Group's risk management systems;
- the external audit of the financial statements; and
- the independence of the external auditors and in particular the provision of additional services to the Group.

The Audit Committee regularly informs the Board of its activities and recommendations. Where it is dissatisfied with, or if it considers that action or improvement is required concerning any aspect of financial reporting, risk management, internal control, compliance or business assurance related activities, it promptly raises these concerns at the Board. The Audit Committee has no executive role and the directors remain responsible for the Group's affairs.

Audit Committee Report

Activities and major areas

The Audit Committee met on 4 occasions during the year and there was full attendance at each meeting. Meetings are scheduled to coincide with key dates in the financial reporting cycle. The Audit Committee has a rolling programme of agenda items to ensure that relevant matters are properly considered.

The main activities of the Audit Committee during the year and up to the date of signing the financial statements were:

AUDIT COMMITTEE ACTIVITIES	MAY 2019	JULY 2019	JAN 2020	MAR 2020	MAY 2020	JULY 2020	OCT 2020
Review of the annual report and financial statements		✓				✓	✓
Review of the CFO's report on accounting issues, standards and key accounting judgements – including impact of COVID-19, IFRS16 and asset impairment	✓	✓	✓	✓	✓	✓	✓
Review and approval of Business Assurance's audit plan including the results of audit work	✓	✓	✓	✓		✓	
Risk management update and Risk Register review		✓	✓			✓	
Review of financial and IT controls	✓	✓	✓		✓	✓	
Review of external auditor's reports to the Board	✓	✓	✓		✓	✓	✓
Review of external auditor's fees, engagement letter and independence	✓	✓	✓	✓			✓
Review of Corporate Governance Framework	✓	✓		✓			
Review of Corporate Taxes	✓	✓		✓	✓	✓	
Review of Going Concern accounting assumption		✓	✓	✓	✓	✓	✓
Review of Brexit implications		✓		✓			

Audit Committee Report

The major areas arising in relation to the financial reporting process which were considered by the committee were as follows:

AREA	ISSUE	RESOLUTION
Valuation of Goodwill & Intangible Assets	Reflecting the appropriate carrying value of Goodwill and Intangible assets in the financial statements.	Value in use calculations were prepared by management based on Board approved financial forecasts. These assessments have been prepared taking account of the change of strategy for the Group and the uncertain trading impact of the COVID-19 pandemic. The Audit Committee reviewed, discussed and challenged the management reports prepared and the models/assumptions were also reviewed in detail by KPMG as part of their audit. Group management proposed an impairment of $37 million for the year ended 31 March 2020 as detailed in note 4.
Carrying value of investments held by the Company	Reflecting the appropriate carrying value of investments in the Company financial statements.	Using key assumptions consistent with the goodwill and intangible assets impairment calculations management estimated the future profitability and cash generating ability of each subsidiary. The models/assumptions were reviewed in detail by KPMG as part of their audit. The Committee satisfied itself that management's approach was appropriate and reviewed the external audit assessment. An impairment charge of $124 million has been recorded in the Company for the year ended 31 March 2020.
Leases	Review and monitoring of the implementation of a new policy.	The Audit committee reviewed and approved the Group's IFRS 16 policy which was effective from 1 April 2019.
Assets held for sale	Ensuring that assets are appropriately classified as held for sale in the financial statements.	Management presented reports to the Audit Committee to demonstrate that the assets that were previously held for sale are no longer considered to meet the criteria. The Audit Committee reviewed, discussed and challenged the reports prepared and the assumptions were also reviewed in detail by KPMG as part of the audit. No assets are classified as held for sale at 31 March 2020.
Taxes	The determination of tax assets and liabilities requires the application of judgement as to the ultimate outcome and can change over time depending on facts and circumstances.	The Audit Committee reviewed management updates and external auditor assessments on tax matters to confirm appropriateness of treatment. The Committee also reviewed the Group's tax strategy.
IT Controls	Addressing the weakness of system controls following the IT systems conversion.	The Audit Committee reviewed the on-going improvements to the control environment which included improvements in segregation of duties, user access, privileged user access, automated system controls, cyber security/resilience and change management. The Committee also focussed on future improvements to IT processes and controls.
Business and Finance Controls	Improving business processes and finance controls is a continuous process.	The Committee assists the Board in its monitoring of the Company's internal control framework and in its review of their effectiveness. The Committee reviewed reports prepared by management to assess whether the control systems are fit for purpose and whether any corrective action is necessary. The Committee also satisfied itself that management's response to any business assurance control issues identified was appropriate.
Risk Management	Developing and improving a lean and sustainable risk management process which adds value to the business.	The Risk Committee carried out reviews of the Corporate Risk Register during the year, making changes where necessary. The output from these sessions formed the basis of the updates for the half-yearly Audit Committee risk reviews.

Audit Committee Report

AREA	ISSUE	RESOLUTION
Going Concern	The directors are required to state whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as and when they fall due over the period of their assessment.	In the previous year the directors concluded that the financial statements could not be prepared on a going concern basis as a result of the instruction by the shareholder that in a full divestiture scenario where appropriate fair valuations are achieved the Group would liquidate any remaining legal entities of the Group. However, in March 2020 the disposal programmes for the Alaris and Kodak Moments (including Film) businesses were terminated due to the uncertain economic environment and the shareholder agreed to retain and run these businesses. As a result of this change of strategy the directors have concluded that the going concern basis is appropriate for preparing these financial statements. Management have presented a report to the Audit Committee to demonstrate the ongoing solvency and liquidity of the Group, considering all the available planning information, including the forecast for the year ending 31 March 2021, most recent cash flow forecasts for the period to 31 March 2022 and a forecast assessment of the covenant compliance required within the going concern period. The directors have also relied on a post COVID-19 base case 5-year financial forecast which has been stress tested by removing the proceeds from the sale of the PPDS business and overlaying further severe but plausible downside scenarios and contemplating the risks as well as giving consideration to the likely degree of effectiveness of current and available mitigating actions that could be taken to avoid or reduce the impact or occurrence of the risks in the base case and downside scenarios. The Audit Committee also reviewed external auditor assessments on going concern to confirm appropriateness of treatment. The directors recognise that the Group 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. Several steps have been taken by management to maintain sufficient liquidity during the COVID-19 pandemic. For example, by significantly reducing capital investment over the next six months, reducing discretionary spend such as on marketing and travel, implementing employee furloughs or restricted work hours and reducing the supply pipeline to reflect the impact of temporarily reduced demand for the Group's products and services. After the reporting date the Group has successfully negotiated a new funding arrangement for $50m 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 $40m. In summary, the Group is reliant on funds provided by its shareholder, 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 that 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 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 $50m 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.

Audit Committee Report

Impact of COVID-19

Since January 2020 the Group has prioritised its response to the developing situation arising from the COVID-19 pandemic. The Audit and Risk Committee agreed that oversight of crisis management associated with the pandemic would be monitored by the Board. The overriding priority and focus has been the safeguarding of employees and visitors and the second priority is to ensure the Group takes actions to protect liquidity and its operations during a period of significantly reduced demand.

In order to protect the health and safety of employees and visitors, a dedicated global taskforce was established to ensure personal protection equipment was made available, appropriate social distancing measures are in place, only those employees who are required to be physically present on site attend, other employees work remotely and in the longer term back to work site plans are developed and tested for each location.

Business assurance

Business assurance's role is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

In March 2019, the Audit Committee reviewed and agreed the 2019/20 business assurance annual audit plan, which they believed was appropriate to the scope and nature of the Group. The audit plan is risk based, taking strategic priorities and the strength of the control environment into consideration - with finance, all four businesses, all regions and all other group functions covered. Additional areas were added to the plan as required throughout the year, as deemed appropriate.

The Audit Committee reviewed the Business Assurance summary reports at each meeting, enabling it to monitor the progress of the audit plan, discussing key findings and subsequent plans to address them, in addition to status updates of previous key findings. The Audit Committee was satisfied that the Business Assurance function is working effectively and improves risk management throughout the Group. The Chairman of the Audit Committee met the Director of Business Assurance twice in the year, without management present, to discuss scope and any issues arising from audit activities.

In March 2020, the Audit Committee reviewed and agreed the 2020/21 Business Assurance annual audit plan, which they believed was appropriate and fit for purpose. In July 2020, a revised audit plan based on the current effects of COVID-19 was approved by the Audit Committee.

External audit

The Audit Committee retains responsibility for overseeing the Group's relationship with the external auditor. This includes reviewing the quality and effectiveness of its performance, its external audit plan and process, its independence, its appointment and its audit fee proposals, in particular for any non-audit work . The Audit Committee meets regularly with the external auditor (including once at the planning stage before the audit and once after the audit, at the reporting stage).

Performance and audit plan

Following the completion of the 2019 audit, the Audit Committee carried out an informal review of the audit process and general effectiveness.

Prior to commencement of the 2020 year-end audit, the Audit Committee reviewed, challenged and approved the external auditors work plan and resources and agreed with them the various key areas of focus including revenue recognition, going concern, impairment, IT controls as well as particular focus on certain higher risk audit areas.

The Audit Committee met once with the external auditors without management being present. This provided the opportunity for direct discussion and feedback between the two parties where they discussed the key audit points. The Audit Committee also concluded that the auditor remains effective as external auditors going forward.

Independence and objectivity

The Audit Committee is responsible for ensuring that the appointed auditor is objective and independent. The Committee considers the tenure of the auditors in addition to the results of its review of the effectiveness of the external auditors and considers whether there should be a full tender process as a result of that review. KPMG have been the Group's external auditor since September 2013, with the lead audit partner being rotated every five years. A rotation of the lead audit partner took place on 31 March 2019 with the new incumbent Sean McCallion leading the team. The Audit Committee has received confirmation from KPMG that they are independent of the Group, that they were not aware of any relationship between the Group and the firm and any persons in financial reporting oversight roles in the Group that may affect its independence.

Non-audit services

In order to further ensure independence, the Audit Committee has a policy on the provision of non-audit services by the external auditor that seeks to ensure that the services provided are not, and are not perceived to be, in conflict with their auditor independence. As part of the new 2019 Ethical Standard, a further review of the policy will be carried out and current tax services provided in the US will be completed but not renewed.

Steve Webb

Stephen Webster
Audit Committee Chairman
8 October 2020

Employee photo competition winner by STUART EVANS

Statement of Directors' Responsibilities

Statement of directors' responsibilities in respect of the Annual Report and the financial statements.

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs as adopted by the EU) and applicable law and they have elected to prepare the parent Company financial statements on the same basis.

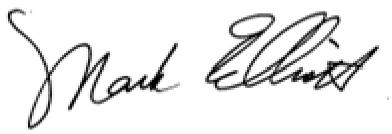
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements,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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent 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 Group or parent 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 parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its 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 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 and a Directors' Report that complies 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.



Mark Elliott
Chairman
8 October 2020

Independent Auditor's Report

KPMG

Independent auditor's report

to the members of Kodak Alaris Holdings Limited

1. Our opinion is unmodified

We have audited the financial statements of Kodak Alaris Holdings Limited ("the Company") for the year ended 31 March 2020 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet, Company Statement of Changes in Equity, Company Cash Flow Statement and the related notes, including the accounting policies in note 2.

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 March 2020 and of the Group's loss for the year then ended;

— the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);

— the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and

— the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 30 August 2013. The period of total uninterrupted engagement is for the 8 financial years ended 31 March 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: Group financial statements as a whole	$4.5 million (2019: $6.4m) 0.7% (2019: 1%) of Group revenue	
Coverage	83% (2019: 83%) of Group revenue	
Material Uncertainty: Going Concern		
Key audit matters		**vs 2019**
Recurring risks	Carrying Value of Goodwill and Intangibles	▲
	Carrying value of investments in subsidiaries (parent Company only)	▲
	Revenue Cut-Off	◄►

Independent Auditor's Report (continued)

2. Material uncertainty relating to Going Concern

	The risk	Our response
Going Concern The trading environment created by COVID-19 remains uncertain, and the Group is reliant on funds provided by its shareholder, part of which remains outstanding at the point these financial statements are signed. Furthermore, under the Group's severe but plausible downside cashflow scenario, absent mitigating actions, it would exceed the initial $40m borrowing capacity at 31 March 2021 and exceed the full $50m facility as at September 2021. Under this scenario the Group also breaches covenants on the loan in the forecast period. Such a breach could lead to the withdrawal of the loan facility. These events and conditions, along with the other matters explained in note 2, constitute a material uncertainty that may cast significant doubt on the Group's and the parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.	**Disclosure quality** There is little judgement involved in the directors' conclusion that risks and circumstances described in note 2 to the financial statements represent a material uncertainty over the ability of the Group and the parent Company to continue as a going concern for a period of at least a year from the date of approval of the financial statements. However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter	**Our procedures included:** Assessing transparency: • Assessing the completeness and accuracy of the matters covered in the going concern disclosure by: - Evaluating the models used by management in its assessment; - Evaluating whether the assumptions are realistic, achievable and consistent when compared to other forecast information used during the audit; - Evaluating management's assessment of the Group's compliance with debt covenants and liquidity requirements; and - Assessing the reasonableness of management's forecasts, including the evaluation of downside sensitivities. **Our results**: We found the disclosure of the material uncertainty to be acceptable.

3. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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. Going concern is a significant key audit matter and is described in section 2 of our report. We summarise below the other key audit matters in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

We continue to perform procedures over the impact of uncertainties due to the UK exiting the European Union in our audit. However, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

KPMG

Independent Auditor's Report (continued)

3. Key audit matters: our assessment of risks of material misstatement

	The risk	Our response
Carrying value of goodwill and intangibles ($78 million; 2019: $107m) Refer to Note 2M (accounting policy) and Note 13 (financial disclosures).	**Valuation of goodwill and intangibles:** The recoverable amount of the Alaris and Kodak Moments Cash-Generating Units to which goodwill and intangible assets are allocated is determined from a value in use assessment. This represents a key judgment area as inappropriate assumptions, particularly relating to forecast cash flows, discount rates and growth rates could result in a material misstatement of the goodwill and intangibles balances as a result of the level of headroom associated with these CGUs.	Our procedures included: — **Assessed reasonableness of discount rates:** Obtained an understanding of discount rates used by management. Engaged Corporate Finance specialists to assess whether the discount rates utilised are reasonable. — **Benchmarking assumptions:** Challenged assumptions used in the cash flows and valuations included in the impairment model based on our knowledge of the Group and the industry and markets in which the subsidiaries operate. — **Central allocations:** Assessed the appropriateness of models used for balance sheet and central cost allocation by cash generating unit. — **Sensitivity Analysis:** Performed analysis to assess the sensitivity of the impairment review to changes in the key assumptions above. — **Assessing transparency:** Assessed whether the Group's disclosures about the impairment testing appropriately reflected the risks inherent in the valuation of goodwill and intangible assets. **Our results**: We found the valuation of carrying value and disclosures over the related judgements for goodwill and intangibles to be acceptable (2019: Acceptable)
Parent Company risk area –Carrying value of investments in subsidiaries ($64 million; 2019: $188m) Refer to Note 1 (parent accounting policies) and Note 4 (parent financial disclosures).	**Overstatement of value of investments in subsidiaries:** The carrying amount of the Parent Company's investments in subsidiaries represents 17.1% (2019: 39.6%) of the Company's total assets. Their recoverability is directly correlated to the valuation of the CGUs assessed in the Group accounts, where we consider there to be a high risk of significant misstatement. This is therefore considered to be the area that has the greatest effect on our audit of the Parent Company.	Our procedures included: — **Tests of detail:** We compared the carrying amount of 100% of the investment balance with the relevant subsidiaries' balance sheets to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount. — **Test of detail:** Where net assets were lower than the investment carrying value, we compared the net assets against the future discounted cashflows of the entity. We obtained and assessed the key assumptions in the cash flow forecasts which were used to compare against the investment carrying values **Our results**: We found the carrying amount of investments in subsidiaries to be acceptable (2019: Acceptable)
Revenue Cut-Off ($628 million; 2019: $656m) Refer to Note 2R (accounting policy) and Note 3 (financial disclosures).	**Cut-Off risk:** Revenue recognition surrounding cut off is considered a significant risk due to the presumed risk of fraud that exists in all revenue and a significant risk of error due to risk of inaccurate sales cut off and potential errors in deferring revenue to service contracts.	Our procedures included: — **Process understanding**: Obtained an understanding of the different revenue streams for in-scope components in order to appropriately define and respond to the different cut-off risks within each revenue stream. — **Substantive testing:** Performed substantive test work over revenue items at the end of the period, ensuring recognition is appropriate in line with applicable IFRS standards. — **Cut-Off testing:** Inspected sales transactions either side of the balance sheet date as well as credit notes issued post year end to ensure revenue has been recognised in the appropriate period. **Our results**: We found the resulting amount of recorded revenue to be acceptable (2019: Acceptable).

KPMG

Independent Auditor's Report (continued)

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

The materiality for the Group financial statements as a whole was set at $4.5m for the year ended 31 March 2020 (year ended 31 March 2019: $6.4m), determined with reference to a benchmark of Group revenue of $626m (2019: $656m), of which it represents 0.7% (2019: 1%).

The benchmark is consistent with prior year, and has been utilised due to the business being in a loss making position and as such, the result before taxation isn't deemed an appropriate benchmark.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding $0.2m (2019: $0.3m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the 32 (2019: 27) components which report to Group, we subjected 10 (2018: 12) to audits for Group reporting purposes and none (2018: none) to specified risk-focused audit procedures. The components within the scope of our work accounted for the following percentages of the Group results:

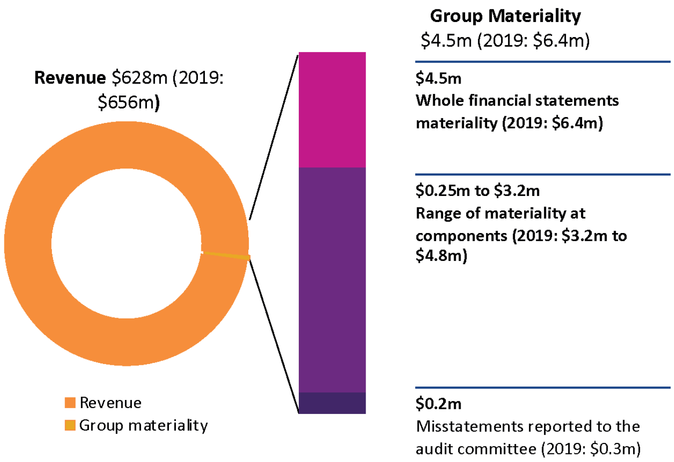
The remaining 17% (2019: 17%) of total Group Revenue, 4% (2019: 6%) of Group Loss before Tax and 11% (2019: 12%) of total Group assets is represented by 21 reporting components, none of which individually represent more than 5% of any of total Group revenue, Group loss before tax or total Group assets. For these remaining components, we performed analysis at an aggregated Group level to support that there were no significant risks of material misstatements within these entities.

