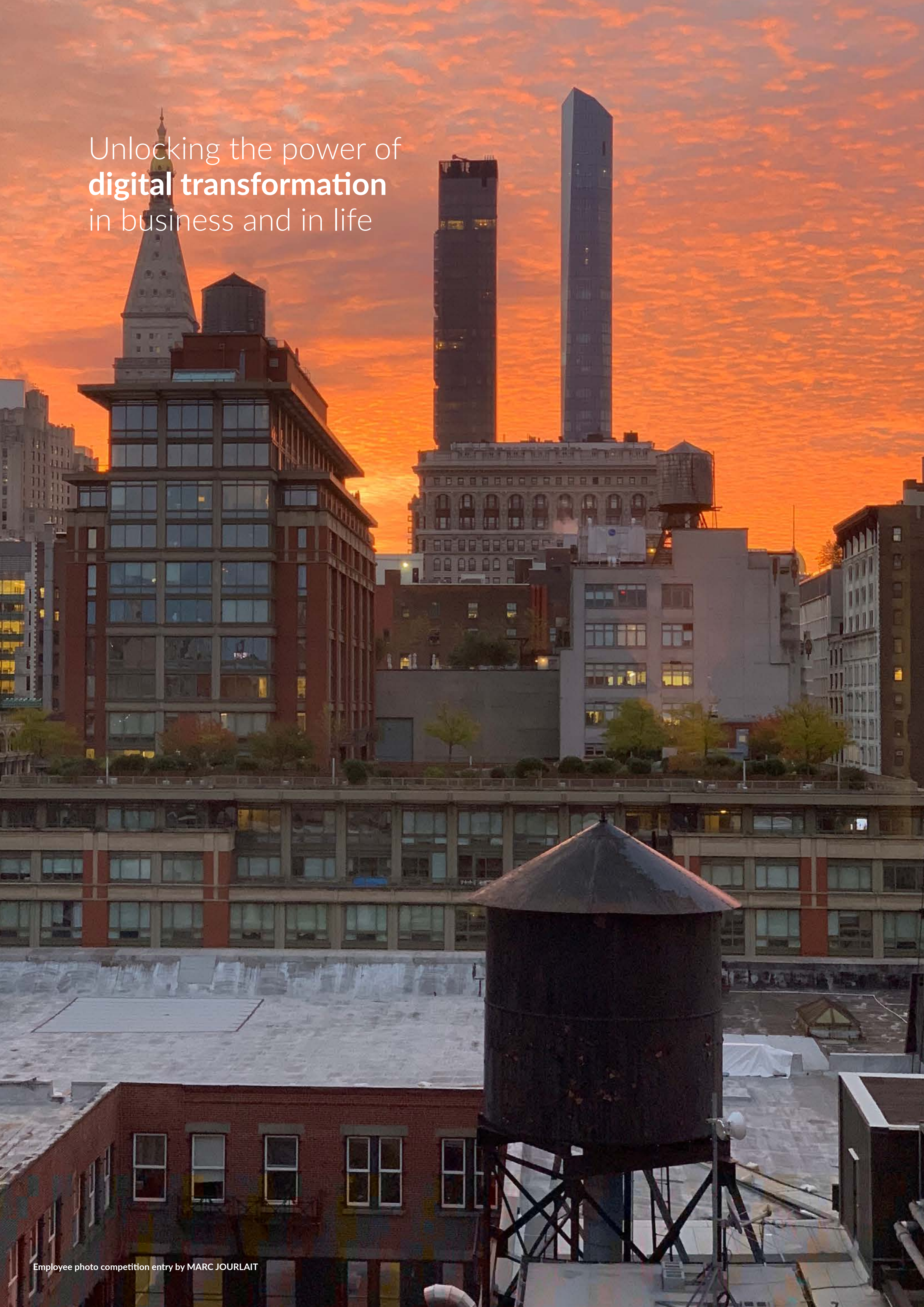
Kodak Alaris Holdings Limited

Stronger Together

Kodak alaris

Annual Report & Accounts | 2021



Unlocking the power of
digital transformation
in business and in life

Employee photo competition entry by MARC JOURLAIT

Contents

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

Highlights[1]

Employee photo competition entry by PATTY SINGER

- Kodak Alaris' main priority is the health and safety of all employees, their families, customers and other stakeholders. As such since the beginning of the COVID-19 pandemic the Group has implemented extremely effective protocols throughout the business to ensure we protect our workforce and teams.

- In September 2020, the Group successfully completed a three-year funding arrangement with its shareholder and has access to committed funding of up to $50m until September 2023. At the time of this report the facility remains undrawn.

- The closing cash balance of $79m represents a $10m inflow in year which includes a net receipt of $11m through resolution of the contingent purchase price agreement dispute with Eastman Kodak Company (EKC) and in the process securing an extension to film and specialty chemicals supplies. Net cash flows of $8m were generated from strategic divestments made during the year.

- In November 2020 ownership of the Group transferred from KPP (No. 2) Trustees Limited (KPP2) to The Board of the Pension Protection Fund (PPF). The Group's focus continues to be efficiently running and growing the core businesses, Alaris and Kodak Moments.

- The Group loss after tax for the year was reduced to $39m (2020: $91m) in a year that was extremely challenging due to the continuing impact from the pandemic on the Group's businesses.

- Two non-core businesses were disposed of during the year, the Paper, Photochemicals, Display and Software (PPDS) business was sold to Sino Promise Group and AI Foundry was sold to Guaranteed Rate.

- On a continuing basis, Group revenue of $419m (2020: $538m) reduced by 22% from the prior year due to the economic impacts of the pandemic. Immediate steps were taken from March 2020 to protect the business, profitability and cashflow through transformation activities, deferral of major investment decisions, cost reductions and taking advantage of global funding schemes. These prompt actions helped to shelter the adverse impact on earnings.

- Gross margins were increased to 31% (2020: 30%) through reduction of overall cost base, both on a permanent and one-off basis.

- The Group delivered an adjusted EBITDA[2] of $28m (2020: $42m) for the year, which after the divestment of the loss making PPDS business, represented an adjusted EBITDA of $34m (2020: $50m) on a continuing basis.

- The Group continued to invest in engineering on products and technologies investing $31m (2020: $48m) to maximise market opportunities for future growth.

- Kodak Moments have adapted rapidly and were innovative in their response to the impact on their customers from the challenges of COVID-19 restrictions in the retail market by enhancing existing technology to develop mobile capabilities for an in-store touch free customer experience.

- Alaris continued to drive the changes in its global go to market strategy, completed in four countries during the year, while sustaining product development plans through the pandemic and expanded its product range through launching new document capture products as well as software solutions.

1 Throughout the strategic report the FY20 and FY21 results have been presented including continuing and discontinued activities unless stated otherwise. See page 118 for the summary.
2 Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, impairment and non-recurring items and is referenced throughout the Strategic Report. See page 118 for the non-GAAP reconciliation.

Highlights (continued)

Revenue $m[1]

$446

2020: **$628** | 2019: **$656**

The 29% decline in revenue from the prior year reflects the disposal of the loss making PPDS business and the impact of the challenging market conditions in the first half of the year.

Includes a significant recovery in trading volumes through the latter part of the year.

Gross Profit (GP) $m[1]

$136

2020: **$186** | 2019: **$202**

Gross profit percentage of 31% increased by 1% from the prior year.

This reflected strong cost control, both on a permanent and one-off basis because of the volume reductions experienced in the first half of the year.

Adjusted EBITDA $m[2]

$28

2020: **$42** | 2019: **$48**

Adjusted EBITDA of $28m for FY21 despite a challenging market and continued economic uncertainty due to the COVID-19 pandemic. After the divestment of the loss making PPDS business, this represented an adjusted EBITDA of $34m on a continuing basis.

During the year the Group reduced discretionary spend and travel costs, implemented employee furlough arrangements or reduced work hours and took advantage of government schemes where available.

Loss After Tax $m[1]

($39)

2020: **($91)** | 2019: **($40)**

Loss for the year of $39m, a $52m decrease from prior year. Includes an $11m loss on disposal of PPDS and $11m related to the cumulative currency translation losses in Argentina.

FY20 loss included a $33m impairment charge of which $30m specifically related to the trading challenges which were forecast by Kodak Moments due to the global COVID-19 pandemic.

Net (Liabilities) / Assets $m

($8)

2020: **$16** | 2019: **$110**

The loss for the year of $39m included transfer of cumulative translation losses in respect of Argentina and Brazil of $11m and $3m respectively.

The Group had net liabilities for FY21 of $8m, which include $135m of Tranche B loan notes from the shareholder which do not mature until 31 August 2028.

Closing Cash $m

$79

2020: **$69** | 2019: **$100**

The Group ended the year with a significant cash balance having generated a $10m cash inflow from controlling costs and managing its working capital throughout the COVID-19 pandemic.

In addition, the dispute on the contingent purchase price agreement with EKC was resolved favourably for a net receipt of $11m. A further $8m of cash flows were generated from strategic divestments.

1 Includes continuing and discontinued operations, see page 118 for the summary.

2 Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, impairment and non-recurring items and is referenced throughout the Strategic Report. See page 118 for the non-GAAP reconciliation.

Chairman’s Statement

The Board of Kodak Alaris Holdings Limited is pleased to report its results for the year to 31 March 2021. These results reflect the total business performance of the Company and its subsidiaries, together referred to as the ‘Group.’

This has been my first year as first a Board member of the Company and then as Chairman of the Board of Kodak Alaris Holdings Limited. It has been an extraordinary and unprecedented period in which to learn about our business, its people and how it has responded and adapted to the various impacts of the global pandemic.

Despite these considerable challenges the last year has proved to be a year of significant activity and achievement across many areas of the business with important technology, product and customer successes combined with a continued focus on operating cost reductions. In addition to delivering important changes to our portfolio, through the completion of the sale of the PPDS and AI Foundry businesses, the management team developed and executed significant transformation programmes and resized itself to protect the Group as the full impact of the pandemic on our operations was revealed. In a number of locations the transformation activities have also included adjustments to our go to market model, to move to a distributor sales model to ensure we remain competitive and provide the best possible support to our customers.

Most importantly the Leadership and the Board of Kodak Alaris have remained steadfast in that their number one priority which was the protection of our teams, their families, and our customers that we engage with through this health crisis. The significant Health and Safety protocols developed and implemented in each country that we continue to operate in too were rapidly deployed and have proved extremely successful over the last 18 months of the pandemic.

The overall outcome for the year, as the financials demonstrate, is that our businesses experienced significant demand reductions at the start of the pandemic, with revenue on a continuing basis reducing by 22% compared to the prior year albeit operating profit, before accounting for discontinued operations, was essentially flat year over year and the Group generated a $10m cash inflow in the year to further strengthen the Group’s cash balance and liquidity position.

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 phases of the pandemic that have touched so many lives and businesses through 2020 and 2021.

This has been a particularly testing period for our businesses and our people to whom I, and the Board, owe our deepest gratitude for their significant contributions, sacrifices and achievements delivered over the last year. I and my Board colleagues feel extremely fortunate to have so many talented and dedicated people across our businesses.

Completion of the strategic review

The Board, with agreement of our new shareholder (PPF), concluded the strategic review at the end of the prior year 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, Run and Grow strategy for our two core businesses. These decisions were made to maximise value reflecting a deteriorating economic environment, uncertainty due to COVID-19, and a more challenging M&A environment whilst recognising the growth potential for the Alaris and Kodak Moments businesses. A significant effort was required to complete the two disposal transactions but the sale of both businesses were completed during 2020 with the net receipt of $6m[1] in disposal proceeds but also the opportunity to exit significant business risks and commence considerable business simplification.

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.

1 Additional proceeds of $2m were received from other strategic divestments.

Chairman's Statement (continued)

Impacts of the COVID-19 pandemic

The initial impacts of COVID-19 were severe across the globe in all societies and businesses. Kodak Alaris was not 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.

Our key priority on Health and Safety in the face of such a rapidly spreading virus has been well managed and will continue to be our number one priority and consideration as we move forward.

Like many businesses Kodak Alaris 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 additional procedures to ensure social distancing, health monitoring as advised by the WHO and other local regulators. 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 our sincere gratitude to a dedicated and resilient organisation.

At the date of this report we are well advanced for return to office and the implementation of "Hybrid Working" arrangements to be rolled out as local conditions allow.

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. 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.

After the Balance Sheet date

In the period since the balance sheet date we have continued to see an improving trend in trading volumes in both businesses. While this is extremely encouraging we remain cautious and vigilant to further risks and shocks as the pandemic continues to evolve in many parts of the world.

Leadership and Board changes

Mark Elliott, my predecessor as Chairman of Kodak Alaris, retired from the Chairmanship and the Board on 9 October 2020 after more than 6 years as our Chairman.

I would like to recognise Mark for the significant effort, time and contribution he made to the Group over his time with Kodak Alaris. His experience, insight and dedication to working with our shareholder, the Board and Executive Team enabled significant progress over many years.

I would also like to thank Mark personally for his assistance as I joined the Board in 2020 and then assumed the Chairman's role later that same year – he has made my transition to the Board seamless and aided in my rapid understanding of the situation and my initial priorities for which I am indebted to him.

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 FY21 with strong discipline in our capital allocation decisions while reflecting the increased uncertainties generated by the pandemic.

This remains the key operational focus for our leadership teams currently as we balance the continued importance of protecting our teams in this health crisis while also focusing on investments in our core businesses and adjacencies to progress competitiveness in our markets.

STRATEGIC REPORT

Chairman's Statement (continued)

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[1] - The Group generated revenues of $446m in the year to 31 March 2021 (2020: $628m). The Alaris and Kodak Moments businesses protected their market share positions through the downturn albeit experienced substantial demand reductions in the early phase, especially in the Kodak Moments business given the closure and restrictions in many retail outlets. The second half of the financial year experienced the start of recovery – which continues to the date of this report.

Adjusted EBITDA[2] – Reflects the underlying performance of the business excluding one-off non-recurring costs and benefits as well as adjusting for discontinued operations of the PPDS business sold in the year. For the year ended 31 March 2021 the Group delivered $28m of Adjusted EBITDA, a deterioration of $14m from FY20, due mainly to the margins associated with the volume reductions. The decline in underlying volumes and gross profit was substantially offset by aggressive cost reduction, implementation of furlough programmes in many countries, delayed investments and significant sacrifices by our loyal and dedicated employees.

Group loss[1] - Overall, the Group reported a loss after tax of $39m for the year (2020: $91m loss) which was after a total of $29m of non-recurring and impairment charges in the period. $22m of this related to loss on strategic divestments, $4m was costs incurred in relation to the strategic review and the $2m impairment related to the impact of COVID-19 delays on software product development costs in the Alaris business. During the year there were charges of $29m for depreciation and amortisation, a positive impact from foreign exchange rates of $8m, and a further $17m relating to financing and tax charges.

A detailed explanation of these areas in the Financial Performance Review on pages 21 to 24.

Cash and liquidity - Cash balances of $79m at the end of the year (2020: $69m) reflected strong management of working capital, a robust earnings performance given the macro environment. In addition, the Group retains access to a funding facility of up to $50m provided by its shareholder that was undrawn during the FY21 year. This continues to be in place, until September 2023, and has not been utilised in the period since the balance sheet date leaving the Group with considerable liquidity which the Board feels is more than sufficient to manage the uncertainty of the broader trading environment.

Dividends

While the Group's cash balance 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.

Chris Howell
Chairman of the Board
4 August 2021

1 Includes continuing and discontinued operations, see page 118 for the summary.

2 Earnings before non-recurring costs, interest, tax, depreciation and amortisation. See page 118 for the non-GAAP reconciliation.

STRATEGIC REPORT

Chief Executive's Letter

Like many businesses and industries, the last 18 months were one of the most challenging periods for our teams, customers, and the business to work through. I was fortunate to work with a group of amazingly dedicated, resilient, and highly talented people across Kodak Alaris that rose to the unexpected challenges time and again.

At a time of enormous disruption and facing such health and economic uncertainty our priorities became very simple – (i) to protect our teams and customers employees given the start of the health crisis and (ii) take all necessary steps to protect the business so that we were best positioned for when recovery commenced. In the toughest of years for Kodak Alaris our team delivered significant success across both these critical objectives.

I am very glad to report that Kodak Alaris has, to date, thankfully had very few infections within our global team, none of which were work place transmissions, and for those that were infected the symptoms proved modest and limited – thankfully we lost none of our colleagues to this terrible disease.

Our whole global team, led by our dedicated "COVID-19 Response" teams across our locations, should feel incredibly proud of the way they responded to ensure safety and protection protocols were rapidly established and implemented, not only for our own teams, but also their families and our customers employees, and the vast majority of our global locations successfully transitioned, to varying degrees, of remote working. The unrelenting focus on health and safety while supporting our customers and the business was very humbling to be part of and I send my total appreciation to all of the Kodak Alaris team for what they achieved through the last 18 months.

Despite a sharp reduction in trading volumes in the initial phases of lockdowns our leadership teams managed a rapid response to support our customers, manage cost, delay discretionary spend and investments and gain support from our important trading counterparties which all helped protect the Group's financial position through the year. Achieving this also required considerable support and sacrifice from our employees and I thank them all for their significant contribution to Kodak Alaris whilst also seeing impact on their own financial positions.

In the later phase of the year we experienced a number of impacts on our external supply chain and logistics networks as the second order effects of COVID-19 impacted key industries, especially in the electronics manufacturing sector, and increased costs. While these macro themes look set to continue for a good part of the year ahead the rapid response by the operations teams successfully mitigated the worst impact of these issues allowing the Company to continue to deliver on our commitments to customers through this period.

Overall, when our teams have been tested in the extreme, they delivered an exceptional outcome for the last year across our key priorities including supporting our important trading counterparties allowing us to meet and exceed our customer commitments.

Financials

FY21 revenue for the Group was $446[1]m (2020: $628m[1]) – a solid performance given the initial scale of the pandemic impacts and after reflecting the sale of two of our non-core operating businesses.

Adjusted EBITDA[2], before adjusting for the accounting presentation of discontinued operations, reflective of true operational performance of the Kodak Alaris businesses was similar to the prior year. This solid financial performance was despite a near 30%[1] revenue reduction across the year. The Group's profitability benefited from the strong control of operating margins, significant spend reduction in many areas and substantial reduction in operating costs because of rightsizing activities that saw the Group reduce headcount by more than 20% in the year, 6 percentage points of which were as a result of the sale of the PPDS and AI Foundry businesses.

The decline in underlying volumes and gross profit was substantially offset by aggressive cost management, implementation of furlough programmes in many countries, delayed investments, and significant sacrifices by our loyal and dedicated employees – to which I offer my sincere gratitude for your enduring support.

1 Includes continuing and discontinued operations, see page 118 for the summary.

2 Earnings before non-recurring costs, interest, tax, depreciation and amortisation. See page 118 for the non-GAAP reconciliation.

Chief Executive's Letter (continued)

The Group cash position ended at $79m (2020: $69m) which included working capital benefits and net proceeds of $8m from strategic divestments made during the year. Operational cash performance was strong thanks to solid earnings, disciplined inventory and working capital management, and diligent credit management across our global customer base.

It is clear that the courage and rapid actions of our team ensured these successful achievements and now leave the Group in a stronger operating position today than that when we entered the pandemic with an improved cash balance and liquidity position and having adapted the cost base to better protect the business from future shocks.

Strategy – Mission, Vision and Values

Our **Mission** at Kodak Alaris remains unchanged and our teams lived up to it and delivered on it in FY21: to transform and maximise the profitability of the portfolio of our two 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 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

These all continue to be underpinned by four foundational strategic pillars that drive our action plans, priorities and investments – including in the year ahead: **People and Talent, Growth, Transformation and Financials.**

People and Talent

In what has been a remarkable year our employees delivered a strong operational performance across all areas of the business and all regions.

As the global effects of the recent COVID-19 pandemic became apparent our teams showed flexibility and willingness to adapt quickly to the changing working environment to support their customers, their colleagues and our business and I thank all of our global team for their many selfless sacrifices they made through this period to make the year successful despite the extreme challenges and uncertainties.

During the year we completed the previously announced sale of two of our non-core businesses, PPDS and AI Foundry. We were sad to see some long-time colleagues leave the Kodak Alaris family, and want to thank all 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. In addition, we lost several colleagues during the year as our transformation and simplification programmes led to several changes in our regions and corporate functions and thank them and wish them all well for the future.

Despite the challenges of long periods of lock down and as a result "Remote Working" for many of our colleagues we have continued our focus on developing our talent through training and development programmes in the year. We also increased our focus on driving a more diverse and inclusive employee base across the Company with the establishment of Diversity and Inclusion programmes including a series of events. This included celebrating International Women's Day on 8th March and more recently a month of events and forums to inform, educate, celebrate, and support the LGBTQ+ community as part of Pride Month in June 2021.

Chief Executive's Letter (continued)

We have continued to support and encourage participation in our Group sponsored corporate social responsibility activities. We have seen true generosity and caring within our team for those in our societies less fortunate than ourselves, through engagement within the communities we live and work in – a real demonstration of the values we set for ourself across the Group.

Each year, Kodak Alaris runs a photo competition for our global employees. Sadly, that was not possible last year. However, that will return in 2021 and I look forward to witnessing 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 of our colleagues involved and for allowing us to use some of their wonderful "Kodak Moments" in this year's Report and Accounts.

Growth

Focusing on each business, the benefit and balance provided by a diverse portfolio clearly helped us on in the short term and provide long term opportunities for the Group:

- Our **Alaris** document scanner business delivered an extremely robust year in the context of the pandemic and lock downs with revenue down 15%, mainly due to lower product deliveries in all regions. While the initial period slowed product deliveries, we saw an encouraging recovery through the second half of the year with Q3 and Q4 almost back to pre-pandemic trading levels – with the trend continuing into the current year. Services activities remained extremely stable and robust running above 90% of pre-COVID levels throughout the year demonstrating the value our customers gain from having these service and support arrangements with our talent team of global field engineers.

- Our retail photo kiosk **Kodak Moments** business managed a challenging period exceptionally well. Revenue was down 27% as the consequences of the global lockdown had a direct impact on our global retail partners limiting customers' ability to access our global fleet or more than 100,000 touchpoints and kiosks. We saw a marked improvement as we went through the second half of the year and very encouraging signals of strong demand from our loyal customers and confidence from our retail partners. We experienced weaker equipment and consumable sales across all regions, whilst film revenues outperformed the prior (pre-COVID) year due to sustained demand and price increases.

- Despite the short term challenges that afflicted all businesses and industries through the last 18 months we remain confident of growth opportunities across Kodak Alaris in both our core portfolio as well as in closely aligned adjacencies where we will deploy our technology, customer and market expertise. These opportunities are the focus of our ongoing investment in innovation and technology development to ensure we are well positioned to exploit these growth options.

