Everyman Media Group PLC

Registered number 08684079

Annual report and financial statements

Year ended

31 December 2020

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Company information

Directors	Function
Adam Kaye	Executive Director
Alexander Scrimgeour (appointed 18 January 2021)	Chief Executive Officer
Charles Dorfman	Non-Executive Director
Crispin Lilly (resigned 30 September 2020)	Chief Executive Officer
Elizabeth Lake FCA	Chief Financial Officer
Michael Rosehill FCA	Non-Executive Director
Paul Wise	Executive Chairman
Philip Jacobson FCA	Non-Executive Director
Streisan Bevan (resigned 17 March 2020)	Non-Executive Director

Company secretary
One Advisory Limited

Registered office address of the Company
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Company registration number
08684079 (registered in England & Wales)

Nominated adviser and broker
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London
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Auditor to the Company
BDO LLP
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Solicitor to the Company
Howard Kennedy
No. 1 London Bridge
London
SE1 9BG

Registrar to the Company
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS13 8AE
25 March 2021

Chairman's statement

Navigating a challenging year

We started the financial year in a strong position, gaining on the momentum we had generated in 2019 and executing on our strategy to deliver profitable growth together with the expansion of our estate. This was demonstrated in revenue growth of 47% year-on-year across January and February, as well as the addition of 0.57 percentage points to our market share.

And then COVID-19 hit. On 17 March 2020 we were required to close all 33 of our venues as the UK entered a national lockdown, which lasted four months.

Following a phased re-opening in July, we opened two new sites: King's Road, Chelsea, on 24 July and Lincoln on 21 August, both of which performed strongly enough to suggest that they will make a significant contribution in due course. This took our estate to 35 venues with 117 screens.

By 21 August all venues were open and we enjoyed welcoming our community back to our venues. The release of Christopher Nolan's film 'Tenet' in August helped drive attendance and Everyman's performance far outstripped the market at this time as we delivered over twice our expected market share for the film at 8.95%. We were delighted by the continued demand and support shown by our customers.

From October more severe restrictions began to be re-introduced, until we reached a point on 30 December when all venues were again closed.

Each time we have been forced to close we have focused primarily on the safety of our people, both staff and customers, alongside careful cost management. Upon re-opening, we saw reassuring demand. The importance of entertainment has been re-enforced during lockdown and we are confident that when we are able to re-open the appetite for the Everyman experience will be undiminished.

KPIs

The Group uses the following key performance indicators, in addition to total revenues, to monitor the progress of the Group's activities:

		Year ended 31 December 2020 (52 weeks)	Year ended 2 January 2020 (52 weeks)
Admissions	-63%	**1,197,248**	3,271,166
Box office average ticket price	+5%	**£11.90**	£11.37
Food and beverage spend per head	+11%	**£7.89**	£7.13

Admissions were 63% down year on year due to the impact of five months with most of the estate closed, and the impact of a reduced film slate. Once the business can re-open, we expect admissions to be above pre-pandemic levels over time.

The average ticket price grew by 5% with two factors at play, the positive being the benefit to the Group from the temporary reduction in VAT, then partially offset by a greater proportion of admissions being from venues outside London where ticket prices are lower.

Food and beverage spend per head has grown by 11%, this is mainly the result of takeaway sales from a number of our venues during periods of closure.

On-going COVID-19 response

Since March 2020 we have concentrated on reducing capital expenditure and operating costs to a minimum. This included Directors salary cuts, and the use of furlough. All but 18 of our staff were put on furlough by April and the Government supported 80% of wages up to a maximum of £2,500 per month for people who had been in place since the end of February. We have continued to use the Government furlough scheme throughout the year and currently have all but a handful of staff furloughed whilst our whole portfolio remains closed.

Chairman's Statement (cont.)

Further Government support was received in terms of rates relief, the VAT reduction and the Retail, Hospitality and Leisure Business Grant. We are grateful for the support received thus far and have used it in the spirit it was intended, to protect jobs and our business, and safeguard its future.

A significant part of our costs are property-related, and we are therefore pleased to have worked closely with our landlords throughout the year to successfully achieve variations to lease agreements. Concessions have been agreed on 85% of the estate, and further discussions are still ongoing. We would like to take this opportunity to again thank our landlords for their support and understanding.

We have also delayed a number of site refurbishments and new site openings. In some cases, and as previously communicated in our interim results, we have agreed to exit existing Agreements for Lease. These actions have significantly reduced the Group's future capital commitments with no obligations to open new venues in 2021, whereas previously 9 were due to open in 2021. We now have a pipeline for 2022/23 of 7 new venues.

With social distancing measures remaining until 21 June at the earliest, we will continue to operate at 30% less seating capacity and will remain focussed on managing costs to mitigate the impact of any shortfalls in revenue.

Our financial position

On 8 April we raised £16.9m net through an accelerated bookbuild in order to strengthen the Group's balance sheet, protect its venues against an extended closure period, to ensure prudent levels of debt and to allow the Group to re-engage with its expansion and investment programme in due course. The Placing was oversubscribed, and we again sincerely thank our shareholders for their support.

Our banking partners have also been supportive and have made appropriate changes to the covenants on the Group credit facility. The Group will remain within its banking covenants for the next 12 months, and has significant remaining headroom, with Bank net debt of £8.7m (2019: £9.7m). Post-period end we announced an increase in our debt facilities from £30m to £40m, improving our liquidity position so we are able to take advantage of the many growth opportunities we see going forward.

Continued engagement with key stakeholders

At the heart of Everyman's proposition is our people and we have therefore consistently engaged with all our key stakeholders throughout the pandemic.

Our Everyman 'lockdown house parties' continued to be particularly successful, with households watching the same films simultaneously on a Saturday evening, and associated social media remaining strong. Our Instagram, Twitter and Facebook followers have increased year-on-year +29% to 87k; +1% to 34k and +7% to 126k, respectively.

We continued to engage with our loyal members through digital communications and the sending of small gifts and cards. Our members' ongoing support and enthusiasm for film has been greatly appreciated during lockdown.

Regular engagement with our team, focused on supporting their wellbeing, has taken place throughout the period.

Business Model

Everyman's business model remains simple, our aim is to further build our portfolio of venues. Additionally, growing our existing estate by bringing together great food, drink, atmosphere, service and of course film, to create exceptional experiences for our customers.

During 2020 the ability to execute this model was hampered by the impact of the pandemic on our business, however our ambitions remain the same.

Our growth strategy is multi-faceted:

- Expanding the geographical footprint by establishing new venues in order to reach new customers.
- Continually evolving the quality of experience and breadth of choice we offer at our venues.
- Engaging in effective marketing activity.

Our model is one that delivers benefits, with the premium experience warranting a premium price point and with more revenue generating activities offered than the traditional cinema. As we grow, we also benefit from increasingly efficient central costs, allowing top line revenue growth to reflect in EBITDA growth.

Chairman's Statement (cont.)

Innovation

As a leader in cinema, innovation has and always will be essential, and it is something that we take great pride in. This year more than any other it has been critical to embrace innovation to produce a compelling slate of programming.