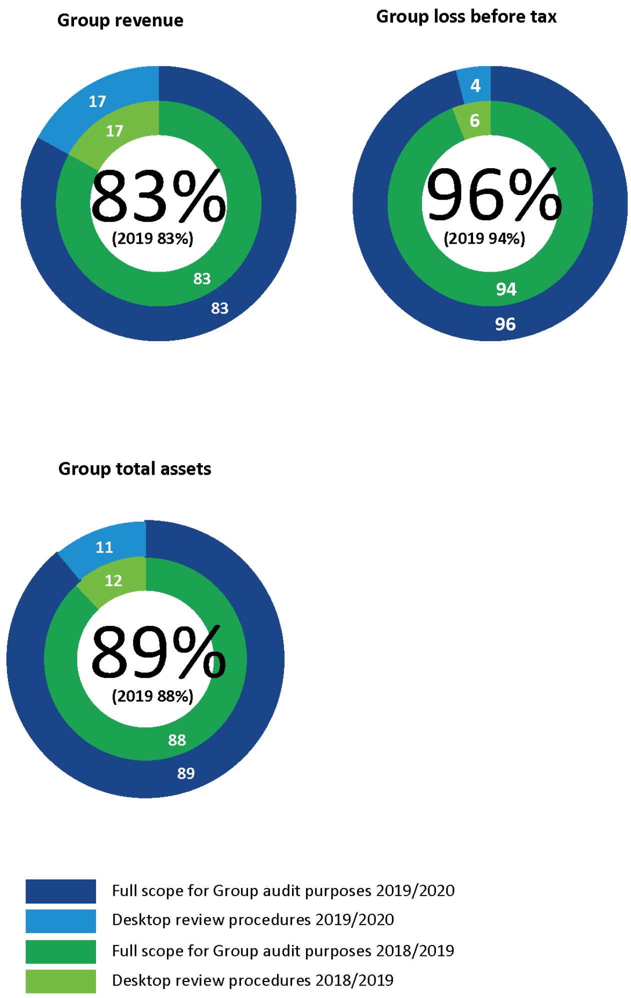
The Group audit team instructed component auditors as to the significant risks to be covered, including revenue recognition and management override of controls as outlined above. Carrying value of Intangibles and Goodwill and the Parent Company risk was assessed at Group level. The Group audit team determined component materialities, which ranged from $0.25m to $3.2m (2019: $3.2m to $4.8m). Component materiality was set with regard to the mix of size and risk profile of the components relative to the Group.

As part of determining the scope and preparing the audit plan and strategy, the Group team led planning calls with in scope components to discuss key audit risks and obtain input from component teams. The Group audit team had planned to visit component locations in the United States, China and Germany; however, these visits were prevented by movement restrictions relating to the COVID-19 pandemic. Instead, the Group audit team conducted remote file reviews by senior members of the audit team to evaluate whether work performed over significant risk areas was sufficient. In addition, the Group audit team attended a number of the final audit meetings via conference call. A remote file review wasn't possible for the Chinese component; therefore, the Group audit team held a follow up conversation with the local audit team to discuss and challenge the audit approach and findings. Following these reviews and discussions, any further work required by the Group Audit team was then performed by the component auditor.

The materiality for the Parent Company financial statements as a whole was set at $2.4m for the year ended 31 March 2020 (2019: $4.8m).

The materiality for the Parent Company financial statements as a whole was set at $2.4m for the year ended 31 March 2020 (2019: $4.8m).





KPMG

Independent Auditor's Report (continued)

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

Strategic report and directors' report

Based solely on our work on the other information:

— 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.

6. We have nothing to report on the other 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 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.

We have nothing to report in these respects.

KPMG

Independent Auditor's Report (continued)

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 57, the directors are responsible for: the preparation of the financial statements including 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 Group and 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 they 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

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 other irregularities (see below), 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, other irregularities 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.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group to component audit teams of relevant laws and regulations identified at Group level. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, pension legislation and certain aspects of company legislation recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in our response being identified as a key audit matter.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. 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.

S. McCallion

Sean McCallion
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
8 October 2020

KPMG

Consolidated Financial Statements

Consolidated Income Statement

for the year ended 31 March 2020

	Note	Year ending 31 March 2020 $000	(Restated)[1] Year ending 31 March 2019 $000
Continuing operations			
Revenue	3	**628,147**	656,089
Cost of sales		**(441,995)**	(454,004)
Gross profit		**186,152**	202,085
Administrative expenses	4	**(225,623)**	(191,738)
Research and development expensed		**(22,760)**	(19,801)
Operating loss		**(62,231)**	(9,454)
Financial income	8	**1,146**	695
Financial expenses	8	**(18,840)**	(20,823)
Loss before tax		**(79,925)**	(29,582)
Income tax provision	9	**(10,845)**	(10,072)
Loss for the year		**(90,770)**	(39,654)

Total loss for the year is attributable to the equity holder of the parent.

The notes on pages 69 to 112 are an integral part of these consolidated financial statements.

1 Restated to include both continuing and discontinued operations. See note 10 for detail.

Consolidated Financial Statements
(continued)

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2020

	Note	Year ending 31 March 2020 $000	Year ending 31 March 2019 $000
Loss for the year		**(90,770)**	(39,654)
Other comprehensive (expense) / income:			
Items that will not be recycled to profit or loss			
Re-measurements of defined benefit liability	*21*	**(286)**	109
Deferred tax on other comprehensive loss for the year	*15*	**285**	(19)
Items that may be recycled subsequently to profit or loss			
Change in fair value of assets classified as held for sale		**-**	175
Foreign currency translation differences – foreign operations	*23*	**(3,334)**	(3,964)
Other comprehensive expense for the year, net of tax		**(3,335)**	(3,699)
Total comprehensive expense for the year		**(94,105)**	(43,353)

The notes on pages 69 to 112 are an integral part of these consolidated financial statements.

Consolidated Financial Statements
(continued)

Consolidated Balance Sheet
at 31 March 2020

	Note	31 March 2020 $000	31 March 2019 $000
Assets			
Property, plant and equipment	12	**33,410**	40,903
Intangible assets	13	**58,703**	86,961
Goodwill	13	**19,259**	20,276
Trade and other receivables	17	**1,558**	1,055
Investments in equity-accounted investees	14	**211**	214
Deferred tax assets	15	**17,628**	16,819
Non-current assets		**130,769**	166,228
Inventories	16	**61,213**	40,286
Trade and other receivables	17	**110,841**	105,911
Cash and cash equivalents	18	**69,387**	100,346
		241,441	246,543
Assets classified as held for resale	10	**-**	19,318
Current assets		**241,441**	265,861
Total assets		**372,210**	432,089
Liabilities			
Other interest-bearing loans and borrowings	19	**(143,033)**	(116,304)
Other payables	20	**(16,188)**	(15,907)
Employee benefits	21	**(18,649)**	(18,250)
Provisions	22	**(3,933)**	(3,932)
Deferred tax liabilities	15	**(9,713)**	(10,569)
Non-current liabilities		**(191,516)**	(164,962)
Other interest-bearing loans and borrowings	19	**(5,515)**	(902)
Trade and other payables	20	**(142,548)**	(141,626)
Income and other tax payable	9	**(2,947)**	(938)
Provisions	22	**(13,750)**	(11,695)
		(164,760)	(155,161)
Liabilities classified as held for resale	10	**-**	(1,927)
Current liabilities		**(164,760)**	(157,088)
Total liabilities		**(356,276)**	(322,050)
Net assets		**15,934**	110,039
Equity attributable to equity holders of the parent			
Share capital	23	**167,000**	167,000
Retained deficit	23	**(709,234)**	(618,463)
Capital contribution reserve	23	**573,348**	573,348
Translation reserve	23	**(15,180)**	(11,846)
Total equity		**15,934**	110,039

The notes on pages 69 to 112 form part of these financial statements.

These financial statements were approved by the Board of Directors on 8 October 2020 and were signed on its behalf by:

Diane Gardner
Chief Financial Officer

Company registered number: 8550309

Consolidated Financial Statements
(continued)

Consolidated Statement of Changes in Equity
for the year ended 31 March 2020

	Note	Share capital $000	Capital contribution reserve $000	Translation reserve $000	Retained deficit $000	Total equity $000
Balance at 1 April 2018		167,000	573,348	(8,057)	(575,059)	157,232
Adoption of accounting standards		-	-	-	(3,840)	(3,840)
Balance at 1 April 2018 (restated)		167,000	573,348	(8,057)	(578,899)	153,392
Total comprehensive income for the year						
Loss for the year		-	-	-	(39,654)	(39,654)
Other comprehensive expense	*21,23,15*	-	-	(3,789)	90	(3,699)
Total comprehensive expense for the year		-	-	(3,789)	(39,564)	(43,353)
Balance at 31 March 2019		167,000	573,348	(11,846)	(618,463)	110,039
Balance at 1 April 2019		167,000	573,348	(11,846)	(618,463)	110,039
Total comprehensive income for the year						
Loss for the year		-	-	-	(90,770)	(90,770)
Other comprehensive expense	*21,23,15*	-	-	(3,334)	(1)	(3,335)
Total comprehensive expense for the year		**-**	**-**	**(3,334)**	**(90,771)**	**(94,105)**
Balance at 31 March 2020		**167,000**	**573,348**	**(15,180)**	**(709,234)**	**15,934**

The notes on pages 69 to 112 form part of these financial statements.

Consolidated Financial Statements
(continued)

Consolidated Cash Flow Statement
for the year ended 31 March 2020

	Note	Year ending 31 March 2020 $000	Year ending 31 March 2019 $000
Cash flows from operating activities			
Loss for the year[1]		**(90,770)**	(39,654)
Adjustments for:			
Depreciation and impairment charge	12	**30,137**	16,375
Amortisation and impairment charge	13	**42,919**	27,188
Depreciation and impairment charge on right-of-use assets	25	**14,156**	-
Loss on disposal of property, plant and equipment		**973**	1,156
Loss on disposal of intangibles		**124**	291
Interest on lease liabilities	25	**1,118**	-
Fair value adjustment	4	**-**	(2,496)
Restructuring costs	4	**771**	722
Other non-cash movements		**895**	86
IAS 19 pension charge	21	**1,378**	1,165
Taxation	9	**10,845**	10,072
Net foreign exchange losses		**4,312**	7,493
Net financial expense		**11,185**	11,151
		28,043	33,549
Increase in trade and other receivables		**(62)**	(3,888)
(Increase)/decrease in inventories		**(9,083)**	7,747
Increase in provisions		**3,135**	1,357
Increase/(decrease) in trade and other payables		**2,626**	(13,022)
Restructuring paid		**(1,638)**	(3,051)
Payment to escrow re. ITyX		**(7,466)**	-
Taxation paid		**(8,862)**	(10,880)
Cash contributions to pension schemes	21	**(1,497)**	(1,431)
Net cash from operating activities		**5,196**	10,381
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(11,685)**	(13,018)
Acquisition of intangible assets	13	**(11,554)**	(8,076)
Proceeds from sales of fixed assets		**222**	-
Directors loan repayment	28	**-**	1,000
Interest received		**1,146**	695
Proceeds from Harrow land sale		**-**	37,156
Earn out income		**-**	10,000
Net cash (used in)/from investing activities		**(21,871)**	27,757
Cash flows from financing activities			
Decrease in long term borrowings		**(883)**	(3,735)
Lease payments		**(7,118)**	-
Interest paid		**(2,869)**	(289)
Net cash used in financing activities		**(10,870)**	(4,024)
Net (decrease)/increase in cash and cash equivalents		**(27,545)**	34,114
Cash and cash equivalents at beginning of the year		**100,346**	69,936
Effect of exchange rate fluctuations on cash held		**(3,414)**	(3,704)
Cash and cash equivalents at the end of the year	18	**69,387**	100,346

The notes on pages 69 to 112 form part of these financial statement.

1 Net cash used in operating activities includes non-recurring business projects costs of $13,395 thousand

Notes to the Consolidated Financial Statements

(forming part of the financial statements)

Note 1: General information

Kodak Alaris Holdings Limited (the 'Company') is incorporated and domiciled in England and Wales. The Company's registered office is at Hemel One, Boundary Way, Hemel Hempstead, HP2 7YU. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group').

Note 2: Accounting policies

A. Basis of preparation

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRS interpretations committee ('IFRS IC') interpretations as adopted by the European Union ('EU') and the Companies Act 2006 applicable to companies reporting under IFRS. The Group and Company financial statements have been prepared under a going concern basis for the reasons outlined in Note 2C.

The Group financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 31.

On publishing the parent company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

B. Recent accounting developments

Accounting standards adopted in the year

The Group considered the impact to the following standards and amendments which were endorsed by the EU and are effective for the year ended 31 March 2020:

- IFRS 16 'Leases'
- IFRS 23 'Uncertainty over Income Tax Treatments'
- Amendments to IAS 28 'Long-term interest in Associates and Joint Ventures'
- Amendments to IAS 19 'Plan Amendment, Curtailment or Settlement'
- Amendments to IFRS 9 'Prepayment features with negative compensation'

The impact of adopting IFRS 16 on the Group's financial results is described in detail below, the others are either not relevant or did not have a significant impact on the results of the Group.

IFRS 16 'Leases'

The group has adopted IFRS 16 Leases from 1 April 2019 but has not restated comparatives for the previous reporting period as permitted under the specific transition provisions in the standard.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. The impact on transition is summarised below.

	1 April 2019 **$000**
Right-of-use assets – property, plant and equipment	24,796
Lease liabilities	(25,279)
Adjustment for accruals	483
Retained earnings	-

Notes to the Consolidated Financial Statements
(continued)

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 4.7%.

Reconciliation of opening lease liability at 1 April 2019

	$000
Operating lease commitments - Reported as per IAS 17	26,620
Add: Lease commitments from break clause date to lease termination	5,703
Less: Short-term leases recognised on a straight line basis	(465)
	31,858
Discounted at 4.7%	(6,579)
Lease Liability at 1 April 2019 - Reported as per IFRS 16 (Note 25)	25,279
Comprising:	
Current lease liability	6,278
Non-current lease liabilities	19,001
	25,279

Note: Short-term leases recognised on a straight-line basis have been excluded from the above table on the grounds of immateriality.

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 March 2019. Right-of-use assets increased by $24,796 thousand on 1 April 2019, other payables decreased by $483 thousand and lease liabilities increased by $25,279 thousand. The net impact on retained earnings on 1 April 2019 was $nil.

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application,
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease, and
- not recognising leases whose term ends within 12 months of the date of initial application

The group has also elected not to apply IFRS 16 to contracts that were not identified as containing a lease under IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

Accounting standards not yet adopted

The following standards and interpretations have been issued by the International Accounting Standards Board (IASB) and IFRIC but have not been adopted either because they were not endorsed by the EU at 31 March 2020 or they are not yet mandatory, and the Group has not chosen to early adopt. The Group plans to adopt these standards and interpretations when they become effective. The impact on the Group's financial statements of the future standards, amendments and interpretations is still under review, and where appropriate, a description of the impact of certain standards and amendments is provided below:

International accounting standards and interpretations	Effective date
Amendments to IFRS 3 'Business Combinations'	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IAS 1 'Presentation of Financial Statements Classification of Liabilities as Current or on-current	1 January 2023

The changes in the standards are either not relevant or not expected to have a significant impact on the Group.

Notes to the Consolidated Financial Statements
(continued)

C. Going concern

In the previous year, the directors concluded that the financial statements could not be prepared on a going concern basis as a result of the instruction by the shareholder that, in a full divestiture scenario where appropriate fair valuations are achieved, the Group would liquidate any remaining legal entities of the Group. 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 shareholder agreed to retain and run these businesses. As a result of this change of strategy, the directors have concluded that the going concern basis is now appropriate for preparing these financial statements. The financial statements did not require any adjustments relating to the recoverability and classification of asset balances or to the measurement and classification of liabilities due to this change.

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 delaying 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 investment to exploit its core engineering, market and customer knowledge as well as technical expertise. This is explained further in note 13.

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. Further information on the Group's borrowings is given in note 19.

Completion of the remaining obligor requirements are conditions subsequent and whilst management expects to have this documentation finalised shortly after signing, there are elements of these processes that are out of the Group's control; for instance, local notarisation requirements whilst complying with COVID-19 safety protocols.

The financial covenants attached to the facility are as follows:

- Asset Cover (Adjusted Net Debt[1]/Inventory and Receivables) shall not exceed 0.50:1
- Leverage ratio (Total Net Debt/EBITDA) shall not exceed 1.5:1
- Interest Cover (EBITDA/Net Finance Charges) shall not be less than 4:1

Due to the economic uncertainty caused by the COVID-19 pandemic, the Leverage Ratio and the Interest Cover covenants do not apply until after 29 September 2021, the first anniversary of the agreement, but would apply for the 30 September 2021 covenant test. The Asset Cover ratio applies with effect from the date of signing the facility.

In assessing the going concern position of the Group, the directors have undertaken an assessment of all the available planning information, including the forecast for the year ending 31 March 2021, most recent cash flow forecasts for the period to 31 March 2022 and a forecast assessment of the covenant compliance required within the going concern period. The directors have also relied on a post COVID-19 base case 5-year financial forecast which has been stress tested by removing the proceeds from the sale of the PPDS business and overlaying further severe but plausible downside scenarios and contemplating the risks as well as giving consideration to the likely degree of effectiveness of current and available mitigating actions that could be taken to avoid or reduce the impact or occurrence of the risks in the base case and downside scenarios.

The previous five-year financial forecast was prepared using 'bottom up' business unit projections and given the change to a retain and run strategy these plans have been subject to a series of rigorous executive management reviews and a Group COVID-19 risk overlay to produce a risk adjusted outlook which reflects the base case used for the going concern assessment. In addition to assessing this risk adjusted outlook, the directors have also reviewed models for the potential worsening of the rapidly evolving situation relating to the COVID-19 pandemic based on several severe but plausible trading scenarios that cover the period to March 2022 to determine whether projected peak borrowing requirements would exceed committed facilities and whether the covenants associated with these facilities would be breached. The principal underlying assumptions relating to the estimated trading impact are as follows:

1 Adjusted Net Debt means Total Net Debt (Group borrowings excluding loan notes and including lease liabilities) but:

(a) excluding cash held in any member of the Group other than an obligor; and

(b) excluding cash held in a restricted obligor.