Transformation

While the pandemic has caused much disruption in society and the global economy I am glad that the energy, focus and dedication from our teams to simplify, improve efficiency (for our customers and our teams), test every aspect of our of business operations, processes and cost base continued through the last year. This culture of continued improvement is embedded in our business and our teams from innovation to customer first through to operations and the back-office support activities and we saw strong progress across many areas of the Group. Notable achievements included exiting surplus property, changes to our go to market structure in some locations, adapting rapidly to the reality of remote working and hence full adoption of software tools (internally and with trading and commercial partners) as well as simplifying how we organise ourselves across business lines and countries.

This journey continues and as we expect to get back to more normal operating environment in the next 12 months we would anticipate that changes in the way of working, including substantial "remote" working, will continue to offer great opportunities for us to be much more productive as we move forward and improve the way we serve our customers.

Financial outlook and risks

The external environment is improving in some parts of the world and after a year of such significant transformation, portfolio repositioning and resizing the business is well positioned to benefit from continued recovery in our markets and demand. However, there remains considerable uncertainty about the exact timing and extent of the

Chief Executive's Letter (continued)

recovery. The Board expects to see good improvements in profitability and earnings in the current year but is also confident that the business will be responsive when necessary, to ensure this is a further year of progress 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 as well as managing the economic impacts of the pandemic. This includes specifically cost and cash management, while increasing our focus on delivering on our significant potential for growth in our chosen markets.

Mark Alflatt
Chief Executive Officer
4 August 2021

Business Review

Kodak alaris

Kodak Alaris is combining imaging science and digital transformation to bring simple solutions to our customers.

Kodak Alaris is a global technology company that's delivering future value through customer solutions. Our advanced, patented intellectual property combines breakthrough technologies, digital transformation, and human know-how to unlock the power of images and information. We enable businesses to run faster, governments to run smarter by turning data in to powerful, actionable insights and provide consumers innovative solutions to preserve and enjoy their most cherished memories.

We are UK owned, with a global reach, supporting customers in more than 100 countries. Our major office locations are in US, UK, Germany, Mexico, and China. Our legacy is rich: born from one of the world's most iconic brands, we have a strong heritage in innovation, and a sharp focus on bringing technology to market. Our future is powered by our employees' creativity.

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. The Group was formally transferred from KPP2 to The Board of the Pension Protection Fund (PPF) on 10 November 2020.

In July 2020, AI Foundry (AIF) was sold to Guaranteed Rate one of its largest and fastest growing participants in the US digital mortgage market. In addition, the PPDS business was sold to Sino Promise Group on 1 November 2020. Having completed these divestitures, the Board and our shareholder are aligned that the right approach to maximising value is to retain, run and grow the two remaining core businesses of Kodak Moments and Alaris.

What our businesses do

Kodak Moments

Kodak Moments is a leading global provider of photo products and services to retailers, consumers, and entertainment properties. We inspire consumers to bring their memories to life--delivering innovative, high-quality photo products and experiences they find truly meaningful. Powered by over 100,000 consumer touchpoints across 30 countries globally, it's our mission to be the brand consumers choose to celebrate and preserve life's memories, from the big events to the everyday moments that matter. From 1 April 2020 Kodak Moments has managed the film business as a separate product line.

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 is available worldwide, and through our network of channel partners.

Business Review
Kodak Moments

Kodak Moments inspires customers to capture and share the joy they experience in every day.

Over the past year, we've invited our audience to create and share their cherished memories with loved ones, near and far.

By providing new and creative ways to stay connected, we continue to celebrate the moments that matter most.

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 year of continued investment in global retailer photo offerings while simultaneously managing the challenges of the global pandemic. We've maintained financial sustainability through a disciplined approach to expansion and a continued 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 FY21, 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, contributing to our channel expansion strategy.

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 US 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 US and through our strategic partner in Germany. Kodak Moments thermal paper products are certified under the internationally recognised Forest Stewardship Council® (FSC) Chain of Custody (CoC) standard.

Business Review (continued)

Kodak Moments

Industry dynamics

Kodak Moments' market participation is based on the overall global photo output market, which was valued at $18bn in 2020, split between the prints market at $11bn and photo merchandise (e.g. home decor, photo books, cards and mugs) at $7bn. Customer access shifted to different degrees globally to online purchases, including buy-online-pick-up-in-store, in 2020 due to the global pandemic and its impact on retail. The market is expected to improve in 2021 for physical store based retailers as retail opens up and more picture-taking events and activities resume.

Research firm eMarketer[1] estimated that ecommerce grew 32% year-over-year in 2020, which was nearly double the expected growth rate. Growth will slow down slightly in 2021, though ecommerce will continue to exhibit double-digit growth year-on-year. The momentum towards ecommerce is expected to endure, but instore retail will experience a rebound in 2021. Thus, the industry's focus continues to be the development of the omnichannel strategy.

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 2019, the latest available information.

Key achievements

During the global coronavirus pandemic, providing a safe consumer shopping experience was critical to instilling in-person shopping confidence. Offering a photo printing solution that alleviated touch screen anxieties became a key priority.

Kodak Moments product and development teams rapidly iterated touch-free options drawing from the mobile-first capabilities developed over the past couple of years. The final feature technology allowed consumers to scan a QR code on the kiosk screen and go through the ordering process on their mobile device. The retailer then handled payment as usual, or payment information was entered on the mobile device to release the order at the kiosk.

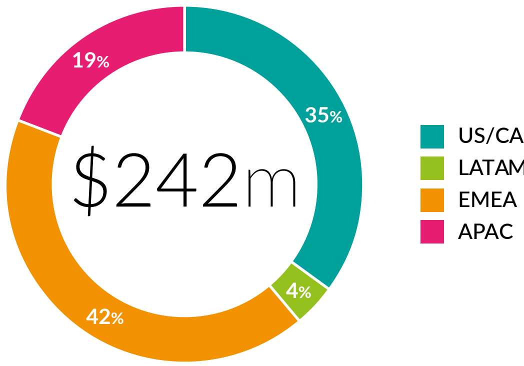
The new feature required a simple remote retrofit to existing retail kiosk software. The Kodak Moments To Go solutions located in various grocery outlets across the US received the first touch-free deployments prior to the holiday shopping period. The touch-free solution continues to be available to all retailers to deploy as part of their on-going COVID-19 upgrades or as a standard in-store photo printing option with several trials under discussion.

Film products

Kodak Moments successfully integrated the Film business in FY21 ensuring we remain the market leader in providing consumer and professional photographic film and one-time-use cameras for traditional silver halide image capture. The continued resurgence of interest in film photography in combination with selective price increases ensured that revenue exceeded the previous fiscal year.

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 2021
(2020: US/Can 35%, LATAM 7%, EMEA 41%, APAC 17%,)

Kodak Moments generated revenue from continuing operations of $242m[2] for the year to 31 March 2021, a reduction of 27% compared to the prior year (for the year to 31 March 2020: $331m[2]). This excludes discontinued Brazil operations of $1m (for the year to 31 March 2020: $6m). The revenue decline has been primarily driven by the global impact of the COVID-19 pandemic and resultant lockdowns, leading to extended periods of store and kiosk closures.

1 eMarketer, Jan 2021.
2 Results from film capture product sales are reported in Kodak Moments and results from discontinued operations in Brazil are excluded. The comparative balances have been restated.

Business Review (continued)

Kodak Moments

Equipment and consumable sales were lower across all regions, whilst Film revenues outperformed prior year due to sustained demand and price increases.

Gross profit for the year to 31 March 2021 amounted to $62m[1], representing a decline of 35% year-over-year largely due to COVID-19 related volume reductions (for the year to 31 March 2020: $95m[1]). Significant cost-saving and restructuring initiatives were implemented to mitigate the impact where possible.

Future outlook

We operate in a competitive market that includes the challenge of retail transformation. Our focus for FY22 is to enable the expected post pandemic business growth by continuing our innovation investment and providing outstanding customer service. Our consistent areas of focus include: 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 continue to have an impact on the retail photo printing market particularly in the short term as it recovers from the economic downturn. However, Kodak Moments is well placed in this recovery, with a strong and resilient portfolio of key retail customers. 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.

1 Results from film capture product sales are reported in Kodak Moments and results from discontinued operations in Brazil are excluded. The comparative balances have been restated.

Employee photo competition entry by STUART EVANS

Business Review
Alaris

a Kodak Alaris business

The Alaris business of Kodak 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 is available worldwide, and through our network of channel partners.

Business overview

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

The Alaris business is uniquely differentiated through its industry leading image science technology. Its innovative Perfect Page technology enables businesses to increase accuracy while reducing the time required to extract important business information. It 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.

Brand repositioning

In FY21, the Alaris business returned to using "Kodak Alaris" as its brand, which included rebranding all "Alaris" scanners and software to the "Kodak" brand. As evidenced by Kodak Alaris' ever-increasing collection of awards, all products and services in the portfolio are engineered with the same unwavering commitment to productivity, reliability, and quality that customers and partners have relied on for decades.

Industry dynamics

Kodak Alaris, like most companies, spent FY21 navigating the uncertainties of the COVID-19 pandemic. The pandemic had varying impact on Kodak Alaris's key industries. Healthcare, government, and business process outsourcing companies (BPOs), as an example, faced significant challenges during the early stages of the pandemic, but as anticipated have strong signs of recovery.

The pandemic has increased the need for flexibility and scalability. Process/workflow automation has accelerated the shift from scan-to-repository to scan-to-workflow. This has led to a transition to document capture at the edge of business processes and increased adoption of cloud solutions. Alaris is positioned to take advantage of these trends through our INfuse smart connected scanner, innovative software such as Capture Pro and Info Input, and growing portfolio of network capable scanners. Alaris's leading Perfect Page technology is another advantage since the usability of information begins with the critical first step of capture and a high-quality image is paramount.

International standards continued to gain in importance in FY21. As digitisation needs grow, so does the need for standards in areas such as quality and security. Achieving standards around quality like the US Federal Agencies Digital Guidelines Initiative (FADGI) and Metamorfoze in the Netherlands became more prominent requirements for image capture projects. Elements of the TR Resiscan security guideline are also emerging as standards for the public sector in Germany. China has been rapidly adopting Trusted Computing standards. The adoption of these established standards as well as the proliferation of new standards are expected to accelerate in line with the rapid pace of digital transformation efforts.

Market revenues for global production capture scanners were down 12% in FY21 driven primarily due to the impact of the pandemic. However, a large portion of capture projects that were delayed or cancelled are expected to resume in FY22. Large scale conversion projects and growth in areas such as the digital mailroom are expected to drive recovery of production capture scanners. Market revenues for global distributed capture scanners were down 9% in FY21. The distributed capture market proved to be more resilient due to the impact of remote work and the need to support the small office/home office (SOHO) segment. Our FY21 global share during this environment was 23% in production capture and 6% in distributed capture.

Business Review (continued)

Alaris

a Kodak Alaris business

Go to market changes

During the year Alaris has changed its go to market model to an export distribution model for product sales in Argentina, Brazil, Belgium and the Netherlands consistent with the way it operates in many other countries today. By taking these actions, the Group structure can be optimised and complexity reduced while maintaining our global reach. Alaris successfully sells to customers in over 100 countries today under a similar model.

Awards

The market leading Alaris business continues to win industry accolades for its innovative product and service offerings, capturing the Keypoint Intelligence - BLI Scanner Line of the Year[1] award for the fifth time in the last six years. Alaris also won the coveted BLI Winter Pick[1] award in two categories: Outstanding Departmental Scanner for the Kodak S3000 Series and Outstanding Distributed Capture and Workflow Optimisation Solution for Kodak Info Input Solution. The significance of these awards cannot be overstated. Keypoint Intelligence is the world's leading independent evaluator of document imaging hardware, software, and services. Kodak Alaris has won more awards than any other scanner manufacturer in the testing lab's 60-year history.

Industry analysts and influencers also lauded the INfuse Smart Connected Scanning Solution from Kodak Alaris. UK-based PrintIT Reseller magazine recognised the INfuse Solution with its Scanner of the Year[2] award. And US-based KMWorld included INfuse on its list of Trend-Setting Products of 2020[3].

Product launches

Alaris expanded its document capture portfolio with the launch of a new line of low-volume production scanners and a refresh of its web-based capture software. Built for today and ready for tomorrow, the new scanners and software are scalable to meet rapidly changing business requirements as organisations increase their focus on digital transformation.

Based on the award-winning i2900 and i3000 Series Scanners, the new Kodak S2085f and S3000 Series are faster and more powerful while offering network connectivity and a better user experience. New models include the 85 page per minute (ppm) Kodak S2085f Scanner (A4 paper size) and the 100 ppm Kodak S3100f Scanner (A3 paper size).

Alaris also launched Kodak Info Input Solution v6. The web-based and mobile application enables faster capture and access to information at the office or remotely. Info Input Solution now offers advanced document classification and separation, which reduces the need for document preparation. For example, a BPO or scanning service bureau can load multiple document types in the feeder and Info Input will separate, classify, and extract data without the need for barcodes or patch sheets. This capability helps BPOs expand their offerings by enabling true self-service to customers for a fee.

Alaris enhanced its award-winning INfuse Smart Connected Scanning Solution adding Windows Server 2019 support to the INfuse infrastructure, introducing three new flatbed accessories and is now offering a card reader accessory in response to customer demand for access control and user authentication.

The INfuse updates are designed to drive further adoption of 'edge capture,' which involves scanning at the edge of a business process where documents enter an organisation. Workers at a bank branch, a shipping & receiving dock, or remote workers scanning documents at home can benefit greatly from edge capture to quickly get information from paper and into a business process. Edge capture saves money, enables faster turnaround times, and ensures better adherence to data privacy requirements.

Alaris expanded its remote service offerings with additional monitoring tools that deliver cloud-based device management and optimise scanner performance. The new MPS Capture Agent, Scanner Manager and Scanner Finder Tool from Alaris enable channel partners to deliver added customer value by allowing scanners from Kodak Alaris to be seamlessly integrated into device monitoring solutions for smarter reporting and management. By leveraging these new capabilities, Alaris partners will be able to optimise customers' document capture infrastructures as easily as printer fleets, achieve visibility over all imaging costs, reduce the cost to provide service, and expand their business opportunities.

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 PrintIT Awards 2020: "Winners" and "Highly Recommended" Announced, February 2021.

3 KMWorld Trend-Setting Products of 2020, September 2020.

Business Review (continued)

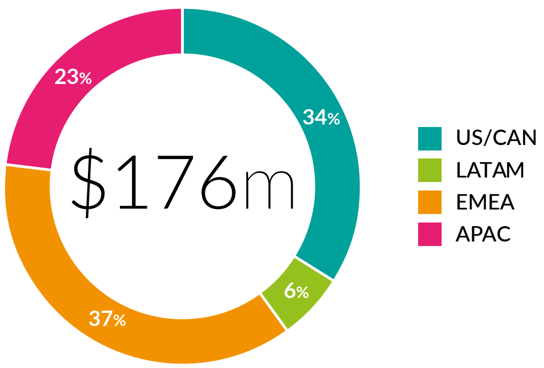
Alaris

a Kodak Alaris business

In related product updates, in April 2020, the High Precision Imaging programme was cancelled. As we progressed development, it became apparent that in order to resolve programme technical challenges, our offering would be forced to move closer into the domain of incumbent solutions. Considering these challenges, the length of path to resolution, and the related return in the marketplace, the overall increased risk of programme did not support further investment.

Alaris financials

Alaris generated revenues from continuing operations of $176m[1] for the year to 31 March 2021, a reduction of 15% compared to the prior year (for the year to 31 March 2020: $207m[1]), driven predominantly by the industry wide market slow down caused by the COVID-19 pandemic. This excludes revenue from discontinued Brazil operations of $2m (for the year to 31 March 2020: $6m).



Revenue by region for 12 months to 31 March 2021
(2020: US/Can 33%, LATAM 6%, EMEA 37%, APAC 24%)

Gross profit for the year to 31 March 2021 amounted to $78m[1], representing a decline of 15% year-over-year (for the year to 31 March 2020: $92m[1]). Gross profit, as a % of sales improved slightly from 43% to 44% compared to the prior year, a result of internal cost control measures and favourable product mix.

Future outlook

In many parts of the world, the image capture marketplace is progressing from a focus on digitisation to one of automation. Market consolidation and manufacturer retrenchment is changing the competitive landscape. In FY22, we plan to support this evolution by continuing to provide our traditional scanners, software and services offerings to the vertical markets where we've performed strongly including logistics, finance, government, healthcare and Business Process Outsourcing - all of which we expect to remain strong as the marketplace recovers post COVID-19 pandemic. We plan to expand our reach by bringing to market new versions of our award-winning production capture and distributed capture scanners and software solutions; through continued innovation within the cloud-based connected software and solutions space; by forming and building new partnerships; and enhancing the Company's skills in software solutions and professional services to support these initiatives.

1 Results from discontinued operations in Brazil are excluded and the comparative balances have been restated.


Employee photo competition entry by JILL BRAMLEY

Financial Performance Review

This has been a significant year of change for Kodak Alaris, with the Group focused on implementing the strategy discussed in the prior year report, to retain, run and grow the Alaris and Kodak Moments businesses. The Group has successfully disposed of the two smaller/non-core PPDS & AI Foundry businesses during the year. This was achieved while successfully navigating the uncertainty due to the COVID-19 pandemic which impacted the Group's trading results and also the challenge of many parts of our global team working remotely for the majority of the year.

The key trading objectives for the year were to protect the Group's cash and liquidity position and manage the economic impacts of the pandemic which were both successfully achieved. The Group ended the year with a cash balance of $79m, representing a $10m inflow, which includes a net receipt of $11m through resolution of the contingent purchase price agreement dispute with Eastman Kodak Company (EKC) and net proceeds of $8m from strategic divestments made during the year. Through effective cost management the Group delivered an Adjusted EBITDA[1] of $28m[2] (2020: $42m[2]) for the year ended 31 March 2021, which after the divestment of the loss making PPDS business, represented an adjusted EBITDA of $34m (2020: $50m) on a continuing basis.

In September 2020, the Group successfully completed a three-year funding arrangement with its shareholder and has access to committed funding of up to $50m until September 2023. At the time of this report the facility remains undrawn.

The 29%[2] decline in revenue from the prior year partly reflects the disposal of the loss making PPDS business in the year. On a continuing basis, revenue to 31 March 2021 of $419m was 22% down on the prior year including a significant recovery of trading through the latter part of the year. Kodak Moments specifically experienced significant trading volatility and as a result, revenue declined by $94m[2] (28%) for the year (of which $5m related to Brazil) in line with the severe impact of the pandemic on the in-store retail environment.

Despite the challenging economic environment, Gross Margin percentage for the year increased to 31%[2] (2020: 30%[2]) through reduction of overall cost base, both on a permanent and one-off basis.

Gross profit for the Group was $136m[2], a decline of $50m on the previous year (2020: $186m[2]) largely because of the volume reductions experienced due to the overall market challenges.

As a means of managing cash given the reduced revenue streams, the Group took action to align its cost base with volumes. The Group has reduced its overall cost base, both on a permanent and one-off basis to reflect the current trading conditions. Adjusted costs[3] of $109m[2] are $35m lower than for the year ended 31 March 2020 and a significant amount of this relates to cost reduction measures such as utilising furlough arrangements where appropriate and reducing employee benefits whilst also accessing a number of funding schemes globally. The Group will continue to monitor cost base and simplify business processes as part of its transformation activities.

The Group continued to invest in engineering on future products and technologies investing $31m (2020: $48m[2]) to maximise market opportunities. The majority of investment related to software supporting in-store systems and out of store solutions in Kodak Moments and Infuse development in Alaris.

During the year the Group incurred non-recurring costs of $27m[2] (2020: $16m) mainly in relation to the transformation activities and programme to rationalise the Group's legal entity footprint. The change of go to market model has been completed in four countries during the year and three legal entities have been sold.

1 Earnings before non-recurring costs, interest, tax, depreciation and amortisation, see page 118 for the non-GAAP reconciliation.

2 Includes continuing and discontinued operations, see page 118 for the summary.

3 Adjusted costs represent the difference between gross profit and the adjusted EBITDA.

Financial Performance Review (continued)

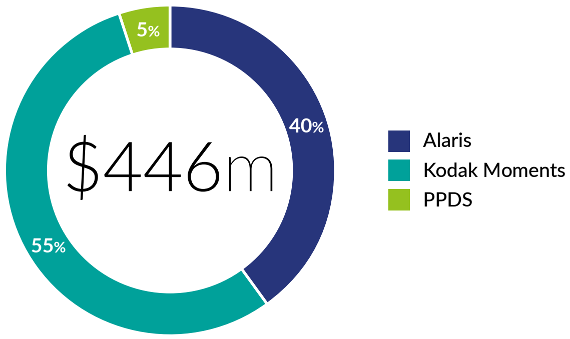
Extracts from consolidated balance sheet and five year financial summary[1]

$m	Year to 31 March 2021	Year to 31 March 2020
Revenue	446	628
Gross Profit	136	186
Gross Profit %	31%	30%
Adjusted Costs[2]	(109)	(144)
Adjusted EBITDA[3]	28	42
Closing Cash	79	69
Net Working Capital	72	79
Net (Liabilities) / Assets	(8)	16
Net Loss	(39)	(91)

Revenue - the Group generated revenue of $446m[1] for the year to 31 March 2021, a reduction of $182m (29%) compared with $628m[1] for the year to 31 March 2020. This decline partly reflects the disposal of the loss making PPDS business in the year and on a continuing basis, revenue to 31 March 2021 of $419m (2020: $538m) was 22% down on the prior year. From 1 April 2020 the film capture business has been managed as a separate product line within Kodak Moments and revenue for the comparative year has been represented accordingly.

On a continuing basis Alaris revenue declined by $31m (15%) due to the slowdown in economic activity and lockdowns from the pandemic although service revenue has been more resilient and only declined by 6%. A further $4m reduction relates to Brazil operations which are reported as discontinued activities.

Kodak Moments has experienced significant trading volatility and on a continuing basis revenue declined by $89m (27%) for the year in line with the severe impact of the pandemic on the in-store retail environment. Importantly the key holiday season did not experience significant lockdown restrictions. A further $5m reduction relates to Brazil operations which are reported as discontinued activities. Film revenue increased by $8m (12%) partially through price increases, but also from the resurgence in use of film by photography enthusiasts.



Revenue by business for year ended 31 March 2021[4]
(2020: Alaris 34%, KM 54%, PPDS 12%)

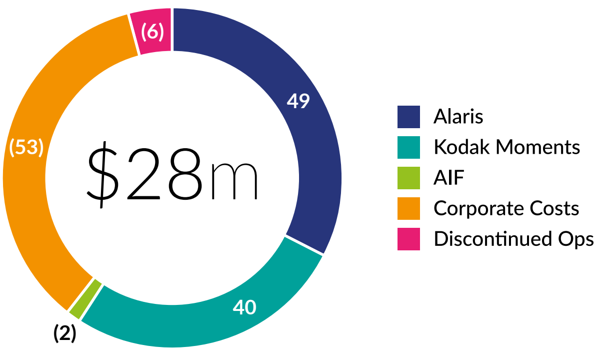
Engineering – Engineering investment during the year has been delayed by lockdown restrictions due to COVID-19 particularly in relation to the retail outlets supported by Kodak Moments. The Group continued to invest $31m (2020: $48m[1]) in future products and technologies with $8m (2020: $11m) being capitalised into intangible assets reflecting investment in new products and future product streams and $23m (2020: $37m[1]) being expensed to the income statement as either R&D or cost of sales.