Examples of our innovation include teaming up with Blue Peter star Peter Duncan to co-produce a pantomime 'Jack and the Beanstalk', the first pantomime to be filmed for use in the cinema. The home-produced pantomime premiered at Everyman's King's Cross cinema on Saturday 5 December, before being rolled out across further Everyman venues in December. On Sunday 13 December Everyman live streamed Gorillaz: Song Machine Live, making our venues the only place where you could watch the concert with an audience.

In addition, when tier three restrictions were in place during December, Everyman was able to trade Deliveroo at the following sites: Crystal Palace, Hampstead, Barnet, Lincoln, Esher, Wokingham, Horsham and Altrincham, reinforcing the strength of the Group's food and drink offering.

Market developments

Whilst cinemas have been largely closed, film studios have begun to experiment with various new film delivery models, however we firmly believe there will always be a strong demand for cinema. Cinema offers a unique experiential component and at Everyman we provide customers with not just the chance to enjoy a film, but a chance to enjoy it as part of a social event - an evening of entertainment with food, drink, and exceptional service.

Following a year that has disrupted many people's social lives, we believe there will be a strong level of demand for experience-led cinema. This view is reflected in PWC's recent report[1]: 'Where next for Travel and Leisure', where it is stated that during the lockdown, people will have missed experiences and there will be pent-up demand. Consumption of film has been strong during lockdown, and with it having been shown in previous years that there is a positive relationship between cinema attendance and streaming behaviour, this bodes well for demand on reopening.

Outside of the UK there are encouraging signs that the pent-up demand for cinema is being satisfied in countries where cases of COVID-19 have fallen and lockdown has been eased. China, for example, reported record-breaking box office sales over February, with movie ticket sales totalling 11.2 billion yuan (US$1.7 billion). In the US, where cinemas have already re-opened, the release of Tom & Jerry has been popular, selling millions more tickets than expected. These trends indicate that consumers are eager for a social trip to the cinema, where they can enjoy an authentic movie experience following months of watching films in their own homes.

[1]https://www.strategyand.pwc.com/uk/en/reports/strategy-where-next-for-travel-and-leisure.pdf
[2]https://www.natoonline.org/wp-content/uploads/2019/01/2020-Theatrical-and-Streaming-Study.pdf

Expansion of our geographical footprint

We had planned to open six new venues in 2020 but following the impact of the pandemic we worked closely with landlords to push out the spend on new venues, helping preserve our cash position.

However, both Chelsea and Lincoln were completed during the period and opened in the summer. Both delivered encouraging performances whilst open.

Chairman's Statement (cont.)

The Group currently has venues in the following locations:

Location	Number of Screens	Number of Seats
Altrincham	4	247
Birmingham	3	328
Bristol	3	439
Cardiff	5	253
Chelmsford	5	379
Clitheroe	4	255
Esher	4	336
Gerrards Cross	3	257
Glasgow	3	201
Harrogate	5	410
Horsham	3	239
Leeds	5	611
Lincoln*	4	291
Liverpool	4	288
London, 12 venues	35	2,942
Manchester	3	247
Newcastle	4	215
Oxted	3	212
Reigate	2	170
Stratford-Upon-Avon	4	384
Walton-On-Thames	2	158
Winchester	2	236
Wokingham	3	289
York	4	329
	117	9,716

*New venues in 2020

People

Following the resignation of Crispin Lilly, who served as CEO for six years, in September the Group was delighted to confirm that Alex Scrimgeour would be joining as CEO. Alex assumed the role of CEO post period-end on 18 January 2021.

In Alex we have found an experienced leader whose understanding of the leisure sector resonates well with the Group. The Board is confident that Alex's commitment to strategy and innovation, as well as experience in leading a highly motivated workforce to success, will be vital in taking the Everyman brand forward in years to come.

We recognise that this has been an incredibly challenging period for our team, and we would like to thank them for their ongoing patience and understanding during such unprecedented times. When our sites did re-open during the year, our staff showed true professionalism and made sure that customers felt safe and comfortable. We look forward to welcoming our staff back as soon as we can.

Chairman's Statement (cont.)

Outlook

After spending the best part of a year at home, we believe that people's appetite to socialise and to be entertained will be stronger than ever. The financial performance of Everyman for the current year will however be influenced by a number of factors outside the control of the Group, including but not limited to lifting of restrictions on social gatherings and the timing of new film releases. Due to the prevailing environment, the Directors do not believe it appropriate to provide market guidance at this time, although they will do so as and when appropriate. However, we remain confident that, upon reopening the Everyman offer of film, food and fun in a safe environment will be as popular around the country as it was previously.

Paul Wise
Executive Chairman
7 April 2021

Strategic Report

The Directors present their strategic report for the Group for the year ended 31 December 2020 (comparative period: 52 weeks 2 January 2020). Comprising the Chief Executive's statement and the Chief Financial Officer's statement.

Review of the business

The Group made a loss after tax of £20,478,000 (2019: £1,729,000 profit - restated).

The Chief Financial Officers report contains a detailed financial review. Further details are also shown in the Chairman's statement and consolidated statement of profit and loss and other comprehensive income, together with the related notes to the financial statements.

Impact of COVID-19 on strategy

Since the pandemic, the growth strategy has been paused and the focus has been on securing the balance sheet and increasing liquidity, together with reducing costs. This has been achieved by working closely with our partners including suppliers, landlords and banks.

The principal risks and uncertainties reflect the new risks that have arisen due to the pandemic.

Principal risks and uncertainties

The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation of performance targets through regular reviews by senior management to forecasts. Project milestones and timelines are reviewed regularly. A risk register is in place which the Board reviews and updates on an ad-hoc basis during meetings.

1. COVID-19 pandemic - The Group's revenues are entirely dependent on being open and able to show films and serve food and beverage. The pandemic has meant that for 5 months of 2020 all venues have been closed as part of Government policy to tackle the pandemic. The current date for cinemas re-opening is 17 May and that date is dependent on certain targets being met in terms of vaccinations and prevalence of the virus. As such there is a continued risk of closure, particularly regional closures. To mitigate the impact of this the Group has negotiated reduced costs with certain landlords/suppliers during periods of enforced Government closure. In addition, the Group has more flexible employment contracts allowing temporarily reduced working hours. The Group also has effective opening and closure procedures in place to reduce costs. Everyman works closely with the UK Cinema Association and the Department for Culture, Media and Sport to ensure that the interests of the business are represented in all policy discussions.

2. **Banking** - The Group's ability to manage liquidity during the pandemic is partly dependent on the Group's banking arrangements. This risk is managed through maintaining ongoing dialogue with our banking partners through which achievable covenants are set for the facility. These are monitored closely to ensure the Group remains within those covenants. In addition the Board ensure there are alternative sources of funding available.

3. **Alternative media channels** - The proliferation of alternative media channels, including streaming, has introduced new competitive forces for the film-going audience, and this has been accelerated by the pandemic. To date this has proven to be a more virtuous relationship, both increasing the investment in film production and further fuelling an overall interest in film with customers of all ages. The Board considers that the Everyman business model works well alongside other film channels. It remains an ever-present caution however, that we must continue to deliver an exceptional experience in order to deliver real added value for our customers who choose to see a film at our venues.