Notes to the Consolidated Financial Statements
(continued)

Alaris – in the base case scenario management estimated a revenue reduction against plan of 19% for the year ended 31 March 2021 and 14% for the year ended 31 March 2022. In the severe but plausible case management estimated a 30% reduction of revenue for the year ended 31 March 2021 and 25% for the year ended 31 March 2022.
Kodak Moments – in the base case scenario management estimated a revenue reduction against plan of 28% for the year ended 31 March 2021 and 5% for the year ended 31 March 2022. In the severe but plausible case management estimated a 43% reduction of revenue for the year ended 31 March 2021 and a 45% reduction for the year ended 31 March 2022, the latter reflecting the impact of the possible deferred execution of the branded ecosystem.

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 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 of 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, described above, 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 that 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 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 shareholder 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 funds provided by its shareholder, 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 that 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 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.

Notes to the Consolidated Financial Statements
(continued)

D. Basis of consolidation

Subsidiaries are entities controlled by the Group at the reporting date. Control exists when the Group has power over an entity, exposure to variable returns from its involvement with an entity and the ability to use its power over an entity so as to affect the Company's returns. 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 that control ceases. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated on consolidation.

All subsidiaries have the same reporting date which are co-terminus with the Group, with the exception of Kodak Alaris Imaging Equipment (Shanghai) Co. Ltd, Kodak Alaris Management (Shanghai) Co. Ltd., Kodak Alaris Services Mexico, S.A. De C.V. and Kodak Alaris Mexico S.A. de C.V. which all have a 31 December year-end in-line with local legislation.

Investments in associates are stated using the equity method.

E. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Group's entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The Group's presentation currency is US dollars (USD). The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentation currency at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the month where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve.

F. Classification of financial instruments

Financial instruments issued by the Group are treated as equity only to the extent that they include no contractual obligations upon the Company (or Group) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavorable to the Company (or Group). Where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares. Transaction costs on the issue of shares are deducted in equity reserve.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

G. Non-derivative financial instruments

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

Trade and other receivables

Trade and other receivables are recognised 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 group applies the IFRS 9 simplified approach to measuring expected credit losses ('ECL'), which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due, and a 180-day default criterion is applied, individually for each subsidiary in the group, as a means of calculating the ECL percentage to be applied to each category of days past due for that entity.

In addition to the ECL provision, the group reviews trade receivables make additional provisions where objective evidence of default of receivable payment history or circumstances exists.

Notes to the Consolidated Financial Statements
(continued)

Trade and other payables

Trade and other payables are recognised 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

The group applies the practical expedient allowed by IFRS 9, assuming there is no significant increase in the credit risk of cash where the credit risk remains low at the reporting date. Accordingly, the group applies the general approach to cash.

Interest-bearing borrowings

Interest-bearing borrowings are recognised 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.

H. Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

I. Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

J. 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 Group capitalises costs directly related to the acquisition or construction of a capital asset if the item has a useful life of three years or more. The Group capitalises costs incurred during the ownership of a capital asset if the expenditure increases the asset's productive capacity, enhances the asset's performance or operating efficiency, or extends the useful life of the asset.

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. Land is not depreciated. 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
- Assets under construction are not depreciated.

Derecognition

The Group derecognises property, plant and equipment:
(a) on disposal; or
(b) when no future economic benefits are expected from its use or disposal

K. Leases

The group has adopted IFRS 16 Leases from 1 April 2019 but has not restated comparatives for the previous reporting period as permitted under the specific transition provisions in the standard. On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases.

Policy applicable from 1 April 2019

The Group leases various properties and vehicles. Property lease terms are negotiated on an individual basis and contain a range of different terms and conditions. Vehicle lease terms tend to be of a standard nature. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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 Group. Each lease payment is allocated between the liability and finance expense. The finance expense is charged to profit or loss over the lease period so as 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

Notes to the Consolidated Financial Statements
(continued)

asset's useful life and the lease term on a straight-line basis, as follows:

• Property 1 to 10 years
• Motor vehicles and other equipment 3 to 4 years

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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 following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received, and
- any initial direct costs
- restoration costs.

The right-of-use assets are also subject to impairment.

The Group does not recognise any of its property leases as being short-term but does for some of its vehicles. The Group does not recognise any of its leases as being of low value. The Group continues to recognise in profit or loss payments made under such leases on a straight-line basis over the terms of the leases.

The Group does not have any variable lease payments that depend on sales.

Generally, the Group will not consider options to extend any of its leases but will consider options to terminate early on a lease by lease basis. There are no contracts with lessor only extension options.

Policy applicable before 1 April 2019

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

L. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group measures goodwill at the acquisition date as the fair value of the consideration transferred; plus the recognised amount of any non-controlling interests in the acquiree; plus the fair value of the existing equity interest in the acquiree; less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

M. Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

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 Group has the technical ability and has sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. 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.

Software

Software includes capitalised cost of the Group's ERP software and expenditure on major updates, which enhances the value of the software. Software is stated at cost less accumulated amortisation and accumulated impairment losses.

Notes to the Consolidated Financial Statements
(continued)

Other intangible assets

Expenditure on internally generated goodwill and patents is recognised in the income statement as an expense as incurred. Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

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:

- Patents – unexpired life of patents, average approximately 10 years
- Customer relationships – 5 to 15 years
- Capitalised development costs – 3 to 5 years
- Capitalised software development costs – up to 3 years
- Trademarks – 5 years
- Software – 3 years

Derecognition

The Group derecognises intangible asset:
(a) on disposal; or
(b) when no future economic benefits are expected from its use or disposal

N. 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.

O. Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

In line with IFRS 9 the Group segments its trade receivables based on shared characteristics and recognises a loss allowance for the lifetime expected credit loss for each segment. The expected credit loss is based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors such as significant financial difficulty of the debtor or default by the debtor, general economic conditions and an assessment of current and forecast conditions at the reporting date.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated prior to the end of each reporting period.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value, an assessment has been made of the price that would be received for sale in an orderly transaction between market participants at the measurement date. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGUs") subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying

Notes to the Consolidated Financial Statements
(continued)

amounts of the other assets in the unit (group of units) on a *pro rata* basis subject to the recoverable amount of the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

These reductions in carrying amounts shall be treated as impairment losses on individual assets and recognised in accordance with IAS 36.

P. 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 recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets are deducted. The Group determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset). The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA or equivalent, that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. In regions where corporate bond markets are not deep it is based on government bonds.

Re-measurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

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 recognised 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.

Q. Provisions

A provision is recognised in the balance sheet when the Group 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.

R. Revenue

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

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

The Group 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

Notes to the Consolidated Financial Statements
(continued)

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 Group 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 Group has discharged its shipping obligations and there is no further obligation that could affect the distributors' acceptance of the product. Where the Group is responsible for installing the equipment, revenue is recognised when the equipment is installed at the customer.

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 Group accrues the estimated cost of post-sale obligations based on historical experience at the time the Group 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 event imaging solutions and customer support, 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.

S. Financing income and expenses

Financing expenses comprise interest payable and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest receivable and interest payable is recognised 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.

T. Taxation

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

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

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 recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

U. Non-recurring items

Non-recurring items are significant items within profit or loss that derive from individual events that fall within the ordinary activities of the Group. They are identified as non-recurring by virtue of their size, nature or incidence and have been separately disclosed in order to give a better view of the underlying trading of the Group.

Notes to the Consolidated Financial Statements
(continued)

V. Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate line of business or significant geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit and loss and OCI is represented as if the operation has been discontinued from the start of the comparative year.

W. Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss is allocated first to goodwill, then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on re-measurement are recognised in profit and loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

Notes to the Consolidated Financial Statements
(continued)

Note 3: Revenue

Segmental split of revenue:

Continuing operations

	AI Foundry	Kodak Moments	Alaris	PPF	Total Year ending 31 March 2020
	$000	$000	$000	$000	$000
Sale of goods	**80**	**222,715**	**126,128**	**140,325**	**489,248**
Rendering of services	**480**	**43,518**	**86,226**	**8,675**	**138,899**
Total revenues	**560**	**266,233**	**212,354**	**149,000**	**628,147**

	AI Foundry	Kodak Moments	Alaris	(Restated)[1] PPF	Total Year ending 31 March 2019
	$000	$000	$000	$000	$000
Sale of goods	40	230,398	125,033	141,094	496,565
Rendering of services	717	50,586	97,882	10,339	159,524
Total revenues	757	280,984	222,915	151,433	656,089

Geographical split of revenue:

Continuing operations	United States & Canada	Europe, Middle East & Africa	Latin America	Asia-Pacific	Total Year ending 31 March 2020
	$000	$000	$000	$000	$000
Sale of goods	**161,943**	**163,140**	**56,797**	**107,368**	**489,248**
Rendering of services	**66,630**	**52,657**	**3,053**	**16,559**	**138,899**
Total revenues	**228,573**	**215,797**	**59,850**	**123,927**	**628,147**

	United States & Canada	Europe, Middle East & Africa	Latin America	Asia-Pacific	Total Year ending 31 March 2019
	$000	$000	$000	$000	$000
Sale of goods	166,858	161,335	66,637	101,735	496,565
Rendering of services	76,017	60,158	5,069	18,280	159,524
Total revenues (restated)[1]	242,875	221,493	71,706	120,015	656,089

1 Restated to include both continuing and discontinued operations. See note 10 for detail.

Notes to the Consolidated Financial Statements
(continued)

Note 4: Administrative expense

		Note	Year ending 31 March 2020 $000	(Restated)[1] Year ending 31 March 2019 $000
Advertising			**8,979**	8,984
Marketing			**11,025**	11,837
Sales expenses			**43,639**	45,614
Depreciation and amortisation[2]			**35,534**	28,640
General and administrative			**72,719**	84,080
Total administration expenses			**171,896**	179,155
Impairment:	Land and buildings	12	**1,089**	26
	Machinery and equipment	12	**6,147**	-
	Rental equipment	12	**8,063**	-
	Right of use assets - property	12	**7,462**	-
	Construction in progress	12	**10**	-
	Trademark and Patents	13	**4,375**	-
	Customer Relationships	13	**5,882**	-
	Development costs	13	**3,915**	393
	Software	13	**439**	-
Impairment			**37,382**	419
Restructuring costs[3]			**-**	722
EKC earn out income[4]			**-**	(2,496)
Relocation of the US Office[5]			**-**	1,980
One-off subsidy receipts[6]			**-**	(567)
Legal, professional and other costs[7]			**14,509**	12,153
Transformation costs[8]			**-**	372
Provision for counterclaim[9]			**2,686**	-
Patent infringement settlement[10]			**(850)**	-
Non-recurring items[11]			**16,345**	12,164
Total administrative expenses			**225,623**	191,738

1 Restated to include continuing and discontinued operations. See note 10 for detail.

2 Depreciation of $14,296 thousand is included within COGS and therefore excluded from this figure

3 Restructuring costs primarily relate to transformation activities

4 Earn out income represents contingent purchase price adjustments in relation to the acquisition of the business from Eastman Kodak Company ("EKC")

5 Costs relating to the relocation of US offices, comprising the costs of the move and the overlapping cost of renting two properties

6 One-off subsidy receipts relate to various subsidies received by Kodak Alaris Management (Shanghai) Co. Ltd

7 Internal staff costs and consultancy, legal and due diligence fees relating to actively exploring the disposal of the Group's businesses, costs and jury award of US litigation action arising from the discontinuation of the relationship with ITyX Solutions AG including interest charged and defending infringement of patent. Project related costs are expected to reduce significantly in the current year as a result of the change in strategy for the Group

8 Costs related to employees who have been solely focused on transformation activities across the business

9 Provision for counterclaim associated with recovery of default earn-out from EKC

10 Settlement income associated with the infringement of Kodak Moments patent

11 This amount is included in cash flow statement loss for the year and is dealt with in net cash flow from operating activities

Notes to the Consolidated Financial Statements
(continued)

Note 5: Auditor's remuneration

	Year ending 31 March 2020 $000	Year ending 31 March 2019 $000
Audit of these financial statements	**1,068**	1,363
Audit of the statutory financial statements of subsidiaries of the Company	**866**	964
Taxation compliance services	**47**	76
Audit – related assurance services	**19**	35
Total Auditor's remuneration	**2,000**	2,438

Note 6: Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by geography, was as follows:

	Number of Employees Year ending 31 March 2020	Number of Employees Year ending 31 March 2019
Country/Region		
United Kingdom	**134**	138
United States & Canada	**989**	994
Europe, Middle East & Africa	**224**	227
Asia-Pacific	**365**	379
Latin America	**238**	236
Total staff numbers per Country/Region	**1,950**	1,974
Function		
Kodak Moments	**583**	602
Alaris	**828**	824
PPF	**79**	76
AI Foundry	**36**	45
Shared	**424**	427
Total staff numbers per function	**1,950**	1,974

The aggregate payroll costs of these persons were as follows:

	Year ending 31 March 2020 $000	Year ending 31 March 2019 $000
Wages and salaries	**169,744**	166,562
Social security costs	**13,776**	17,076
Contributions to defined contribution plans	**6,561**	5,780
Expenses related to defined benefit plans	**1,381**	1,165
Total staff costs	**191,462**	190,583

Notes to the Consolidated Financial Statements
(continued)

Note 7: Directors' remuneration

	Year ending 31 March 2020 $000	Year ending 31 March 2019 $000
Directors' emoluments	**2,357**	2,058
Amounts receivable under short term, variable pay schemes	**459**	642
Long-term incentive plan	**600**	450
Company contributions to defined contribution pension plans	**73**	75
Benefits in kind	**68**	17
Severance payments	**600**	-
Amounts paid to third parties in respect of directors' services	**28**	17
Total Directors' remuneration	**4,185**	3,259

The aggregate of emoluments of the highest paid director was $2,616 thousand (2019: $1,744 thousand) and Company pension contributions of $11 thousand (2019: $11 thousand) were made to a money purchase scheme on his behalf.

	Number of directors Year ending 31 March 2020	Number of directors Year ending 31 March 2019
Retirement benefits are accruing to the following number of directors under:		
Defined contribution pension schemes	**2**	2

Note 8: Finance income and expense

	Year ending 31 March 2020 $000	(Restated)[1] Year ending 31 March 2019 $000
Financial income		
Interest income financial assets	**1,146**	695
Total financial income	**1,146**	695
Financial expenses		
Total interest expense on financial liabilities measured at amortised cost	**12,011**	11,456
Interest on lease liabilities	**1,118**	-
Interest expense on pension obligations	**318**	391
Foreign exchange loss	**5,393**	8,976
Total financial expenses	**18,840**	20,823

1 Restated to include continuing and discontinued operations. See note 10 for detail.

Notes to the Consolidated Financial Statements
(continued)

Note 9: Taxation

Recognised in the income statement	Year ending 31 March 2020 $000	(Restated)[1] Year ending 31 March 2019 $000
Current tax expense		
Current year:		
United Kingdom	**147**	248
Foreign	**10,716**	9,902
Adjustments for prior year	**1,318**	(815)
Current tax expense	**12,181**	9,335
Deferred tax expense:		
Origination and reversal of temporary differences	**(26,455)**	(12,630)
Reduction in tax rate	**419**	1,118
Current year losses for which no deferred tax asset was recognised	**24,556**	12,211
Adjustments for prior year	**144**	38
Deferred tax charge	**(1,336)**	737
Total income tax provision	**10,845**	10,072

Reconciliation of effective tax rate

	Year ending 31 March 2020 $000	Year ending 31 March 2019 $000
Loss for the year	**(90,770)**	(39,654)
Total income tax provision	**10,845**	10,072
Loss excluding taxation	**(79,925)**	(29,582)
Tax using the UK corporation tax rate of 19% (2019: 19%)	**(15,186)**	(5,621)
Effect of tax rates in foreign jurisdictions	**(2,174)**	1,245
Reduction in tax rate on deferred tax balances	**419**	1,118
Non-deductible expenses	**1,768**	1,509
Current year losses for which no deferred tax asset was recognised	**24,556**	12,211
Over/(under) provided in prior years	**1,462**	(390)
Total income tax provision	**10,845**	10,072

Income tax recognised in other comprehensive income

	Year ending 31 March 2020 $000	Year ending 31 March 2019 $000
Foreign exchange translation differences	**-**	-
Minimum pension liability	**(285)**	(19)
Total tax recognised in other comprehensive income	**(285)**	(19)

Current Income Tax Asset/Liability

	Year ending 31 March 2020 $000	Year ending 31 March 2019 $000
Current Asset	**-**	-
Current Liability	**(2,947)**	(938)

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. However, these future decreases were subsequently reversed and the UK tax rate now remains at 19%. The deferred tax asset at 31 March 2020 has been calculated based on these rates. Future rate changes in other jurisdictions are not expected to have a material impact.

1 Restated to include continuing and discontinued operations. See note 10 for detail.

Notes to the Consolidated Financial Statements
(continued)

Note 10: Discontinued operations

In January 2018, the board of directors approved a proposal to pursue the sale of the Paper, Photochemicals and Film ('PPF') business and authorised management to initiate discussion with potential buyers. Management 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 and related liabilities were classified as held for sale, with the PPF business reported as a discontinued operation for the year ended 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 remaining Paper, Photochemicals, Display and Software (PPDS) business continued to be marketed for sale but at the reporting date this disposal was not considered to be highly probable. As a result of these changes management consider that the assets and related liabilities of the PPF business are no longer held for sale at 31 March 2020 and it is not reported as a discontinued operation in the year ended 31 March 2020. In addition the income statement for the comparative year has been restated as continuing activities.

After the reporting date a definitive agreement was signed with an existing trading partner for the sale of the remaining PPDS business.

The major classes of assets and liabilities classified as held for sale as of 31 March 2019 included:

Balance Sheet

	31 March 2019 $000
Assets	
Property, plant and equipment	1,041
Intangible assets	2,792
Deferred tax assets	358
Non-current assets	4,191
Inventories	14,974
Trade and other receivables	153
Current assets	15,127
Total assets	19,318
Liabilities	
Employee benefits	(217)
Non-current liabilities	(217)
Trade and other payables	(1,710)
Income and other Tax payable	-
Current liabilities	(1,710)
Total liabilities	(1,927)
Net assets	17,391

Notes to the Consolidated Financial Statements
(continued)

Note 11: Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)

Management has presented adjusted EBITDA as its relevant income statement performance measure consistently over many years. The aim is to provide a measure of operating performance that represents the normalised level of performance, avoiding the distortions of one-off gains or losses. It represents the measurable performance of the business units and Group as a whole and is employed throughout the Group. It is used as part of the internal reporting metrics, along with several other income statement, working capital and cash performance measures, for the management team (KAEC), the Company's Board and shareholder reporting. It also forms the basis of employee incentive schemes ensuring alignment through the organisation from target setting to performance to incentives. Adjusted EBITDA is calculated by adjusting the loss from continuing operations to exclude the impact of taxation, net finance costs, depreciation, amortisation, non-recurring items, impairment losses/reversals related to goodwill, intangible assets, property, plant and equipment and the re-measurement of disposal groups.