1 Includes continuing and discontinued operations, see page 118 for the summary.
2 Adjusted costs represent the difference between gross profit and the adjusted EBITDA.
3 Earnings before non-recurring costs, interest, tax, depreciation and amortisation, see page 118 for the non-GAAP reconciliation.
4 Results from film capture product sales are reported in Kodak Moments and the comparative balances have been restated.

Financial Performance Review (continued)

Adjusted EBITDA[1] – The Group delivered adjusted EBITDA of $28m[2] (2020: $42m[2]) for the year which although significantly lower than the prior year, exceeded the expectations set by the Board in a challenging market given the continuing economic impacts of the COVID-19 pandemic. Discontinued operations comprise the entire impact of the disposal of Brazil and the wider PPDS business. The Brazil companies results include PPDS trading and manufacturing operations in Manaus as well as less significant amounts from trading by the Alaris and Kodak Moments businesses. On a continuing basis, the Group generated an adjusted EBITDA of $34m (2020: $50m).

This has been achieved through maintaining margins in mature markets while continuing to lower the Group's cost base. With the reduced trading due to the COVID-19 pandemic, the Group took significant steps to protect the business through reduced discretionary spend and travel costs, implemented employee furlough arrangements or reduced work hours and took advantage of government schemes where available, with adjusted costs[3] amounting to $109m[2] (2020: $144m[2]).



Adjusted EBITDA by business for year ended 31 March 2021[4]
(2020: Alaris $50m, KM $65m, PPDS ($6m), AIF ($9m), Corporate ($58m))

Non-recurring items - the Group incurred non-recurring costs during the year of $27m[2] (2020: $16m), of which $11m (2020: nil) related to the loss on disposal of the PPDS business and $11m (2020: nil) to the change of go to market model for Alaris and Kodak Moments operations, principally the transfer of cumulative translation losses in Argentina. Restructuring costs amounted to $3m (2020: nil) as a result of severance costs and fees associated with the legal entity footprint rationalisation and resizing programmes. In the year, the Group took advantage of various government grants and COVID-19 assistance schemes in several countries generating receipts of $3m (2020: nil). The Group also incurred $4m (2020: $13m) of costs associated with professional advisors and internal staff costs relating to the business transformation. Additionally, $1m (2020: $1m) related to the ongoing litigation costs arising from the discontinuation of the relationship with ITyX Technology GmbH.

Gain/Loss on disposal of fixed assets – there was a net gain on disposal of fixed assets in the year to 31 March 2021 of $1m (2020: loss of $1m).

Impairment[2] – the carrying value of goodwill and intangible assets that have indefinite useful lives is tested for impairment annually and no impairment was indicated for the year (2020: $37m). An impairment charge of $2m (2020: nil) has been incurred on several Alaris software product development costs due to delays caused by the pandemic. In the previous year, an impairment charge of $33m was recorded for Kodak Moments due to the in-store retail environment for its products being severely impacted by the pandemic. No similar impairment is required for Kodak Moments for the year.

Interest expense – interest expense amounted to $13m (2020: $13m). Most of this expense relates to long-term Loan Notes which are due for settlement in 2028. Interest is satisfied by means of a transfer of new notes to the loan note holder. The charge to the income statement for the year decreased slightly compared to the prior year due to the reduction in the interest rate.

Tax - tax expense was $5m for the year ended 31 March 2021 (2020: $11m), which is split into both current and deferred tax and is 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. The significant reduction in tax charge arises from the lower trading volumes and the result of implementing changes in the go to market strategy in the year.

1 Earnings before non-recurring costs, interest, tax, depreciation and amortisation, see page 118 for the non-GAAP reconciliation.

2 Includes continuing and discontinued operations, see page 118 for the summary.

3 Adjusted costs represent the difference between gross profit and the adjusted EBITDA.

4 Results from film capture product sales are reported in Kodak Moments and the comparative balances have been restated.

Financial Performance Review (continued)

Loss after tax[1] - the Group reported a loss after tax and interest of $39m for the year to 31 March 2021 (2020: $91m loss). This includes foreign exchange gains of $8m (2020: losses $5m), $31m (2020: $88m) of depreciation, amortisation, loss on disposal and impairment as well as net non-recurring items of $27m (2020: $16m).

Funding arrangements – in addition to the loan notes above, the Group successfully negotiated a three-year funding arrangement with its shareholder and has access to committed funding of up to $50m until September 2023. Borrowing is limited based on a formula of available obligor collateral and is subject to compliance with the corresponding financial covenants. As of 31 March 2021, the Group had not drawn on this available facility and has complied with the financial covenants.

Net working capital[2] – was $72m at 31 March 2021, a decrease of $7m from the prior year closing position (2020: $79m). This decrease resulted from the sale of the PPDS business, improved receivable collections and reduced payables due to comparison with increased supplier payment terms negotiated at 31 March 2020.

Net liabilities - the Group had net liabilities as at 31 March 2021 of $8m (2020: net assets $16m), which include $135m of Tranche B Loan Notes from the shareholder which do not mature until 31 August 2028.

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

Diane Gardner
Chief Financial Officer
4 August 2021

1 Includes continuing and discontinued operations, see page 118 for the summary.
2 Net working capital represents the difference between trade receivables, inventories and trade payables at year end.

Risk Report

With operations across the globe, Kodak Alaris faces a constantly changing, complex and diverse range of risks and uncertainties. We continue to develop an effective risk-management process aligned with an enhanced risk culture to help realise the successful delivery of our strategic objectives, which drives us to meet our short and medium-term goals.

Our approach

The 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. Work has begun to improve the business unit risk registers and drive greater consistency with the Corporate Risk register.

The Corporate Risk register identifies the principal risks facing the business and we have extracted the top seven 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 Group operates worldwide. During the year we re-established the Financial Risk Committee to pro-actively manage key financial issues and strategy. 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

During the last year, which has included the end of the Brexit Transition period, the Group has been minimally impacted by Brexit. We have managed and dealt with European logistics and supply chain issues in such a way as to minimise any disruption to our customers. Financial areas such as access to funding, FX risk Management and tax considerations have also been monitored and actioned appropriately.

On an on-going basis, and as required, we will continue to monitor any potential risks associated with the UK having left the European Union.

Risk Report (continued)

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 a new risk has been identified. 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.

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

Our approach continues to be to minimise 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 recognises that strategic, commercial and investment risks will be required to seize opportunities and deliver results.

Employee photo competition entry by EDUARDO TINOCO

Risk Report (continued)

Kodak Alaris Principal Risks

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

DESCRIPTION OF RISK	HOW THE RISK MIGHT IMPACT THE GROUP'S PROSPECTS	HOW THE RISK IS MANAGED OR MITIGATED	TREND
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	• Review of single supply issues by procurement team, identifying and working with potential alternative suppliers • Increased visibility of tier 2 and 3 suppliers with identified alternative sourcing options • Monitoring performance of supply chain • Renegotiating contractual terms • Contractual provisions with existing suppliers	↔
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 • Continued investment to generate growth opportunities e.g. driving INfuse and Original Equipment Manufacturer strategies	↑
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 • Quality and timeliness of supply chain and logistics • Challenging recruitment	• First priority continues to be the health and safety of our people - Global HR and EH&S teams actively monitor employee health • Dedicated global cross functional taskforce • Our COVID response team has been at the forefront of developments and their recommendations have minimised the impacts of the pandemic on our employees and the Group	↔
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 • Underperformance	• Regular communication, design measures for managing stress, Display Screen Equipment (DSE) assessments • Critical Talent Project - Talent management, development and succession plans • Closely monitor turnover for key roles in sales and engineering • Focus on recognition, retention, regular communication and use of Employee Engagement Survey • Developing and recruiting appropriate skills to support growth areas • Set up sufficient IT support for remote-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 / brand damage • Regulatory fines • Loss of revenue	• Up-to-date tools to support the detection and prevention of unauthorised access • Information security training programme • Robust incident response plan • Dedicated team with appropriate expertise including a nominated Security Officer • Data Privacy Officer named to lead Data Privacy Compliance Programme • Increased reporting to Board	↔
Reliance on key customers One or more of our largest customers or counterparty fails or discontinues doing business with us.	• Declining revenue • Reduction in EBITDA • Deterioration of cash flows • Increased working capital • Financial loss from customers failing to meet contractual obligations	• 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 • Longer term renewals agreed with all large Kodak Moments customers • Whilst rates of customer collection have remained strong continuing weekly reviews (where appropriate) with credit & collections and BU's and providing support to customers where practical	↔
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	• Negotiated three-year funding arrangement of up to $50m with shareholder • Reducing capital expenditure and making selective investment decisions • Reducing discretionary spend • Reduced travel costs • Reducing supply pipeline where necessary to reflect the impact of temporary reduced demand	↓

KEY: ↑ Risk increasing ↔ Risk unchanged ↓ Risk reduced

Employee photo competition entry by JAMES RIBIS

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 Programmes as a vital part of our Kodak Alaris Corporate Social Responsibility (CSR) Programme.

Fiscal Year 2021 (FY21) was indeed a challenging year for everyone around the world. The COVID-19 pandemic presented an interruption to our Community Outreach Programmes given the restrictions in place which did not make it possible to implement the programme in full. The interrupted programme across this fiscal year does not change our continued commitment to environmental responsibility and giving back through global initiatives and programmes to influence community well-being 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. 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.

Governance

Our CSR Programme in totality is reviewed and endorsed by our Kodak Alaris Executive Committee (KAEC) and periodically by the Board.

Community outreach

Historically, and in accordance with our Company CSR/ Community Outreach policy, Kodak Alaris encourages employees to get involved with their local communities both through their own personal passions and through Kodak Alaris sponsored initiatives and events. During FY21, we maintained global employee community networks to continue the support of our local communities. Our community outreach strategy places priority on organisations that help people in our communities improve their health and wellbeing, 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 wellbeing of our communities we will help build stable, growing, and prosperous communities into the future.

While we were able to realise limited community outreach opportunities due to the COVID-19 pandemic, the below describes where we were able to have an impact through the year ended 31 March 2021. We look forward to further mobilising our outreach programme across FY22 which will have a focus on addressing the community impacts of the pandemic.

- ### US & Canada

In recognising and celebrating women as part of our workplace demographics and alignment to our diversity and inclusion initiatives, Kodak Alaris was pleased to extend a contribution to the Rochester based Susan B Anthony organisation as part of a global virtual celebration.

Employees continue to make a difference in our communities as part of the annual fundraising campaign for United Way by pledging $45,700 over the course of 12 months.

Our employees responded with generosity in donating gifts and other items to lesser advantaged children during the December holidays.

- ### Europe, Middle East & Africa

Kodak Alaris was pleased to provide a contribution to our local Hemel Hempstead charity for the homeless, DENS. Additionally, employees were invited to make a personal donation to support those in need of clothes and food.

Corporate Social Responsibility (continued)

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.

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

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 two lost time injuries per 1,000 employees in FY21. In addition, there were no penalties, fines, safety recalls, or enforcement actions for products or our worldwide operations.

Maintaining the health and safety of our employees took on a new dimension in the year March 2020 - 2021 due to the global COVID-19 pandemic. The Group established a task force of EH&S and Human Resources personnel reporting to the Kodak Alaris Executive Committee and a network of site COVID-19 contacts who developed and implemented health and safety policies and procedures to protect employees, customers, and visitors. The protocol addressed many preventive aspects including occupancy, travel, health screening, and workplace cleaning. Our priority throughout this year has been to maintain the safety and wellbeing of our employees working on site and at home, and to support customers and key stakeholders. Our employees were very conscientious and diligent about following the COVID-19 protocols which resulted in no COVID-19 cases attributed to workplace transmission.

FSC
www.fsc.org
FSC® C150656
The mark of responsible forestry

In 2020 Kodak Moments extended its Forest Stewardship Council® (FSC®) Chain of Custody (CoC) Certificate for thermal paper receiver for products made at the Kodak Alaris site in Colorado and those supplied by our partner in EMEA. This extended Multisite Certificate (SCS-COC-006903) centred in the US includes Group operations in Australia, China, France, Germany, Italy, Mexico, Spain and the UK as well as those previously operated in Argentina and Brazil. At the end of 2020 we had FSC® certification for approximately 95% 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.

Corporate Social Responsibility (continued)

Energy Saving Opportunities Scheme (ESOS)

The UK subsidiary of Kodak Alaris Holdings Limited is Kodak Alaris Limited (KAL). It is in the scope of the UK government's Energy Saving Opportunities Scheme (ESOS). Although 2020 was not an ESOS reporting year, KAL estimated a total 12-month energy consumption of 527,011kWh. This includes all electricity purchased and commercial travel activities.

Using a conversion factor provided by the UK government (0.233) for kWh to tCO^2e (kgs), the 2020 consumption equates to 123 tonnes tCO^2e compared with 261 tonnes tCO^2e in 2019.

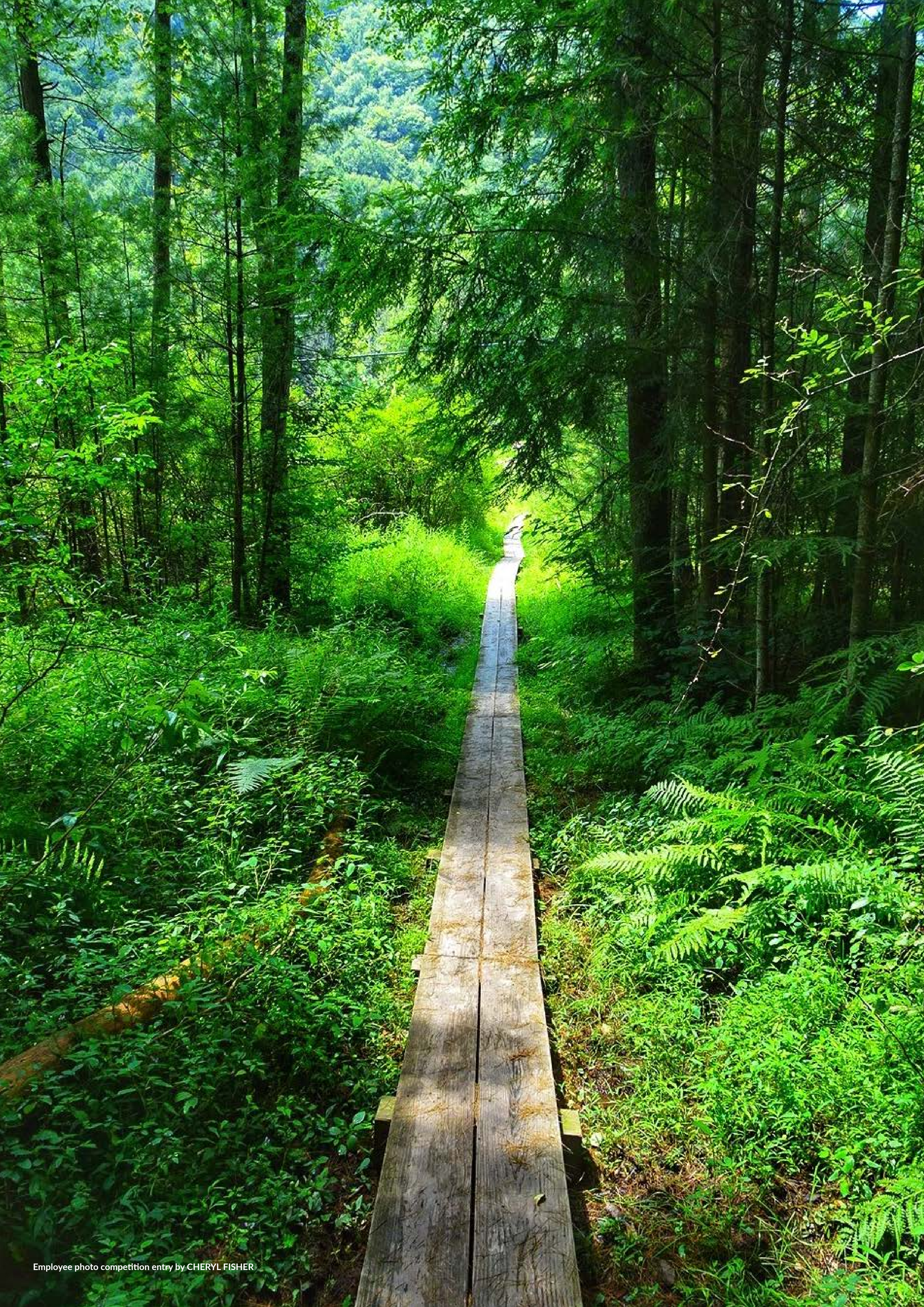
KAL is also in the scope of the UK Streamlined Energy & Carbon Reporting (SECR) obligations which requires the setting and reporting of Key Performance Indicators (KPIs). In 2019 KAL set a KPI to reduce its tCO^2e per Full Time Equivalent (FTE) of 1.84 tonnes tCO^2e by 5%. On 30th September 2020 KAL had 120 FTEs. Hence, KAL estimated the 2020 KPI as 1.02 tCO^2e/FTE. Clearly this significant reduction is due partly to less economic activity caused by COVID-19, but also the reduced conversion factor for kWh to tCO^2e (kgs).

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. In 2020 we reached the 4th year of the 5-year goals. Results are reported below.

5-Year Environmental Goals:

5-YEAR ENVIRONMENTAL GOALS FROM 2016	PROGRESS IN 2020 (YEAR 4 OF 5)
Reduce our total greenhouse gas (GHG) emissions (tCO2-eq) per $ revenue by 5% compared with 2015	Our comprehensive Biennial Materiality Study was carried out in 2020. Results from the whole Group demonstrated we had met our primary goal after 4 years. Our tCO2-eq had been reduced from 364k to 233k since 2015 and the tCO2-eq per $ revenue was down from 0.391 to 0.366, i.e. 6.4%. Despite having met the goal 1 year early, our plan is to further reduce our GHG emissions in 2021 as our contribution to managing climate change.
Maintain uninterrupted ISO 14001 Environmental Management System certifications	We continue to maintain externally accredited ISO 14001:2015 Environmental Management Systems (EMS) with no significant nonconformances. One for environmental oversight and governance and product stewardship and the others for our manufacturing sites. These management systems require senior management leadership and commitment, compliance with legal and other requirements, risk management, annual internal and external audits. Our goal is continuous improvement and minimisation of adverse environmental impacts.
Meet Australian Packaging Covenant Organisation (APCO)	This voluntary agreement between government and industry's goals are to reduce the environmental impacts of packaging, to design more sustainable packaging and increase recycling. While the programme is based in Australia, we do leverage the improvements made by Kodak Moments globally. We have been APCO members since 2016. In our 2020/21 annual APCO report, our sustainability score rose from 46% to 50% which maintained our overall status at Level 3, i.e. "Advanced".
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 (EcoLogo) to recognise environmental performance of electronic products. It is third-party verified covering the full product lifecycle, from design and production to energy use and recycling. At the end of 2020 Alaris had exceeded this 5-year goal having 7 scanners certified to EPEAT Gold (i.e. 21%) and the remaining 26 to EPEAT Silver Level out of 33 models on the global market.

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



Employee photo competition entry by CHERYL FISHER

Stakeholder Engagement


Employee photo competition entry by STEPHEN REINKE

The Board and the KAEC recognise the immense value that stakeholders provide in supporting Kodak Alaris' business and operations. Those stakeholders include The Board of the Pension Protection Fund, employees, suppliers, customers, the community and environment. Supportive and challenging relationships with stakeholders were particularly crucial in the financial year against the backdrop of a very challenging environment the value of which contributed significantly to the successful accomplishment of key projects such as the divestitures of AI Foundry and PPDS, the securing of the new financing facility and the protection of our employees through COVID-19.

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

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 Alaris and Kodak Moments businesses and move to a retain, run and grow strategy. The Group successfully disposed of the two smaller/non-core PPDS & AI Foundry businesses during the year. As noted elsewhere, in November 2020, the assets and liabilities of the Group transferred to The Board of the Pension Protection Fund (PPF). In parallel the PPF 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 value. The Board and KAEC are therefore now fully focussed on the operation of the Alaris and Kodak Moments businesses and future growth opportunities.

In order to promote an orderly transition and reinforce the strategic goals of the owner, Mr. Oliver Morley, the CEO of the PPF joined the Board in April 2020 as a Non-Executive director and in July 2020, Mr. Chris Howell of Alban House joined the Board as a Non-Executive director at the direction of the PPF, subsequently being elected as Chairman of the Board on 9 October 2020, following Mr. Mark Elliott's resignation.

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 (continued)

Group engagement with stakeholders is outlined below:

SHAREHOLDER	EMPLOYEES
Engagement with our previous shareholder, KPP2 and our current shareholder, The Board of the Pension Protection Fund was critical to ensure:- **a) an orderly transition of ownership of the Group from KPP2 to the PPF with minimal operational impact on the business** **b) the sale of the AI Foundry and PPDS businesses and the ceasing of the sales activity associated with the Alaris and Kodak Moments businesses did not impact trading performance or result in attrition or negative publicity** **c) the completion of a new revolving credit facility pursuant to which the PPF agrees to provide up to $50m of funding to the Group** **Board representation** A clear example of engagement with the shareholder has included the representation of KPP2 and the PPF at all Group Board meetings during the year including the CEO of the PPF attending all Board meetings. Additionally, third party advisers to KPP2 and the PPF have also attended a number of Group Board meetings. Such representatives are encouraged by the Chairman to ask questions of the Group and its advisers about the progress being made with the strategy.	**The Board is committed to making Kodak Alaris a great place to work. Engagement with employees globally at all levels of the organisation 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 6 Global Town Halls through the financial year hosted by the CEO. Participants have also included the Chairman of the Board and members of the KAEC. In prior years, face to face meetings and briefings have taken place with employees where access has been provided to the Chairman, CEO, CFO and members of the KAEC. Due to COVID-19 this was not permitted during the year however those events will be reinstated when permitted. **Employee engagement survey** Kodak Alaris also conducts an employee engagement 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 KAEC to identify key themes and where acted upon has led to improvements in the current working environment. The employee engagement survey was undertaken anonymously in January 2021 and highlighted the following areas: employee understanding of business direction and change in ownership/strategy; leadership responses to feedback from employees; and the CEO demonstrating a balanced interest across all areas of the business and geographies, including our employees, customers, suppliers, owners, partners, and overall Company results; and a greater need for employee initiatives associated with Diversity and Inclusion. The survey results were reviewed by the KAEC and the Board and were considered valuable. 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 led by the Health and Safety function with the support of the Board and the KAEC 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 where permissible 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 KAEC and Board at every meeting receive a detailed update on progress made. Throughout this year, it has also been necessary to take several 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 (continued)

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 were deferred to protect liquidity, in the main with full support from suppliers; b) supply terms have been 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 complimented by desktop reviews and supplier onboarding checks and protocols are in use to assess whether suppliers to the Group are acting legally and responsibly. These activities support the principles as set out in our Supplier Code of Conduct that we expect suppliers to adhere to if they wish to contract with the Group.