4. **Film release schedule** - The level of the Group's box office revenues fluctuates throughout the course of any given year and are largely dependent on the timing of film releases, over which the Group has no control. This risk has increased during the pandemic, with major studios delaying releases of tent pole films until confidence in the level of expected admissions returns. The Board mitigates this risk by widening the sources for new content to include streaming platforms and TV.

5. **Climate change** – The Group's business could suffer because of extreme or unseasonal weather conditions. Cinema admissions are affected by periods of abnormal, severe, or unseasonal weather conditions, such as exceptionally hot weather or heavy snowfall. Climate change is also high on the agenda for investors and increasingly institutional investors are looking closely at the actions being taken by business to reduce carbon emissions. The Group is working towards net zero carbon emissions to mitigate this risk.

6. **National events and consumer environment** - Specific large events can temporarily reduce cinema admissions, for example large sporting events, elections or royal weddings. These are managed by working the release schedule around large known events. In addition, a reduction in consumer spending because of broader economic factors could impact the group's revenues. The risk of continued recession has increased due to the pandemic. Historically, cinema has been incredibly resilient to recession with it remaining an affordable treat during such times for most consumers. However, the Group constantly monitors long term trends as well as the broader leisure market.

Strategic Report (cont.)

7 **Data and cyber security** – The possibility of data breaches and system attacks would have a material impact on the business through potentially exposing the business to a reduction in service availability for customers, potentially significant levels of fines, and reputational damage. To mitigate this risk the IT infrastructure is upgraded to ensure the latest security patches are in place and that ongoing security processes are regularly updated. This is supported by regular pen testing and back ups.

8 **Film piracy** - Film piracy, aided by technological advances, continues to be a real threat to the cinema industry generally. Any theft within our venues may result in distributors withholding content to the business. Everyman's typically smaller, more intimate auditoria, with much higher occupancy levels than the industry average, make our venues less appealing to film thieves. However, due to social distancing measures arising from the pandemic, occupancy levels are lower than usual, increasing the risk. The higher levels of staffing mitigate this risk.

9 **Reputation** - The strong positive reputation of the Everyman brand is a key benefit, helping to ensure the successful future performance and growth which also serves to mitigate many of the risks identified above. The Group consistently focuses on customer experience and monitors feedback from many different sources. A culture of partnership and respect for customers and our suppliers is fostered within the business at all levels.

10 **Brexit** - Risks linked to Brexit include consumer confidence, a lack of availability of certain food items and staff. Whilst the full business impacts of Brexit will unfold in the future, the Board believes the Group is well positioned to react to the potential challenges and opportunities ahead. The Group has no exchange rate exposure and is only directly impacted by a fall in sterling through cost pressure on a small number of imported food and beverage purchases.

Financial risks

The pandemic has created a liquidity risk due to the business having to close venues through the Government response to controlling the pandemic. The business has mitigated this risk through raising shareholder funds and negotiating new banking covenants. The Board monitors this risk on a regular basis through reviewing forecasts and working closely with banking partners.

The Group has direct exposure to interest rate movements in relation to interest charges on bank borrowings, with a 1% increase in rates resulting in an increase in interest charges of £0.2m on current forecast borrowings over the next twelve months. The Board manages this risk by minimising bank borrowings and reviewing forecast borrowing positions.

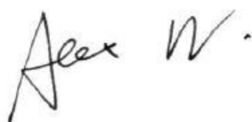
The Group takes out suitable insurance against property and operational risks where considered material to the anticipated revenue of the Group.

Chief Executive's Statement

Everyman is a quality brand with a passionate and dedicated team, and it is these traits of the business that I identify with and what originally drew me to joining the Company.

Since joining, I have been further struck by our strong foundation of supportive staff, customers and shareholders. Whilst I have only been with the business a couple of months, and under very unusual circumstances, it is evident that Everyman is a much-loved contemporary consumer brand and that the Group has significant scope for expansion. Even during lockdown, we have been assessing our offering and have identified several opportunities that will allow us to modernise the experience for our customers' needs, such as enhancing our technology and finance systems.

Looking ahead there are numerous reasons for confidence, beginning with the fact that Everyman is a much loved consumer brand with a unique offering, which we are confident will be in demand post-reopening. Beyond this, we have an encouraging film slate developing, we have identified opportunities to improve the Everyman experience, and the impact of COVID-19 on site availability has been to greatly increase the number of potential new venues across the UK, often at much more attractive financial arrangements. We have good liquidity, and supportive stakeholders across the business and therefore look forward to what can be achieved over the coming years.



Alex Scrimgeour
CEO
7 April 2021

Chief Financial Officer's Statement

Summary

- The COVID-19 pandemic has resulted in a material impact in the performance of the business during 2020.
- Group revenue decreased by 63% to £24.2m (2019: £65.0m) due to the closure of all venues for 5 full months of the year, and further localised closures, and restrictions on capacity and operations.
- Non-GAAP adjusted loss from operations was £1.1m (FY19: £15.6m profit)
- Operating loss of £19.3m (FY19: £4.7m profit)
- Significant shareholder support raising £16.9m at the start of the pandemic to strengthen the balance sheet.
- Net banking debt £8.7m (2019: £9.7m) with significant headroom in facilities

Revenue and Operating Profit

The business traded well until 16 March 2020, with revenue in January and February ahead of the same period in 2019 by 47% due to the level of admissions and the impact of five new venues opened in 2019. After March 16 all venues were shut, until a phased re-opening commenced from 4 July with all venues open by 21 August albeit with social distancing measures in place which reduced capacity by around 40%. Two new venues were opened at this time Kings Road Chelsea on 24 July and Lincoln on 21 July. From the middle of September new restrictions were introduced in areas with high rates of infection and in October the Government introduced a Tier system for levels of lockdown. The Tier system marked the start of venues being closed by the Government in certain areas and this spread to a national lockdown in November affecting all venues, Although the lockdown came to an end on 2 December, it was replaced with a strengthened 3 tier system, and by mid-December all venues in London and the South East were closed again. This situation then extended to nationwide by Christmas, and all venues have remained closed since then.

As a result, revenue in the period was down 63%

Reported gross margin was 62.2% (2019: 61.6%), with the increase due to a greater proportion of food and beverage revenue which carries a higher margin.

Other operating income of £6.1m is from Government support through the Job Retention Scheme (JRS) and the Business Support Grants (BSG). The Group received £5.7m in JRS income and has taken full advantage of the scheme with all but a skeleton staff working during periods of closure. For staff where 80% of their pay is above the £2,500 maximum supported by the scheme, the business has topped up their pay to 80%. Post the year end the business has continued to benefit from the JRS and will continue to do so where necessary until the end of the scheme in September 2021.

In addition to the JRS support from the Government the business also received £285k in BSG, and £78k in Local Restrictions Support Grant (Closed) (LRSGC). Since the year end the business continues to receive the LRSGC grants and will qualify for the Closed Business Lockdown Payment (CBLP) of up to £9k per venue.