The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

	Note	Year ending 31 March 2020 $000	(Restated)[1] Year ending 31 March 2019 $000
Loss for the year after tax		**(90,770)**	(39,654)
Total income tax provision	9	**10,845**	10,072
Loss before tax		**(79,925)**	(29,582)
Adjusted for:			
Net finance costs		**17,694**	20,128
Loss on disposal of property, plant and equipment	12	**973**	1,156
Loss on disposal of intangibles	13	**124**	291
Depreciation	12	**21,522**	16,372
Amortisation	13	**28,308**	26,795
Impairment	4	**37,382**	419
Non-recurring items	4	**16,345**	12,164
Adjusted EBITDA		**42,423**	47,743

1 Restated to include continuing and discontinued operations. See note 10 for detail.

Notes to the Consolidated Financial Statements
(continued)

Note 12: Property, plant and equipment

	Land and buildings $000	Plant and equipment $000	Rental Equipment $000	Under construction $000	Total $000
Cost					
Balance at 1 April 2018	16,611	54,910	67,043	4,353	142,917
Acquisitions	1,022	1,154	1,284	9,558	13,018
Transfer from under construction	332	5,397	6,298	(12,550)	(523)
Impairment	(26)	-	-	-	(26)
Disposals	(91)	(1,115)	(713)	-	(1,919)
Effect of movements in foreign exchange	(102)	(496)	(5,766)	(163)	(6,527)
Balance at 31 March 2019	17,746	59,850	68,146	1,198	146,940
Balance at 1 April 2019	17,746	59,850	68,146	1,198	146,940
Reclassification from assets held for sale	1,070	3,424	-	-	4,494
Recognition of right-of-use assets on initial application of IFRS 16	21,862	2,934	-	-	24,796
Revised balance at 1 April 2019	40,678	66,208	68,146	1,198	176,230
Reclassification - other		(2,071)			(2,071)
Acquisitions	1,286	2,368	-	11,289	14,943
Transfer from under construction	903	2,053	4,128	(8,028)	(944)
Disposals	(1,195)	(5,318)	(336)	-	(6,849)
Other movements	(216)	17	-	-	(199)
Effect of movements in foreign exchange	(866)	(478)	(1,483)	(15)	(2,842)
Balance at 31 March 2020	**40,590**	**62,779**	**70,455**	**4,444**	**178,268**
Depreciation and impairment					
Balance at 1 April 2018	(11,854)	(38,389)	(45,139)	-	(95,382)
Depreciation charge for the year	(630)	(5,366)	(10,353)	-	(16,349)
Disposals	43	232	707	-	982
Effect of movements in foreign exchange	105	427	4,180	-	4,712
Balance at 31 March 2019	(12,336)	(43,096)	(50,605)	-	(106,037)
Balance at 1 April 2019	(12,336)	(43,096)	(50,605)	-	(106,037)
Reclassification from assets held for sale	(268)	(3,185)	-	-	(3,453)
Reclassification to intangible assets	-	1,203	-	-	1,203
Depreciation charge for the year	(6,402)	(6,513)	(8,607)	-	(21,522)
Impairment charge for the year	(8,551)	(6,147)	(8,063)	(10)	(22,771)
Disposals	1,109	4,276	268	-	5,653
Other movements	-	-	87	-	87
Effect of movements in foreign exchange	356	371	1,255	-	1,982
Balance at 31 March 2020	**(26,092)**	**(53,091)**	**(65,665)**	**(10)**	**(144,858)**
Net book value at 31 March 2019	5,410	16,754	17,541	1,198	40,903
Net book value at 31 March 2020	**14,498**	**9,688**	**4,790**	**4,434**	**33,410**

Property, plant and equipment under construction at 31 March 2020 totalled $4,434 thousand (2019: $1,198 thousand) primarily Alaris tooling assets, building improvements and rental equipment. The amount of borrowing costs capitalised during the year was nil (2019: nil). Included in land and buildings are right-of-use assets related to facility leases with a carrying value of $9,748 thousand. Included in plant and equipment are right-of-use assets related to vehicles with a carrying value of 2,791 thousand (see Note 25) and capitalised spare parts used in the ongoing maintenance requirements of the Group with a carrying value of $343 thousand.

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 $33,098 thousand was recorded for Kodak Moments, allocated to intangibles and property, plant and equipment. In the current year, an impairment loss of $21,771 thousand (2019: nil) was made against the carrying value of land and buildings, right of use assets, machinery and equipment and rental equipment assets related to that business. After the reporting date, management announced a definitive agreement had been reached for the sale of the PPDS business and an impairment loss of $1,000 thousand was made against the carrying value of land and buildings, right of use assets, machinery and equipment, rental equipment and construction in progress assets. See note 13 for further details.

Notes to the Consolidated Financial Statements
(continued)

Note 13: Intangible assets

	Goodwill $000	Customer Relationships $000	Trademarks and Patents $000	Development costs $000	Software $000	Other $000	Total $000
Cost							
Balance at 1 April 2018	137,145	108,195	200,868	56,166	33,685	4,673	540,732
Adoption of accounting standards	-	-	-	-	-	(2,137)	(2,137)
Additions – internally developed	-	-	-	8,076	-	-	8,076
Impairment	-	-	-	(393)	-	-	(393)
Transfer from under construction	-	-	-	-	522	-	522
Disposals	(180)	(177)	-	-	-	-	(357)
Effect of movements in foreign exchange	(4,872)	(4,619)	-	-	(44)	(36)	(9,571)
Balance at 31 March 2019	132,093	103,399	200,868	63,849	34,163	2,500	536,872
Balance at 1 April 2019	132,093	103,399	200,868	63,849	34,163	2,500	536,872
Reclassification of assets held for sale	-	15,537	14,024	-	-	-	29,561
Additions – internally developed	-	-	-	10,958	-	-	10,958
Amounts written off	-	-	-	(300)	-	-	(300)
Transfer from under construction	-	-	-	-	944	-	944
Disposals	-	(2,184)	-	(15,972)	(273)	-	(18,429)
Reclassifications from PP&E	-	-	-	-	2,060	-	2,060
Effect of movements in foreign exchange	(2,625)	(2,715)	-	-	(11)	-	(5,351)
Balance at 31 March 2020	**129,468**	**114,037**	**214,892**	**58,535**	**36,883**	**2,500**	**556,315**
Amortisation and impairment							
Balance at 1 April 2018	(114,774)	(63,197)	(162,075)	(42,559)	(24,108)	(3,022)	(409,735)
Adoption of accounting standards	-	-	-	-	-	1,027	1,027
Amortisation for the year	-	(7,902)	(10,256)	(4,408)	(3,729)	(500)	(26,795)
Disposals	-	66	-	-	-	-	66
Effect of movements in foreign exchange	2,957	2,800	-	-	8	37	5,802
Balance at 31 March 2019	(111,817)	(68,233)	(172,331)	(46,967)	(27,829)	(2,458)	(429,635)
Balance at 1 April 2019	(111,817)	(68,233)	(172,331)	(46,967)	(27,829)	(2,458)	(429,635)
Reclassification of assets held for sale	-	(15,537)	(11,232)	-	-	-	(26,769)
Amortisation for the year	-	(7,054)	(7,349)	(6,765)	(7,098)	(42)	(28,308)
Impairment for the year	-	(5,882)	(4,375)	(3,615)	(439)	-	(14,311)
Disposals	-	2,184	-	15,972	149	-	18,305
Reclassification from PP&E	-	-	-	-	(1,203)	-	(1,203)
Effect of movements in foreign exchange	1,608	1,954	-	-	6	-	3,568
Balance at 31 March 2020	**(110,209)**	**(92,568)**	**(195,287)**	**(41,375)**	**(36,414)**	**(2,500)**	**(478,353)**
Net book value at 31 March 2019	20,276	35,166	28,537	16,882	6,334	42	107,237
Net book value at 31 March 2020	**19,259**	**21,469**	**19,605**	**17,160**	**469**	**-**	**77,962**

Other intangible assets represent the carrying value of intangible assets similar in nature to customer relationships.

Amortisation of the intangible assets is included in administrative expenses.

The cash-generating-units (CGU) of the business are classed as the different business units; Alaris, Kodak Moments, Film, PPDS and AI Foundry. In the prior year Film and PPDS were combined as PPF. During the year, management announced their intention to dispose of the PPDS business and incorporate Film as a separate product line in Kodak Moments with clearly separable cash flows. It was determined to assess Film and PPDS as separate CGU's.

An impairment loss of $2,870 thousand (2019: nil) was recognised for the PPDS business unit as the carrying value exceeded its recoverable amount on a value in use basis.

The write-off of development costs of $300 thousand includes Kodak Moments in-process development work that was determined to have no future application resulting from a change in the technical strategy. In the comparative year, a loss of $393 thousand was recognised in relation to in-process development costs in the Alaris business unit.

Notes to the Consolidated Financial Statements
(continued)

An impairment loss was recognised in the year in relation to customer relationships assets of the Kodak Moments business unit of $5,882 thousand (2019: nil). In addition, impairment losses were recognised as part of the wider review for Kodak Moments in relation to the impact of COVID-19 on trading results. As the goodwill balance is nil the impairment loss in the Kodak Moments business unit, was allocated to trademarks and patents, development costs, software and land and buildings, right of use assets, machinery and equipment and rental equipment (see Note 12).

The following table summarises impairment losses recorded by business unit and asset category:

Impairment Charges		**Year ending 31 March 2020 $000**		**Year ending 31 March 2019 $000**
Alaris Business Unit				
Trademark and Patents (see (i))		-		-
Customer Relationships (see (ii))		-		-
Development costs (see(iii))		-		393
Goodwill (see (iv))		-		-
Total Alaris Business Unit Impairment Charges		-		393
Kodak Moments Business Unit				
Trademark and Patents (see (i))		1,505		-
Customer Relationships (see (ii))		5,882		-
Development costs (see (iii))		3,915		-
Software		439		-
Property, plant and equipment allocated as follows:				
Land and buildings (Note 12)	377		26	
Machinery and equipment (Note 12)	5,992		-	
Rental equipment (Note 12)	8,058		-	
Right to use assets – property (Note 12)	7,344		-	
Total impairment charge allocated to property, plant and equipment		21,771		26
Total Kodak Moments Business Unit Impairment Charges		**33,512**		419
PPDS Business Unit				
Trademark and Patents (see (i))		2,870		-
Property, plant and equipment allocated as follows:				
Land and buildings (Note 12)	712		-	
Machinery and equipment (Note 12)	155		-	
Rental equipment (Note 12)	5		-	
Right to use assets – property (Note 12)	118		-	
Construction in progress (Note 12)	10		-	
Total impairment charge allocated to property, plant and equipment		1,000		-
Total PPDS Business Unit Impairment Charges		**3,870**		-
Total Impairment Charges		**37,382**		419
Impairment charges – Intangibles		14,611		393
Impairment charges – Property plant & equipment (Note 12)		22,771		26

i. Recoverability of trademark assets

Included within the carrying values of Patents and Trademarks at 31 March 2020, before any impairments, are Trademark assets associated with the Kodak Moments, Alaris PPDS and Film business units. The carrying value of these assets are $1,465 thousand, $7,497 thousand, $2,870 thousand and $59 thousand respectively (2019: $1,716 thousand, $11,358 thousand, $2,870 thousand and $59 thousand).

The recoverability of these assets was considered through the wider assessment of the recoverability of the various CGU. Impairment losses of $1,505 thousand were recorded for Kodak Moments and $2,870 thousand for PPDS (2019: nil).

Notes to the Consolidated Financial Statements
(continued)

ii. Recoverability of customer relationship assets

The carrying values of the customer relationship assets at 31 March 2020, before impairment charges, for Kodak Moments and Alaris are $8,281 thousand and $18,714 thousand respectively (2019: $13,739 thousand and $21,427 thousand).

Whilst Kodak Moments has successfully renewed contracts with the majority of its key customers, during the year Target signaled its intention to exit the photo category. The loss of a key customer coupled with the significant negative near-term trading impact of the COVID-19 pandemic indicated a potential impairment of this asset. Accordingly, management estimated the recoverability of the customer relationship asset and an impairment loss of $5,578 thousand was recorded (2019: nil. A further impairment of $304 thousand was required with the exit of Kodak Moments business from Hong Kong (2019: nil).

Alaris is less reliant on key customers and the trading impact of the COVID-19 pandemic has been less significant. The business continues to invest in new product development intended to sustain and grow its market share and retain its customer base. Impairment of the customer relationship asset was not indicated, and an assessment of recoverability was not required. The asset was reviewed as part of the wider assessment of the CGU.

iii. Development costs

The carrying value of capitalised development costs at 31 March 2020, before impairments for Kodak Moments and Alaris are $4,779 thousand and $14,938 thousand respectively (2019: $2,968 thousand and $12,249 thousand).

The recoverability of Kodak Moments development costs was reviewed as part of the wider assessment of the CGU and an impairment loss of $3,805 thousand (2019: nil), including $190 thousand for in-process development work, was recorded as part of the allocation of the loss. Impairment losses of $110 thousand were recorded separately for in-process development work that was determined to have no future application resulting from a change in the technical strategy (2019: $393 thousand).

Alaris development costs were reviewed for recoverability considering the impact of COVID-19 on the cash flows expected in support of the investment with no indicators of impairment.

iv. Impairment testing for CGUs containing goodwill

For impairment testing, goodwill is entirely associated with the Alaris business unit:

Allocation of Goodwill	Year ending 31 March 2020 $000	Year ending 31 March 2019 $000
Alaris Business Unit	**19,259**	20,276
Total Goodwill	**19,259**	20,276

Whilst Kodak Moments, PPDS and Film have no goodwill, the negative impact of COVID-19 on trading results was material and coupled with the decision to suspend the sales of the core businesses there is a risk that the recoverable amounts would be less than the carrying values necessitating a review.

In the prior year the recoverable amounts were based on fair value less costs of disposal given the strategy to sell the businesses. With the decision to suspend the sale process and retain and run the businesses, the recoverable amounts have been based on value in use determined by discounting the future cash flows to be generated from the continuing use of the CGU.

Alaris

The impact of COVID-19 initially manifested in supply chain disruption as manufacturing principally occurs in China where the pandemic originated. As countries introduced measures to contain the spread of the virus, trading activity began to decline due to deferral or cancellation of sales. In response, management revised the budget and outlook used in the impairment assessment to reflect the expected economic impact on the business. The recoverable value of the Alaris CGU exceeded the carrying value by $14,000 thousand and no impairment loss was recognised (2019: nil).

Notes to the Consolidated Financial Statements
(continued)

The key assumptions used in the estimation of the value in use were as follows:

Alaris CGU Impairment Test	Year ending 31 March 2020	Year ending 31 March 2019
Discount rate	**19.5%**	15.1%
Terminal value growth rate	**0.0%**	0.0%
5YP EBITDA growth rate (average over five years)	**0.5%**	5.0%
EBITDA growth rate in final year	**8.4%**	19.8%

The discount rate is a pre-tax measure based on the weighted average cost of capital comprised of the required return on equity plus the current cost of debt, weighted by the relative debt and equity ratios for comparable companies. The cost of equity was determined using the Capital Asset Pricing Model modified to include premiums for country risk, the size of the businesses and a judgmental factor reflecting execution risks in achieving forecasted cash flow growth. The cost of debt was estimated based on the normalised yield to maturity for USD-denominated BB notes.

Five years of the cash flows were included in the discounted cash flow model with the impact of COVID-19 reflected principally in the first two years. The growth rate into perpetuity is zero acknowledging the risk in the growth strategies that are intended to offset the decline in some of the markets in which the business operates. The EBITDA growth rate from FY24 to FY25 is 8.4% reflecting expected gains in the distributed capture market resulting from planned enhancements to the INfuse scanner offering along with associated software annuities.

Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

Change required for recoverable value to equal carrying value	Year ending 31 March 2020
Discount rate	+4.2%
Terminal value growth rate	-6.5%
EBITDA growth rate	-0.2%
EBITDA growth rate in final year	-5.3%

Recoverable value estimates are sensitive to changes in the discount rate. A 1% increase in the post-tax discount rate reduced the recoverable value by $4,000 thousand, and a 2% increase reduced the recoverable value by $8,000 thousand. The discount rate would need to increase by 4.2% to result in an impairment.

Recoverable values are sensitive to EBITDA growth rates. EBITDA growth for Alaris reflects expected market share gains from its INfuse smart connected scanning solution and go-to market initiatives intended to expand its market reach. Should market share gains not be realised the EBITDA growth rates will not be achieved. Growth in Infuse revenue would need to decrease by 20% to result in an impairment. Terminal values are a significant portion of the recoverable value driven by cash flows in the final year. An impairment would result if EBITDA decreased by more than $2,000 thousand in the final year. Management reviewed the assumptions in the outer years and concluded they were reasonable and supportable.

The recoverable amount incorporates management's consensus of the impact of COVID-19 on near term trading. A low case scenario that slowed and extended the recovery period by 50% was evaluated reducing recoverable value by $5,000 thousand. It did not result in an impairment.

Kodak Moments

In response to the outbreak of COVID-19 many countries introduced measures to contain the spread of the virus, limiting retail operations or suspending them outright, implementing travel restrictions as well as isolation and quarantine measures. These have had a significant adverse economic impact on the markets that Kodak Moments serves. Management revised the budget and outlook used in the impairment assessment to reflect the expected economic impact. Conditions remain volatile with a global resurgence and a potential second wave. The carrying value of the Kodak Moments CGU was determined to be higher than the recoverable amount and an impairment loss of $33,212 thousand was recognised (2019: nil)

The key assumptions used in the estimation of the value in use were as follows:

Kodak Moments CGU Impairment Test	Year ending 31 March 2020	Year ending 31 March 2019
Discount rate	**17.4%**	13.9%
Terminal value growth rate	**0.0%**	0.0%
5YP EBITDA growth rate (average over five years)	**8.7%**	4.9%
EBITDA growth rate in final year	**41.6%**	20.0%

Notes to the Consolidated Financial Statements
(continued)

The discount rate is a pre-tax measure estimated based on the weighted average cost of capital for similar businesses and adjusted for country risk, company size risk, and the risk inherent in the business and its ability to achieve the estimates.

Five years of cash flows were included in the discounted cash flow model with the impact of COVID-19 reflected in the first year on trading and in subsequent years as a deferral of the expansion of its branded ecosystem and contract manufacturing. The growth rate into perpetuity is zero acknowledging the execution risk in the growth strategies intended to offset the decline in some of the markets in which the business operates. The EBITDA growth rate from FY24 to FY25 is 41.6% and is primarily attributed to revenue from planned expansion of the branded ecosystem and also contract manufacturing opportunities intended to leverage existing coating capacity with only modest increases in administrative costs.