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, supply shortages etc. and also at a micro level as it impacts each business unit e.g. key customer contract renewals in Kodak Moments and continuing falling worldwide demand for photographic paper. 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 through COVID-19 when the majority of customers with bricks and mortar stores were unable to open. Kodak Moments supported the development and expansion of "click and collect" and "direct to home" services to help its traditional retailers.

Virtual demonstrations & meetings

The implementation of virtual event technology and upgrades in experience centre capabilities were in response to the desire for continued customer intimacy even during the pandemic. These investments allow the Alaris business to deliver live presentations, product demos, video content, and real-time interactivity together into virtual events. Kick off meetings, new product launches and customer business reviews reached new levels of engagement as a result.

COVID-19

The pandemic has increased the need for flexibility and scalability from the Alaris business. Process/ workflow automation has accelerated the shift from scan-to-repository to scan-to-workflow. This has led to a transition to document capture at the edge of business processes and increased adoption of cloud solutions.

The Kodak Moments business has been significantly affected by COVID-19 as its' retail partners either closed their kiosks or stores. Although footfall initially returned in a number of countries as restrictions were lifted further new lockdown restrictions continued to suppress demand. This accelerated the development of direct to consumer product offerings although these revenue streams are relatively small compared to the pre COVID-19 levels associated with traditional bricks and mortar retail. Kodak Moments was able to prioritise supplying and servicing its kiosks in retail premises that were permitted to open e.g. pharmacies and grocery stores.

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. These include reducing energy usage, using more renewable energy sources, demanding suppliers share environmental initiatives and requiring increased use of recycled and recyclable materials from suppliers.

Our thermal media manufacturing facility absolute 12 month moving average kWh consumption levels have reduced to 71.1% of what they were in 2015. This is one 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 although some normal activities were curtailed due to the COVID-19 restrictions. Nonetheless donations to charities and food banks have been possible in the year.

For more information see page 29 of the strategic report.

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

M. Alflatt

Mark Alflatt
Chief Executive Officer - 4 August 2021

Employee photo competition entry by RONOJOY SINHA

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") and the Wates Corporate Governance Principles for Large Private Companies. 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.

As in prior years, the Audit Committee regularly reviewed throughout the year, the Group's emerging and principal risks together with how these are being managed and mitigated. The value of the existing governance structure was a critical factor in the Company's successful response to COVID-19.

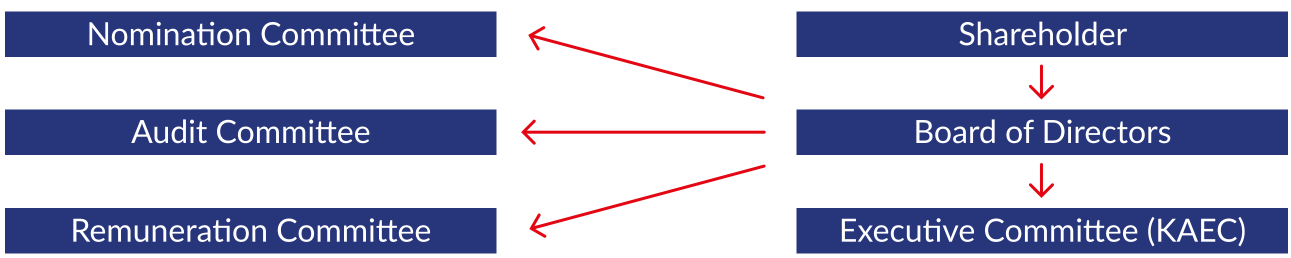
Furthermore, the Audit Committee together with the Board and KAEC regularly reviewed the Group's preparedness for Brexit following the UK's withdrawal from the EU on 31 January 2020 and the end of the transition period on 31 December 2020. The proactive steps taken along with risk mitigation resulted in only minor impacts. 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 Audit Committee continues to monitor this situation closely.

During the year a new Data Privacy Officer and Deputy Data Privacy Officer were appointed to lead the initiative on data privacy compliance. We have relaunched our Data Privacy Compliance Programme, expanded the training to employees on data privacy issues, appointed Eversheds Sutherland as our German Data Privacy Officer and more widely to provide data privacy advice in EMEA, undertaken a data mapping exercise and taken steps to comply with the Schrems II decision, a recent landmark decision on European data privacy protections.

Furthermore with approval of the Audit Committee and Board we have relaunched our Information Security office under new leadership. Increasing focus and investment in the security of our data and systems is key as cyber attacks are rising globally. A combination of increased training to employees to assist them in identifying fraud and phishing attempts etc. along with the adoption of new IT security tools is key to ensure the Group has a resilient IT Security framework. Further activities are planned in FY22 to test the resilience of the Group's IT systems.

During the year with guidance from the Audit Committee we also successfully launched two contract lifecycle management software programmes, one for Alaris and one for Kodak Moments, aimed at simplifying, accelerating and ensuring an audit trail associated with the creation, negotiation, execution and renewal of contracts. Given the success of the programme we are assessing whether other areas of the Group could benefit from it.

Elsewhere we continued to mature our modern slavery and whistleblowing compliance programme.



Governance Statement (continued)

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 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.

The Audit Committee in 2019 reviewed 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. Although not yet adopted, many of the recommendations of the Brydon report have been incorporated into the white paper published by HM government on 18 March 2021 "Restoring Trust in Audit and Corporate Governance". The Audit Committee will continue to track the progress of these recommendations through the legislative process and will be ready to implement any changes as required or deemed desirable.

Finally, during FY21, the Company undertook a review of its internal approvals framework and a number of changes were adopted by the Audit Committee and the Board aimed at simplification or improving accountability and reporting.

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 thirteen scheduled occasions. All Board directors were present at all meetings except for Mr. Webster who was 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

Several evaluations of the Board, its Committees, the Chair and the individual directors have in prior years been conducted by the then Chair, Mr. Elliott and Mr Ross, as appropriate. No external facilitator was used to undertake the Board evaluation process. Given the change in the shareholder to the PPF in November 2020 several subsequent changes to the Board have occurred during the past 12 months. As a result and at the request of the PPF and under the guidance of the Chair a Board evaluation review is planned for FY22 against a set of performance criteria to be agreed.

Governance Statement (continued)

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 and planning activities in relation to the financials impacts of COVID-19 (CEO/CFO).
- Divestiture – the sale of the AI Foundry and PPDS Business Units (CEO).
- 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 and the health and safety of employees/visitors arising from COVID-19 (Group General Counsel and Company 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 (COO).
- Data Privacy – a review of the Company's Data Privacy Programme, compliance with laws, training and investments (Group DPO).
- Information Security – a review of the Company's Information Security Programme, security risks, training and investments (Group CIO).
- Supply Chain Risks – a review of the Company's Supply Chain, critical suppliers and critical materials, mitigation plans (VP - Group Operations).

Board composition

The Board is led by an experienced independent Chairman who represents the PPF's interests and comprises five Directors (including the Chairman). In addition to the Chairman, the Board includes two independent Non-Executive Directors, one of whom was appointed to represent the Pension Protection Fund's interests. See pages 42 and 43 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.

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. Mark Elliott, a Non-Executive Director resigned his position on the Board and as Chair as of 9 October 2020. Mr. Chris Howell was elected as Chairman.

Mr. Steven Ross, a Non-Executive Director and the nominated director on behalf of Ross Trustees Services Limited resigned his position on the Board as of 30 June 2020.

Mr. Brian Larcombe, a Non-Executive Director resigned his position on the Board as of 21 July 2020.

Governance Statement (continued)

Mr. Marc Jourlait, an Executive Director and prior CEO resigned his position on the Board as of 23 July 2020.

Mr. Oliver Morley, the CEO of the PPF was appointed to the Board as a Non-Executive Director as of 9 April 2020.

Mr. Chris Howell was appointed to the Board as a Non-Executive Director as of 23 July 2020.

Ms. Diane Gardner was appointed to the Board as an Executive Director following her promotion to Chief Financial Officer as of 23 July 2020.

Mr. Mark Alflatt remained an Executive Director following his promotion from Chief Financial Officer to Chief Executive Officer as of 23 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. Because of COVID-19 restrictions, all Town Hall meetings during the year were held virtually. Other events planned such as new joiner events and family days were postponed due to COVID-19 restrictions in FY21. 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 Mr. Webster who is an independent Non-Executive Director with extensive financial experience gained in a number of prior senior positions. Mr. Howell 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 two of the three 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 auditor 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. Webster who was unable to attend one meeting.

Governance Statement (continued)

Nomination Committee

The Nomination Committee is chaired by Mr. Howell who 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 once during the period since 31 March 2020.

Remuneration Committee

The Remuneration Committee was chaired during the year by Mr. Larcombe and subsequently Mr. Webster following Mr. Larcombe's resignation 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 the KAEC;
- 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 the KAEC 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 four scheduled occasions. All members were present at all meetings except for Mr. Morley who was unable to attend one meeting.

Chris Howell
Chairman
4 August 2021

Board of Directors

Chris Howell

Chairman
Chris was appointed to the Board as a Non-Executive Director in July 2020 to represent the interests of the Pension Protection Fund and was then elected Chairman following Mark Elliott's resignation on 9 October 2020.

Experience:
Chris has over 25 years of international corporate advisory experience and currently manages Alban House, a small award-winning global advisory and restructuring business with a proven track record of delivering financial transformation and turnaround advice. He was a Managing Director at KPMG LLP (between 2006 and 2009) where he provided restructuring and corporate advice to numerous UK and international corporate clients across a broad and diverse range of sectors.

Chris is a highly experienced chairman and advisor having guided numerous companies through challenging situations where guidance and support was required with refinancing, restructuring and transformation. He 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:
Panther Partners Limited.

Committees:
Chris is Chairman of the Nomination Committee and a member of the Remuneration 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. Diane was appointed Deputy CFO in August 2019 and served in that position until her appointment as Chief Financial Officer.

External directorships:
None.

Board of Directors (continued)

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 2018.

Prior to joining the Pension Protection Fund, Oliver was CEO of the UK Driver and Vehicle Licensing Agency (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 and Remuneration Committees
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 PricewaterhouseCoop-ers. 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 Non-Executive Director of European Care Group, a leading independent health and social care group, providing educational and supported living services, where he was Chairman of the Audit Committee. In addition, 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 Chairman of the Audit and Remuneration Committees and a member of the Nomination Committee.

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.

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, photo kiosks and dry technology photo labs and event imaging systems. Having undergone a strategic review of the entire Kodak Alaris Group, it was concluded that the PPDS and AI Foundry businesses should be sold. The divestiture of AI Foundry and the PPDS business were both successfully completed during the year.

The review of performance during the year ended 31 March 2021, expected future development, and principal values and uncertainties are contained in the Strategic Report on pages 4 to 35.

Directors

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

- Mark Elliott (Chairman) – Independent Non-Executive Director (resigned 9 October 2020)
- Marc Jourlait (Chief Executive Officer) – Executive Director (resigned 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 (resigned 30 June 2020)
- Chris Howell – Non-Executive Director representing Pension Protection Fund (appointed 23 July 2020). (elected Chairman 9 October 2020)
- Oliver Morley – Non-Executive Director representing Pension Protection Fund (appointed 9 April 2020)
- Brian Larcombe – Independent Non-Executive Director (resigned 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 has since November 2020 been wholly and ultimately owned by The Board of the Pension Protection Fund (PPF). Prior to this it was owned by KPP (No. 2) Trustees Limited (a company registered in England with registered number 8819827). 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.

Directors' Report (continued)

During the year the Group's revolving credit facility with HSBC expired. Given the uncertainty on trading and financial performance that arose as a result of COVID-19 the Board deemed it appropriate to secure a replacement lending facility should the Group require access to borrowings. As a result the Group secured a new senior credit facility with its then shareholder, KPP (No. 2) Trustees Ltd (KPP2). The borrowing capacity on the facility is up to $50m and the facility is available to September 2023. Following the change in the shareholder in November 2020, the facility is now provided to the Group by the PPF on the same terms and conditions.

Subsequent events and future developments

Since the end of the year the Group has been trading at or ahead of its forecasts and our businesses continue to recover as COVID-19 restrictions in several of Kodak Alaris' key markets begin to relax. However, the situation remains fragile and subject to change with some countries where Kodak Alaris has key customers and revenue increasing COVID-19 restrictions as necessary. The Group continues to undertake a series of transformation activities, including review of the extent of the existing legal entity footprint to adapt our cost base.

Going concern

As previously reported, in September 2018 the directors of the Company were instructed by the former shareholder KPP2 to undertake a strategic review and to actively explore an orderly disposal of the Group or its component businesses, within the Kodak Alaris portfolio.

As a result of the impacts of COVID-19 on business valuations the shareholder instructed the Board to cease any further activities that could result in the disposal of the Alaris and Kodak Moments (including Film) businesses. The Board was subsequently requested by the shareholder to retain, run and grow these businesses and oversee the work required to maximise shareholder value. As a consequence, the KAEC and the Board have agreed a future operating strategy and are taking steps to execute on that plan. As a result of that change of ownership strategy, the directors concluded that the going concern basis was appropriate for the financial statements for the year ended 31 March 2020. However, there was a material uncertainty related to the expectation that covenant waivers and additional finance would be needed in the forecast period under the Group's severe but plausible downside cash flow scenario.

In addition, the directors have 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 continuing trading volatility for the year ended 31 March 2022 although not to the same degree as that experienced in the year ended 31 March 2021. The Group will take action as necessary to continue to protect its liquidity thus reducing the possibility of requiring any borrowings under the credit facility. If deemed necessary, the Group could implement a range of cost reductions as it has done successfully previously which could include changing the go to market model, reducing discretionary spend, tightening control of working capital, eliminating 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 the 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. Significant recovery of trading has been witnessed through the latter part of the year as both the Group and customers found new ways to continue trading despite restrictions coupled with the roll out of vaccinations permitting restrictions to be released.

In assessing the going concern position of the Group, the directors have considered all the available planning information, including the current year budget and the most recent forecasts for the period to 31 March 2023 contained in the latest 5-year financial forecast to 31 March 2025 as well as a forecast assessment of the covenant compliance required within the going concern period. In each scenario there is sufficient liquidity to be able to pay liabilities as they fall due, through to the end of the period reviewed, being March 2023, and there is sufficient headroom to achieve all the covenant requirements of the Group's Senior Credit Facility, albeit a continued waiver of the default event condition noted above would need to be in place for the period reviewed should the Group not reverse its current net liabilities position. The directors acknowledge that the forecasts represent a post COVID-19 growth, recovery and expansion plan and have considered risks relating to expansionary activities including amounts and timing of potential cash flows and also reviewed models including a severe but plausible trading scenario that covers the period to March 2023, to determine whether projected peak borrowing requirements would exceed committed facilities and whether the covenants associated with these facilities

Directors' Report (continued)

would be breached. The period to March 2023 has been used to assess the going concern position of the Group in order to incorporate a foreseen period of trading after current default waivers expire. In the severe but plausible case management estimated a 50% EBITDA reduction against plan for the year ended 31 March 2022 and concluded that the Group would have sufficient liquidity to meet its obligations although the Group would need to draw under the facility to do so.

Financial statements are prepared on a going concern basis unless management intends or has no realistic alternative other than to liquidate the entity or to stop trading. Whilst under its base case scenario (as noted above) the Group does not require the use of the shareholder facility, its severe but plausible downside scenario, where the business operates below plan in the future - at a 50% EBITDA reduction - would require access to shareholder lending to meet its obligations. Where such a facility is required, and the Group has not met the above default event condition of having assets in excess of the Group liabilities, further waivers from the shareholder would be necessary. Whilst there is no indication currently that the shareholder would not consent to such a waiver, a situation where downside scenarios materialised may result in the shareholder taking a different view to the current retain, run and grow strategy for the business that it has indicated. Whilst the directors believe that it remains appropriate to prepare the financial statements on a going concern basis these severe but plausible downside circumstances indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern and, therefore, the Group and Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Notwithstanding that the Group incurred a loss for the year of $39m[1] and had net liabilities as at 31 March 2021 of $8m. These liabilities include $135m of Tranche B Loan Notes from the shareholder which do not mature until 31 August 2028. At 31 March 2021, the Group had a cash position of $79m and access to undrawn committed funding through to September 2023, as described above. The directors are confident that despite the material uncertainty detailed above the Group has sufficient liquidity over the medium term to continue operating as well as provide financial support to each of its subsidiaries, if required.

Research and development

During the year ended 31 March 2021 the Group invested a total of $20m (2020: $34m[1]) in research and development expenditure to support the development of future products and markets. A total of $12m (2020: $23m[1]) was charged to the income statement in the year. In addition, $8m (2020: $11m) was capitalised as internally developed intangible assets. The investments improved and expanded our Kodak Moments and Alaris software applications and enhanced our kiosk, dry lab and scanner product lines. The investment has been limited by COVID-19 during the year however 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 (2020: 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.

1 Includes continuing and discontinued operations, see page 118 for the summary.

Directors' Report (continued)

Employee engagement

The Board recognise that its employees are key to successfully delivering its strategy and sustaining future business. With an average of 1,678 employees employed during the year (2020: 1,950) in 23 countries (2020: 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. This includes conducting the first annual employee engagement survey as well as launching a comprehensive talent agenda which focuses on knowing our talent, development needs and career growth strategies.

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. 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. 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 and inclusion amongst the Group's workforce is a significant force for innovation. We are striving to raise awareness about understanding the value of diverse backgrounds and cultural perspectives. Consequently in March 2021, a new initiative focussed on Diversity and Inclusion was launched supported by panel discussions, videos from expert speakers and further events planned through the next financial year. Increasing efforts in these areas will improve retention and career progression, attract talent and improve customer service.

For more information see pages 33 to 35 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 33 to 35 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

KPMG LLP were first appointed as auditor on 30 August 2013. It is the Company's intention to retender the external audit work for FY22 and beyond. As a result the reappointment of the auditor will be subject to the Audit Committee and Board conducting that process and making the appointment.

Approved by the Board on 4 August 2021 and signed on its behalf by

Diane Gardner
Director, Chief Financial Officer

Audit Committee Report

The Kodak Alaris Audit Committee Report for the year ended 31 March 2021 provides an insight into the focus, work and key issues considered 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 25 to 27 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 two of the three Non-Executive Directors of the Board, whose relevant experience is set out on pages 43. 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 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 reviewed in March 2021 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 (continued)

Activities and major areas

The Audit Committee met on 5 occasions during the year and there was full attendance at each meeting, except that Mr Webster was unable to attend one 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 2020	JULY 2020	OCT 2020	JAN 2021	MAR 2021	MAY 2021	JULY 2021
Review of the annual report and financial statements		✓	✓				✓
Review of the report on accounting issues and key accounting judgements – including impact of COVID-19, one-off items, discontinued operations, valuation of defined benefit pension assets/liabilities and asset impairment	✓	✓	✓	✓		✓	✓
Review and approval of audit plan including status updates and results of work completed and Business Assurance Code of Practice		✓		✓	✓	✓	✓
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, non-audit services, engagement letter and independence			✓	✓	✓		✓
Review of corporate tax update and tax strategy	✓	✓			✓	✓	✓
Review of going concern accounting assumption	✓	✓	✓			✓	✓
Review of Audit and Risk Committee terms of reference					✓	✓	

Stephen Webster
Audit Committee Chairman
4 August 2021

Employee photo competition entry by MIKE DOROFY

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 they are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and 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 the Group's 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 international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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 the 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.

Chris Howell
Chairman
4 August 2021

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KODAK ALARIS HOLDINGS LIMITED

Opinion

We have audited the financial statements of Kodak Alaris Holdings Limited ("the Company") for the year ended 31 March 2021 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 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 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2 to the financial statements which indicates that in severe but plausible downside scenarios the Group's and the parent Company's ability to continue as a going concern would be dependent on obtaining a further waiver of the condition of having positive net assets that attaches to drawing down the facility provided by the shareholder. The current waiver extends to 31 March 2022. 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.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis.

As stated above, they have also concluded that there is a material uncertainty related to going concern.

Based on our financial statements audit work, we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

Independent Auditor's Report (continued)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KODAK ALARIS HOLDINGS LIMITED (Continued)

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, and the risk that management may be in a position to make inappropriate accounting entries. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;
- incorporating an element of unpredictability in our audit procedures;
- assessing the appropriateness of the accounting for significant transactions that are outside the Company's normal course of business, or are otherwise unusual;

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

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 and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, and discussed with 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 the Group level, and a request for component auditors to report to the Group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at Group.

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, taxation legislation and pension schemes 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 legislation, fraud, anti-bribery and anti-corruption, money laundering legislation, employment law and social security legislation, contract legislation, Foreign Corrupt Practices Act, environmental protection 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. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent Auditor's Report (continued)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KODAK ALARIS HOLDINGS LIMITED (Continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

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 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 fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

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 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 other information;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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 are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 51, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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.

Independent Auditor's Report (continued)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KODAK ALARIS HOLDINGS LIMITED (Continued)

Auditor's responsibilities

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

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

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

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

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

4 August 2021

Consolidated Financial Statements

Consolidated Income Statement

for the year ended 31 March 2021

	Note	Year ending 31 March 2021 $000	(Restated)[1] Year ending 31 March 2020 $000
Continuing operations			
Revenue	*3*	**418,934**	538,117
Cost of sales		**(279,443)**	(354,371)
Gross profit		**139,491**	183,746
Administrative expenses	*4*	**(138,572)**	(210,305)
Research and development expensed		**(12,050)**	(22,757)
Operating loss		**(11,131)**	(49,316)
Financial income	*8*	**8,143**	964
Financial expenses	*8*	**(12,512)**	(18,545)
Loss before tax		**(15,500)**	(66,897)
Income tax provision	*9*	**(4,662)**	(10,600)
Loss from continuing operations		**(20,162)**	(77,497)
Discontinued operations			
Loss from discontinued operations, net of tax	*10*	**(18,812)**	(13,273)
Loss for the year		**(38,974)**	(90,770)

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

The notes on pages 61 to 104 are an integral part of these consolidated financial statements.

1 Restated to include continuing operations, see note 10 for detail.

Consolidated Financial Statements
(continued)

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2021

	Note	Year ending 31 March 2021 $000	Year ending 31 March 2020 $000
Loss for the year		**(38,974)**	(90,770)
Other comprehensive income / (expense):			
Items that will not be recycled to profit or loss			
Re-measurements of defined benefit liability	*21*	**1,505**	(286)
Deferred tax on other comprehensive loss for the year	*15*	**(407)**	285
Items that may be recycled subsequently to profit or loss			
Foreign currency translation differences – foreign operations	*23*	**13,956**	(3,334)
Other comprehensive income / (expense) for the year, net of tax		**15,054**	(3,335)
Total comprehensive expense for the year		**(23,920)**	(94,105)

The notes on pages 61 to 104 are an integral part of these consolidated financial statements.