Further Government assistance in the form of a rates holiday resulted in a saving of £1.1m.

Since March 2020 the focus has been on preserving the cash position of the business and reducing costs where possible. The business has worked closely with landlords to reach agreement on rent concessions. As at the date of signing these have been achieved in all but 5 venues, and the cash savings in 2020 equate to £1.4m. We have also received temporary reductions in service costs from a number of our suppliers. We would like to thank all our partners for the support they have given throughout the period.

Further savings were achieved through a 50% cut in Directors pay and a restructure of roles in head office and venues resulting in reduced headcount.

Within the operating loss there is a charge of £5.6m for impairment of goodwill, right-of-use assets and property, plant and equipment. The Board carried out a full impairment review at the year end, based on judgement of future cash flows by each venue. Due to the impact of COVID -19 on the net present value of future cash flows, four venues were identified as having a lower value in use value than the carrying value of the assets associated with the venue. Details of the review carried out and the allocation of the impairment against classes of assets is in note 17.

During the period the Board reviewed all future property commitments and where desirable, and possible has exited to protect future liquidity by reducing capital commitments. This has resulted in some charges for exiting (£625k) as well as the write off of costs already incurred on projects (£862k). The total of these charges is £1.5m.

The operating loss of £19.3m has therefore been materially impacted by the disruption from COVID-19, compared with a profit in 2019 of £4.7m

Chief Financial Officer's Statement (cont.)

Non-GAAP adjusted loss from operations

Non-GAAP adjusted loss from operations was £1.1m, compared with a profit in 2019 of £15.6m. In addition to performance measures directly observable in the financial statements, additional performance measures (Non-GAAP adjusted loss from operations, Admissions, Average Ticket Price and Spend per Head) are used internally by management to assess performance. Management believes that these measures provide useful information to evaluate performance of the business as well as individual venues, to analyse trends in cash-based operating expenses, and to establish operational goals and allocate resources.

Non-GAAP adjusted loss from operations is defined as earnings before interest, taxes, depreciation, amortisation, impairment, share based payments and one-off lease costs and arising due to COVID-19.

The reconciliation between operating loss and non-GAAP adjusted loss from operations is shown at the end of the consolidated statement of profit and loss on page 41.

Cash Flows

The Group raised £16.8m (net) from shareholders in April to strengthen the balance sheet at the start of the pandemic, building in resilience for the closure of venues required by the UK Government response to the pandemic and the subsequent social distancing measures required when venues were able to open. At the same time the banking covenants were waived to remove the threat of breaching under the exceptional circumstances, and a new liquidity covenant introduced, which resulted in significant covenant headroom.

The Directors believe the Group balance sheet remains well capitalised, with sufficient working capital to service all of its day-to-day requirements. Net debt at the balance sheet date was £8.7m (2019: £9.7m). The funds raised from shareholders have been used to fund EBITDA losses during periods of closure and existing capital commitments.

Net cash used in operating activities was £5,394,000 (2019: £15,889,000 generated). Net cash outflows for the year, before financing, were £13,938,000 (2019: £8,217,000). This includes £8,074,000 on the acquisition of property plant and machinery (2019: £23,154,000), which was contracted spend relating to ongoing projects.

Cash held at the end of the year was £328,000 (2019: £4,271,000).

The Group had banking facilities totalling £30m in place at the year end, under a 5 year revolving credit facility (RCF) ending January 2024. At the year end the Group had drawn down £9.0 m (2019: £14.0 m) of the available funds, and therefore £21m of the facility was undrawn (2019: £16.0m).

Since the year end the facility has been amended to provide longer term liquidity if required, should the roadmap out of the pandemic extend further than anticipated. £5m of the £30m Revolving Credit Facility (RCF) has been transferred to a new Government backed Coronavirus Large Business Interruption Loan Scheme (" CLIBILS") RCF, in addition a further £10m CLIBILS RCF has been granted, bringing the total facility to £40m. Charges have been put in place over the net assets of the Group as collateral against the loan balance. New liquidity and EBITDA loss covenants have been agreed which will be reviewed again in May 2022. The liquidity covenant requires cash plus undrawn facility to exceed £7m, and there is a last twelve months rolling EBITDA covenant set at 30% above management estimates. The Board has reviewed forecast scenarios and believes the business can operate with sufficient headroom.

Pre-opening costs

Pre-opening costs, which have been expensed within administrative expenses, were £419,000 (2019: £1,044,000). Included within depreciation and financial expense is £0.1m also relating to pre-opening operating lease expenditure in the prior year. These costs include expenses which are necessarily incurred in the period prior to a new venue being opened but which are specific to the opening of that venue.

Restatement of accounting for leases

The financial statements include 3 prior year adjustments relating to accounting for leases under IFRS16. A detailed explanation and reconciliation of previously reported numbers is included in Note 2.

Annual general meeting

The annual general meeting of the Company will be held at 10:00am on 2 June 2021 at Everyman Cinema Hampstead, 5 Holly Bush Vale, London NW3 6TX.

Companies Act s172 Statement

Engagement with our stakeholders and wider stakeholder groups plays an essential role throughout Everyman's business. We are aware that each stakeholder group requires a tailored engagement approach in order to foster effective and mutually beneficial relationships. Our understanding of stakeholders is then factored into boardroom discussions, regarding the potential long-term impacts of our strategic decisions on each group, and how we might best address their needs and concerns.

In addition, effective engagement with stakeholders at Board level and throughout our business is crucial to fulfilling Everyman's purpose. While the importance of giving due consideration to our stakeholders is not new, we are taking the opportunity this year to explain in more detail how the Board engages with our stakeholders. We keep in close contact with investors, employees, customers, suppliers and local communities so we are aware of their views. This ensures we can appropriately consider their interests in decision making.

Throughout this Annual Report, we provide examples of how we:

- Take into account the likely consequences of long-term decisions;
- Foster relationships with stakeholders;
- Understand the importance of engaging with our employees;
- Understand our impact on our local community and the environment; and
- Demonstrate the importance of behaving responsibly.

This section serves as our section 172 statement and should be read in conjunction with the Strategic Report and the Company's Corporate Governance Statement. Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Company for its members in the long term.

The Board regularly reviews our principal stakeholders and how we engage with them. The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making.

Due to the unprecedented global impacts of Covid-19, the Company has continually re-assessed and analysed its business strategy with the key focus being minimising the impact on critical work streams, ensuring business continuity and conserving cash flows. As such, increased stakeholder engagement and open communication have become increasingly important in decision making for the Board. Key decisions taken during the year following consultations with key stakeholders include:

- Fundraise in April 2020 to maintain liquidity throughout pandemic
- New banking covenants agreed with banking partners to provide additional liquidity during the pandemic
- Freezing of customer membership payments during periods of closure
- Reductions in Directors pay
- New employments contracts to allow employment to continue throughout periods with no work

While the Covid-19 crisis has interrupted our regular physical face to face interactions with various stakeholders internally and externally, we do consider them to be important in maintaining open communications and team cohesion and will be reintroducing these gradually provided it is safe to do so in line with Government guidelines and the needs of individual attendees. In the meantime, we have taken advantage of various video conferencing platforms where appropriate.