Management considered different scenarios and identified that a reasonably possible change in discount rates or EBITDA growth would cause the recoverable value to decrease further and increase the impairment loss.

Recoverable value estimates are sensitive to changes in the discount rate. A 1% increase in the post-tax discount rate reduced the recoverable value by $6,000 thousand, and a 2% increase reduced the recoverable value by $10,000 thousand.

EBITDA growth reflects management's expectations for photo printing driven by placement of Kodak Moments to Go kiosks in alternate retail channels and facilitated by full expansion of its branded ecosystem, together with expansion of contract manufacturing intended to utilize available capacity. A 50% reduction in revenue related to Kodak Moments to Go placements reduced the recoverable value by $10,000 thousand. Contract manufacturing is in early stages of development with the most significant growth occurring in the outer years where risk is greatest. A 50% reduction in the growth for contract manufacturing reduced the recoverable value by $10,000 thousand. Removing contract manufacturing reduced recoverable value by $17,000 thousand.

Most of the recoverable value is in the terminal value estimate which is sensitive to decreases in cash flows in the final year. A relatively small change in the outcome can significantly affect the recoverable values. If cash flows are reduced by $1,000 thousand, recoverable values decrease by $5,000 thousand. Management reviewed the estimates in the final two years of the plan and concluded they were reasonable and supportable.

The magnitude of the impact and the rate of recovery from COVID-19 is a key assumption. Management evaluated a low case scenario which assumed a more significant impact on trading activity in the first year, with recovery not occurring until the end of the fiscal year 2021. The low case scenario reduced recoverable values by $7,000 thousand.

PPDS

Social distancing and quarantine responses implemented to limit the spread of COVID-19 had a direct impact on events that drive demand for photographic paper and processing chemistry. The impact on trading results has been significant and management revised the budget and outlook used in the impairment assessment to reflect the expected economic impact on the business. The carrying value of the business was not fully recoverable and an impairment loss of $2,870 thousand was recorded reducing the carrying value of intangibles to nil. After the reporting date, management announced a definitive agreement has been reached for the sale of the PPDS business.

Film

As with PPDS, responses implemented to limit the spread of COVID-19 had a direct impact on events driving demand for film. Management revised the budget and outlook used in the impairment assessment to reflect the expected economic impact on the CGU. At $71,000 thousand, the recoverable value for Film exceeded the carrying value of $10,000 thousand and no impairments were recorded. The carrying value of intangibles is $90 thousand and PP&E is $311 thousand.

AI Foundry

The sale of the AI Foundry business closed on 7 July 2020 and proceeds supported the carrying value.

Notes to the Consolidated Financial Statements
(continued)

Note 14: Investments in equity accounted investees

Investments in associates	Country of incorporation	Class of shares held	Ownership %	31 March 2020 $000	31 March 2019 $000
Immobiliare Aquileja S.r.l. (formerly Fotomarket)[1]	Italy	Ordinary	20.9%	**211**	214
ITyX Technology GmbH[2]	Germany	Ordinary	25.1%	**17,860**	17,860
				18,071	18,074
Provision				**(17,860)**	(17,860)
Total investments in associates				**211**	214

	31 March 2020 $000	31 March 2019 $000
Balance at beginning of the year	**214**	235
Shares sold in the year	**-**	-
Effect of movements in foreign exchange	**(3)**	(21)
Balance at the end of the year	**211**	214

There have been no changes in % ownership held in the year. The results of all associated undertakings are individually, and in their entirety, not material to the Group and hence have not been included in the Group's financial statements.

1 Real Estate Aquileja S.r.l.: Via Sella Quintino 4 Cap 20121, Milano, Italy. Nature of relationship – associate. Nature of activities – property management (not strategic to the Group's activities).

2 ITyX Technology GmbH: Carl-Benz Strasse 10-12, D-56218 Mülheim-Kärlich, Nature of relationship – associate. In 2015, we discontinued our relationship with ITyX Technology GmbH, the software platform for our AI Foundry business and the investment was fully provided for. The discontinuation of the relationship was subject to legal proceedings and details are provided in Note 27.

Notes to the Consolidated Financial Statements
(continued)

Note 15: Taxation

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	**288**	**(920)**	308	(904)
Intangible assets	**3,567**	**(4,097)**	3,907	(5,219)
Inventories	**457**	**(321)**	578	(337)
Financial assets	**9**	**(25)**	36	(20)
Employee benefits	**6,168**	**(1,521)**	6,007	(1,619)
Provisions	**1,330**	**(692)**	1,240	(630)
Tax value of loss carry-forwards	**1,506**	**-**	761	-
Other	**4,303**	**(2,137)**	3,982	(1,840)
Total Tax	**17,628**	**(9,713)**	16,819	(10,569)
Net Tax asset		**7,915**		6,250

Movement in deferred tax during the year:

	1 April 2019 $000	Recognised in income $000	Recognised in equity $000	Foreign currency impact $000	Reclassified to Held for Sale $000	31 March 2020 $000
Property, plant and equipment	(596)	(36)	-	-	-	**(632)**
Intangible assets	(1,312)	782	-	-	-	**(530)**
Inventories	241	(105)	-	-	-	**136**
Financial assets	16	(76)	-	44	-	**(16)**
Employee benefits	4,388	(27)	285	-	-	**4,646**
Provisions	610	28	-	-	-	**638**
Tax value of loss carry-forwards utilised	761	745	-	-	-	**1,506**
Other	2,142	25	-	-	-	**2,167**
Movement in deferred tax	6,250	1,336	285	44	-	**7,915**

	1 April 2018 $000	Recognised in income $000	Recognised in equity $000	Foreign currency impact $000	Reclassified to Held for Sale $000	31 March 2019 $000
Property, plant and equipment	(591)	(5)	-	-	-	(596)
Intangible assets	(2,221)	909	-	-	-	(1,312)
Inventories	164	77	-	-	-	241
Financial assets	(20)	(883)	-	919	-	16
Employee benefits	3,838	531	19	-	-	4,388
Provisions	1,270	(618)	-	-	(42)	610
Tax value of loss carry-forwards utilised	3,176	(2,415)	-	-	-	761
Other	660	1,482	-	-	-	2,142
Movement in deferred tax	6,276	(922)	19	919	(42)	6,250

The Group has certain unrecognised deferred tax assets related to its operations in the United States and United Kingdom. The Group has not recognised the deferred tax benefit on these assets as we expect to generate continued tax deductions in excess of book value and are unable to estimate the expected reversal of certain deferred tax liabilities which may generate future taxable income. This makes the Group's ability to estimate overall future taxable income at the legal entity level uncertain at this time.

These unrecognised assets total $215,000 thousand (2019: $199,000 thousand), of which approximately $160,000 thousand relate to US operations (2019: $139,000 thousand). Of the total $214,000 thousand in unrecognised deferred tax assets (2019: $199,000 thousand), approximately $28,000 thousand results from acquired intangibles (2019: $33,000 thousand).

Notes to the Consolidated Financial Statements
(continued)

Note 16: Inventories

	31 March 2020 $000	31 March 2019 $000
Raw materials and consumables	**8,022**	6,759
Work in progress	**5,613**	1,518
Finished goods	**47,578**	32,009
Total inventories	**61,213**	40,286

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to $271,000 thousand (2019: $274,000 thousand). The write-down of inventories to net realisable value amounted to $10,000 thousand at the year end (2019: $10,000 thousand). There were no reversals of write-downs during the period (2019: $nil).

The provision for inventories at 31 March 2020 includes $440 thousand resulting from a review by management of finished goods balances as a result of the stepdown in trading due to the COVID-19 pandemic.

Note 17: Trade and other receivables

	31 March 2020 $000	31 March 2019 $000
Trade receivables	**76,932**	81,755
Other receivables	**27,811**	16,087
Unbilled revenue	**281**	620
Prepayments	**7,375**	8,504
Total trade and other receivables	**112,399**	106,966
Non-current	**1,558**	1,055
Current	**110,841**	105,911
Total trade and other receivables	**112,399**	106,966

There were no material amounts pledged as collateral for the year (2019: nil).

The average credit period on sales of goods is 49 days (2019: 46 days). The carrying value of trade receivables approximates fair value.

The Group 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.

Note 18: Cash and cash equivalents

	31 March 2020 $000	31 March 2019 $000
Cash and cash equivalents per balance sheet	**69,387**	100,346

Cash and cash equivalents include $4,150 thousand (2019: $4,646 thousand) that are restricted as to withdrawal or use under the terms of certain contractual agreements.

Notes to the Consolidated Financial Statements
(continued)

Note 19: Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 24.

	31 March 2020 $000	31 March 2019 $000
Loan notes	**124,227**	113,260
Interest payable	**903**	945
Other borrowings	**1,501**	2,099
Lease liabilities	**16,402**	-
Non-current liabilities	**143,033**	116,304
Other borrowings	**613**	902
Lease liabilities	**4,902**	-
Current liabilities	**5,515**	902

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Fair value 31 March 2020 $000	Carrying amount 31 March 2020 $000	Fair value 31 March 2019 $000	Carrying amount 31 March 2019 $000
$100M Tranche B loan notes	USD	LIBOR +7%	2028	**124,227**	**124,227**	113,260	113,260
Other borrowings	INR	12.25%	2019	**-**	**-**	285	285
Promissory note	USD	0%	2020	**100**	**100**	200	200
Assumed loan notes	USD	2%	2023	**2,013**	**2,013**	2,516	2,516
				126,340	**126,340**	116,261	116,261

Note 20: Trade and other payables

	31 March 2020 $000	31 March 2019 $000
Trade payables	**58,935**	50,632
Deferred revenue	**42,255**	45,047
Non-trade payables and accrued expense	**41,358**	45,947
Current	**142,548**	141,626
Other payables	**18**	1,360
Deferred revenue	**16,170**	14,547
Non-current	**16,188**	15,907

Trade payables are non-interest bearing and are normally settled on 60 day terms (2019: 59 day terms).

Notes to the Consolidated Financial Statements
(continued)

Note 21: Employee benefits

Pension Plans

The Group sponsors various pension schemes in accordance with local regulations and practices. Eligibility for participation in the various plans is either based on completion of a specified period of continuous service, or date of hire. The plans generally are financed by employee and employer contributions. Among these schemes are defined contribution plans as well as defined benefit plans.

Defined contribution plans
The Group's contributions under these plans amounted to $6,408 thousand (2019: $5,780 thousand) during the year.

Defined benefit plans
The Group operates defined benefit plans in various countries, the main locations being Germany, the Netherlands and Switzerland. Approximately 61% of the total net defined benefit liability accrued to date relates to the defined benefit plans in Germany, which for the most part are pension plans that provide benefits to members in the form of a guaranteed level of pension payable for life.

The majority of benefit payments are from funded arrangements; however, there are also a number of unfunded plans where the Group meets the benefit payments as they come due. Plan assets held in funded arrangements are governed by local regulations and practices in each country and are generally held at third-party insurers. The movement in the defined benefit obligation and fair value of plan assets over the prior and current years is as follows:

	Present value of defined benefit obligation 31 March 2020 $000	Fair value of plan assets 31 March 2020 $000	Net balance sheet position 31 March 2020 $000
Amounts recognised at 31 March 2019	(53,025)	34,775	**(18,250)**
Amounts classified as held for sale at 31 March 2019	(217)	-	**(217)**
Amounts recognised at 1 April 2019	(53,242)	34,775	**(18,467)**
IAS 19 Cost			
Current service cost	(1,360)	-	**(1,360)**
Past service cost – curtailments	14	-	**14**
Cost of termination benefits	(32)	-	**(32)**
Interest (expense)/income	(804)	486	**(318)**
Benefit Expense recognised in Income Statement	(2,182)	486	**(1,696)**
Actuarial (losses)/gains/			
Return on plan assets, excluding interest expense	-	2,821	**2,821**
Loss from change in demographic assumptions	387	-	**387**
Gain from change in financial assumptions	(4,129)	-	**(4,129)**
Gain from actuarial experience	635	-	**635**
Actuarial (losses)/gains recognised in consolidated statement of other comprehensive income	(3,107)	2,821	**(286)**
Cash flow			
Employer contributions	-	1,497	**1,497**
Employee contributions	(66)	66	**-**
Benefits paid directly by the Company	287	(287)	**-**
Benefits paid from plan assets	1,037	(1,037)	**-**
Net cash in flow	1,258	239	**1,497**
Other			
Exchange differences	765	(462)	**303**
Total other	765	(462)	**303**
Amounts recognised at 31 March 2020	**(56,508)**	**37,859**	**(18,649)**

Notes to the Consolidated Financial Statements
(continued)

	Present value of defined benefit obligation 31 March 2019 $000	Fair value of plan assets 31 March 2019 $000	Net balance sheet position 31 March 2019 $000
Amounts recognised at 1 April 2018	(53,679)	33,855	(19,824)
Amounts reclassified as held for sale at 31 March 2018	(228)	-	(228)
Amounts recognised at 1 April 2018 unadjusted	(53,907)	33,855	(20,052)
IAS 19 Cost			
Current service cost	(1,359)	-	(1,359)
Past service cost – curtailments	194	-	194
Interest (expense)/income	(1,009)	618	(391)
Benefit Expense recognised in Income Statement	(2,174)	618	(1,556)
Actuarial gains/(losses)			
Return on plan assets, excluding interest expense	-	2,572	2,572
Loss from change in demographic assumptions	(310)	-	(310)
Gain from change in financial assumptions	(3,456)	-	(3,456)
Gain from actuarial experience	1,303	-	1,303
Actuarial (losses)/gains recognised in consolidated statement of other comprehensive income	(2,463)	2,572	109
Cash flow			
Employer contributions	-	1,431	1,431
Employee contributions	(84)	84	-
Benefits paid directly by the Company	187	(187)	-
Benefits paid from plan assets	683	(683)	-
Net cash (out flow)/in flow	786	645	1,431
Other			
Exchange differences	4,516	(2,915)	1,601
Total other	4,516	(2,915)	1,601
Amounts recognised at 31 March 2019 unadjusted	(53,242)	34,775	(18,467)
Amount reclassified as held for sale at 31 March 2019	217	-	217
Amounts recognised at 31 March 2019	(53,025)	34,775	(18,250)

Details of the plans for both the balance sheet and the weighted average duration of the defined benefit obligation as at 31 March 2020 and 31 March 2019 are shown below:

	31 March 2020 $000	31 March 2019 $000
Present value of defined benefit obligation	**(56,508)**	(53,025)
of which: amounts owing to active members	**(35,497)**	(33,795)
of which: amounts owing to not active members	**(8,949)**	(10,456)
of which: amounts owing to pensioners	**(12,062)**	(8,774)
Fair value of plan assets	**37,859**	34,775
Net defined benefit liability	**(18,649)**	(18,250)
Weighted average duration of defined benefit obligation	18 Years	18 Years

Disaggregation of fair value plan assets by class are shown below:

Plan Assets	Quoted 31 March 2020 $000	Other 31 March 2020 $000	Total 31 March 2020 $000
Cash, Fixed Income, Equities	-	-	**-**
Other	-	37,859	**37,859**
Total	-	37,859	**37,859**

Notes to the Consolidated Financial Statements
(continued)

The principal assumption used at the year-end was the discount rate. The weighted-average discount rate used at 31 March 2020 was 1.1% (2019: 1.5%).

Other significant assumptions include the rate of future salary increases and the rate of future pension increases. The weighted-average salary increase assumption at the year-end was 2.0% (2019: 2.1%). The weighted-average future pension increase assumption was 1.7% (2019: 1.7%).

Mortality assumptions are based on the latest available standard mortality tables for the individual countries concerned. For example, in Germany, the life expectancy for a male aged 65 at the balance sheet date is 20.22 years, while the life expectancy at age 65 for a male aged 40 at the balance sheet date is 22.33 years.

The expense recognized in income for the year was $1,696 thousand relating primarily to current service costs of $1,360 thousand, with the remainder relating to interest expense of $318 thousand, the cost of termination benefits $32 thousand and curtailment gains of $14 thousand resulting from company-led restructuring.

The net defined benefit liability increased by $182 thousand (2019: decrease of $1,574 thousand after adjustments for balances held for sale), due to liability losses from reduced discount rates in the most significant countries and net experience losses, offset by increased asset values and favourable exchange rate movements.

The Group expects to make a contribution of $1,554 thousand (2019: $1,561 thousand) to the defined benefit plans, including benefit payments to participants in unfunded plans, during the next financial year.

The fair value of plan assets includes no amounts relating to any of the Group's own financial instruments or any of the property occupied by or other assets used by the Group.

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below.

Change in bond yields: A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's insurance holdings.

Life expectancy: Some of the plans obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans liability.

Salary increases: Some of the plans benefit obligations related to active members are linked to their salaries. Higher salary increases will therefore tend to lead to higher plan liabilities.

Investment risk is managed through the use of third-party insurance contracts as funding vehicles.

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table shows the sensitivity of the defined benefit obligation to changes in each significant assumption:

	Increase/(decrease) in defined benefit obligation ($000)
Discount rate – Increase by 100 basis points	(9,264)
Rate of salary increase – Increase by 100 basis points	3,014
Rate of pension increase – Increase by 100 basis points	7,861

Funding

Contributions to the defined benefit plans are generally made in accordance with the relevant insurance tariffs and are intended to meet or exceed minimum funding requirements based on local statutory and contractual requirements and associated taxation rules.

Notes to the Consolidated Financial Statements
(continued)

Note 22: Provisions

	Warranties $000	Restructuring $000	Asset Retirement Obligations $000	Other $000	Total $000
Balance at 1 April 2018	1,575	3,733	4,012	7,899	17,219
Provisions made during the year	2,692	1,996	381	1,775	6,844
Provisions used during the year	(405)	(3,051)	(266)	(400)	(4,122)
Provisions reversed during the year	(2,420)	(1,274)	-	-	(3,694)
Effect of movement in foreign exchange	(132)	(275)	(195)	(18)	(620)
Balance at 31 March 2019	1,310	1,129	3,932	9,256	15,627
Non-current	-	-	3,932	-	3,932
Current	1,310	1,129	-	9,256	11,695
Total provisions at 31 March 2019	1,310	1,129	3,932	9,256	15,627
Balance at 1 April 2019	1,310	1,129	3,932	9,256	15,627
Provisions made during the year	1,823	1,073	1,076	2,975	6,947
Provisions used during the year	(1,950)	(1,660)	(8)	-	(3,618)
Provisions reversed during the year	-	(280)	(781)	-	(1,061)
Effect of movement in foreign exchange	(120)	(21)	(63)	(8)	(212)
Balance at 31 March 2020	**1,063**	**241**	**4,156**	**12,223**	**17,683**
Non-current	**-**	**-**	**3,906**	**27**	**3,933**
Current	**1,063**	**241**	**250**	**12,196**	**13,750**
Total provisions at 31 March 2020	**1,063**	**241**	**4,156**	**12,223**	**17,683**

Warranties

The Group provides warranties in connection with equipment sold and generally these cover a period of up to one year.