Consolidated Financial Statements
(continued)

Consolidated Balance Sheet
at 31 March 2021

	Note	31 March 2021 $000	31 March 2020 $000
Assets			
Property, plant and equipment	*12*	**35,633**	33,410
Intangible assets	*13*	**45,974**	58,703
Goodwill	*13*	**18,225**	19,259
Trade and other receivables	*17*	**2,508**	1,558
Investments in equity-accounted investees	*14*	**224**	211
Deferred tax assets	*15*	**13,846**	17,628
Non-current assets		**116,410**	130,769
Inventories	*16*	**50,546**	61,213
Trade and other receivables	*17*	**76,744**	110,841
Cash and cash equivalents	*18*	**78,941**	69,387
Current assets		**206,231**	241,441
Total assets		**322,641**	372,210
Liabilities			
Interest-bearing loans and borrowings	*19*	**(149,535)**	(143,033)
Other payables	*20*	**(18,314)**	(16,188)
Employee benefits	*21*	**(18,185)**	(18,649)
Provisions	*22*	**(3,984)**	(3,933)
Deferred tax liabilities	*15*	**(6,206)**	(9,713)
Non-current liabilities		**(196,224)**	(191,516)
Interest-bearing loans and borrowings	*19*	**(5,924)**	(5,515)
Trade and other payables	*20*	**(122,485)**	(142,548)
Income and other tax payable	*9*	**(3,897)**	(2,947)
Provisions	*22*	**(2,097)**	(13,750)
Current liabilities		**(134,403)**	(164,760)
Total liabilities		**(330,627)**	(356,276)
Net (liabilities) / assets		**(7,986)**	15,934
Equity attributable to equity holders of the parent			
Share capital	*23*	**167,000**	167,000
Retained deficit	*23*	**(747,110)**	(709,234)
Capital contribution reserve	*23*	**573,348**	573,348
Translation reserve	*23*	**(1,224)**	(15,180)
Total (deficit) / surplus		**(7,986)**	15,934

The notes on pages 61 to 104 form part of these financial statements.

These financial statements were approved by the Board of Directors on 4 August 2021 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 2021

	Note	**Share capital $000**	**Capital contribution reserve $000**	**Translation reserve $000**	**Retained deficit $000**	**Total equity $000**
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
Balance at 1 April 2020		167,000	573,348	(15,180)	(709,234)	15,934
Total comprehensive income for the year						
Loss for the year		-	-	-	(38,974)	(38,974)
Other comprehensive income	*21,23,15*	-	-	13,956	1,098	15,054
Total comprehensive income / (expense) for the year		**-**	**-**	**13,956**	**(37,876)**	**(23,920)**
Balance at 31 March 2021		**167,000**	**573,348**	**(1,224)**	**(747,110)**	**(7,986)**

The notes on pages 61 to 104 form part of these financial statements.

Consolidated Financial Statements
(continued)

Consolidated Cash Flow Statement
for the year ended 31 March 2021

	Note	Year ending 31 March 2021 $000	Year ending 31 March 2020 $000
Cash flows from operating activities			
Loss for the year[1]		**(38,974)**	(90,770)
Adjustments for:			
Depreciation and impairment charge	*12*	**5,847**	30,137
Amortisation and impairment charge	*13*	**20,132**	42,919
Depreciation and impairment charge on right-of-use assets	*25*	**5,231**	14,156
Loss on disposal of property, plant and equipment		**540**	973
Gain on disposal of land and buildings		**(1,053)**	-
Loss on disposal of intangibles		**-**	124
Loss on sale of discontinued operation	*10*	**11,388**	-
Loss on sale of businesses[2]		**10,474**	-
Interest on lease liabilities	*25*	**966**	1,118
Other non-cash movements		**(480)**	895
IAS 19 pension charge	*21*	**1,294**	1,378
Taxation expense	*9*	**4,591**	10,845
Net foreign exchange (gains) / losses		**(8,055)**	4,312
Net financial expense		**10,942**	11,185
		22,843	27,272
Decrease / (Increase) in trade and other receivables		**23,881**	(62)
Decrease / (Increase) in inventories		**5,061**	(9,083)
(Decrease) / Increase in provisions		**(13,259)**	2,268
(Decrease) / Increase in trade and other payables		**(15,244)**	2,626
Payment to escrow re. ITyX		**-**	(7,466)
Taxation paid		**(4,525)**	(8,862)
Cash contributions to pension schemes	*21*	**(1,623)**	(1,497)
Net cash from operating activities		**17,134**	5,196
Cash flows from investing activities			
Purchase of property, plant and equipment	*12*	**(10,907)**	(11,685)
Acquisition of intangible assets	*13*	**(8,357)**	(11,554)
Proceeds from sale of property, plant and equipment		**700**	222
Interest received		**611**	1,146
Proceeds from sale of discontinued operation, net of cash disposed	*10*	**3,904**	-
Proceeds from sale of businesses		**3,743**	-
Contingent consideration received	*31*	**13,930**	-
Net cash from / (used in) investing activities		**3,624**	(21,871)
Cash flows from financing activities			
Decrease in long term borrowings		**(640)**	(883)
Lease payments		**(6,697)**	(7,118)
Loan arrangement fees paid		**(3,246)**	-
Interest paid		**(3,586)**	(2,869)
Net cash used in financing activities		**(14,169)**	(10,870)
Net increase / (decrease) in cash and cash equivalents		**6,589**	(27,545)
Cash and cash equivalents at beginning of the year		**69,387**	100,346
Effect of exchange rate fluctuations on cash held		**2,965**	(3,414)
Cash and cash equivalents at the end of the year	*18*	**78,941**	69,387

The Group has elected to present a statement of cash flows that includes an analysis of all cash flows in total - i.e. including both continuing and discontinued operations; amounts related to discontinued operations by operating, investing and financing activities are disclosed in note 10. The notes on pages 61 to 104 form part of these financial statements.

1 Net cash used in operating activities includes non-recurring costs for business projects of $5,305 thousand (2020: $13,395 thousand), and restructuring costs of $1,707 thousand (2020: nil) as well as non-recurring receipts for government grants of $2,657 thousand (2020: nil).

2 Loss on sale of businesses relates to the change of go to market model for Alaris and Kodak Moments operations, principally in Argentina. These were not considered significant enough to be treated as discontinued operations. Total proceeds from sale of both discontinued and continuing operations amounted to $7,647 thousand (2020: nil).

Notes to the Consolidated Financial Statements

(forming part of the financial statements)

Note 1: General information

Kodak Alaris Holdings Limited (the 'Company') is a private company limited by shares, 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 of 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 accounting standards in conformity with the requirements of the Companies Act 2006. 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 or the new UK endorsement board and are effective for the year ended 31 March 2021:

- Amendments to IFRS 3 'Business Combinations':
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendment to IFRS 16: COVID-19-Related Rent Concessions
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform Phase 2

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

Notes to the Consolidated Financial Statements
(continued)

Accounting standards not yet adopted

The following standard and interpretation 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 or the new UK endorsement board at 31 March 2021 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: References to the Conceptual Framework	1 January 2022
Amendments to IAS 16: Proceeds before Intended Use	1 January 2022
Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41: Annual Improvements to IFRS Standards 2018-2020 Cycle	1 January 2022
Amendments to IAS 1 'Presentation of Financial Statements Classification of Liabilities as Current or Non-current	1 January 2023

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

C. Going concern

The directors must satisfy themselves as to the Group's ability to continue as a going concern for a minimum of 12 months from the approval of the financial statements.

In relation to the year ended 31 March 2019, 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 could be achieved, the Group would liquidate any remaining legal entities. In the year ended 31 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, run and grow those businesses. As a result of that change of ownership strategy, the directors concluded that the going concern basis was appropriate for the financial statements for the year ended 31 March 2020. However there was a material uncertainty related to the expectation that covenant waivers and additional finance would be needed in the forecast period under the Group's severe but plausible downside cash flow scenario, particularly given the inherent uncertainties associated with the impact of COVID-19, and as, whilst expected to be received, there could be no certainty that such waivers or additional funding would be forthcoming.

The Group meets its day-to-day working capital requirements through its operations and cash held and at 31 March 2021, the Group had a cash position of $79 million. In addition, the Group's existing credit facilities include a 3-year Senior Credit Facility (the "facility") of up to $50 million provided by its shareholder on 29 September 2020. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance and cost mitigation, show that the Group should be able to operate within the level of its current facilities and in compliance with the financial covenants, described below. However, in severe, plausible scenarios an additional waiver of a default condition could be necessary, as described below.

The financial covenants attached to the facility are as follows:

- Asset Cover ratio (Adjusted Net Debt /Inventory and Receivables) shall not exceed 0.50:1
- Leverage ratio (Total Net Debt/EBITDA) shall not exceed 1.50:1
- Interest Cover ratio (EBITDA/Net Finance Charges) shall not be less than 4.00:1

In addition, the facility contains an Available Collateral covenant which limits borrowing based on certain minimum levels of collateral being available.

The Asset Cover ratio applied with effect from the date of signing the facility. The Leverage and the Interest Cover ratios do not apply until after 29 September 2021, the first anniversary of the facility. Furthermore, under the terms of the facility a default event would exist were the assets of the Group to be less than its liabilities (taking into account contingent and prospective liabilities). At the balance sheet date, the Group has net liabilities of $8 million and has therefore received a waiver from the shareholder which is in place for a period up to and including 31 March 2022. Further information on the Group's borrowings is given in note 19.

Notes to the Consolidated Financial Statements
(continued)

Nevertheless, after making enquiries the directors have concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts with specific consideration to the trading position of the Group in the context of the continually evolving global COVID-19 pandemic, for the reasons set out below. The going concern basis is further predicated on the continued support of the shareholder, who have re-iterated their current position with regard to their investment as one where they will continue to retain, run and grow the business, rather than seeking alternative options. The directors believe the support provided by the shareholder in the form of the facility in the year is reflective of this mutual objective to support the business with its future ambitions and based on discussions with the shareholder believe that it is unlikely that a scenario will arise over the forecast period which will cause the shareholder to change direction from this current strategy.

In assessing the going concern position of the Group, the directors have considered all the available planning information, including the current year budget and the most recent forecasts for the period to 31 March 2023 contained in the latest 5-year financial forecast to 31 March 2025 as well as a forecast assessment of the covenant compliance required within the going concern period. In each scenario there is sufficient liquidity to be able to pay liabilities as they fall due, through to the end of the period reviewed, being March 2023, and there is sufficient headroom to achieve all the covenant requirements of the Group's Senior Credit Facility, albeit a continued waiver of the default event condition noted above would need to be in place for the period reviewed should the Group not reverse its current net liabilities position. The directors acknowledge that the forecasts represent a post-COVID-19 growth, recovery and expansion plan and have considered risks relating to expansionary activities including amounts and timing of potential cash flows and also reviewed models including a severe but plausible trading scenario that covers the period to March 2023, to determine whether projected peak borrowing requirements would exceed committed facilities and whether the covenants associated with these facilities would be breached. The period to March 2023 has been used to assess the going concern position of the Group in order to incorporate a foreseen period of trading after current default waivers expire. In the severe but plausible case management estimated a 50% EBITDA reduction against plan for the year ended 31 March 2022 and concluded that the Group would have sufficient liquidity to meet its obligations although the Group would need to draw under the facility to do so.

Financial statements are prepared on a going concern basis unless management intends or has no realistic alternative other than to liquidate the entity or to stop trading. Whilst under its base case scenario (as noted above) the Group does not require the use of the shareholder facility, its severe but plausible downside scenario, where the business operates below plan in the future - at a 50% EBITDA reduction - would require access to shareholder lending to meet its obligations. Where such a facility is required, and the Group has not met the above default event condition of having assets in excess of the Group liabilities, further waivers from the shareholder would be necessary. Whilst there is no indication currently that the shareholder would not consent to such a waiver, a situation where downside scenarios materialised may result in the shareholder taking a different view to the current retain, run and grow strategy for the business that it has indicated. Whilst the directors believe that it remains appropriate to prepare the financial statements on a going concern basis these severe but plausible downside circumstances indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern and, therefore, the Group and Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Notwithstanding that the Group incurred a loss for the year of $39 million[1] and had net liabilities as at 31 March 2021 of $8 million. These liabilities include $135 million of Tranche B Loan Notes from the shareholder which do not mature until 31 August 2028, and despite the material uncertainty indicated above, the directors have a reasonable expectation that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for a period at least to 31 March 2023 from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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1 Includes continuing and discontinued operations, see page 118 for the summary.

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. When the Group loses control over a subsidiary or business combination, it derecognises the assets and liabilities of the subsidiary, and any related Non-Controlling Interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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.

E. Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are stated using the equity method.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within the statement of profit or loss.

F. 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.

On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

G. 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 unfavourable 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.

H. 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.

Notes to the Consolidated Financial Statements
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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 to make additional provisions where objective evidence of default of receivable payment history or circumstances exists.

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.

I. 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.

J. 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.

K. 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

L. Leases

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

Notes to the Consolidated Financial Statements
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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 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.

M. 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.

N. 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
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Other intangible assets

Expenditure on patents is recognised in the income statement as an expense as incurred. Other intangible assets including customer relationship and trademarks 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

O. 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.

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

Notes to the Consolidated Financial Statements
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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.

Q. 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.

R. 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.

S. 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 obligation is transferred to the customer or when the performance obligation in the contract has been performed ('point in time'). For contracts that permit the customer to return an item, the amount of revenue recognised is adjusted for expected returns, which are estimated based on historical data. The Group reviews its estimate of expected returns at each reporting date.

Notes to the Consolidated Financial Statements
(continued)

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.

T. 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.

U. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Government grants received are varied in nature and are recognised in the income statement so as to match them with the related expenses that they are intended to compensate. Where grants are received in a different period to the related expenses, they are initially recognised in the Balance Sheet, and released to the income statement to match the related expenditure.

V. 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.

W. 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 and incidence and have been separately disclosed in order to give a better view of the underlying trading of the Group.

X. 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.

Notes to the Consolidated Financial Statements
(continued)

Note 3: Revenue

Segmental split of revenue:

	AI Foundry $000	Kodak Moments[2] $000	Alaris $000	Continuing Operations Total $000	Discontinued Operations Total $000	Total Year ending 31 March 2021 $000
Sale of goods	**43**	**207,135**	**95,954**	**303,132**	**24,025**	**327,157**
Rendering of services	**433**	**35,056**	**80,313**	**115,802**	**2,687**	**118,489**
Total revenues	**476**	**242,191**	**176,267**	**418,934**	**26,712**	**445,646**

	AI Foundry $000	Kodak Moments[2] $000	Alaris $000	Continuing Operations Total $000	Discontinued Operations Total $000	(Restated)[1] Total Year ending 31 March 2020 $000
Sale of goods	80	287,992	121,423	409,495	79,753	489,248
Rendering of services	480	42,871	85,271	128,622	10,277	138,899
Total revenues	560	330,863	206,694	538,117	90,030	628,147

Geographical split of revenue:

Continuing operations	United States & Canada $000	Europe, Middle East & Africa $000	Latin America $000	Asia-Pacific $000	Total Year ending 31 March 2021 $000
Sale of goods	**101,294**	**114,928**	**19,883**	**67,027**	**303,132**
Rendering of services	**46,548**	**52,628**	**1,541**	**15,085**	**115,802**
Total revenues	**147,842**	**167,556**	**21,424**	**82,112**	**418,934**

	United States & Canada $000	Europe, Middle East & Africa $000	Latin America $000	Asia-Pacific $000	(Restated)[1] Total Year ending 31 March 2020 $000
Sale of goods	141,546	153,457	32,455	82,038	409,496
Rendering of services	57,998	52,654	1,451	16,518	128,621
Total revenues	199,544	206,111	33,906	98,556	538,117

Discontinued operations	United States & Canada $000	Europe, Middle East & Africa $000	Latin America $000	Asia-Pacific $000	Total Year ending 31 March 2021 $000
Sale of goods	**7,170**	**3,932**	**5,049**	**7,874**	**24,025**
Rendering of services	**2,258**	**-**	**407**	**22**	**2,687**
Total revenues	**9,428**	**3,932**	**5,456**	**7,896**	**26,712**

	United States & Canada $000	Europe, Middle East & Africa $000	Latin America $000	Asia-Pacific $000	(Restated)[1] Total Year ending 31 March 2020 $000
Sale of goods	20,397	9,683	24,343	25,330	79,753
Rendering of services	8,632	3	1,602	40	10,277
Total revenues	29,029	9,686	25,945	25,370	90,030

1 Restated to include continuing operations, see note 10 for detail.

2 Film capture product sales are reported in Kodak Moments and the comparative balances have been restated.

Notes to the Consolidated Financial Statements
(continued)

Note 4: Administrative expenses (continuing operations)

		Note	Year ending 31 March 2021 $000	(Restated)[1] Year ending 31 March 2020 $000
Advertising			**4,040**	8,238
Marketing			**6,572**	10,160
Sales expenses			**28,170**	37,518
Depreciation and amortisation			**23,414**	35,712
General and administrative			**59,849**	70,173
Ongoing administration expenses[2]			**122,045**	161,801
Impairment:	Land and buildings	12	**-**	429
	Machinery and equipment	12	**-**	6,103
	Rental equipment	12	**-**	8,058
	Right of use assets - property	12	**-**	7,375
	Trademark and Patents	13	**-**	1,504
	Customer Relationships	13	**-**	4,336
	Development costs	13	**1,698**	3,915
	Software	13	**-**	439
Impairment			**1,698**	32,159
Legal, professional and other costs[3]			**5,305**	14,509
Government grants[4]			**(2,657)**	-
Restructuring costs[5]			**1,707**	-
Loss on divestiture[6]			**10,474**	-
Provision for counterclaim[7]			**-**	2,686
Patent infringement settlement[8]			**-**	(850)
Non-recurring items[9]			**14,829**	16,345
Total administrative expenses			**138,572**	210,305

1 Restated to include continuing operations, see note 10 for detail.

2 Depreciation of $6,065 thousand is included within COGS and therefore excluded from this figure.

3 Internal staff costs and consultancy, legal and due diligence fees relating to transformation activities and programme to rationalise the Group's legal entity footprint in line with the reduced trading levels (2020: related to actively exploring the disposal of the Group's businesses) and continued legal costs associated with the appeal against adverse US jury award and ongoing action in Germany arising from the discontinuation of the relationship with ITyX Solutions AG (2020: also included interest charged on jury award and costs defending infringement of patent).

4 Funding from various government grants and COVID-19 Assistance schemes globally.

5 Restructuring costs primarily relate to transformation activities.

6 Loss on divestiture relates to the change of go to market model for Alaris and Kodak Moments operations, principally in Argentina.

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

8 Settlement income associated with the infringement of Kodak Moments patent.

9 This amount is included in cash flow statement in 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 2021 $000	Year ending 31 March 2020 $000
Audit of these financial statements	**1,257**	1,068
Audit of the statutory financial statements of subsidiaries of the Company	**705**	866
Taxation compliance services	**57**	47
Audit – related assurance services	**29**	19
Total Auditor's remuneration	**2,048**	2,000

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 2021	Number of Employees Year ending 31 March 2020
Country/Region		
United Kingdom	**124**	134
United States & Canada	**830**	989
Europe, Middle East & Africa	**208**	224
Asia-Pacific	**340**	365
Latin America	**176**	238
Total staff numbers per Country/Region	**1,678**	**1,950**
Segment		
Kodak Moments	**504**	590
Alaris	**768**	828
PPDS	**38**	72
AI Foundry	**7**	36
Shared	**361**	424
Total staff numbers per segment	**1,678**	**1,950**

At the start of the year seven film employees transitioned from PPDS to Kodak Moments and the comparative Kodak Moments balance has been represented to include seven film employees.

The aggregate payroll costs of these persons were as follows:

	Year ending 31 March 2021 $000	Year ending 31 March 2020 $000
Wages and salaries	**124,286**	169,744
Social security costs	**10,275**	13,776
Contributions to defined contribution plans	**2,945**	6,561
Expenses related to defined benefit plans	**1,294**	1,381
Total staff costs	**138,800**	**191,462**

During the year the Group received various government grants to support the cost of retaining employees during the COVID 19 pandemic. The costs of these employees are included above, net of government grants of $2,657 thousand (2020: nil) received as compensation for the ongoing employment costs of these individuals.

Notes to the Consolidated Financial Statements
(continued)

Note 7: Directors' remuneration

	Year ending 31 March 2021 $000	Year ending 31 March 2020 $000
Directors' emoluments	**2,367**	2,357
Amounts receivable under short term, variable pay schemes	**-**	459
Long-term incentive plan	**-**	600
Company contributions to defined contribution pension plans	**78**	73
Benefits in kind	**36**	68
Severance payments	**-**	600
Amounts paid to third parties in respect of directors' services	**74**	28
Total Directors' remuneration	**2,555**	4,185

The aggregate of emoluments of the highest paid director was $1,359 thousand (2020: $2,616 thousand) and Company pension contributions of $72 thousand (2020: $11 thousand) were made to a money purchase scheme on their behalf.

	Number of directors Year ending 31 March 2021	Number of directors Year ending 31 March 2020
Retirement benefits are accruing to the following number of directors under:		
Defined contribution pension schemes	**2**	2

Note 8: Finance income and expense (continuing operations)

	Year ending 31 March 2021 $000	(Restated)[1] Year ending 31 March 2020 $000
Financial income		
Interest income financial assets	**579**	964
Foreign exchange gain	**7,564**	-
Total financial income	**8,143**	964
Financial expenses		
Total interest expense on financial liabilities measured at amortised cost	**11,283**	11,942
Interest on lease liabilities	**963**	1,104
Interest expense on pension obligations	**266**	318
Foreign exchange loss	**-**	5,181
Total financial expenses	**12,512**	18,545

1 Restated to include continuing operations, see note 10 for detail.

Notes to the Consolidated Financial Statements
(continued)

Note 9: Taxation (continuing operations)

Recognised in the income statement

	Year ending 31 March 2021 $000	(Restated)[1] Year ending 31 March 2020 $000
Current tax expense		
Current period:		
United Kingdom	**939**	147
Foreign	**4,960**	10,081
Adjustments for prior year	**(377)**	1,318
Current tax expense	**5,522**	11,546
Deferred tax expense:		
Origination and reversal of temporary differences	**(8,693)**	(22,959)
Reduction in tax rate	**512**	419
Current year losses for which no deferred tax asset was recognised	**7,823**	21,450
Adjustments for prior year	**(502)**	144
Deferred tax charge	**(860)**	(946)
Total income tax provision	**4,662**	10,600

Reconciliation of effective tax rate

	Year ending 31 March 2021 $000	Year ending 31 March 2020 $000
Loss for the year	**(20,162)**	(77,497)
Total income tax provision	**4,662**	10,600
Loss excluding taxation	**(15,500)**	(66,897)
Tax using the UK corporation tax rate of 19% (2020: 19%)	**(2,945)**	(12,710)
Effect of tax rates in foreign jurisdictions	**(6,176)**	(1,622)
Reduction in tax rate on deferred tax balances	**512**	419
Non-deductible expenses	**6,327**	1,602
Current year losses for which no deferred tax asset was recognised	**7,823**	21,450
Over provided in prior years	**(879)**	1,461
Total income tax provision	**4,662**	10,600

Income tax recognised in other comprehensive income

	Year ending 31 March 2021 $000	Year ending 31 March 2020 $000
Foreign exchange translation differences	**-**	-
Minimum pension liability	**(407)**	285
Total tax recognised in other comprehensive income	**(407)**	285

Current Income Tax Asset/Liability

	Year ending 31 March 2021 $000	Year ending 31 March 2020 $000
Current Asset	-	-
Current Liability	**(3,897)**	(2,947)

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. The impact of the rate change cannot be quantified as there is no deferred tax asset/(liability) recognised by the UK companies.