The table below acts as our s172(1) statement by setting out the key stakeholder groups, their interests and how Everyman has engaged with them over the reporting period. However, given the importance of stakeholder focus, long-term strategy and reputation, these themes are also discussed throughout this Annual Report.

Companies Act s172 Statement

Stakeholder	Their interests	How we engage
Our employees	• Training, development and career prospects. • Health and Safety • Working conditions • Diversity and Inclusion • Human Rights and modern slavery • Fair pay, employee benefits	• Ongoing training and development opportunities • Regular independent Health & Safety reviews • Publication of Modern Slavery Statement • Employee benefits packages • Use of online team communication tools
Our customers	• Comfort and hospitality. • Good quality food and drink • High quality viewing environment • Ease of access • Safety • Data security	• Venue staff welcome every customer • Focus on in-theatre service • Regular review of menu quality • High specification auditoria • Customer support service • Marketing and communications
Our suppliers & landlords	• Workers' rights • Supplier engagement and management to prevent modern slavery • Fair trading and payment terms • Sustainability and environmental impact • Collaboration • Long-term partnerships	• Initial meetings and negotiations • KPIs and Feedback • Board approval on significant changes to suppliers • Direct engagement between suppliers and specified company contact
Our Investors	• Comprehensive review of financial performance of the business • Business sustainability • High standard of governance • Success of the business • Ethical behaviour • Awareness of long-term strategy and direction	• Regular reports and analysis on investors and shareholders • Investor roadshows • Annual Report • Company website • Shareholder circulars • AGM • Stock exchange announcements • Press releases
Our banking partners	• Business performance & forecast accuracy • Cash management and financial control • Compliance with laws and regulations • High standard of governance • Ethical behaviour • Data security	• Regular meetings & updates • Regular reports and analysis • Annual Report • Stock exchange announcements
Regulatory bodies	• Compliance with regulations • Worker pay and conditions • Gender Pay • Health and Safety • Treatment of Suppliers • Brand reputation • Waste and environment • Insurance	• Company website • Stock exchange announcements • Annual Report • Direct contact with regulators • Compliance updates at Board Meetings • Consistent risk review
Community and Environment	• Sustainability • Human Rights • Energy usage • Recycling • Waste Management • Community outreach and CSR	• Philanthropy • Oversight of corporate responsibility plans • CSR initiatives • Workplace recycling policies and processes

Chief Financial Officer's Statement (cont.)

Within the Corporate Governance Report on pages 17 to 19 we describe how the Board operates and the culture of the business including employee engagement.

Elizabeth Lake
CFO
7 April 2021

Corporate Governance

It is the responsibility of the Chairman of the Board of Directors of Everyman Media Group PLC to ensure that the Group has both sound corporate governance and an effective Board. This is managed by ensuring that the Group and the Board are acting in the best interests of shareholders, and by making sure that the Board discharges its responsibilities appropriately. This includes creating the right Board dynamic and ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings. The Executive Chairman also has a key role in creating and planning the strategic direction of the Group and is intimately involved in the branding and creative direction of the Group and its venues.

The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the Group. The Board recognises that the Group does not fully comply with the 10 principles and general provisions of the QCA code but does use it as a benchmark in assessing its corporate governance standards. Areas of non-compliance are disclosed below.

While seeking to build a strong governance framework the Board is mindful to ensure that the Group takes a proportionate approach and that processes remain fit for purpose as well as embedded within the culture of the organisation. The Group continues to evolve its approach and make ongoing improvements as part of building a successful and sustainable business. Good governance provides a framework that allows the right decisions to be taken by the right people at the right time. As the Group grows over the medium term, the Board is targeting full compliance with the QCA code.

QCA principles

A description of the Group's business model and strategy can be found in the Chairman's report along with key challenges in their execution and information in relation to the Group's risk management.

Board of Directors

Paul Wise

Executive Chairman

Paul has been a proprietary trader, specialising in exchange traded derivatives, for 25 years and was a director of The Kyte Group until its sale to NASDAQ quoted GFI Group in 2010. Paul was appointed as a director on 10 September 2013. The Directors do not consider Paul to be independent in line with the Quoted Companies Alliance Corporate Governance Code for small and mid-size quoted companies due to the executive nature of his employment at the Company.

Alex Scrimgeour

Executive Director – Group Chief Executive Officer

Alex joined Everyman from Côte Brasserie, the UK's largest French restaurant group which he joined as a start-up business in 2008, appointed as joint Managing Director in 2011 and CEO in 2015. Alex has extensive experience in the hospitality sector and most recently founded Côte at Home the new e-commerce platform. Alex was appointed to the Board on 18 January 2021.

Adam Kaye

Executive Director

Adam founded ASK Central plc with his brother Sam in 1993. Adam studied catering at Westminster College, London and subsequently worked at City Centre Restaurants, before opening the first ASK restaurant at Haverstock Hill in 1993. ASK Central plc was sold in 2004. Adam was appointed to the Board on 8 October 2013.

Elizabeth Lake FCA

Executive Director – Group Chief Financial Officer

Elizabeth is a senior finance executive with 30 years business experience, and a Fellow of the Institute of Chartered Accountants in England & Wales. During this time Elizabeth has gained extensive experience across all aspects of finance, holding senior roles at Marks and Spencer, Hugo Boss and most recently CFO at Science in Sport plc an AIM listed business. Elizabeth was appointed to the Board on 16 September 2019.

Philip Jacobson FCA

Independent Non-Executive Director

Philip is a Fellow of the Institute of Chartered Accountants in England & Wales and previously a partner at BDO LLP, where he was involved in a number of flotations in the leisure sector. Philp was appointed to the Board on 8 October 2013. Since retiring, Philip has acted as family office to a small number of families. Philip has an interest in 86,336 Ordinary Shares and holds 100,000 options over Ordinary Shares which were granted to him as part of the Group's admission to AIM. Neither Philip Jacobson nor the other Directors believe his shareholding or options are significant in assessing his independence.

Corporate Governance (cont.)

Charles Dorfman
Non-Executive Director
Charles was co-founder of Esselco properties serviced office business (now known as The Office Group). He was involved in the financing of the development of the phase of the Oscar winning 'The Kings Speech' with See Saw films and became the Executive Producer. He now runs Buckland Productions a TV and film production company. Charles is also on the board of the National Youth Theatre and Chairs the Young Patrons of the National Theatre. Charles was appointed as a director on 8 October 2013.

Michael Rosehill FCA
Non-Executive Director
Michael is a Fellow of the Institute of Chartered Accountants in England & Wales and has spent most of his career at the Lewis Trust Group (owners of the River Island group of companies) in both the finance and private equity divisions. Michael is a director of Blue Coast Private Equity L.P and therefore also has an interest in the shareholding of Blue Coast Private Equity L.P in the Ordinary Shares of the Company.

All Directors are encouraged to challenge and to bring independent judgement to bear on all matters, both strategic and operational. Biographical details of the Directors can be found on the Group's website.