Restructuring

Provisions for restructuring include severance costs and are expected to be utilised within a year. The provision is based on those restructuring actions which have been approved and communicated as of 31 March 2020.

Asset Retirement Obligations

Provisions for asset retirement obligations includes the cost of remediating asbestos contained in buildings the Group owns or leases as right-of-use assets, as well as the cost of removing and disposing of equipment loaned to customers. Provisions for asbestos remediation costs are estimates of future remediation costs based on current rates and assumed settlement dates which are not known with certainty as of the balance sheet date. The provision for removing and disposing of loaned equipment can be expected to be utilised in three to five years.

Other

Other provisions include balances relating to US litigation actions brought by ITyX Solutions AG of $9,468 thousand (2019: $9,211 thousand) and Eastman Kodak Company of $2,686 thousand (2019: nil) respectively.

ITyX Solutions AG claim was fully provided for as at 31 March 2020 and includes interest of $238 thousand recognised in the year. In order to secure the award pending the appeal, as required by Court rules, 110% of the award plus interest ($10,132 thousand) was paid by Kodak Alaris Inc. into a joint escrow account with ITyX Solutions AG. This balance is presented as other receivables on the balance sheet as at 31 March 2020. Subsequently after the year end date, on 9 April 2020, Kodak Alaris Inc authorised the release of $9,452 thousand as the appeal was denied and the case is now closed. The remainder in the escrow account was returned to Kodak Alaris Inc.

The Eastman Kodak Company provision of $2,686 thousand (2019: nil) relates to alleged breach of contract for certain supply and service agreements (see note 27 for further details). The provision has been settled after the reporting date.

Notes to the Consolidated Financial Statements
(continued)

Note 23: Capital and reserves

Share capital	31 March 2020 Number	31 March 2020 $000	31 March 2019 Number	31 March 2019 $000
Issued for cash ordinary shares of $1.00 each	**167,000**	**167,000**	167,000	167,000

Other equity	Capital contribution reserve $000	Translation reserve $000	Retained deficit $000	Total other equity $000
1 April 2018	573,348	(8,057)	(575,059)	(9,768)
Loss for the year	-	-	(39,654)	(39,654)
Items that will not be recycled to profit or loss:				
Re-measurements of defined benefit liability	-	-	109	109
Adoption of accounting standards	-	-	(3,840)	(3,840)
Deferred tax on other comprehensive loss for the year	-	-	(19)	(19)
Items that are or may be recycled to profit or loss:				
Foreign currency translation differences – foreign operations, net	-	(3,964)	-	(3,964)
Change in fair value of assets classified as held for sale	-	175	-	175
Total other equity as at 31 March 2019	573,348	(11,846)	(618,463)	(56,961)
1 April 2019	573,348	(11,846)	(618,463)	(56,961)
Loss for the year	-	-	(90,770)	(90,770)
Items that will not be recycled to profit or loss:				
Re-measurements of defined benefit liability	-	-	(286)	(286)
Deferred tax on other comprehensive loss for the year	-	-	285	285
Items that are or may be recycled to profit or loss:				
Foreign currency translation differences – foreign operations, net	-	(3,334)	-	(3,334)
Total other equity as at 31 March 2020	**573,348**	**(15,180)**	**(709,234)**	**(151,066)**

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.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Dividends

No dividends were recognised during the year and no dividends were proposed by the directors after the balance sheet date (2019: nil).

Notes to the Consolidated Financial Statements
(continued)

Note 24: Financial Instruments

(a) Fair values of financial instruments

For financial instruments not held at fair value, the carrying value is deemed to be a reasonable approximation of fair value.

There are no significant derivative financial instruments at 31 March 2020 (2019: nil).

No financial instruments are carried at fair value under level 1 or level 3 of the hierarchy table.

	Level	Carrying amount 31 March 2020 $000	Fair value 31 March 2020 $000	Carrying amount 31 March 2019 $000	Fair value 31 March 2019 $000
Financial liabilities measured at amortised cost					
Tranche B CISX Listed Loan Notes Libor+7% Maturity 2028	2	**124,227**	**124,227**	113,260	113,260
Promissory Note 0% Maturity 2020	2	**100**	**100**	200	200
Assumed Loan Notes 2% Maturity 2023	2	**2,013**	**2,013**	2,516	2,516
Lease liabilities 1% - 29% Maturity 2020-2028	2	**21,304**	**21,304**	-	-

(b) Credit risk

Financial risk management

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment cash held with financial institutions.

At the balance sheet date there were significant concentrations of credit risk exposure to retail customers in the Kodak Moments business. This is driven by the seasonality of sales and the impact of the COVID-19 pandemic. Management are confident about the recoverability of these balances with the majority of amounts outstanding at 31 March 2020 having been collected post year-end.

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Deposits are only made with pre-approved counterparties. Credit evaluations are performed on all customers requiring credit.

Exposure to credit risk

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was as follows:

	31 March 2020 $000	31 March 2019 $000
Cash and cash equivalents	**69,387**	100,346
Trade receivables	**76,932**	81,755
Other receivables	**27,811**	16,087

The concentration of credit risk for trade receivables at the balance sheet date by geographic region was as follows:

	31 March 2020 $000	31 March 2019 $000
US and Canada	**26,231**	26,445
Europe, Middle East and Africa	**30,995**	31,895
Asia Pacific	**11,468**	12,366
Latin America	**8,238**	11,049
	76,932	81,755

Notes to the Consolidated Financial Statements
(continued)

Impairment of financial assets

The Group has the following types 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

The aging of trade receivables at the balance sheet date was:

	Gross 31 March 2020 $000	**Impairment 31 March 2020 $000**	**Gross 31 March 2019 $000**	**Impairment 31 March 2019 $000**
Not past due	**61,711**	**(491)**	75,915	(29)
Past due 0-30 days	**11,904**	**(70)**	3,729	(28)
Past due 31-60 days	**3,243**	**(128)**	1,742	(48)
Past due 61-90 days	**609**	**(65)**	502	(28)
More than 90 days	**1,269**	**(1,050)**	3,502	(3,502)
	78,736	**(1,804)**	85,390	(3,635)

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 Group 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.

	Current $000	**1-30 days past due date $000**	**31-60 days past due date $000**	**61-90 days past due date $000**	**90 days or more past due date $000**	**Total $000**
Year ended 31 March 2020						
Expected credit loss rate (default rate)	0.80%	0.59%	3.95%	10.67%	82.74%	
Carrying value of trade receivables	61,711	11,904	3,243	609	1,269	78,736
Expected credit loss	(491)	(70)	(128)	(65)	(1,050)	(1,804)
Net carrying value of trade receivables	**61,220**	**11,834**	**3,115**	**544**	**219**	**76,932**

The impairment provision for trade receivables as at 31 March 2020 reconciles to the opening provision as follows:

	31 March 2020 $000
At 31 March 2019	(3,635)
Increase in provision recognised in profit or loss during the year	(735)
Unused amount reversed	2,189
Effect of movements in foreign exchange	377
At 31 March 2020	**(1,804)**

The provision for trade receivables at 31 March 2020 includes $170 thousand resulting from a review by management of the impact of the COVID-19 pandemic on the ability of customers to settle the outstanding balances.

Notes to the Consolidated Financial Statements
(continued)

(c) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's policy on funding is to ensure that it has access to liquidity and has appropriate funding structures in place so that there is always sufficient long-term funding and short-term facilities in place to meet foreseeable peak borrowing requirements.

The Group's multicurrency Revolving Credit facility (the "facility") with its principal lender, HSBC Bank, reduced to $50 million on 30 June 2019 and was in place until June 2020, at which time it expired. The facility contained certain financial covenants and tests that in an event of default would require a waiver from the principal lender. Throughout the reporting period, the Group has maintained sufficient headroom against these financial covenants, which are closely monitored by management on a regular basis.

On 29 September 2020, the Group entered into a new three year lending facility with its shareholder KPP2. This makes available up to $50 million of borrowing capacity until September 2023. On signing the facility not all obligors were in place and as such, the initial available facility is limited to $40 million however at the date of this report the facility remains undrawn. The new facility has covenants in place similar to those contained in the previous HSBC facility. However, for the first 12 months of the facility, the EBITDA-based covenants are waived.

As of 31 March 2020, the Group had drawn $nil (2019: $nil) against the facility. Interest is charged at a floating rate based on Euribor or Libor depending upon the drawdown currency plus a variable margin. It should be noted that $1 million of the facility was utilised by way of outstanding guarantees (2019: $2 million).

The Board believes the new facility provides sufficient liquidity to meet the requirements of the Group's subsidiaries.

	Carrying amount $000	Contractual cash flows $000	1 year or less $000	1 to 2 years $000	2 to 5 years $000	5 years and over $000
31 March 2020						
Tranche B Loan notes	**124,227**	**252,423**	-	-	-	**252,423**
Interest payable (long-term)	**903**	**903**	-	-	-	**903**
Promissory Note - EPM	**100**	**100**	**100**	-	-	-
Assumed Loan notes	**2,013**	**2,100**	**540**	**530**	**1,030**	-
Trade payables	**58,935**	**58,935**	**58,935**	-	-	-
Lease liabilities	**21,304**	**25,128**	**5,070**	**4,159**	**8,011**	**7,888**
31 March 2019						
Tranche B Loan notes	113,260	280,963	-	-	-	280,963
Interest payable (long-term)	945	945	-	-	-	945
Promissory Note - EPM	200	200	100	100	-	-
Assumed Loan notes	2,516	2,650	550	540	1,560	-
Other borrowings	285	298	298	-	-	-
Trade payables	50,632	50,632	50,632	-	-	-

(d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Foreign currency and interest rate risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of the Group. The functional currencies of the Group's major trading companies are USD, EUR and RMB. The currencies in which these transactions are primarily denominated are also USD, EUR and RMB. On a net basis across all its trading currencies, the Group is typically long on EUR, CAD, AUD and JPY and short on USD. The Group has in place a foreign exchange strategy and policy. The Group undertakes financial currency hedges on a limited basis and did not undertake any new hedging programs during the year.

Notes to the Consolidated Financial Statements
(continued)

Market risk - Foreign currency risk

The exposure to foreign currency risk is as follows based on the carrying amount for monetary financial instruments:

	Sterling $000	Euro $000	US Dollar $000	RMB $000	Other $000	Total $000
31 March 2020						
Cash and cash equivalents	**21,122**	**7,040**	**26,479**	**4,244**	**10,502**	**69,387**
Trade receivables	**2,014**	**23,903**	**34,270**	**3,304**	**13,441**	**76,932**
Other receivables	**22**	**421**	**26,331**	**311**	**726**	**27,811**
Borrowings, including interest	**-**	**-**	**(127,243)**	**-**	**-**	**(127,243)**
Trade payables	**(1,128)**	**(9,407)**	**(19,429)**	**(4,023)**	**(24,948)**	**(58,935)**
Lease liabilities	**(906)**	**(1,671)**	**(16,273)**	**(381)**	**(2,073)**	**(21,304)**
31 March 2019						
Cash and cash equivalents	28,890	7,123	45,190	6,434	12,709	100,346
Trade receivables	2,381	28,815	33,308	2,411	14,840	81,755
Other receivables	5	1,048	14,137	381	516	16,087
Borrowings, including interest	-	-	(116,921)	-	(285)	(117,206)
Trade payables	(1,337)	(9,061)	(29,500)	(4,071)	(6,663)	(50,632)

Sensitivity analysis:

A 10% percent strengthening of the following currencies against the US dollar at 31 March 2020 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

	Equity at 31 March 2020 $000	Profit or loss 12 Months to 31 March 2020 $000	Equity at 31 March 2019 $000	Profit or loss 15 months to 31 March 2019 $000
Euro	-	**2,029**	-	2,793
Pound Sterling	-	**2,112**	-	2,994

A 10% percent weakening of the above currencies against the US dollar at 31 March 2019 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Market risk – Interest rate risk

Profile

At the balance sheet date, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	31 March 2020 $000	31 March 2019 $000
Variable rate instruments		
Financial liabilities – Tranche B CISX Listed Loan Notes	**124,227**	113,260

Sensitivity analysis

A change of 1% in interest rates at the balance sheet date would have increased/ (decreased) net assets and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps.

Notes to the Consolidated Financial Statements
(continued)

Profit or loss	31 March 2020 $000	31 March 2019 $000
Increase	**(1,007)**	(1,083)
Decrease	**1,007**	1,083

(e) Capital management

The Group's objectives when managing capital are to safeguard its solvency in order to provide optimal returns for its parent company, and to maintain an efficient capital structure.

In doing so, the Group's strategy is to retain appropriate levels of liquidity headroom to ensure financial stability and flexibility. To achieve this strategy and maintain this position, the Group ensures a combination of short-term liquidity headroom with a long-term debt maturity profile. As at the balance sheet date the Group's average debt maturity profile was 8.3 years (2019: 9.3 years).
In order to maintain or realign the capital structure, the Group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares, or sell assets to reduce debt.

Note 25: Leases

(i) Group as a lessee

The group leases various properties and vehicles. Property contract terms vary from 1 year to 10 years and vehicle contracts have a typical duration of 3 to 4 years. Property lease terms are negotiated on an individual basis and contain a range of different terms and conditions. Vehicle lease terms tend to be of a standard nature. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The group does not recognise any of its property leases as being short-term but does for some of its vehicles. The group does not recognise any of its leases as being of low value. The group does not have any variable lease payments that depend on sales.

Some property leases contain extension options. Our best estimate of potential future lease payments not included in lease liabilities is $22,000 thousand assuming all extension options will be exercised. However, given the current circumstances arising as a result of the COVID-19 pandemic all property lease contracts will be under review.

Generally, the group will not consider options to extend any of its leases but will consider options to terminate early on a lease by lease basis. There are no contracts with lessor only extension options.

(ii) Right-of-use assets

Right-of-use assets are presented as property, plant and equipment. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year.

	Land & buildings $000	Plant & equipment $000	Total $000
Balance at 1 April 2019	**21,862**	**2,934**	**24,796**
Depreciation charge for the year	**(5,370)**	**(1,324)**	**(6,694)**
Additions	**1,036**	**1,242**	**2,278**
Impairment losses	**(7,462)**	**-**	**(7,462)**
Effect of movement in foreign exchange	**(318)**	**(61)**	**(379)**
Balance at 31 March 2020	**9,748**	**2,791**	**12,539**

Notes to the Consolidated Financial Statements
(continued)

(iii) Lease liability

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the year.

	Land & buildings $000	Plant & equipment $000	Total $000
Balance at 1 April 2019	**22,345**	**2,934**	**25,279**
Additions	**1,036**	**1,242**	**2,278**
Accretion of interest	**945**	**173**	**1,118**
Payments	**(5,689)**	**(1,429)**	**(7,118)**
Effect of movement in foreign exchange	**(190)**	**(63)**	**(253)**
Balance at 31 March 2020	**18,447**	**2,857**	**21,304**
Current	**3,515**	**1,387**	**4,902**
Non-current	**14,932**	**1,470**	**16,402**

(iv) Amounts recognised in the income statement

Year ended 31 March 2020	**$000**
Leases under IFRS 16	
Depreciation of right of use assets	**6,694**
Impairment of right of use assets	**7,462**
Interest on lease liabilities	**1,118**
Expense relating to short term leases	**2,127**
Total	**17,401**

Year ended 31 March 2019	**$000**
Operating leases under IAS 17 – lease expense	11,916

Note 26: Commitments

Material capital commitments for the Group at 31 March 2020 amounted to $2,000 thousand (2019: nil).

At 31 March 2020 the Group had non-cancellable purchase commitments amounting to $28,000 thousand (2019: $40,000 thousand).

Off-balance sheet arrangements

In the year ended 31 March 2019, the Group was party to lease arrangements primarily associated with facilities that were not reflected on the balance sheet, for which the future aggregate minimum lease payments under non-cancellable operating leases and associated future minimum sublease income were disclosed.

The Group adopted IFRS 16 ('Leases') with effect from 1 April 2019. resulting in right of use assets and corresponding liabilities being recognised on the balance sheet from that date. The only lease arrangements that are not reflected on the balance sheet are those which have a term of less than twelve months at inception or an initial capitalised value of less than $5 thousand.

Guarantees and indemnities

The Company has issued certain guarantees in respect of a number of third parties. The guarantees held on behalf of the Company by HSBC totals $1,000 thousand (2019: $2,000 thousand).

The Company has issued certain guarantees in relation to its subsidiaries. In line with our policy no amount was considered probable hence no contingent liabilities have been recorded.

Notes to the Consolidated Financial Statements
(continued)

Note 27: Contingencies

The Company is the plaintiff in a German litigation action brought against ITyX Technology GmbH, ITyX Investment GmbH & Co. KG and Süleyman Arayan. The matters at stake relate to Kodak Alaris Holdings Limited's shares in ITyX Technology GmbH, the validity of a call option, the validity of a termination of an investment framework agreement, the withdrawal of the Company as a shareholder from ITyX Technology GmbH and compensation due to the Company arising from such withdrawal. In December 2019, the Company received a preliminary Court ruling in its favour with the Court supporting the Company's position and ordering the appointment of an expert to value the Company's shares in ITyX Technology GmbH as the next stage. Once a valuation of the shares is agreed or determined (expected around March 2021) it is likely the Court will order the transfer of those shares by the Company in return for compensation equivalent to the valuation.

The Company is the defendant in a German litigation action brought by ITyX Solutions AG. The matter is currently before the District Court of Cologne. ITyX Solutions AG has claimed damages of approximately EUR 51,000 thousand plus $72,000 thousand and interest thereon. The matters at stake relate to alleged immoral behaviour by Kodak Alaris Inc. orchestrated by the Company intended to cause damage to ITyX Solutions AG through the termination of certain commercial agreements. The Company is defending the claim. A hearing is set for October 2020. Based on the advice of external counsel it is unlikely that the Company will incur any damages.

The Company is the defendant in a German litigation action brought by ITyX Technology GmbH. ITyX Technology GmbH is suing the Company for damages of EUR 2,000 thousand plus interest thereon which ITyX Technology GmbH claims is due and payable pursuant to an investment framework agreement to which the Company is a party. At the Court hearing on 28 July 2020, the Court issued default judgment in favour of the Company. ITyX Technology GmbH has indicated its plans to challenge the judgment and if so, the Company will defend the claims. Based on the advice of external counsel it is unlikely the Company will incur any significant damages.