1 Restated to include continuing operations, see note 10 for detail.

Notes to the Consolidated Financial Statements
(continued)

Note 10: Discontinued operations

On 1 November 2020 the Paper, Photochemicals, Display and Software (PPDS) business was sold to Sino Promise Group Limited, comprising the sale of shares in both Brazil wholly owned subsidiaries and various asset sales. The Brazil subsidiaries results include PPDS trading and manufacturing operations in Manaus as well as less significant amounts from trading by the Alaris and Kodak Moments businesses. The entire impact of the disposal of Brazil and the wider PPDS business, have been included in discontinued operations.

Following a strategic decision to invest in the core business segments enabling greater returns management committed to a plan to sell this business in January 2020.

The PPDS business and the Brazil companies were not classified as held for sale or as a discontinued operation in the prior year as at 31 March 2020 this disposal was not considered to be highly probable and the consolidated income statement for the comparative year has been restated to show the discontinued operation separately from continuing operations.

Results from the discontinued operations for the year are presented below:

Income Statement

	Note	**Year ending 31 March 2021 $000**	**Year ending 31 March 2020 $000**
Discontinued operation			
Revenue	*3*	**26,712**	90,030
Cost of sales		**(29,930)**	(87,624)
Gross profit		**(3,218)**	2,406
Administrative expenses		**(4,245)**	(15,318)
Research and development expensed		**-**	(3)
Operating loss		**(7,463)**	(12,915)
Financial income		**32**	182
Financial expenses		**(64)**	(295)
Loss before tax		**(7495)**	(13,028)
Income tax provision		**44**	(245)
Loss after tax from discontinued operations		**(7,451)**	(13,273)
Loss on sale of discontinued operations		**(11,388)**	-
Income tax on loss on sale of discontinued operations		**27**	-
Loss from discontinued operations		**(18,812)**	(13,273)
Non-recurring items			
Restructuring costs		**702**	-
Loss on divestiture[1]		**11,388**	-
Total non-recurring items		**12,090**	-
Loss from discontinued items as above		**(18,812)**	(13,273)
Adjusted for:			
Income tax		**(71)**	245
Depreciation and amortisation		**49**	408
Impairment		**-**	5,223
Loss on disposal of property, plant and equipment		**-**	5
Non-recurring items		**12,090**	-
Net finance cost		**32**	113
Adjusted EBITDA discontinued operations		**(6,712)**	(7,279)

Total loss from discontinued operations is attributable to the equity holder of the parent.

1 Loss on divestiture includes USD 2,684 thousand of transfer of cumulative translation differences re the Brazilian entities.

Notes to the Consolidated Financial Statements
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Cash Flow

	Year ending 31 March 2021 $000	Year ending 31 March 2020 $000
Cash flows from:		
Operating activities	**7,159**	(10,276)
Investing activities	**3,904**	215
Net cash inflow / (outflow)	**11,063**	(10,061)

Effect of disposal on the financial position of the Group

	Year ending 31 March 2021 $000
Property, plant and equipment	**24**
Intangible assets	**345**
Goodwill	**115**
Deferred tax assets	**1,122**
Inventories	**7,552**
Trade and other receivables	**1,300**
Cash and cash equivalents	**1,969**
Deferred tax liabilities	**(34)**
Trade and other payables	**(1,451)**
Tax payable	**(217)**
Provisions	**(173)**
Cumulative translation reserve	**6,709**
Net Assets and Liabilities	**17,261**

Consideration received, satisfied in cash	5,873
Cash and cash equivalents disposed of	(1,969)
Net cash inflow	**3,904**

Notes to the Consolidated Financial Statements
(continued)

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

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 controllable 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 2021 $000**	**(Restated)[1] Year ending 31 March 2020 $000**
Loss from continuing operations		**(20,162)**	(77,497)
Total income tax provision	*9*	**4,662**	10,600
Loss before tax		**(15,500)**	(66,897)
Adjusted for:			
Net finance costs	*8*	**4,369**	17,581
Loss on disposal of property, plant and equipment	*12*	**540**	968
Gain on disposal of land and buildings	*12*	**(1,053)**	-
Loss on disposal of intangibles	*13*	**-**	124
Depreciation	*12*	**11,062**	20,937
Amortisation	*13*	**18,400**	28,486
Impairment	*4*	**1,698**	32,159
Non-recurring items	*4*	**14,829**	16,345
Adjusted EBITDA		**34,345**	49,703

1 Restated to include continuing 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 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
Balance at 1 April 2020	40,590	62,779	70,455	4,444	178,268
Reclassification - other	-	12	(1,276)	-	(1,264)
Acquisitions	2,580	1,071	99	10,103	13,853
Transfer from under construction	1,678	3,210	9,002	(13,890)	-
Disposals	(1,901)	(1,688)	(15,323)	-	(18,912)
Other movements	-	(4)	-	-	(4)
Effect of movements in foreign exchange	713	563	4,268	41	5,585
Balance at 31 March 2021	**43,660**	**65,943**	**67,225**	**698**	**177,526**
Depreciation and impairment					
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)
Balance at 1 April 2020	(26,092)	(53,091)	(65,665)	(10)	(144,858)
Reclassification - other	-	(107)	668	-	561
Depreciation charge for the year	(4,300)	(4,287)	(2,491)	-	(11,078)
Depreciation on disposals	1,901	1,026	15,323	-	18,250
Other movements	85	(9)	-	10	86
Effect of movements in foreign exchange	(406)	(469)	(3,979)	-	(4,854)
Balance at 31 March 2021	**(28,812)**	**(56,937)**	**(56,144)**	-	**(141,893)**
Net book value at 31 March 2020	14,498	9,688	4,790	4,434	33,410
Net book value at 31 March 2021	**14,848**	**9,006**	**11,081**	**698**	**35,633**

Property plant and equipment under construction at 31 March 2021 totalled $698 thousand (2020: $4,434 thousand) primarily Alaris tooling, testing equipment, Kodak Moments rental equipment in transit and manufacturing equipment. The amount of borrowing costs capitalised during the year was nil (2020: nil). Included in plant and equipment are right-of-use assets related to facility leases. Included in plant and equipment are capitalised spare parts used in the ongoing maintenance requirements of the Group and right-of-use assets related to vehicles.

In the prior year, an impairment loss of $22,771 thousand was made against the carrying value of land and buildings, right of use assets, machinery and equipment and rental equipment assets related to the Kodak Moments business.

Notes to the Consolidated Financial Statements
(continued)

Land, buildings and machinery and equipment assets with a carrying value of $24 thousand were disposed of as part of the sale of the PPDS business (note 10). Machinery, equipment and right-of-use assets with a carrying value of $100 thousand were disposed of as part of the sale of AI Foundry and changes in the go-to-market model in EMEA and Argentina. Rental equipment at a cost of $15,323 thousand with nil net book value has been derecognised as they were no longer in service.

Rental equipment assets of $1,276 thousand (2020: nil) were provided to secure the renewal of a customer contract and have been reclassified as contract assets.

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 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
Balance at 1 April 2020	129,468	114,037	214,892	58,535	36,883	2,500	556,315
Other acquisitions – internally developed	-	-	-	7,991	-	-	7,991
Acquisitions	-	366	-	-	-	-	366
Disposals	(624)	(16,260)	(13,693)	(1,833)	(18)	-	(32,428)
Other reclassifications	-	-	-	(155)	-	-	(155)
Effect of movements in foreign exchange	5,428	4,500	-	-	(8)	-	9,920
Balance at 31 March 2021	**134,272**	**102,643**	**201,199**	**64,538**	**36,857**	**2,500**	**542,009**
Amortisation and impairment							
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)
Impairments for the year	-	(5,882)	(4,375)	(3,615)	(439)	-	(14,311)
Disposals	-	2,184	-	15,972	149	-	18,305
Reclassifications 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)
Balance at 1 April 2020	(110,209)	(92,568)	(195,287)	(41,375)	(36,414)	(2,500)	(478,353)
Amortisation for the year	-	(4,005)	(7,335)	(6,873)	(221)	-	(18,434)
Impairment for the year	-	-	-	(1,698)	-	-	(1,698)
Disposals	(1,481)	15,457	13,693	724	18	-	28,411
Other reclassifications	-	-	-	155	-	-	155
Effect of movements in foreign exchange	(4,357)	(3,543)	-	-	9	-	(7,891)
Balance at 31 March 2021	**(116,047)**	**(84,659)**	**(188,929)**	**(49,067)**	**(36,608)**	**(2,500)**	**(477,810)**
Net book value at 31 March 2020	19,259	21,469	19,605	17,160	469	-	77,962
Net book value at 31 March 2021	**18,225**	**17,984**	**12,270**	**15,471**	**249**	**-**	**64,199**

Other intangible assets represent the carrying value of intangible assets similar in nature to customer relationships and have been fully amortised.

Amortisation of the intangible assets is included in administrative expenses.

The cash-generating-units (CGU's) of the Group are determined by management to be Alaris, Kodak Moments and Film. The cash inflows for Film are largely independent of the cash inflows for the rest of Kodak Moments, and it is therefore treated as a separate CGU.

Notes to the Consolidated Financial Statements
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An impairment loss of $1,698 thousand (2020: $300 thousand) was recognised in the year related to the assessment of Alaris development costs not yet available for use. In the comparative year, impairment losses of $11,441 thousand for Kodak Moments and $2,870 thousand for PPDS were recognised as part of the wider recoverability review due to the impact of COVID-19 on trading results.

As a result of the change in the Argentina go to market model in March 2021, intangible assets with a carrying value of $332 thousand were derecognised. The disposal of the Alaris service business in Belgium, the Netherlands and Spain completed in March 2021. Intangible assets with a carrying value of $2,116 thousand were derecognised and included in the gain recorded on the sale.

Negative goodwill of $1,481 thousand with nil net book value, related to the acquisition of assets and liabilities by Kodak Alaris Manaus Indústria e Comércio de Material Fotográfico Ltda, was derecognised on the sale of the PPDS business.

The following table summarises impairment charges and amounts written off recorded by business unit and asset category:

Impairment Charges		**Year ending 31 March 2021 $000**		**Year ending 31 March 2020 $000**
Alaris Business Unit				
Trademark and Patents (see (i))		-		-
Customer Relationships (see (ii))		-		-
Development costs (see (iii))		**1,698**		300
Goodwill (see (iv))		-		-
Total Alaris Business Unit Impairment Charges		**1,698**		300
Kodak Moments Business Unit				
Trademark and Patents (see (i))		-		1,505
Customer Relationships (see (ii))		-		5,882
Development costs (see (iii))		-		3,615
Software		-		439
Property, plant and equipment allocated as follows:	-			
Land and buildings (note 12)	-		377	
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
Total Kodak Moments Business Unit Impairment Charges		-		33,212
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		**1,698**		37,382
Impairment charges – Intangibles		1,698		14,611
Impairment charges – Property plant & equipment (note 12)		-		22,771

Notes to the Consolidated Financial Statements
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i. Recoverability of trademark assets

Included within the carrying values of Trademarks and Patents at 31 March 2021 are Trademark assets associated with the Kodak Moments, Alaris and Film CGU's. The carrying value of these assets are nil, $3,213 thousand and $25 thousand respectively (2020: nil, $7,497 thousand and $59 thousand).

The recoverability of these assets, Alaris and Film patent assets with a carrying value of $9,029 thousand and $3 thousand respectively (2020: $12,043 thousand and $6 thousand) was considered through the wider assessment of the recoverability of the various CGUs. No impairment losses were recorded (2020: $1,505 thousand).

ii. Recoverability of customer relationship assets

The carrying values of the customer relationship assets at 31 March 2021, for Kodak Moments and Alaris are $1,316 thousand and $16,668 thousand respectively (2020: $2,755 thousand and $18,714 thousand).

In the prior year, 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 the Kodak Moments assets. An assessment was completed and an impairment loss of $5,882 thousand was recognised. In the current year Kodak Moments successfully renewed contracts with its key customers. Whilst the impact of the COVID-19 pandemic has been significant, this was recognised in the cash flow modelling in the prior year impairment assessment and trading has exceeded those expectations in the current year. An impairment of the customer relationship asset was not indicated, and no impairment losses were recognised.

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.

These assets are reviewed as part of the wider assessment of the Kodak Moments and Alaris CGU's.

iii. Development costs

The carrying value of capitalised development costs at 31 March 2021, for Kodak Moments and Alaris are $3,635 thousand and $11,836 thousand respectively (2020: $2,222 thousand and $14,938 thousand).

The recoverability of Kodak Moments and Alaris in process development costs was reviewed as part of the annual assessment of intangible assets not yet available for use. Due to changes in strategy and budget constraints resulting from the COVID-19 pandemic certain Alaris projects will not be completed, and the technology developed cannot be used elsewhere. An impairment loss of $1,698 thousand (2020: $300 thousand write off) was recorded. The development cost assets were determined to be fully recoverable and no impairments were required. In the prior year an impairment charge of $3,615 was recognised for Kodak Moments as part of the wider assessment of the CGU.

iv. Impairment testing for CGUs containing goodwill

Goodwill was tested for impairment as at 31 March 2021, the Group has three CGUs and goodwill is monitored at CGU level. For the purposes of impairment testing, goodwill has been allocated entirely to the Alaris business unit:

Allocation of Goodwill	Year ending 31 March 2021 $000	Year ending 31 March 2020 $000
Alaris Business Unit	**18,225**	19,259
Total Goodwill	**18,225**	19,259

Prior year figures are net of impairments

Whilst Kodak Moments and Film have no goodwill, the negative impact of COVID-19 on trading results was material and there is a risk that the recoverable amounts would be less than the carrying values of the other underlying assets, necessitating a review.

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.

Notes to the Consolidated Financial Statements
(continued)

Alaris

The impact of COVID-19 varied depending on the industry and was the principal reason for the decline in sales for both production and distributed scanning solutions. As countries introduced measures to contain the spread of the virus, trading activity began to decline due to deferral or cancellation of sales. The outlook used in the impairment assessment reflects the impact of the pandemic on the overall scanner market and the expected economic impact on near term trading. The recoverable value of the Alaris CGU exceeded the carrying value by $33,000 thousand and no impairment loss was recognised (2020: nil).

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

Alaris CGU Impairment Test	**Year ending 31 March 2021**	**Year ending 31 March 2020**
Discount rate	**14.7%**	19.5%
Terminal value growth rate	**0.0%**	0.0%
EBITDA growth rate in first year (change from 2021)	**(31.4%)**	-
EBITDA growth rate (average over four years)[1]	**3.7%**	0.5%

[1] The management plan used in the assessment was 4 years, starting with year 2022 (2020: 5 years starting with year 2021).

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.

Four years of cash flows were included in the discounted cash flow model with the diminishing impact of COVID-19 reflected principally in year 2022, including the service business which shows a decline with a negative 4.2% average growth rate over the four year forecast period. If the decline in the service business were to continue at the modelled rate and not be offset by other growth strategies, in order to maintain a zero % EBITDA growth rate in the terminal value, the recoverable amount decreases by $22,000 thousand.

The year ended 31 March 2021 reflected solid EBITDA performance, benefitting from government COVID-19 subsidies and disciplined cost control that reduced COGS, R&D and administrative costs. Our modelling has assumed a reversal of these benefits initially in year 2022, and throughout the modelled period. R&D costs are restored to pre-COVID levels and administrative costs were increased, but not to pre-COVID levels. The year 2022 also reflects lower gross profit expectations for the service business due to a decline in service revenue. The combined impact of these facts reduces the EBITDA modelled in 2022 by 31.4% compared to the actual results for the current year.

Management considered different scenarios and determined that a reasonably possible change in terminal value growth rates could cause the carrying value to exceed the recoverable value. Alaris operates in a mature market and market share expectations from new product introductions, go-to-market changes and anticipated consolidation may not be realised. The overall terminal value growth rate would need to change to negative 0.6% for the recoverable value to equal the carrying value.

Recoverable value estimates are affected by changes in the discount rate. A 1% increase in the post-tax discount rate reduced the recoverable value by $5,000 thousand, and a 2% increase reduced the recoverable value by $9,000 thousand.

Recoverable values are sensitive to EBITDA growth rates. EBITDA growth rates for Alaris of 3.7% over four years reflects expected market share gains from its INfuse smart connected scanning solution and go-to market initiatives intended to expand its market reach. The recoverable value is clearly dependent on the expectations for the INfuse product offering and if market share gains are not realised the EBITDA growth rates will not be achieved. Reducing INfuse growth by 50% would reduce the recoverable value by $20,000 thousand.

Reducing absolute EBITDA in the final year by $1,000 thousand (2.4%), compared to the modelled value reduced the recoverable value by $7,000 thousand.

The recoverable amount incorporates management's consensus of the impact of COVID-19 on near term trading. To approximate a slower recovery, management evaluated a scenario that reduced growth in PC and DC scanners in the first year by 50%, reducing recoverable value by $5,000 thousand.

Kodak Moments

In response to the outbreak of COVID-19 many countries introduced measures to contain the spread of the virus, limiting or suspending retail operations and implementing travel restrictions and quarantine measures. These have had a significant adverse economic impact on the markets that Kodak Moments serves. Management incorporated the economic impact of the pandemic in the outlook used in the impairment assessment. Conditions are currently less volatile with improving rates of vaccination and restrictions in key markets are being eased though regional difference persist. The recoverable value of the Kodak Moments CGU exceeded the carrying value by $41,000 thousand and no impairment loss was recognised (2020: $33,212 thousand).

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

Kodak Moments CGU Impairment Test	Year ending 31 March 2021	Year ending 31 March 2020
Discount rate	**15.2%**	17.4%
Terminal value growth rate	**0.0%**	0.0%
EBITDA growth rate in first year (change from 2021)	**123.0%**	-
Average EBITDA growth rate over four years [1]	**5.8%**	8.7%

[1] The management plan used in the assessment was 4 years, starting with year 2022 (2020: 5 years starting with year 2021).

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.

Four years of cash flows were included in the discounted cash flow model, with the impact of COVID-19 reflected principally in year 2022 on trading and in subsequent years with deferral of the expansion of its branded ecosystem and removal of contract manufacturing. The growth rate into perpetuity is zero acknowledging the execution risk in the growth strategies in a mature market.

The 123% increase in EBITDA in the first year of the plan, reflects the recovery in trading from 2021 which was significantly affected by COVID-19, together with higher margin expectations and lower administrative expenses realised through completed transformation actions. EBITDA in the previous year was $48,000 thousand, declining to $20,000 thousand[1] in the current year and is projected to rise to $45,000 thousand in 2022, an increase of $25,000 thousand. Management is anticipating a recovery in sales which is expected to yield $32,000 thousand more in gross profit, R&D and administrative costs are planned to increase by $7,000 thousand. The plan used to estimate the recoverable value does not contemplate revenue returning to pre-COVID levels but management expects to restore EBITDA through improvements in gross profit reflecting the benefit of transformation activities completed and product mix improvements, including the introduction of higher margin Mini-prints.

Management considered different scenarios and identified that a reasonably possible change in EBITDA due to lower gross margins than forecast and using negative terminal value growth rate assumptions could cause the carrying value to exceed the recoverable amount. The following table shows the amount by which these assumptions would need to change individually for the estimated recoverable amount to equal the carrying value.

Change required for recoverable value to equal the carrying value	Year ending 31 March 2021
Annual decrease in gross margin over forecast period	(2.6%)
Terminal value growth rate	(1.4%)

Average gross margin rates used in determining the recoverable value are 3.6% higher than the year ended 31 March 2020 reflecting transformation initiatives completed, improvements from the loss of a lower margin retail customer, product mix changes and higher margins expected with the introduction of Mini-prints and expanded Google partnerships. The recoverable value is sensitive to achieving these margin rates.

Recoverable value estimates are affected by changes in the discount rate. A 1% increase in the post-tax discount rate reduced the recoverable value by $9,000 thousand, and a 2% increase reduced the recoverable value by $16,000 thousand. The post-tax discount rate would need to increase to 18.2% for the recoverable value estimate to equal the carrying value.

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 EBITDA is reduced by $1,000 thousand (1.8%) in the final year, recoverable values decrease by $6,000 thousand.

EBITDA growth of 5.8% over the 4 years of the plan reflects management's expectations for modest growth in the core business together with higher margins and a lower cost structure resulting from completed transformation activities. Using a negative 2% growth rate in the core equipment and media business reduced the recoverable value by $24,000 thousand. Growth in Google partnerships and Mini-prints occurs in the outer years where risk is greatest and a 50% reduction in the growth in these initiatives reduced the recoverable value by $18,000 thousand.

1 Results from discontinued operations in Brazil are excluded.

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The magnitude of the impact and the rate of recovery from COVID-19 is a key assumption affecting EBITDA. To approximate a slower recovery, management evaluated a scenario reducing core revenue growth by 50% in the first year returning to expected levels in the second and following years. This reduced recoverable value by $4,000 thousand.

Film

Social distancing and quarantine responses implemented to limit the spread of COVID-19 had a direct impact on events driving demand for film products. Management incorporated the economic impact of the pandemic in the outlook used in the impairment assessment. The recoverable value for Film exceeded the carrying value by $31,000 thousand and no impairments were recorded. The carrying value of intangibles are $36 thousand (2020: $90 thousand).

PPDS

The sale of the PPDS business completed on 1 November 2020. Intangible assets with a carrying value of $460 thousand were derecognised and included in the loss recorded on the sale.

AI Foundry

The sale of the AI Foundry business completed on 7 July 2020. Intangible assets with a carrying value of $1,109 thousand were derecognised and included in the gain recorded on the sale.

Note 14: Investments in equity accounted investees

Investments in associates	Country of incorporation	Class of shares held	Ownership %	31 March 2021 $000	31 March 2020 $000
Immobiliare Aquileja S.r.l. (formerly Fotomarket)[1]	Italy	Ordinary	20.9%	**224**	211
ITyX Technology GmbH[2]	Germany	Ordinary	25.1%	**17,860**	17,860
				18,084	18,071
Provision				**(17,860)**	(17,860)
Total investments in associates				**224**	211

	31 March 2021 $000	31 March 2020 $000
Balance at beginning of the year	**211**	214
Effect of movements in foreign exchange	**13**	(3)
Balance at the end of the year	**224**	211

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.