All Non-Executive Directors are expected to dedicate at least one day per month to the Group. The Chairman dedicates approximately 10 days per month. The Board is satisfied that each of the Directors are able to allocate sufficient time to the Group to discharge their responsibilities effectively. The number of meetings of the Board and its Committees are outlined below:

Attendance by Directors	Board	Audit	Remuneration	Nomination
Paul Wise	12	n/a	n/a	n/a
Crispin Lilly*	8	1	n/a	n/a
Adam Kaye	12	n/a	n/a	n/a
Elizabeth Lake	12	4	n/a	n/a
Streisan Bevan**	2	n/a	n/a	n/a
Philip Jacobson	12	5	5	1
Charles Dorfman	11	n/a	5	1
Michael Rosehill	12	5	5	1
Total meetings held	12	5	5	1

*Resigned 30 September 2020
**Resigned on 17 March 2020

The Group accepts that having a Chairman and two Non-Executive Directors who are not independent is not in line with best practice or the recommendations made by the QCA. However, the Board believes that the skill-sets of the Chairman and non-independent Directors are appropriate and beneficial for all shareholders and stakeholders. Each of the Chairman and non-independent Directors has significant experience in building successful businesses and offer key expertise to the Executive Directors that are beneficial to the Group as a whole.

To enable each Director to keep their skill-set up to date, individual training needs are identified as part of the annual Board evaluation process and training is provided as required. All Directors receive regular updates on legal, regulatory and governance issues. In addition, there are regular 'deep dives' from across the business at Board level to ensure the Directors' understanding of the operational aspects of the business are kept up to date. From time to time Board meetings are held at operational sites away from the head office to further enhance the Directors' understanding of the business.

Advisors

One Advisory acts as Group Secretary and support to ensure the necessary information is supplied to Directors on a timely basis and to enable them to discharge their duties effectively. All Directors have access to the advice of the Group's solicitors as well as access to independent professional advice, at the Group's expense, as and when required.

Neither the Board nor its Committees have sought external advice on a significant matter.

Corporate Governance (cont.)

Board evaluation

The Group is in the process of developing and implementing an evaluation procedure which will be disclosed in detail on its website when fully implemented. The Board evaluation is based on clear and relevant objectives and seeks continuous improvement. The Board accepts that the Group does not fully comply with this aspect of the QCA code, although in the frequent Board meetings, Directors can discuss any areas where they feel a change would benefit the Group, and the independent Group Secretary and other Group advisers remain on hand to provide impartial advice.

Culture

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact the performance of the Group. Similarly, the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the way employees behave. The Corporate Governance arrangements that the Board has adopted are designed to ensure that the Group delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Group in a manner that encourages open dialogue with the Board. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives.

A large part of the Group's activities are centred on an open and respectful dialogue with employees, customers and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Group does. The Directors consider that the Group has an open culture facilitating comprehensive dialogue and feedback that enables positive and constructive challenge.

The Board also recognises that as an operator of cinemas within local communities, it has responsibility to engage openly, transparently and effectively with community stakeholders, local planning and Government agencies.

The Group places considerable emphasis on maintaining good relations with all its employees. The Group places great importance on managers at each venue being well trained and capable of recruiting, training and developing a strong team and equips them with the necessary tools in order to provide a positive working environment. The Group regularly communicates important updates with employees and seeks engagement and consultation whenever making decisions that affect them or their interests. Employees are provided with regular on-the-job training, including a staff handbook and career development opportunities. The Group places a significant importance on developing from within.

The Group is an equal opportunities employer and is committed to the employment of people with disabilities and guarantees an interview for those who meet the minimum selection criteria. The Group provides training and development for people with disabilities tailored, where appropriate, to ensure they have the opportunity to achieve their potential. If an employee becomes disabled while in our employment the Group will do its best to retain them, including consulting with them about their requirements, making reasonable and appropriate adjustments and providing alternative suitable employment where possible.

The Group has an anti-bribery and confidentiality policy in place to ensure the highest standards of personal and professional ethical behaviour are adhered to. The Company has adopted a code for Directors' and employees' dealings in securities in relation to its Ordinary Shares and related securities which is compliant with AIM as well as being in accordance with the requirements of the market abuse regulation which came into effect in 2016.

There is a system in place for financial reporting and the Board receives regular reports to enable it to carry out these functions in the most efficient manner. These procedures include the preparation of management accounts, forecast variance analysis and other ad-hoc reports. There are clearly defined authority limits throughout the Group, including those matters which are reserved specifically for the Board.

The Board has responsibility for the effectiveness of the internal financial control framework. Such a system can only provide reasonable and not absolute assurance against material misstatement. The Group does not currently have, nor considers there is currently a need for, an internal audit function. As the number of venues operated by the Group increases, the Board intends to regularly assess the ongoing need for strengthening internal financial controls.

The Board's financial risk management, objectives and policies together with the Board's policies in respect of credit risk, liquidity risk and cash flow risk are set out in the notes to the financial statements.

Audit Committee Report

Overview

The Audit Committee is chaired by Philip Jacobson FCA and also includes Michael Rosehill FCA, both of whom have extensive experience as Chartered Accountants working both within audit practice and industry. The Audit Committee met five times during the year. The external auditors attended two of these meetings at the invitation of the Committee Chairman. The Committee also met with the external auditors without the presence of Executive Directors or management.

In the coming year, in addition to the Committee's ongoing duties, the Committee plans to:

- continue to review the impact of Covid-19 on the business and its projected cash flows
- review the plans and progress of the project to replace the existing finance software Sage, with Microsoft Dynamics 365
- undertake assessments of the external auditor's performance.

Objectives and Responsibilities

The Committee, operating under its Terms of Reference, discharged its responsibilities by, amongst other things, reviewing and monitoring:

- the consistency of, and any changes to, accounting policies both on a year-on-year basis and across the parent Company and the Group.
- the methods used to account for significant or unusual transactions.
- whether the Company has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditors.
- the effectiveness of the external auditors and considering and making recommendations on the appointment, reappointment, and removal of the external auditors.
- the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems.
- the clarity of disclosure in the Company's financial reports and the context in which statements are made; and
- all material information presented with the financial statements, such as the operating and financial review including the audit and risk management statements within the corporate governance report.

Financial Reporting

The Committee concluded that the Annual Report and financial statements, taken as a whole, were fair, balanced, and understandable and provided the information necessary for shareholders to assess the Company's and the Group's financial position, performance, business model and strategy.

The principal matters the Committee considered concerning the 2020 financial statements were in relation to the impacts of Covid-19, The Committee reviewed the impact of Covid-19 on the business and its projected cash flows, considering the impact of potential sensitivities on the Group's cash flows and assessed that the statements made in relation to going concern were appropriate. Specifically, the Committee reviewed the scenarios used in the impairment reviews (see note 17) and the assumptions used in those scenarios together with the WACC calculation.

Considering the rent concessions the Group had achieved, the Committee also reviewed the adoption of the amendments to IFRS16 allowing lessees not to account for rent concessions as lease modifications if they were a direct consequence of Covid-19 and met certain criteria.