As disclosed in the previous year, Kodak Alaris France SAS is the defendant in two French litigation actions brought by two ex-employees following a restructuring. In July 2019 the Court of Appeal issued its judgment in one of the claims and confirmed that the termination of the ex-employee was justified. The second claim is due to be heard before the Administrative Court of Appeal of Paris later in the financial year. Based on the advice of external counsel it is unlikely that Kodak Alaris France SAS will incur any significant damages.

Notes to the Consolidated Financial Statements
(continued)

Note 28: Related parties

The Group had related party transactions with its directors, various pension schemes and its ultimate parent. The disclosure of the director's remuneration is reported in note 7 and transactions with the pension schemes are disclosed in note 21. The Group also has minor equity accounted investments but there were no transactions recorded between the Group and these investees. None of the directors or their immediate relatives own shares of the Company. All transactions have been conducted on an arms-length basis.

	Interest expense $000	Amounts owed to related party $000
31 March 2020		
Ultimate parent of the Group	**10,926**	**125,130**
Associates	**-**	**-**
	10,926	**125,130**
31 March 2019		
Ultimate parent of the Group	10,262	114,205
Associates	-	-
	10,262	114,205

In addition to the transactions and balances shown in the above table, the Group has been charged $75 thousand (2019: $647 thousand) for professional services provided to the ultimate parent company by Ross Trustees Services Limited. Of the amount charged, $62 thousand was outstanding at 31 March 2020 (2019: $31 thousand). During the year the Group has been charged $17 thousand (2019: $12 thousand) by QinetiQ PLC for flight costs.
All subsidiaries have adopted the same reporting date as the Company, with the exception of Kodak Alaris Imaging Equipment (Shanghai) Co. Ltd, Kodak Alaris Management (Shanghai) Co. Ltd., Kodak Alaris Services Mexico, S.A. De C.V. and Kodak Alaris Mexico S.A. de C.V. which have remained on a 31 December year-end, in-line with local legislation.

There are no material non-controlling interests in any of the above investments as the Group holds 100% of all subsidiary entities when stakes held by intermediate holding companies are considered.

Compensation of Key Management Personnel of the Group
Key management personnel include directors (executive and non-executive) and members of the Kodak Alaris Executive Committee.

	31 March 2020 $000	31 March 2019 $000
Short term employee benefits	**7,216**	4,211
Post-employment benefits	**139**	108
Other long-term employment benefits	**600**	450
	7,955	4,769

FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements
(continued)

The consolidated financial statements include the financial statements of Kodak Alaris Holdings Limited and the subsidiaries listed in the following table:

Name	Registered office	Country of incorporation	Class of shares held
Directly held			
Kodak Alaris S.A.I.C.	San Vladimiro 3056 Piso 1 (1642), San Isidro, Buenos Aires	Argentina	Ordinary
Kodak Alaris Australia Pty. Limited	PPNSW Services PTY Limited, 'Tower 2 Darling Park' Level 16, 201 Sussex Street, Sydney NSW 2000	Australia	Ordinary
Kodak Alaris Belgium SA	Avenue de Port 86c, Box 204, 1000 Bruxelles	Belgium	Ordinary
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
Kodak Alaris Brazil Comércio de Material Fotográfico e Serviços Ltda.	Rod. Presidente Dutra, S/N, KM 154,7, Suite 1, Ground floor, part D of Building 6, Jardim das Industrias - 12.240-420, São José dos Campos, São Paulo	Brazil	Ordinary
Kodak Alaris Operations Canada Inc.	160 Elgin Street, Suite 2600, Ottawa, Ontario, K1P 1C3	Canada	Ordinary
Kodak Alaris France SAS	37-39 Avenue Ledru Rollin CS 11237, 75012 Paris, Cedex 12	France	Ordinary
Kodak Alaris Germany GmbH	Augsburger Straße 712 70329 Stuttgart Germany	Germany	Ordinary
Kodak Alaris Hong Kong Limited	Unit 2, 10/F., NEO, 123 Hoi Bun Road, Kwun Tong, Kowloon	Hong Kong	Ordinary
Kodak Alaris India Private Limited	Unit-2, Office No. 272, Solitaire Corporate Park Guru Hargovindji Rd, Andheri East, Mumbai 400093, Maharashtra	India	Ordinary
Kodak Alaris Italy S.R.L.	Via Assunta 61CAP 20834 Nova Milanese (MB)	Italy	Ordinary
Kodak Alaris Japan Kabushiki-Kaisha	KDX Ochanomizu-Building, 2-9 Kanda Surugadai, Chioda-ku, Tokyo	Japan	Ordinary
Kodak Alaris Services Mexico, S.A. De C.V.	Amado Nervo 2200, Torre BIO I Planta Baja, Ciudad del Sol, Zapopan, Jalisco, 45050	Mexico	Ordinary
Kodak Alaris Mexico S.A. de C.V.	Amado Nervo 2200, Torre BIO I Planta Baja , Ciudad del Sol, Zapopan, Jalisco, 45050	Mexico	Ordinary
Kodak Alaris Netherlands B.V.	Kosterijland 10, 3981AJ Bunnik,	Netherlands	Ordinary
Kodak Alaris Singapore Pte. Ltd.[1]	600 North Bridge Road, Parkview Square, #10-01, Singapore 188778	Singapore	Ordinary
Kodak Alaris Spain, S.L.U.	Santiago de Compostela, 94, 28035 Madrid	Spain	Ordinary
Kodak Alaris Sweden AB[2]	c/o TMF Sweden AB Sergels Torg 12 Stockholm 111 57 Sweden	Sweden	Ordinary
Kodak Alaris Switzerland Sàrl	Rue du Grand-Pont 12, c/o Findea AG, succursale de Lausanne, 1003 Lausanne	Switzerland	Ordinary
Kodak Alaris IPCo Switzerland Sàrl[3]	Route de Crassier 21, 1262 Eysins	Switzerland	Ordinary
Kodak Alaris Limited	Hemel One, Boundary Way, Hemel Hempstead, Herts., HP2 7YU	United Kingdom	Ordinary
Kodak Alaris Inc.	2711 Centreville Road, Suite 400, Wilmington, Delaware 19808	United States	Ordinary
Indirectly held			
Kodak Alaris International Limited Zweigniederlassung Österreich	Neustiftgasse 5/1/9, 1070 Wien	Austria	Ordinary
Kodak Alaris Imaging Equipment (Shanghai) Co. Ltd.	General Factory Building, Floor 1, Building 6, No. 1510 Chuanqiao Road, Shanghai Jinqiao Economic & Technological Development Zone, Shanghai 201206	China	Ordinary
Kodak Alaris Management (Shanghai) Co. Ltd	Area A, Ist Floor, Building 8, 27 New Jinqioa Road, Jinqiao Economic and Technology Development Zone, Pudong New District, Shanghai	China	Ordinary
Kodak Alaris Denmark Branch, Fillial af Kodak Alaris International Limited[2]	c/o TMF DENMARK A/S Købmagergade 60, 1. tv. 1150 København K	Denmark	Ordinary
Kodak Alaris International Limited, Finnish Branch[2]	c/o TMF Finland Oy, Erottajankatu 9 B 3, 00130 Helsinki	Finland	Ordinary
Kodak Alaris Limited Ireland Branch	1st Floor, 10-11 Exchange Place, IFSC, Dublin 1	Ireland	Ordinary
Kodak Alaris International Limited[4]	Hemel One, Boundary Way, Hemel Hempstead, Herts., HP2 7YU	United Kingdom	Ordinary
Kodak Alaris Limited Dubai Branch	Office 401, Al Barsha Business Point, Al Barsha 1, Dubai	UAE	Ordinary

There have been no changes in % ownership held in the year.

1 Kodak Alaris Singapore Pte. Ltd. has two representation offices - Kodak Alaris Singapore Pte. Ltd. Thailand Rep. office and Kodak Alaris Singapore Pte. Ltd. Philippine Rep. office

2 The Group announced that it has ceased its Nordic operations at the end of March 2019

3 Liquidated on 17 June 2019

4 As permitted by s479A of the Companies Act 2006, the Group has taken the advantage of the audit exemption in relation to the individual accounts of these companies

Notes to the Consolidated Financial Statements
(continued)

Note 29: Ultimate parent company

The Company is wholly and ultimately owned by KPP (no. 2) Trustees Limited (a company registered in England with registered number 8819827) in its capacity as trustee of the Kodak Pension Plan (no. 2) ("KPP2").

KPP2 has started moving into the Pension Protection Fund. The first stage of this process, the assessment period, began on 25 March 2019. During this assessment period, the Pension Protection Fund will assess KPP2's funding level and this work must be completed before KPP2 can transfer fully. At the end of the assessment period, currently understood to be in November 2020, KPP2's assets will transfer to the Pension Protection Fund.

Note 30: Subsequent events

The rapidly evolving situation relating to the COVID-19 pandemic initially impacted the Alaris business operations following closure of the factory in Shanghai, China and by mid-March 2020 had stalled the economy globally. As at the balance sheet date, a global pandemic had been declared and social distancing had been imposed for the majority of the world. Given there were indicators of the level of disruption observable at the balance sheet date, these have been factored into the Group's financial statements for the year ended 31 March 2020, in particular assessing the impact of an additional COVID-19 trading downside in the impairment testing of goodwill and intangible assets. Subsequent to the balance sheet date information has been received which provided more insight to the impact of the COVID-19 situation as at 31 March 2020, which management consider to be an adjusting post balance sheet event. This specifically resulted in additional inventory provisions of $440 thousand disclosed in note 16 and additional expected credit losses of $170 thousand disclosed in note 24.

As explained in note 22, in order to secure the award pending the appeal on the ITyX Solutions AG litigation claim, as required by Court rules, 110% of the award plus interest ($10,132 thousand) was paid by Kodak Alaris Inc. into a joint escrow account with ITyX Solutions AG during the year. After the balance sheet date, the appeal was denied and the case has now been closed. On 9 April 2020, Kodak Alaris Inc authorised the release of $9,452 thousand to ITyX Solutions AG and the balance in the escrow account was returned to Kodak Alaris Inc.

After the reporting date the Company settled its dispute with Eastman Kodak Company following the latter's refusal to pay the remaining $14,000 thousand of contingent purchase price adjustments. This settlement in the Group's favour includes an offset of $3,000 thousand for the late payment penalty charges and also resulted in the securing of an extension to film and specialty chemicals supplies.

After the reporting date, the divestiture of AI Foundry was completed and a definitive agreement for the sale of PPDS was reached.

In September 2020 the Group successfully negotiated a three year funding arrangement with KPP2 and has access to $50 million of committed funding until September 2023. The borrowing is limited based on a formula of available obligor collateral and on signing the facility, not all obligors were in place and as such, the initial available facility is limited to $40 million.

Note 31: Accounting estimates and judgements

Preparing these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Key judgements and estimates include the following:

Non-recurring items (note 4)

The Group incurs costs and earns income that is non-recurring in nature or that, in the Directors' judgement, need to be disclosed separately by virtue of their size and incidence in order for users of the consolidated financial statements to obtain a proper understanding of the financial information and the underlying performance of the business.

Notes to the Consolidated Financial Statements
(continued)

Impairment of Goodwill and cash-generating units (notes 12 and 13)

Goodwill is not amortised but is tested annually for impairment and carried at cost less accumulated impairment losses. Future impairment review calculations require the use of estimates related to the profitability and cash-generating ability of the acquired businesses, and the discount rate used in discounting these projected cash flows.

Due to the retain and run strategy the directors have changed from a fair value less cost to sell approach to a value in use approach for calculating the impairment of goodwill and cash-generating units at the reporting date. Value in use is calculated from cash flow projections based on the Group's five-year plan and management have exercised judgement in evaluating the impact of COVID-19 on those calculations. Details of the key estimates and sensitivities are disclosed in note 13.

Amortisation and impairment of intangibles (note 13)

The amortisation of intangible assets requires estimates to be made of their economic useful life to determine the appropriate rate of amortisation. Future impairment analysis may lead to write-offs of the unamortised balances.

Capitalisation of development costs (note 13)

The Group undertakes development activities and capitalises certain expenditures as internally generated intangible assets when certain criteria are met. Judgement is required to determine when accumulation of costs to be capitalised begins and ends as well as determining the appropriate amortisation period. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 31 March 2020, the carrying amount of capitalised development costs was $17,350 thousand (2019: $16,882 thousand). If a product is determined to become obsolete in a future period, the unamortised balance would need to be written off.

Taxes (note 15)

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Further details on taxes are disclosed in note 15.

Contingent consideration (note 17)

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial asset, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor. The Group uses all available information, including current and forecasted performance under earn-out arrangements to assess the required fair value. The contingent consideration of $14,000 thousand (2019: $14,000 thousand) at the reporting date is classified as other receivables.

Defined benefit pension schemes (note 21)

Determining the value of future defined benefit pension obligations requires the use of certain assumptions including inflation rates, salary increases and mortality rates, among others. These assumptions are applied on the advice of an independent actuary.

Provisions (note 22)

The Group identified a number of ongoing contractual disputes. Management has estimated the value of any future economic outflows associated with these contracts including, where relevant, assessment based of external legal and expert advice and prior experience of such claims. If management had concluded differently regarding the estimated value of any future economic outflows associated with these contracts the provision and income statement expense recorded would increase/decrease respectively.

Lease terms (note 25)

The Group has applied judgement to determine the lease term for those lease contracts that include a renewal or break option. The assessment of whether the Group is reasonably certain to exercise a renewal option or not to exercise a break option significantly impacts the value of lease liabilities and right-of-use assets recognised on the balance sheet.

Company Financial Statements

Company Balance Sheet

at 31 March 2020

	Note	31 March 2020 $000	31 March 2019 $000
Assets			
Intangible assets	2	**10,256**	18,487
Trade and other receivables	3	**-**	102
Investments in subsidiaries and associates	4	**64,378**	188,068
Non-current assets		**74,634**	206,657
Tax receivable		**-**	11,686
Trade and other receivables	3	**256,799**	194,366
Cash and cash equivalents	5	**42,658**	62,394
Current assets		**299,457**	268,446
Total assets		**374,091**	475,103
Liabilities			
Other interest-bearing loans and borrowings	6	**(125,130)**	(114,205)
Other payables	7	**(75)**	-
Non-current liabilities		**(125,205)**	(114,205)
Other interest-bearing loans and borrowings	6	**(138,103)**	(106,525)
Trade and other payables	7	**(95,197)**	(93,996)
Current liabilities		**(233,300)**	(200,521)
Total liabilities		**(358,505)**	(314,726)
Net assets		**15,586**	160,377
Equity attributable to equity holders of the parent			
Share capital	8	**167,000**	167,000
Retained deficit	8	**(724,762)**	(579,971)
Capital contribution reserve	8	**573,348**	573,348
Total surplus		**15,586**	160,377

The notes on pages 116 to 123 form part of these financial statements.

These financial statements were approved by the Board of Directors on 8 October 2020 and were signed on its behalf by:

Diane Gardner
Chief Financial Officer

Company registered number: 8550309

Company Financial Statements (continued)

Company Statement of Changes in Equity
for the year ended 31 March 2020

		Capital contribution reserve $000	Share Capital $000	Retained deficit $000	Total parent equity $000
Balance at 1 April 2018		573,348	167,000	(583,116)	157,232
Total comprehensive income for the year					
Profit for the year	*8*	-	-	3,145	3,145
Total comprehensive income for the year		-	-	3,145	3,145
Balance at 31 March 2019		573,348	167,000	(579,971)	160,377
Balance at 1 April 2019		573,348	167,000	(579,971)	160,377
Total comprehensive expense for the year					
Loss for the year		-	-	(144,791)	(144,791)
Total comprehensive expense for the year		**-**	-	**(144,791)**	**(144,791)**
Balance at 31 March 2020		**573,348**	**167,000**	**(724,762)**	**15,586**

The notes on pages 116 to 123 form part of these financial statements.

Company Financial Statements (continued)

Company Cash Flow Statement

for the year ended 31 March 2020

	Note	Year ending 31 March 2020 $000	Year ending 31 March 2019 $000
Cash flows from operating activities			
(Loss)/Profit for the year[1]		**(144,791)**	3,145
Adjustments for:			
Amortisation and impairment charge	*2*	**8,231**	7,345
Expected credit losses on amounts due from Group undertakings	*9*	**640**	-
Intercompany dividends		**(10,994)**	(18,096)
Investment impairment	*4*	**123,690**	-
Taxation		**(453)**	-
Intercompany management fees		**1,445**	1,391
Foreign exchange gain/(loss)		**9,725**	(1,822)
Royalties income		**(11,700)**	(11,210)
Finance Interest income		**(262)**	-
Net intercompany interest		**(7,333)**	(5,173)
Interest expense		**11,844**	11,222
		(19,958)	(13,198)
Decrease/(increase) in trade and other receivables	*3*	**354**	(492)
Increase in trade and other payables	*7*	**874**	1,348
Increase in tax payable		**229**	-
Net cash used in operating activities		**(18,501)**	(12,342)
Cash flows from investing activities			
Investment in subsidiaries		**-**	(230)
Interest received		**245**	-
Net cash from/(used in) investing activities		**245**	(230)
Cash flows from financing activities			
Repayment of loan	*6*	**-**	(2,570)
Increase in loans and advances to Group undertakings		**(28,030)**	(3,120)
Bank charges and interest paid		**(513)**	(588)
Increase in loans and advances from Group undertakings	*6*	**28,422**	47,757
Net cash (used in)/from financing activities		**(121)**	41,479
Net (decrease)/increase in cash and cash equivalents		**(18,377)**	28,907
Cash and cash equivalents at beginning of year		**62,394**	34,553
Effect of exchange rate fluctuations on cash held		**(1,359)**	(1,066)
Cash and cash equivalents at the end of the year	*5*	**42,658**	62,394

The notes on pages 116 to 123 form part of these financial statements.

1 Net cash used in operating activities includes non-recurring business projects costs of $10,665 thousand

Notes to the Company Financial Statements

(forming part of the financial statements)

Note 1: Accounting policies

The Company financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), in-line with the consolidated financial statements. Accordingly, the accounting policies included in Note 2 and accounting estimates and judgements included in Note 31 of the consolidated financial, are also applicable to the Company financial statements.