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Note 15: Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 31 March 2021 $000	Liabilities 31 March 2021 $000	Assets 31 March 2020 $000	Liabilities 31 March 2020 $000
Property, plant and equipment	**175**	**(61)**	288	(920)
Intangible assets	**2,008**	**(1,930)**	3,567	(4,097)
Inventories	**411**	**(339)**	457	(321)
Financial assets	**3**	**-**	9	(25)
Employee benefits	**6,449**	**(1,653)**	6,168	(1,522)
Provisions	**935**	**(551)**	1,330	(692)
Tax value of loss carry-forwards	**834**	**-**	1,506	-
Other	**3,031**	**(1,672)**	4,303	(2,136)
Total Tax	**13,846**	**(6,206)**	17,628	(9,713)
Net Tax asset		**7,640**		7,915

Movement in deferred tax during the year:

	1 April 2020 $000	Recognised in income $000	Recognised in equity $000	Foreign currency impact $000	Discontinued operations $000	31 March 2021 $000
Property, plant and equipment	(632)	850	-	-	(104)	**114**
Intangible assets	(530)	616	-	-	(8)	**78**
Inventories	136	14	-	-	(78)	**72**
Financial assets	(16)	(356)	-	360	15	**3**
Employee benefits	4,646	613	(407)	-	(56)	**4,796**
Provisions	638	(52)	-	-	(202)	**384**
Tax value of loss carry-forwards utilised	1,506	(121)	-	-	(551)	**834**
Other	2,167	(704)	-	-	(104)	**1,359**
Movement in deferred tax	7,915	860	(407)	360	(1,088)	**7,640**

	1 April 2019 $000	Recognised in income $000	Recognised in equity $000	Foreign currency impact $000	Discontinued operations $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

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.

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These unrecognised assets total $223,000 thousand (2020: $215,000 thousand), of which approximately $169,000 thousand relate to US operations (2020: $160,000 thousand). Of the total $223,000 thousand in unrecognised deferred tax assets (2020: $215,000 thousand), approximately $35,000 thousand results from acquired intangibles (2020: $28,000 thousand).

In regard to the US operations, whilst the ownership change from KPP2 to PPF will cause a limitation on the US entity's ability to utilise loss carry forwards, we do not expect that to have an impact on US cash taxes as we would expect the US entity to continue to generate tax losses into the immediate future. The complex US Section 382 loss limitation calculation will be prepared as part of the US tax return process during FY22. Approximately $89,000 thousand of the total $96,000 thousand (tax effected) of US federal level losses will be subject to the limitation. However, approximately $37,000 thousand of these losses have no expiration date so whilst they are subject to limitation, they remain available indefinitely. The remaining $52,000 thousand of US federal losses, incurred prior to 2018, are subject to expiration and therefore if some, or all, of these losses are not able to be utilised prior to expiration, they will be lost. It is also noted that each set of state rules regarding Section 382 loss limitations differ, and thus different carry forwards may result at the state level. It is anticipated that $19,000 thousand of the total $20,000 thousand (tax effected) of state losses could be subject to limitations at the state level. As stated above, no deferred tax asset is currently being recognised on these US losses.

The amounts reported as discontinued operations represent amounts derecognised on the sale of Kodak Alaris Manaus Indústria e Comércio de Material Fotográfico Ltda. and Kodak Alaris (Brazil) Comércio de Material Fotográficoe Serviços Ltda.

Note 16: Inventories

	31 March 2021 $000	31 March 2020 $000
Raw materials and consumables	**4,465**	8,022
Work in progress	**3,342**	5,613
Finished goods	**42,739**	47,578
Total inventories	**50,546**	61,213

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the period amounted to $178,000 thousand (2020: $271,000 thousand). The write-down of inventories to net realisable value amounted to $11,000 thousand (2020: $10,000 thousand). There were no reversals of write-downs during the period (2020: $nil).

The provision for inventories at 31 March 2021 was nil (2020: $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 2021 $000	31 March 2020 $000
Trade receivables	**63,172**	76,932
Other receivables	**6,415**	27,811
Unbilled revenue	**467**	281
Prepayments	**9,198**	7,375
Total trade and other receivables	**79,252**	112,399
Non-current	**2,508**	1,558
Current	**76,744**	110,841
Total trade and other receivables	**79,252**	112,399

There were no material amounts pledged as collateral for the year (2020: nil).

The average credit period on sales of goods is 56 days (2020: 49 days). The average credit period at 31 March 2021 excludes amounts accrued for rebate purposes which have not been agreed with customers.

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.

Notes to the Consolidated Financial Statements
(continued)

Note 18: Cash and cash equivalents

	31 March 2021 $000	31 March 2020 $000
Cash and cash equivalents per balance sheet	**78,941**	69,387

Cash and cash equivalents include $1,592 thousand (2020: $4,150 thousand) that are restricted as to withdrawal or use under the terms of certain contractual agreements.

Note 19: 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 2021 $000	31 March 2020 $000
Tranche B Loan Notes	**134,342**	124,227
Interest payable	**828**	903
Other borrowings	**1,001**	1,501
Lease liabilities (note 25)	**13,364**	16,402
Non-current liabilities	**149,535**	143,033
Other borrowings	**507**	613
Lease liabilities (note 25)	**5,417**	4,902
Current liabilities	**5,924**	5,515

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Fair value 31 March 2021 $000	Carrying amount 31 March 2021 $000	Fair value 31 March 2020 $000	Carrying amount 31 March 2020 $000
Tranche B Loan Notes	USD	LIBOR + 7%	2028	**135,170**	**135,170**	125,130	125,130
Lease liabilities	USD	1% - 29%	2028	**18,781**	**18,781**	21,304	21,304
Assumed loan notes	USD	2%	2023	**1,508**	**1,508**	2,014	2,014
Senior Credit Facility	USD	Base + 4.5%	2023	**-**	**-**	-	-
Promissory note	USD	0%	2020	-	-	100	100
				155,459	**155,459**	148,548	148,548

The $100 million Tranche B Loan Notes are secured on certain assets of the Group. Interest is satisfied by means of a transfer of new notes to the loan note holder, the notes mature on 31 August 2028.

The Senior Credit Facility of up to $50 million is secured on certain assets of the Group and borrowing is limited based on a formula of available obligor collateral. The facility is provided on a committed basis. It is available until 29 September 2023 and was undrawn as at 31 March 2021.

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Note 20: Trade and other payables

	31 March 2021 $000	31 March 2020 $000
Trade payables	**42,594**	58,935
Deferred revenue	**42,458**	42,255
Non-trade payables and accrued expense	**37,433**	41,358
Current	**122,485**	142,548
Other payables	**1,311**	18
Deferred revenue	**17,003**	16,170
Non-current	**18,314**	16,188

Trade payables are non-interest bearing and are normally settled on 68 day terms (2020: 60 day terms).

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 $2,945 thousand (2020: $6,561 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 63% 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:

Notes to the Consolidated Financial Statements
(continued)

	Present value of defined benefit obligation 31 March 2021 $000	Fair value of plan assets 31 March 2021 $000	Net balance sheet position 31 March 2021 $000
Amounts recognised at 01 April 2020	(56,508)	37,859	**(18,649)**
IAS 19 Cost			
Current service cost	(1,355)	-	**(1,355)**
Past service cost – curtailments	117	-	**117**
Cost of termination benefits	(42)	-	**(42)**
Administration expense	(11)	-	**(11)**
Settlements	5	(8)	**(3)**
Interest (expense)/income	(661)	395	**(266)**
Benefit Expense Recognised in Income Statement	(1,947)	387	**(1,560)**
Actuarial (losses)/ gains			
Return on plan assets, excluding interest expense	-	(1,325)	**(1,325)**
Gain from change in demographic assumptions	275	-	**275**
Gain from change in financial assumptions	1,279	-	**1,279**
Gain from actuarial experience	1,276	-	**1,276**
Actuarial (losses)/gains recognised in consolidated statement of other comprehensive income	2,830	(1,325)	**1,505**
Cash flow			
Employer contributions	-	1,623	**1,623**
Employee contributions	(58)	58	**-**
Benefits paid directly by the Company	246	(246)	**-**
Benefits paid from plan assets	1,362	(1,362)	**-**
Net cash in flow	1,550	73	**1,623**
Other			
Exchange differences	(3,304)	2,200	**(1,104)**
Total other	(3,304)	2,200	**(1,104)**
Amounts recognised at 31 March 2021	**(57,379)**	**39,194**	**(18,185)**

Notes to the Consolidated Financial Statements
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	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 01 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 Cost 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)

Details of the plans for both the balance sheet and the weighted average duration of the defined benefit obligation as at 31 March 2021 and 31 March 2020 are shown below:

	31 March 2021 $000	31 March 2020 $000
Present value of defined benefit obligation	**(57,379)**	(56,508)
of which: amounts owing to active members	**(33,824)**	(35,497)
of which: amounts owing to not active members	**(8,557)**	(8,949)
of which: amounts owing to pensioners	**(14,998)**	(12,062)
Fair value of plan assets	**39,194**	37,859
Net defined benefit liability	**(18,185)**	(18,649)
Weighted average duration of defined benefit obligation	17 Years	18 Years

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

Plan Assets	Quoted 31 March 2021 $000	Other 31 March 2021 $000	Total 31 March 2021 $000
Cash, Fixed Income, Equities	1,739	-	**1,739**
Other	-	37,455	**37,455**
Total	1,739	37,455	**39,194**

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The principal assumption used at the year-end was the discount rate. The weighted-average discount rate used at 31 March 2021 was 1.3% (2020: 1.1%).

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 period-end was 2.2% (2020: 2.0%). The weighted-average future pension increase assumption was 1.6% (2020: 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 50 at the balance sheet date is 22.33 years.

The expense recognised in income for the year was $1,560 thousand relating primarily to current service costs of $1,355 thousand, with the remainder relating to interest expense of $266 thousand, the cost of termination benefits $42 thousand, curtailment gains of $117 thousand resulting from company-led restructuring, and net settlements and administration costs of $14 thousand.

The net defined benefit liability decreased by $464 thousand (2020: increased $182 thousand) due to liability assumption gains from increased discount rates in the most significant countries, asset performance losses due to increased discount rates, net experience gains, and unfavourable exchange rate movements.

The Group expects to make a contribution of $912 thousand (2020: $1,554 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	(8,985)
Rate of salary increase – Increase by 100 basis points	2,870
Rate of pension increase – Increase by 100 basis points	8,091

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.

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Note 22: Provisions

	Warranties $000	Restructuring $000	Asset Retirement Obligations $000	Other $000	Total $000
Balance at 1 April 2019	1,310	1,129	3,932	9,256	15,627
Provisions made during the period	1,823	1,073	1,076	2,975	6,947
Provisions used during the period	(1,950)	(1,660)	(8)	-	(3,618)
Provisions reversed during the period	-	(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
Balance at 1 April 2020	1,063	241	4,156	12,223	17,683
Provisions made during the year	1,529	4,282	789	14	6,614
Provisions used during the year	(1,581)	(3,641)	(146)	(12,154)	(17,522)
Provisions reversed during the year	(219)	(392)	(108)	(45)	(764)
Effect of movement in foreign exchange	(33)	(7)	116	(6)	70
Balance at 31 March 2021	**759**	**483**	**4,807**	**32**	**6,081**
Non-current	**-**	**-**	**3,984**	**-**	**3,984**
Current	**759**	**483**	**823**	**32**	**2,097**
Total provisions at 31 March 2021	**759**	**483**	**4,807**	**32**	**6,081**

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 2021.

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 majority of the provision for removing and disposing of loaned equipment can be expected to be utilised in three to five years.

Other

Other provisions represent legal contingencies relating to Kodak Alaris S.A.I.C. Prior year other provisions of $12,223 thousand included balances relating to US litigation actions brought by ITyX Solutions AG ($9,468 thousand) and Eastman Kodak Company ($2,686 thousand). These provisions were settled during the year.

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(continued)

Note 23: Capital and reserves

Share capital	31 March 2021 Number	31 March 2021 $000	31 March 2020 Number	31 March 2020 $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 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)
1 April 2020	573,348	(15,180)	(709,234)	(151,066)
Loss for the year	-	-	(38,974)	(38,974)
Items that will not be recycled to profit or loss:				
Re-measurements of defined benefit liability	-	-	1,505	1,505
Deferred tax on other comprehensive loss for the year	-	-	(407)	(407)
Items that are or may be recycled to profit or loss:				
Foreign currency translation differences – foreign operations, net	-	13,956	-	13,956
Total other equity as at 31 March 2021	**573,348**	**(1,224)**	**(747,110)**	**(174,986)**

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 (2020: 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 2021 or 31 March 2020.

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

	Level	Carrying amount 31 March 2021 $000	Fair value 31 March 2021 $000	Carrying amount 31 March 2020 $000	Fair value 31 March 2020 $000
Financial liabilities measured at amortised cost					
Tranche B CISX Listed Loan Notes Libor+7% Maturity 2028	2	**134,342**	**134,342**	124,227	124,227
Promissory note 0% Maturity 2020	2	**-**	**-**	100	100
Assumed loan notes 2% Maturity 2023	2	**1,508**	**1,508**	2,014	2,014
Lease liabilities 1% - 29% Maturity 2020-2028	2	**18,781**	**18,781**	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 investments 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. Management are confident about the recoverability of these balances with the majority of amounts outstanding at 31 March 2021 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 2021 $000	31 March 2020 $000
Cash and cash equivalents	**78,941**	69,387
Trade receivables	**63,172**	76,932
Other receivables	**6,415**	27,811

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

	31 March 2021 $000	31 March 2020 $000
US and Canada	**21,340**	26,231
Europe, Middle East and Africa	**26,474**	30,995
Asia Pacific	**11,659**	11,468
Latin America	**3,699**	8,238
	63,172	76,932

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 2021 $000	Impairment 31 March 2021 $000	Gross 31 March 2020 $000	Impairment 31 March 2020 $000
Current	**58,219**	**(561)**	61,711	(491)
Past due 1-30 days	**3,991**	**(100)**	11,904	(70)
Past due 31-60 days	**1,387**	**(45)**	3,243	(128)
Past due 61-90 days	**237**	**(64)**	609	(65)
More than 90 days	**799**	**(691)**	1,269	(1,050)
	64,633	**(1,461)**	78,736	(1,804)

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	Past due 1-30 days $000	Past due 31-60 days $000	Past due 61-90 days $000	More than 90 days $000	Total $000
Year ended 31 March 2021						
Expected credit loss rate (default rate)	0.95%	2.51%	3.24%	27.00%	86.48%	
Carrying value of trade receivables	58,219	3,991	1,387	237	799	64,633
Expected credit loss	(561)	(100)	(45)	(64)	(691)	(1,461)
Net carrying value of trade receivables	**57,658**	**3,891**	**1,342**	**173**	**108**	**63,172**

The impairment provision for trade receivables as at 31 March 2021 reconciles to the opening provision as follows:

	31 March 2021 $000
31 March 2020 – calculated under IAS 39	(1,804)
Increase in provision recognised in profit or loss during the year	(115)
Unused amount reversed	550
Effect of movements in foreign exchange	(92)
At 31 March 2021	**(1,461)**

(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.

Notes to the Consolidated Financial Statements
(continued)

Prior to June 2020, when it expired, the Group had a multicurrency revolving credit facility in place with HSBC Bank. This facility reduced to $50 million on 30 June 2019.

On 29 September 2020, the Group entered into a new three-year lending facility (the "facility") with its shareholder KPP2. The lender's rights and obligations under this facility were subsequently transferred to The Board of the Pension Protection Fund at the date of the change in ownership in November 2020. 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 was limited to $40 million. By the balance sheet date all obligors had been put in place and that limit had been increased to $50 million. However, the amount of the facility available for drawing also varies depending upon available collateral and, at 31 March 2021, drawings would have been limited to $39 million. We expect available collateral to fluctuate according to the seasonality of the business. 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. Throughout the reporting period, the Group has maintained sufficient headroom against these financial covenants, which are closely monitored by management on a regular basis.

As of 31 March 2021, the facility was undrawn (2020: nil). Interest is charged at a floating rate based on the Bank of England's Base Rate plus a variable margin.

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

The Group also has a small uncommitted facility in place to support guarantees. As of 31 March 2021 the Group had $1 million of outstanding guarantees under the facility (2020: $1 million).

	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 2021						
Tranche B Loan Notes	**134,342**	**230,132**	-	-	-	**230,132**
Interest payable (long-term)	**828**	**828**	-	-	-	**828**
Assumed loan notes	**1,508**	**1,508**	**508**	**500**	**500**	-
Trade payables	**42,594**	**42,594**	**42,594**	-	-	-
Lease liabilities	**18,781**	**21,328**	**5,562**	**4,420**	**6,312**	**5,034**
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

(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.

<u>Foreign currency and interest rate risk</u>

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 2021						
Cash and cash equivalents	**15,765**	**11,431**	**35,092**	**8,429**	**8,224**	**78,941**
Trade receivables	**2,270**	**20,604**	**26,263**	**1,936**	**12,099**	**63,172**
Other receivables	**(131)**	**2,934**	**2,524**	**275**	**813**	**6,415**
Borrowings, including interest	**-**	**-**	**(136,678)**	**-**	**-**	**(136,678)**
Trade payables	**(1,320)**	**(9,368)**	**(22,734)**	**(4,698)**	**(4,474)**	**(42,594)**
Lease liabilities	**(699)**	**(1,119)**	**(14,332)**	**(1,683)**	**(948)**	**(18,781)**
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)

Sensitivity analysis:

A 10% percent strengthening of the following currencies against the US dollar at 31 March 2021 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 2021 $000	Profit or loss Year ending 31 March 2021 $000	Equity at 31 March 2020 $000	Profit or loss Year ending 31 March 2020 $000
Euro	-	**2,448**	-	2,029
Pound Sterling	-	**1,588**	-	2,112

A 10% percent weakening of the above currencies against the US dollar at 31 March 2021 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 2021 $000	31 March 2020 $000
Variable rate instruments		
Financial liabilities – Tranche B CISX Listed Loan Notes	**134,342**	124,227

Sensitivity analysis

A change of 1 percentage point 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 variable rate instruments, 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 2021 $000	31 March 2020 $000
Increase	**(1,338)**	(1,007)
Decrease	**1,338**	1,007

(e) Capital management

The Group's objectives when managing capital are to safeguard its solvency in order to provide optimal returns for its ultimate 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 7.4 years (2020: 8.3 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 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 $16,000 thousand (2020: $22,000 thousand) assuming all extension options will be exercised. However, all property lease contracts will continue to be reviewed.

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 2020	**9,748**	**2,791**	**12,539**
Depreciation charge for the year	**(3,733)**	**(1,498)**	**(5,231)**
Additions	**4,336**	**356**	**4,692**
Derecognition of right-of-use assets	**(1,758)**	**-**	**(1,758)**
Effect of movement in foreign exchange	**244**	**39**	**283**
Balance at 31 March 2021	**8,837**	**1,688**	**10,525**

	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
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(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 2020	**18,447**	**2,857**	**21,304**
Additions	**4,336**	**356**	**4,692**
Derecognition	**(1,756)**	**-**	**(1,756)**
Accretion of interest	**828**	**138**	**966**
Payments	**(5,050)**	**(1,647)**	**(6,697)**
Effect of movement in foreign exchange	**223**	**49**	**272**
Balance at 31 March 2021	**17,028**	**1,753**	**18,781**
Current	**4,377**	**1,040**	**5,417**
Non-current	**12,651**	**713**	**13,364**

	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 2021	**$000**
Leases under IFRS 16	
Depreciation of right-of-use assets	**5,231**
Gain on derecognition of right-of-use assets	**(304)**
Interest on lease liabilities	**966**
Expense relating to short-term leases	**1,384**
Total	**7,277**

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

During the year, as part of a strategic initiative to review the office space footprint, the Group exercised an option specified in the lease contract to terminate the lease of a portion of its US offices at Rochester Tech Park. When this component of the lease was capitalised as a right of use asset it included an estimated dilapidation cost. The early termination resulted in a gain of $304 thousand, which is the net effect of the derecognition of the carrying amount of the right-of-use asset of $1,452 thousand and the corresponding lease liability of $1,756 thousand. In addition, as a result of entering into a sub-lease during the year $306 thousand of right-of-use assets has been derecognised.

Notes to the Consolidated Financial Statements
(continued)

Note 26: Commitments

Capital commitments

There are no material capital commitments for the Group at 31 March 2021 (2020: $2,000 thousand).

At 31 March 2021 the Group had non-cancellable purchase commitments amounting to $19,520 thousand (2020: $28,000 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 (2020: $1,000 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 27: Contingencies

The Company is the plaintiff in a German litigation action brought against ITyX Technology GmbH, ITyX 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 the 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. According to the judgement of the Court of First Instance the amount in dispute is EUR 17,319,000. The Company expects to receive compensation to be awarded by the Court for the shares in line with the valuation.

On 9 March 2021, the Higher Regional Court of Frankfurt rendered a partial interlocutory judgement on the merits in which it declared that the defendants cannot derive any rights from the call option, the Company validly terminated the investment framework agreement, the Company validly withdrew from ITyX Technology GmbH as a shareholder and compensation is due to the Company equal to the fair market value for its shares. Leave to appeal for the defendants was denied by the Higher Regional Court of Frankfurt. The defendants have challenged the judgment by filing an appeal on 16 March 2021 with the Federal Court of Justice against the decision not to grant leave to appeal. Should leave to appeal be granted and the defendants file an appeal, the Company plans to defend it. Subject to the judgment of 9 March 2021 being upheld, the appointment of an expert for the valuation of the shares in ITyX Technology GmbH will take place. Once a valuation of the shares is agreed or determined 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 was heard before the District Court of Cologne on 1 October 2020. ITyX Solutions AG has claimed damages of EUR 48,367,281.36 plus USD 69,682,616 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. In the judgment of 26 November 2020 the District Court of Cologne dismissed ITyX Solution AG's claims in their entirety. ITyX Solutions AG filed an appeal on 22 December 2020 with the Higher Regional Court of Cologne. The Company is defending the appeal. 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 as nobody appeared for ITyX Technology GmbH. ITyX Technology GmbH subsequently filed an objection against the default judgment. A second oral hearing has been scheduled for 30 November 2021. Based on the advice of external counsel it is unlikely the Company will incur any 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. There is no further appeal the ex-employee can pursue hence the matter is closed. The second claim is due to be heard before the Administrative Court of Appeal of Paris later in the financial year, the hearing having been postponed due to COVID-19. 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
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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 under 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.

	Costs paid on behalf of ultimate parent $'000	Interest expense $000	Amounts owed to related party $000
31 March 2021			
Ultimate parent of the Group	**2,157**	**10,041**	**135,170**
Associates	-	**-**	**-**
	2,157	**10,041**	**135,170**
31 March 2020			
Ultimate parent of the Group	-	10,926	125,130
Associates	-	-	-
	-	10,926	125,130

In addition to the transactions and balances shown in the above table, the Group has been charged $14 thousand (2020: $75 thousand) for professional services provided to the ultimate parent company by Ross Trustees Services Limited. Of the amount charged, nil was outstanding at 31 March 2021 (2020: $62 thousand). During the year the Group has been charged nil (2020: $17 thousand) by QinetiQ PLC for flight costs relating to a former Non-Executive Director.