During the Committee's consideration of the financial statements, they became aware of certain adjustments that were required to reflect the adoption and reporting of IFRS 16. Consequently, the financial statements include 3 prior year adjustments relating to accounting for leases under IFRS16. A detailed explanation and reconciliation of previously reported numbers is included in note 2.

With respect to the 2021 financial year, the Committee continues to monitor the impact of those matters highlighted and the ongoing impact on both financial performance and reporting.

The Committee reviewed the 2020 full-year and half-year results announcements and considered matters raised by the external auditors identifying certain issues requiring its attention.

The Committee has continued its monitoring of the financial reporting process and its integrity, risk management systems and assurance.

External Audit

During the summer an audit tender process was overseen by the Audit Committee. The result was the appointment of BDO LLP as the Groups Auditors, replacing KPMG. The Committee will assess the auditors performance and effectiveness alongside the Group's senior finance team.

Audit Committee Report (cont.)

The Group's policy on the use of the external auditor for non-audit services is to ensure that any work undertaken does not impair the auditor's independence. In respect of the prior year, KPMG were the Group's auditors and were considered to be independent. BDO were appointed as auditors in 2020 and the Group have considered the auditor's independence and we continue to believe that BDO LLP is independent within the meaning of all UK regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff are not impaired.

Auditor's Independence

The Committee approves the external auditor's terms of engagement, scope of work, and the annual audit. It also reviews and discusses with the auditor the written reports submitted and the findings of their work. It has primary responsibility for making recommendations to the Board on the appointment, reappointment, and removal of the external auditor. The Committee, at least annually, assesses the independence, tenure and quality of the external auditor.

Philip Jacobson
Chair Audit Committee
7 April 2021

Remuneration Committee Report

The remuneration committee is chaired by Philip Jacobson (independent non-executive director) and includes Charles Dorfman and Michael Rosehill. The committee meets as required during the year and invites recommendations as to remuneration levels, incentive arrangements for senior executives and proposals regarding share option awards from the Chief Executive Officer.

The remuneration committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of service. The remuneration committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation. The remuneration committee meets as and when necessary and met 5 times during 2020.

Bonus plans, share option awards and the Company's LTIP scheme are regularly reviewed by the committee to ensure that they are appropriately incentivising key management.

Basic salary

The base salary, benefits in kind and Company pension contributions are determined by the committee with reference to the experience and responsibilities of each individual and having regard to prevailing market conditions.

In March, the committee consulted with the Executive directors to implement a 50% reduction in basic pay for 4 months, followed by a 20% reduction for a further 2 months. The remuneration committee members remuneration was also reduced in the same way, and Michael Rosehill waived his fee in entirety during the period.

Annual Bonus

In February 2020, the committee recommended the Board approve a bonus to the Chief Executive Office and Chief Financial Officer based on the performance targets that were met for the 2019 financial year.

Share Options

The Group's policy is that in addition to their salaries and bonuses, Executive Directors and senior management should be awarded share options in order that their interests may be more closely aligned with those of shareholders. The company operates a Long-Term Incentive Plan (LTIP) and the committee recommended to the Board that share options were awarded and set the performance criteria (see note 30).

The Group also operates a non-approved share incentive plan, and believes that all the venue managers, head office staff, and the Executive and senior management team should have the opportunity to participate, alongside shareholders, in the long-term growth and success of the Group. During the year the committee recommended to the Board that due to the significant fall in the Group's share price arising from the pandemic, options previously issued under the scheme be repriced, to facilitate the ongoing commitment from our teams. This resulted in 297,500 options granted in October 2018 at a price of £2.35 and 900,000 options granted in September 2019 at a price of £1.84 being repriced at £1.095. None of these options were held by any Executive Directors. Further awards were recommended by the committee during the year (see note 30)

Directors' remuneration

For the year ended 31 December 2020

Director	Salary	Fees	Pension Contributions	Other benefits	Bonus	Share-based payments	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Crispin Lilly	256	-	-	2	-	(171)	87
Elizabeth Lake FCA	140	-	-	2	-	120	262
Paul Wise	94	8	-		-	53	155
Adam Kaye	67	-	-	-	-	53	120
Philip Jacobson FCA	30	-	-	-	-	-	30
Charles Dorfman	10	-	-	-	-	-	10
Michael Rosehill FCA	8	-	-	-	-	-	8
Streisan Bevan	13	-	-	-	-	-	13
	618	8	-	4	-	55	685

Remuneration Committee Report

For the year ended 2 January 2020

Director	Salary	Fees	Pension Contributions	Other benefits	Bonus	Share-based payments	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Crispin Lilly	194	-	11	4	41	237	487
Elizabeth Lake FCA	50	-	-	-	11	22	83
Jonathan Peters FCA	66	-	7	1	30	(35)	69
Paul Wise	50	85	-	2	10	-	147
Adam Kaye	30	-	-	3	-	-	33
Philip Jacobson FCA	30	-	-	-	-	-	30
Streisan Bevan	43	-	-	-	-	-	43
Michael Rosehill FCA	-	-	-	-	-	-	-
Charles Dorfman	-	-	1	-	-	-	1
	463	85	19	10	92	224	893

Other benefits include interest in respect of an amount of uncalled share capital due in respect of the issue of performance shares in Everyman Media Holdings Limited, a subsidiary of the Company, to certain members of the Board.

Share based payments are valued using the share price at the original grant date.

Consideration of Shareholder Views

The Remuneration Committee considers feedback received from Shareholders during any meetings or otherwise from time to time, when undertaking the Group's annual review of its Policy. In addition, the Chairman of the Remuneration Committee will seek to engage directly with institutional Shareholders and their representative bodies should any material changes be made to the Policy.

Consideration of employment conditions elsewhere in the Group

The Remuneration Committee considers any general basic salary increase for the broader employee population when determining the annual salary increases for the Executive Directors. The remuneration Committee did not consult with other employees with regard to remuneration of the Executive Directors.

Philip Jacobson
Chair
Audit Committee
7 April 2021

Director's report

The Directors present their annual report and audited financial statements for the Group for the year ended 31 December 2020 (comparative period: 52 weeks to 2 January 2020).

Results and dividends

The results of the Group are included in the strategic report. Further details are shown in the consolidated statement of profit and loss and other comprehensive income and the related notes to the financial statements. The Group generated a loss after tax for the year of £20.5m (2019: £1.7m profit - as restated). The Directors do not recommend the payment of a dividend (2019: £nil).

Principal activity

The Group is a leading independent cinema group in the UK. Further information is contained in the strategic report. The subsidiaries of the Group are set out in the related notes to the financial statements.

Financial risk management: objectives and policies

The financial and other risks to which the Group is exposed, together with the Group's objectives and policies in respect of these risks, are set out in the strategic report.

Energy and carbon

Everyman recognises that its operation have an environmental impact globally and is committed to monitoring and reducing its emissions. The Group is also aware of the reporting obligations under The Companies and Limited Liability Partnerships Regulations 2018. As such this year the Group has introduced energy and carbon reporting to meet these new requirements and increase the transparency with which the business communicates about the environmental impact to stakeholders.