On publishing the parent company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

Note 2: Intangible assets

	Other Intangibles $000	Trademarks and Patents $000	Total $000
Cost			
Balance at 1 April 2018	2,500	152,921	155,421
Balance at 31 March 2019	2,500	152,921	155,421
Balance at 1 April 2019	2,500	152,921	155,421
Balance at 31 March 2020	**2,500**	**152,921**	**155,421**
Amortisation and impairment			
Balance at 1 April 2018	(1,960)	(127,629)	(129,589)
Amortisation charge	(500)	(6,845)	(7,345)
Balance at 31 March 2019	(2,460)	(134,474)	(136,934)
Balance at 1 April 2019	(2,460)	(134,474)	(136,934)
Amortisation charge	(40)	(4,382)	(4,422)
Impairment charge		(3,809)	(3,809)
Balance at 31 March 2020	**(2,500)**	**(142,665)**	**(145,165)**
Net book value at 31 March 2019	40	18,447	18,487
Net book value at 31 March 2020	**-**	**10,256**	**10,256**

Based on the assessment techniques as described in Note 13 of the consolidated financial statements, the Company recorded $3,809 thousand of impairment charges on brand assets during the year (2019: $nil).

Note 3: Trade and other receivables

	31 March 2020 $000	31 March 2019 $000
Other trade receivables	**265**	622
Prepayments	**287**	682
Amounts due from Group undertakings	**256,247**	193,164
Total trade and other receivables	**256,799**	194,468
Non-current	**-**	102
Current	**256,799**	194,366
Total trade and other receivables	**256,799**	194,468

There were no material amounts pledged as collateral for the year (2019: $nil).

Notes to the Company Financial Statements
(continued)

Note 4: Investments

Investments in subsidiaries	Country of Incorporation	Ownership %	1 April 2019 $000	Impairment charge $000	31 March 2020 $000	31 March 2019 $000
Directly held						
Kodak Alaris S.A.I.C.[1]	Argentina	75%	5,752	(4,683)	**1,069**	5,752
Kodak Alaris Australia Pty. Limited	Australia	100%	500	-	**500**	500
Kodak Alaris Belgium SA[2]	Belgium	99%	224	-	**224**	224
Kodak Alaris Manaus Indústria e Comércio de Material Fotográfico Ltda.[2]	Brazil	99%	2,082	(1,001)	**1,081**	2,082
Kodak Alaris (Brazil) Comércio de Material Fotográficoe Serviços Ltda.[2]	Brazil	99%	4,744	(2,000)	**2,744**	4,744
Kodak Alaris Operations Canada Inc.	Canada	100%	1,043	-	**1,043**	1,043
Kodak Alaris France SAS	France	100%	815	-	**815**	815
Kodak Alaris Germany GmbH	Germany	100%	6,034	-	**6,034**	6,034
Kodak Alaris Hong Kong Ltd.	Hong Kong	100%	2,600	-	**2,600**	2,600
Kodak Alaris India Private Limited[2]	India	99%	1,755	-	**1,755**	1,755
Kodak Alaris Italy S.R.L.	Italy	100%	241	1	**242**	241
Kodak Alaris Japan Kabushiki-Kaisha	Japan	100%	-	-	**-**	-
Kodak Alaris Services Mexico, S.A. De C.V.[2]	Mexico	99%	4	-	**4**	4
Kodak Alaris Mexico S.A. de C.V.[2]	Mexico	99%	2,104	-	**2,104**	2,104
Kodak Alaris Singapore Pte. Ltd.[3]	Singapore	100%	3,000	-	**3,000**	3,000
Kodak Alaris Spain, S.L.U.	Spain	100%	6	-	**6**	6
Kodak Alaris Sweden AB[4]	Sweden	100%	7	(7)	**-**	7
Kodak Alaris IPCo Switzerland Sarl[5]	Switzerland	100%	-	-	**-**	-
Kodak Alaris Switzerland Sarl	Switzerland	100%	2,242	-	**2,242**	2,242
Kodak Alaris Limited	United Kingdom	100%	18,069	-	**18,069**	18,069
Kodak Alaris Inc.[6]	United States	100%	136,331	(116,000)	**20,331**	136,331
Indirectly held						
Kodak Alaris International Limited Zweigniederlassung Österreich	Austria	100%	-	-	-	-
Kodak Alaris Imaging Equipment (Shanghai) Co. Ltd.	China	100%	-	-	-	-
Kodak Alaris Management (Shanghai) Co. Ltd	China	100%	-	-	**-**	-
Kodak Alaris Denmark Branch, Fillial af Kodak Alaris International Limited[4]	Denmark	100%	-	-	**-**	-
Kodak Alaris International Limited, Finnish Branch[4]	Finland	100%	-	-	**-**	-
Kodak Alaris Limited Ireland Branch	Ireland	100%	-	-	**-**	-
Kodak Alaris International Limited	United Kingdom	100%	515	-	**515**	515
Kodak Alaris Limited Dubai Branch	UAE	100%	-	-	**-**	-
			188,068	(123,690)	**64,378**	188,068

Investments are measured at the lower of their carrying amount and fair value less costs to sell. Based on assessment techniques consistent with those described in Note 13 of the consolidated financial statements, the Company recorded impairment charges of $123,690 thousand in relation to investments in subsidiaries during the year (2019: $nil).

The key assumptions used in estimating the recoverable amount were as follows:

- Discount rates ranged between 11.8% - 13%
- Terminal value growth rate of nil
- Corporate costs remain at FY20 actual rates

1 The Company holds 75% directly with the remainder held by other subsidiaries

2 The Company holds 99% to 99.999% directly with the remainder held by other subsidiaries

3 Kodak Alaris Singapore Pte. Ltd. has two representation offices - Kodak Alaris Singapore Pte. Ltd. Thailand Rep. office and Kodak Alaris Singapore Pte. Ltd. Philippine Rep. office

4 The Group announced that it has ceased its Nordic operations at the end of March 2019 and investment has been impaired

5 Liquidated on 17 June 2019

6 A provision of $308,000 thousand was made against the investment in Kodak Alaris Inc. in March 2018

Notes to the Company Financial Statements
(continued)

Investments in associates	Country of Incorporation	Ownership %	31 March 2020 $000	31 March 2019 $000
ITyX Technology GmbH[1]	Germany	25.1%	**17,860**	17,860
			17,860	17,860
Provision			**(17,860)**	(17,860)
			-	-

There have been no changes in % ownership held in subsidiaries or associates in the year.

Note 5: Cash and cash equivalents

	31 March 2020 $000	31 March 2019 $000
Cash and cash equivalents per balance sheet	**42,658**	62,394

Cash and cash equivalents include $4,000 thousand (2019: $4,000 thousand) that are restricted as to withdrawal or use under the terms of certain contractual agreements.

Note 6: Other 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. For more information about the Company's exposure to interest rate and foreign currency risk, see note 9.

	31 March 2020 $000	31 March 2019 $000
Loan notes	**124,227**	113,260
Interest payable	**903**	945
Non-current liabilities	**125,130**	114,205
Loan from associate/subsidiaries	**138,103**	106,525
Other Borrowings	**-**	-
Current liabilities	**138,103**	106,525

1 In 2015, we discontinued our relationship with ITyX Technology GmbH, the software platform for our AI Foundry business unit. The discontinuation of the relationship is subject to legal proceedings. The financial impact of the legal proceedings with ITyX was not material to the 2019 financial performance of the Company and although the financial impact going forward is unknown, it will not be material to the 2020 financial performance of the Company

Notes to the Company Financial Statements
(continued)

Note 7: Trade and other payables

	31 March 2020 $000	31 March 2019 $000
Trade payables	**378**	507
Amounts due to other Group undertakings	**88,037**	88,037
Non-trade payables and accrued expense	**6,782**	5,452
Current	**95,197**	93,996
Other payables	**75**	-
Non-current	**75**	-

Trade payables are non-interest bearing and are normally settled on 60 day terms (2019: 60 day terms).

Note 8: Capital and reserves

Share capital	31 March 2020 Number	31 March 2020 $000	31 March 2019 Number	31 March 2019 $000
Issued for cash ordinary shares of $1.00 each	**167,000**	**167,000**	167,000	167,000

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.

Dividends

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

Capital contribution reserve

On 7 April 2017 KPP2 released $575,347,642 of debt in consideration for the issue of 100 additional $1 ordinary shares with a share premium of $575,347,542. In addition, the Company reduced its share capital by extinguishing its share premium account above to create distributable reserves.

Other equity	Capital contribution reserve $000	Translation reserve $000	Retained deficit $000	Total other comprehensive income $000
1 April 2018	573,348	-	(583,116)	(9,768)
Other comprehensive profit	-	-	3,145	3,145
Total other equity at 31 March 2019	573,348	-	(579,971)	(6,623)
1 April 2019	573,348	-	(579,971)	(6,623)
Other comprehensive loss	-	-	(144,791)	(144,791)
Total other equity at 31 March 2020	**573,348**	**-**	**(724,762)**	**(151,414)**

Notes to the Company Financial Statements
(continued)

Note 9: Financial instruments

(a) Fair values of financial instruments

For financial instruments not held at fair value, the carrying value is deemed to be a reasonable approximation of fair value.

There are no significant derivative financial instruments at 31 March 2020 (2019: nil).

No financial instruments are carried at fair value under level 1 or level 3 of the hierarchy table.

	Level	Carrying amount 31 March 2020 $000	Fair value 31 March 2020 $000	Carrying amount 31 March 2019 $000	Fair value 31 March 2019 $000
Financial liabilities measured at amortised cost					
Tranche B CISX Listed Loan Notes Libor+7% Maturity 2028	2	**124,227**	**124,227**	113,260	113,260
Loans due to Group undertakings	2	**138,103**	**138,103**	106,525	106,525

(b) Credit risk

Financial risk management

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment cash held with financial institutions.

The Company has no receivables due from an external third party and hence has no external credit risk as at the reporting date.

The Company has the following types of financial assets that are subject to the expected credit loss model:

Credit quality of amount due from Group undertakings and impairment losses

	Gross 31 March 2020 $000	Impairment 31 March 2020 $000	Gross 31 March 2019 $000	Impairment 31 March 2019 $000
Amount due from Group undertakings	**256,887**	**(640)**	193,164	-

The impairment provision for amount due from Group undertaking as at 31 March 2020 reconciles to the opening provision as follows:

	31 March 2020 $000
At 31 March 2019	-
Increase in provision recognised in profit or loss during the year	(640)
At 31 March 2020	(640)

Notes to the Company Financial Statements
(continued)

(c) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Company's liquidity requirements are supported by both the Group's three year funding arrangement with its shareholder KPP2 which was successfully negotiated after the balance sheet date and the funding structures previously in place.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	Carrying amount $000	Contractual cash flows $000	1 year or less $000	1 to 2 years $000	2 to 5 years $000	5 years and over $000
31 March 2020						
Tranche B Loan notes	**124,227**	**252,423**	**-**	**-**	**-**	**252,423**
Loans due to Group undertakings	**138,103**	**138,103**	**138,103**	**-**	**-**	**-**
Interest payable (long-term)	**903**	**903**	**-**	**-**	**-**	**903**
31 March 2019						
Tranche B Loan notes	113,260	280,963	-	-	-	280,963
Loans due to Group undertakings	106,525	106,525	106,525	-	-	-
Interest payable (long-term)	945	945	-	-	-	945

(d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Foreign currency and interest rate risk

During the previous financial year, the Board approved a foreign exchange strategy and policy, which allows for a structured programme of selling long currencies to support the short USD position.

Market risk – Foreign currency risk

The exposure to foreign currency risk is as follows based on the carrying amount for monetary financial instruments:

	Sterling $000	Euro $000	US Dollar $000	Swiss Franc $000	Other $000	Total $000
31 March 2020						
Cash and cash equivalents	**20,186**	**2,959**	**19,200**	**-**	**313**	**42,658**
Investments in Group undertakings	**13,890**	**5,771**	**41,504**	**2,002**	**1,211**	**64,378**
Loans due to Group undertakings	**(156,638)**	**274,997**	**12,647**	**-**	**7,097**	**138,103**
Borrowings, including interest	**-**	**-**	**(125,130)**	**-**	**-**	**(125,130)**
Amounts due from Group undertakings	**65,332**	**3,487**	**167,936**	**-**	**19,492**	**256,247**
Trade payables	**(275)**	**(15)**	**(88)**	**-**	**-**	**(378)**
Amounts due to Group undertakings	**-**	**-**	**(88,037)**	**-**	**-**	**(88,037)**
31 March 2019						
Cash and cash equivalents	27,265	1,146	31,016	-	2,967	62,394
Investments in Group undertakings	13,890	5,772	165,187	2,002	1,217	188,068
Loans due to Group undertakings	(151,312)	234,248	17,457	-	6,132	106,525
Borrowings, including interest	-	-	(114,205)	-	-	(114,205)
Amounts due from Group undertakings	68,679	4,628	105,969	-	13,888	193,164
Trade payables	(494)	(4)	(9)	-	-	(507)
Amounts due to Group undertakings	-	-	(88,037)	-	-	(88,037)

Notes to the Company Financial Statements
(continued)

Sensitivity analysis:

A 10% percent strengthening of the following currencies against the USD at 31 March 2020 would have increased/(decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date. This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant:

	Equity at 31 March 2020 $000	**Profit or loss 12 months to 31 March 2020 $000**	**Equity at 31 March 2019 $000**	**Profit or loss 15 months 31 March 2019 $000**
Euro	-	**28,143**	-	24,117
Pound Sterling	-	**(7,140)**	-	(11,016)

A 10% percent weakening of the above currencies against the US dollar at 31 March 2020 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Market risk – Interest rate risk

See Note 24 of consolidated financial statements.

(e) Capital management

The Group's objectives when managing capital are to safeguard its solvency in order to provide optimal returns for the Company, and to maintain an efficient capital structure.

In doing so, the Group's strategy is to retain appropriate levels of liquidity headroom to ensure financial stability and flexibility. To achieve this strategy and maintain this position, the Group ensures a combination of short-term liquidity headroom with a long-term debt maturity profile. As at the balance sheet date the Group's average debt maturity profile was 8.3 years (2019: 9.3 years).

In order to maintain or realign the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares, or sell assets to reduce debt.

Note 10: Commitments

Capital commitments

There are no material capital commitments for the Company at 31 March 2020 (2019: nil).

Guarantees and indemnities

The Company has issued certain guarantees in respect of a number of third parties. The guarantees held on behalf of the Company by HSBC totals $1,000 thousand (2019: $2,000 thousand).

The Company has issued certain guarantees in relation to its subsidiaries. In line with our policy no amount was considered probable hence no contingent liabilities have been recorded.

Note 11: Contingencies

See note 27 of the consolidated financial statements (2019: nil).

Notes to the Company Financial Statements
(continued)

Note 12: Related parties

The Company had related party transactions with its directors, subsidiaries and ultimate parent. The disclosure of the directors' remuneration is reported under Note 7 of the consolidated financial statements – Directors' Remuneration. Details on the shareholding in the subsidiary companies is detailed in Note 4.

	Interest and royalty income $000	Interest and royalty expense $000	Amounts owed by related party $000	Amounts owed to related party $000
12 months to 31 March 2020				
Ultimate parent of the Group	**-**	**10,926**	**-**	**125,130**
Subsidiaries	**19,717**	**684**	**256,247**	**226,140**
Associates	**-**	**-**	**-**	**-**
	19,717	**11,610**	**256,247**	**351,270**
12 months to 31 March 2019				
Ultimate parent of the Group	-	10,262	-	114,205
Subsidiaries	17,128	745	193,164	194,562
Associates	-	-	-	-
	17,128	11,007	193,164	308,767

In addition to the transactions and balances shown in the above table, the Company has been charged $75 thousand (2019: $647 thousand) for professional services provided to the ultimate parent company by Ross Trustees Services Limited. Of the amount charged, $62 thousand was outstanding at 31 March 2020 (2019: $31 thousand). During the year the Group has been charged $17 thousand (2019: $12 thousand) by QinetiQ PLC for flight costs.

Note 13: Ultimate parent company

The Company is wholly and ultimately owned by KPP (no. 2) Trustees Limited (a company registered in England with registered number 8819827) in its capacity as trustee of the Kodak Pension Plan (no. 2) ("KPP2").

KPP2 has started moving into the Pension Protection Fund. The first stage of this process, the assessment period, began on 25 March 2019. During this assessment period, the Pension Protection Fund will assess KPP2's funding level and this work must be completed before KPP2 can transfer fully. At the end of the assessment period, currently understood to be in November 2020, KPP2's assets will transfer to the Pension Protection Fund.

Note 14: Subsequent events

See Note 30 of the consolidated financial statements.

Note 15: Accounting estimates and judgements

In addition to the accounting estimates and judgements included in Note 31 of the Group financial statements, which are also applicable to the Company financial statements, the following applies:

Key sources of estimation uncertainty

Impairment of Investments

Investments are carried at cost less accumulated impairment losses. Future impairment review calculations require the use of estimates related to the profitability and cash-generating ability of the subsidiary, the growth rate used for extrapolation purposes and the discount rate used in discounting these projected cash flows. Management have also exercised judgement in evaluating the impact of COVID-19 on those calculations and details of the key estimates are disclosed in note 4.

Five Year Financial Summary

Five Year Financial Summary (unaudited)

	12 months to 31 December 2015 $000	12 months to 31 December 2016 $000	3 months to 31 March 2017 $000	12 months to 31 March 2018 $000	15 months to 31 March 2018 $000	12 months to 31 March 2019 $000	12 months to 31 March 2020 $000
Revenue	931,182	812,912	138,608	697,116	835,724	656,089	628,147
Gross Profit	236,117	242,137	34,078	200,361	234,439	202,085	186,152
Gross Profit %	25.4%	29.8%	24.6%[1]	28.7%	28.1%	30.8%	29.6%
Operating Loss	(15,168)	(119,552)	(38,658)	(119,871)	(158,529)	(9,454)	(62,231)
Loss after tax	(83,499)	(183,981)	(54,500)	(137,401)	(191,901)	(39,654)	(90,770)
Adjusted EBITDA[2]	61,732	61,263	(21,864)	39,804	17,940	47,743	42,423
Working Capital[3]	114,930	112,886	95,049	80,435	80,435	86,824	79,494
Net Equity/(debt)[3]	(40,578)	(236,214)	(287,027)	157,232	157,232	110,039	15,934

1 Reduced trading period

2 Adjusted earnings before interest, tax, depreciation, amortisation and non-recurring items

3 Represents closing balances at period end

Kodak alaris

Annual Report & Accounts | 2020

Kodak Alaris UK Headquarters
Hemel One, Boundary Way
Hemel Hempstead, HP2 7YU
United Kingdom
Phone: +44 (0) 330123 0391

Kodak Alaris US Headquarters
336 Initiative Drive
Rochester, NY 14624
Phone: +1 888-242-2424
www.kodakalaris.com

Employee photo competition entry by PATTY SINGER