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 2021 $000	31 March 2020 $000
Short term employee benefits	**5,463**	7,216
Post-employment benefits	**12**	139
Other long-term employment benefits	**-**	600
	5,475	7,955

The amount owed to key management personnel at 31 March 2021 amounted to $2,115 thousand (2020: nil).

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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[4].	Jose Ingenieros 3241, piso 2, oficina 8, de la localidad de Beccar, partido de San Isidro, Provincia de 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[4]	Avenue de Port 86c, Box 204, 1000 Bruxelles	Belgium	Ordinary
Kodak Alaris Manaus Indústria e Comércio de Material Fotográfico Ltda. [3]	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. [3]	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.	Cinisello Balsamo (MI) Viale Brianza 181 CAP 20092	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.[4]	Herengracht 420, 1017BZ Amsterdam	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 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[5]	Hemel One, Boundary Way, Hemel Hempstead, Herts., HP2 7YU	United Kingdom	Ordinary
Kodak Alaris Limited Dubai Branch	Office 701, Cayan Business Center, Barsha Heights (TECOM), PO Box 75636, Dubai, UAE	UAE	Ordinary

During the year the Brazil and Sweden entities were sold and the branches in Denmark and Finland were deregistered. There have been no other 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 and the corresponding investments were fully impaired. The branches in Denmark and Finland were deregistered in November 2020. Kodak Alaris Sweden AB was sold to a Swedish liquidator on 31 March 2021.

3 On 1 November 2020, the Paper, Photochemicals, Display and Software (PPDS) business was sold to Sino Promise Group Limited which included the sale of the Company's shares in Kodak Alaris Manaus Indústria e Comércio de Material Fotográfico Ltda. and Kodak Alaris (Brazil) Comércio de Material Fotográficoe Serviços Ltda. The registered office addresses presented are as at date of sale.

4 The Group announced that it had changed the go to market model for operations in Argentina, Belgium and Netherlands in March 2021.

5 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 The Board of the Pension Protection Fund as established under the Pensions Act 2004 (a company registered in England).

Prior to this the Company was 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"). On 10 November 2020 the ownership of the Group, along with all other assets and liabilities of the pension fund, KPP2, was formally transferred to The Board of the Pension Protection Fund.

Note 30: Subsequent events

There are no post balance sheet events requiring adjustments or disclosure in the financial statements.

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.

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.

The Directors adopt 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 2021, the carrying amount of capitalised development costs was $15,471 thousand (2020: $17,160 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.

Notes to the Consolidated Financial Statements
(continued)

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 nil (2020: $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. Changes to these assumptions can significantly affect the value of the obligation. 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 2021

	Note	31 March 2021 $000	31 March 2020 $000
Assets			
Intangible assets	*2*	**5,375**	10,256
Trade and other receivables	*3*	**1,348**	-
Investments in subsidiaries	*4*	**39,153**	64,378
Non-current assets		**45,876**	74,634
Tax receivable			-
Trade and other receivables	*3*	**269,973**	256,799
Cash and cash equivalents	*5*	**38,177**	42,658
Current assets		**308,150**	299,457
Total assets		**354,026**	374,091
Liabilities			
Interest-bearing loans and borrowings	*6*	**(135,170)**	(125,130)
Other payables	*7*	**(510)**	(75)
Non-current liabilities		**(135,680)**	(125,205)
Interest-bearing loans and borrowings	*6*	**(131,233)**	(138,103)
Trade and other payables	*7*	**(95,109)**	(95,197)
Current liabilities		**(226,342)**	(233,300)
Total liabilities		**(362,022)**	(358,505)
Net (liabilities) / assets		**(7,996)**	15,586
Equity attributable to equity holders of the parent			
Share capital	*8*	**167,000**	167,000
Retained deficit	*8*	**(748,344)**	(724,762)
Capital contribution reserve	*8*	**573,348**	573,348
Total (deficit) / surplus		**(7,996)**	15,586

The notes on pages 108 to 116 form part of these financial statements.

These financial statements were approved by the Board of Directors on 4 August 2021 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 2021

	Share Capital $000	Capital contribution reserve $000	Retained deficit $000	Total parent equity $000
Balance at 1 April 2019	167,000	573,348	(579,971)	160,377
Loss for the year	-	-	(144,791)	(144,791)
Total comprehensive expense for the year	-	-	(144,791)	(144,791)
Balance at 31 March 2020	167,000	573,348	(724,762)	15,586
Balance at 1 April 2020	167,000	573,348	(724,762)	15,586
Loss for the year	-	-	(23,582)	(23,582)
Total comprehensive expense for the year	**-**	**-**	**(23,582)**	**(23,582)**
Balance at 31 March 2021	**167,000**	**573,348**	**(748,344)**	**(7,996)**

The notes on pages 108 to 116 form part of these financial statements.

Company Financial Statements (continued)

Company Cash Flow Statement

for the year ended 31 March 2021

	Note	Year ending 31 March 2021 $000	Year ending 31 March 2020 $000
Cash flows from operating activities			
(Loss) for the year[1]		**(23,582)**	(144,791)
Adjustments for:			
Amortisation and impairment charge	2	**4,881**	8,231
Expected credit losses on amounts due from Group undertakings	9	**918**	640
Intercompany dividends		**(7,390)**	(10,994)
Investment impairment	4	**21,400**	123,690
Loss on sale of investments		**1,599**	-
Loss on sale of businesses		**1,004**	-
Taxation		**317**	(453)
Intercompany management fees		**744**	1,445
Foreign exchange (loss) / gain		**(12,927)**	9,725
Royalties income		**(6,720)**	(11,700)
Finance interest income		**(8)**	(262)
Net intercompany interest		**(6,497)**	(7,333)
Interest expense		**10,875**	11,844
		(15,386)	(19,958)
(Decrease) / increase in trade and other receivables	3	**(166)**	354
(Increase) / (decrease) in trade and other payables	7	**(2,280)**	874
Increase in tax payable		**215**	229
Net cash used in operating activities		**(17,617)**	(18,501)
Cash flows from investing activities			
Proceeds from sale of discontinued operations		**5,975**	-
Cash dividend received		**604**	-
Interest received		**8**	245
Net cash from investing activities		**6,587**	245
Cash flows from financing activities			
Decrease / (increase) in loans and advances to Group undertakings		**17,766**	(28,030)
Loan arrangement fees paid		**(2,665)**	-
Bank charges and interest paid		**(317)**	(513)
(Increase) / (decrease) in loans and advances from Group undertakings	6	**(10,515)**	28,422
Net cash from / (used in) financing activities		**4,269**	(121)
Net (decrease) in cash and cash equivalents		**(6,761)**	(18,377)
Cash and cash equivalents at beginning of year		**42,658**	62,394
Effect of exchange rate fluctuations on cash held		**2,280**	(1,359)
Cash and cash equivalents at the end of the year	5	**38,177**	42,658

The notes on pages 108 to 116 form part of these financial statements.

1 Net cash used in operating activities includes non-recurring business projects costs of $4,840 thousand (2020: $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 accounting standards in conformity with the requirements of the Companies Act 2006, in-line with the consolidated financial statements. Accordingly, the accounting policies included in note 2 and the accounting estimates and judgements included in note 31 of the consolidated financial statements, 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 2019	2,500	152,921	155,421
Balance at 31 March 2020	2,500	152,921	155,421
Balance at 1 April 2020	2,500	152,921	155,421
Disposals		(6,135)	(6,135)
Balance at 31 March 2021	**2,500**	**146,786**	**149,286**
Amortisation and impairment			
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)
Balance at 1 April 2020	(2,500)	(142,665)	(145,165)
Amortisation charge	-	(4,881)	(4,881)
Disposals	-	6,135	6,135
Balance at 31 March 2021	**(2,500)**	**(141,411)**	**(143,911)**
Net book value at 31 March 2020	-	10,256	10,256
Net book value at 31 March 2021	**-**	**5,375**	**5,375**

On 1 November 2020 the Paper, Photochemicals, Display and Software (PPDS) business was sold to Sino Promise Group Limited, comprising the sale of shares in both Brazil subsidiaries and various asset sales (see note 10 of the consolidated financial statements). The Company disposed of trademarks and patent assets with a combined cost of $6,135 thousand (2020: nil) in that transaction. These assets were fully amortised.

Based on the assessment techniques as described in note 13 of the consolidated financial statements, the Company recorded nil of impairment charges on brand assets during the year (2020: $3,809 thousand).

Note 3: Trade and other receivables

	31 March 2021 $000	31 March 2020 $000
Other trade receivables	**193**	265
Prepayments	**2,640**	287
Amounts due from Group undertakings	**268,488**	256,247
Total trade and other receivables	**271,321**	256,799
Non-current	**1,348**	-
Current	**269,973**	256,799
Total trade and other receivables	**271,321**	256,799

There were no material amounts pledged as collateral for the year (2020: nil).

Notes to the Company Financial Statements
(continued)

Note 4: Investments

Investments in subsidiaries	Country of Incorporation	Ownership %	Carrying value 1 April 2021 $000	Disposals $000	Impairment charge $000	Carrying value 31 March 2021 $000	Carrying value 31 March 2020 $000
Directly held							
Kodak Alaris S.A.I.C.[1,5]	Argentina	75%	1,069	-	(1,069)	-	1,069
Kodak Alaris Australia Pty. Limited	Australia	100%	500	-	-	**500**	500
Kodak Alaris Belgium SA[2,5]	Belgium	99%	224	-	-	**224**	224
Kodak Alaris Manaus Indústria e Comércio de Material Fotográfico Ltda.	Brazil	-	1,081	(1,081)	-	-	1,081
Kodak Alaris (Brazil) Comércio de Material Fotográficoe Serviços Ltda.	Brazil	-	2,744	(2,744)	-	-	2,744
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%	242	-	-	**242**	242
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 Netherlands B.V.[5]	Netherlands	100%	-	-	-	-	-
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	-	-	-	-	-	-
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.	United States	100%	20,331	-	(20,331)	-	20,331
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	-	-	-	-	-	-
Kodak Alaris International Limited, Finnish Branch[4]	Finland	-	-	-	-	-	-
Kodak Alaris Limited Ireland Branch	Ireland	100%	-				-
Kodak Alaris International Limited	United Kingdom	100%	515	-	-	**515**	515
Kodak Alaris Limited Dubai Branch	UAE	100%	-	-	-	-	-
			64,378	(3,825)	(21,400)	**39,153**	64,378

Investments are carried at cost less provision for impairment. The Company considers the carrying value of its investments in subsidiaries annually to determine whether any indicators of impairment exist, which includes considering whether the Company net asset position exceeds that of the Group.

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 the corresponding investments were fully impaired. Kodak Alaris Sweden AB was sold to a Swedish liquidator on 31 March 2021. The branches in Denmark and Finland were deregistered in November 2020.

5 The Group announced that it had changed the go to market model for its operations in Argentina, Belgium and Netherlands in March 2021.

Notes to the Company Financial Statements
(continued)

Where indicators of impairment exist, which was the case for Kodak Alaris S.A.I.C. and Kodak Alaris Inc., the Company then assesses whether the recoverable amount exceeds the carrying value of the investment in that entity through a value in use discounted cashflow model, using the principals and assumptions set out for the Group's Goodwill and intangibles (Note 13), and considering entity specific costs.

As a result, the Company recorded impairment charges in relation to investments of $1,069 thousand in Kodak Alaris S.A.I.C. and $20,331 thousand in relation to Kodak Alaris Inc. during the year (2020: $123,690 thousand). These investments were fully impaired as at 31 March 2021.

On 1 November 2020, the Paper, Photochemicals, Display and Software (PPDS) business was sold to Sino Promise Group Limited which included the sale of the Company's shares in Kodak Alaris Manaus Indústria e Comércio de Material Fotográfico Ltda. and Kodak Alaris (Brazil) Comércio de Material Fotográficoe Serviços Ltda.

Investments in associates	**Country of Incorporation**	**Ownership %**	**31 March 2021 $000**	**31 March 2020 $000**
ITyX Technology GmbH[1]	Germany	25.1%	**17,860**	17,860
			17,860	17,860
Provision			**(17,860)**	(17,860)
			-	-

Note 5: Cash and cash equivalents

	31 March 2021 $000	**31 March 2020 $000**
Cash and cash equivalents per balance sheet	**38,177**	42,658

Cash and cash equivalents include $1,203 thousand (2020: $4,000 thousand) that are restricted as to withdrawal or use under the terms of certain contractual agreements.

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 2020 financial performance of the Company and although the financial impact going forward is unknown, it will not be material to the 2021 financial performance of the Company.

Notes to the Company Financial Statements
(continued)

Note 6: 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 2021	31 March 2020
	$000	**$000**
Loan notes	**134,342**	124,227
Interest payable	**828**	903
Non-current liabilities	**135,170**	125,130
Loan from associate/subsidiaries	**131,233**	138,103
Other Borrowings	**-**	-
Current liabilities	**131,233**	138,103

Note 7: Trade and other payables

	31 March 2021	31 March 2020
	$000	**$000**
Trade payables	**851**	378
Amounts due to other Group undertakings	**88,037**	88,037
Other trade payables and accrued expense	**6,221**	6,782
Current	**95,109**	95,197
Other payables	**510**	75
Non-current	**510**	75

Trade payables are non-interest bearing and are normally settled on 60 day terms (2020: 60 day terms).

Note 8: Capital and reserves

	31 March 2021 Number	31 March 2021 $000	31 March 2020 Number	31 March 2020 $000
Share capital				
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 period 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.

Notes to the Company Financial Statements
(continued)

Other equity	Capital contribution reserve $000	Translation reserve $000	Retained deficit $000	Total other comprehensive income $000
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)
1 April 2020	573,348	-	(724,762)	(151,414)
Other comprehensive loss	-	-	(23,582)	(23,582)
Total other equity at 31 March 2021	**573,348**	**-**	**(748,344)**	**(174,996)**

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 2021 (2020: nil).

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

	Level	Carrying amount 31 March 2021 $000	Fair value 31 March 2021 $000	Carrying amount 31 March 2020 $000	Fair value 31 March 2020 $000
Financial liabilities measured at amortised cost					
Tranche B CISX Listed Loan Notes Libor+7% Maturity 2028	2	**134,342**	**134,342**	124,227	124,227
Loans due to Group undertakings	2	**131,233**	**131,233**	138,103	138,103

(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.

Notes to the Company Financial Statements
(continued)

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 2021 $000	Impairment 31 March 2021 $000	Gross 31 March 2020 $000	Impairment 31 March 2020 $000
Amount due from Group undertakings	**269,406**	**(918)**	256,887	(640)

The impairment provision for amount due from Group undertaking as at 31 March 2021 reconciles to the opening provision as follows:

	31 March 2021 $000
At 31 March 2000	(640)
Utilisation of provision during the year	640
Increase in provision recognised in	
profit or loss during the year	(918)
At 31 March 2021	**(918)**

(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 the Board of the Pension Protection Fund and the funding structures that are 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 2021						
Tranche B Loan Notes	**134,342**	**230,132**	**-**	**-**	**-**	**230,132**
Loans due to Group undertakings	**131,233**	**131,233**	**131,233**	**-**	**-**	**-**
Interest payable (long-term)	**828**	**828**	**-**	**-**	**-**	**828**
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

Notes to the Company Financial Statements
(continued)

(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 2021						
Cash and cash equivalents	**12,615**	**1,579**	**23,045**	**-**	**938**	**38,177**
Investments in Group Undertakings	**13,890**	**5,771**	**16,271**	**2,002**	**1,219**	**39,153**
Loans due to Group Undertakings	**(215,237)**	**325,758**	**8,881**	**-**	**11,831**	**131,233**
Borrowings, including interest	**-**	**-**	**(135,170)**	**-**	**-**	**(135,170)**
Amounts due from Group Undertakings	**72,421**	**2,380**	**179,193**	**-**	**14,494**	**268,488**
Trade payables	**(743)**	**(60)**	**(77)**	**-**	**29**	**(851)**
Amounts due to Group undertakings	**-**	**-**	**(88,037)**	**-**	**-**	**(88,037)**
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)

Sensitivity analysis:

A 10% percent strengthening of the following currencies against the USD at 31 March 2021 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 2021 $000	Profit or loss Year ending 31 March 2021 $000	Equity at 31 March 2020 $000	Profit or loss Year ending 31 March 2020 $000
Euro	-	**32,966**	-	28,143
Pound Sterling	-	**(13,094)**	-	(7,140)

A 10% percent weakening of the above currencies against the US dollar at 31 March 2021 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.

Notes to the Company Financial Statements
(continued)

(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 7.4 years (2020: 8.3 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 2021 (2020: 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 (2020: $1,000 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 (2020: nil).

Note 12: Related parties

The Company had related party transactions with its directors, subsidiaries and ultimate parent. The disclosure of the director's 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.

	Costs paid on behalf of ultimate parent $000	Interest and royalty income $000	Interest and royalty expense $000	Amounts owed by related party $000	Amounts owed to related party $000
Year ending 31 March 2021					
Ultimate parent of the Group	**2,157**	**-**	**10,041**	**-**	**135,170**
Subsidiaries	**-**	**13,281**	**64**	**268,488**	**219,270**
Associates	**-**	**-**	**-**	**-**	**-**
	2,157	**13,281**	**10,105**	**268,488**	**354,440**
Year ending 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

In addition to the transactions and balances shown in the above table, the Company has been charged $14 thousand (2020: $75 thousand) for professional services provided to the ultimate parent company by Ross Trustees Services Limited. Of the amount charged, nil was outstanding at 31 March 2021 (2020: $62 thousand). During the year the Company has been charged nil (2020: $17 thousand) by QinetiQ PLC for flight costs relating to a former Non-Executive Director.

The amount owed to key management personnel at 31 March 2021 amounted to $1,369 thousand (2020: nil).

Notes to the Company Financial Statements
(continued)

Note 13: Ultimate parent company

The Company is wholly and ultimately owned by The Board of the Pension Protection Fund as established under the Pensions Act 2004 (a company registered in England).

Prior to this the Company was 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"). On 10 November 2020 the ownership of Kodak Alaris Holdings (KAH), along with all other assets and liabilities of the pension fund, KPP2, was formally transferred to The Board of 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.

Five Year Financial Summary

Five Year Financial Summary

	Audited 12 months to 31 December 2016 $000	Unaudited 3 months to 31 March 2017 $000	Unaudited 12 months to 31 March 2018 $000	Audited 15 months to 31 March 2018 $000	Audited 12 months to 31 March 2019 $000	Audited 12 months to 31 March 2020[1] $000	Audited 12 months to 31 March 2021[1] $000
Revenue	812,912	138,608	697,116	835,724	656,089	628,147	445,646
Gross profit	242,137	34,078	200,361	234,439	202,085	186,152	136,273
Gross profit %	29.8%	24.6%[2]	28.7%	28.1%	30.8%	29.6%	30.6%
Operating loss	(119,552)	(38,658)	(119,871)	(158,529)	(9,454)	(62,231)	(18,594)
Loss after tax	(183,981)	(54,500)	(137,401)	(191,901)	(39,654)	(90,770)	(38,974)
Adjusted EBITDA [3]	61,263	(21,864)	39,804	17,940	47,743	42,424	27,633
Adjusted costs[4]	180,874	55,942	160,557	216,499	154,342	143,729	108,640
Net working capital [5]	112,886	95,049	80,435	80,435	86,824	79,210	71,124
Total surplus/ (deficit) [6]	(236,214)	(287,027)	157,232	157,232	110,039	15,934	(7,986)

1 Includes continuing and discontinued operations.

2 Reduced trading period.

3 Adjusted earnings before interest, tax, depreciation, amortisation and non-recurring items.

4 Adjusted costs represent the difference between gross profit and the adjusted EBITDA.

5 Net working capital represents the difference between trade receivables, inventories and trade payables at year/period end.

6 Represents closing balances at year/period end.

FINANCIAL STATEMENTS

Summary of Continuing and Discontinued Operations including Non-GAAP Reconciliation

Continuing and discontinued operations

	Year ending 31 March 2021			Year ending 31 March 2020		
	Continuing $000	Discontinued $000	Total $000	Continuing $000	Discontinued $000	Total $000
Revenue	418,934	26,712	445,646	538,117	90,030	628,147
Cost of sales	(279,443)	(29,930)	(309,373)	(354,371)	(87,624)	(441,995)
Gross profit	139,491	(3,218)	136,273	183,746	2,406	186,152
Administrative expenses	(138,572)	(4,245)	(142,817)	(210,305)	(15,318)	(225,623)
Research and development expensed	(12,050)	-	(12,050)	(22,757)	(3)	(22,760)
Operating loss	(11,131)	(7,463)	(18,594)	(49,316)	(12,915)	(62,231)
Financial income	8,143	32	8,175	964	182	1,146
Financial expenses	(12,512)	(64)	(12,576)	(18,545)	(295)	(18,840)
Loss for the year before tax	(15,500)	(7,495)	(22,995)	(66,897)	(13,028)	(79,925)
Income tax provision	(4,662)	44	(4,618)	(10,600)	(245)	(10,845)
Loss for the year after tax	(20,162)	(7,451)	(27,613)	(77,497)	(13,273)	(90,770)
Loss on sale of discontinued operations	-	(11,388)	(11,388)	-	-	-
Income tax on loss on sale of discontinued operations	-	27	27	-	-	-
Loss for the year	(20,162)	(18,812)	(38,974)	(77,497)	(13,273)	(90,770)

Management has presented the performance measure adjusted EBITDA because it monitors this performance measure at a consolidated level and it believes that this measure is relevant to an understanding of the Group's financial performance. Adjusted EBITDA is calculated by adjusting 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.

Adjusted EBITDA is a non-GAAP measure and not a defined performance measure in IFRS. It is reconciled as follows:

Non-GAAP reconciliation

	Year ending 31 March 2021			Year ending 31 March 2020		
	Continuing $000	Discontinued $000	Total $000	Continuing $000	Discontinued $000	Total $000
Profit/(loss) for the year after tax	(20,162)	(18,812)	(38,974)	(77,497)	(13,273)	(90,770)
Income tax provision	4,662	(71)	4,591	10,600	245	10,845
Net finance costs	4,369	32	4,401	17,581	113	17,694
Depreciation, amortisation and loss on disposal	28,949	49	28,998	50,515	413	50,928
Impairment	1,698	-	1,698	32,159	5,223	37,382
EBITDA	19,516	(18,802)	714	33,358	(7,279)	26,079
Legal, professional and other costs	5,305	-	5,305	14,509	-	14,509
Government grants	(2,657)	-	(2,657)	-	-	-
Restructuring costs	1,707	702	2,409	-	-	-
Loss on divestiture	10,474	11,388	21,862	-	-	-
Provision for counterclaim	-	-	-	2,686	-	2,686
Patent infringement settlement	-	-	-	(850)	-	(850)
Non-recurring items[1]	14,829	12,090	26,919	16,345	-	16,345
Adjusted EBITDA	34,345	(6,712)	27,633	49,703	(7,279)	42,424

1 See notes 4 and 10 for more detail. Non-recurring items are included within administrative expenses.

Kodak alaris

Kodak Alaris Holdings Limited

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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