Using the Energy Managers Methodology, the calculated GHG emissions from business activities for the period 1 January to 31 December 2020 are set out below.

Emissions Source	**2020**
Natural Gas	1,044
Electricity	1,887
Fuel for transport (employees only)	21
Total tCO_2e	**2,952**
Total Energy Usage (kWh)	13,858,082
Energy Intensity – CO_2t per ft^2	0.047

The methodology used to calculate the GhG emissions is in accordance with the requirements of the following standards:

- World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol (revised version)
- Defra's Environmental Reporting Guidelines: including Streamlines Energy and Carbon Reporting requirements (March 2019)

In the period covered by the report, the Group has undertaken the following emissions and energy reduction initiatives:

- Air conditioning controls enabling timing, temperature regulation and demand-controlled ventilation for Auditoria based on occupancy levels
- Installation of heat recovery reclaiming a portion of the energy used in heating, venting and air conditioning
- Installation of LED lamps and Passive Infrared Sensors in areas of infrequent occupancy to conserve electricity usage
- Use of energy saving catering electrical kitchen equipment

Capital structure

17.6m new shares were issued in 2020. The number of Ordinary shares in issue at 31 December 2020 was 91.1m (2019: 73.5m). The Group also issued options over the share capital of the Company to members of the Board and to certain employees which amounted to 6.6m Ordinary shares (2019: 4.3m Ordinary shares) which, if exercised, would comprise 7.2% (2019: 5.8%) of the current issued share capital of the Company (see also Directors' interests below and the related notes). The shares of the Company are quoted on the London AIM market.

Director's report (cont.)

Going concern

In early 2020, the outbreak of COVID-19 was declared a global pandemic by the World Health Organisation. In response, Everyman introduced enhanced cleaning protocols and reduced capacity in theatres to promote social distancing and comply with Government guidelines. On 17 March 2020, the Group closed all venues as the UK entered a national lockdown, lasting four months. Following a phased re-opening all venues were trading by 21 August before more severe restrictions began to be re-introduced in October. By the year-end all venues were closed and this remains the case at the date of approval of these financial statements. The Group experienced reassuring demand each time venues re-opened providing confidence demand will return when restrictions are lifted.

To mitigate the negative impact of COVID-19 a variety of measures were introduced including cost reduction and the postponement of new sites, refurbishments and other capital expenditure projects. As significant part of the Group's costs are property-related and variations to lease agreements have been agreed with 85% of the estate to reduce cash costs to the business.

The continuing uncertainty due to the COVID-19 pandemic has been considered as part of the Group's adoption of the going concern basis. In particular, the ability to reopen, availability of film content and recovery profile of admissions.

Liquidity
On 8 April 2020 the Group raised £16.9m net through an accelerated book build in order to strengthen the balance sheet, protect venues against an extended closure period, ensure prudent levels of debt and to allow the Group to re-engage with its expansion and investment programme in due course.

For the full year, the Group had a Revolving Credit Facility ("RCF") in place for £30m, this was agreed on 16 January 2019 and is repayable in full on or before 15 January 2024. As at 31 December 2020, the Group had drawn down £9m of this facility and closed the year with £0.4m of cash, therefore the net debt position was £8.6m, with the undrawn facility at £21.4m. The banking covenants for the facility had been waived for the period April 2020 to March 2021, and a single liquidity covenant introduced for the period. This resulted in significant headroom in the Group's banking facilities.

Since the year end the facility has been amended to provide longer term liquidity if required, should the roadmap out of the pandemic extend further than anticipated £5m of the £30m Revolving Credit Facility (RCF) has been transferred to a new Government backed Coronavirus Large Business Interruption Loan Scheme ("CLIBILS") RCF, in addition a further £10m CLIBILS RCF has been granted, bringing the total facility to £40m. Charges have been put in place over the net assets of the Group as collateral against the loan balance. New liquidity and EBITDA loss covenants have been agreed which will be reviewed again in May 2022. The liquidity covenant requires cash plus undrawn facility to exceed £7m, and there is a last twelve months rolling EBITDA covenant set at 30% above management estimates, reflecting the uncertainty that still remains. At the date of this report the undrawn facility is £26m The Board has reviewed forecast scenarios and believes the business can operate with sufficient headroom.

Base case Scenario
The Board's latest forecasts are based on a scenario where the business remains closed until 17 May 2021 in line with the current Government roadmap. The forecast assumes reduced admissions, around 25% of pre-pandemic admits, from re-opening until October 2021 as there is uncertainty around the film slate at this period. From October the Board have assumed that the last 3 months of the year will deliver 75% of 2019 admissions, as a number of high-profile new films are scheduled for release. The Board have assumed that 2022 admits return to 2019 levels as social distancing measures are removed, this excludes the impact of increased capacity available from the two new venues opened in the year.

All of the continued Government support is included in the forecasts, this includes JRS continuing until the end of September 2021, 5% VAT until the end of September 2021 followed by 12.5% VAT until the end of March 2022. The Business Restart Grant is assumed to be received in May 2021 and the extension of the rates holiday until the end of June 2021 followed by a one third reduction until the end of March 2022.

In this scenario the Group maintains significant headroom in its banking facilities.

Director's report (cont.)

Stress testing
Given the continued uncertainty around the impact of COVID-19 over the next 12 months and difficulties forecasting the impact on consumer behaviour and admission profile the Board has also considered the scenario of complete closure continuing until there is a breach in the banking covenants. This scenario assumes that the Government would extend JRS, the rates holiday and 5% VAT until the month of re-opening. In this scenario the business would need to remain shut until the end of December 2021 to cause a breach in the last twelve months rolling EBITDA covenant. The business would still have significant liquidity covenant headroom in this scenario.

The Board has also considered a severe but plausible downside scenario whereby, after reopening in May 2021 as planned, all venues are required to close for two months during Autumn 2021 as part of a circuit break imposed to contain a resurgence of the virus or its variants. Under this scenario the Group forecast continued compliance with banking covenants and sufficient liquidity

The forecasts are under continuous review given current market conditions associated with COVID-19. The business has the ability to remain trading for a period of at least 12 months from the date of signing of these financial statements.

The Directors believe that the Group is well placed to manage its financing and other business risks satisfactorily and have a reasonable expectation that the Group will have adequate resources to continue in operation for at least 12 months from the signing date of these consolidated financial statements. The Board considers that closure until December 2021 is unlikely and that the Group has sufficient headroom to navigate the severe but plausible downside scenario described above. Therefore does not believe this to represent a material uncertainty. Therefore the Board consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Substantial shareholdings

As at 31 December 2020 the Company was aware of the following interests in 3% or more of the Company's Ordinary share capital as set out below.

Shareholder	% of issued share capital 2020	% of issued share capital 2019
Blue Coast Private Equity LP	**18.99%**	18.77%
BlackRock	**9.55%**	8.88%
Canaccord Genuity Wealth Management	**9.05%**	8.33%
Tellworth Investments	**8.57%**	5.24%
Charles Dorfman*	**6.44%**	7.98%
Adam Kaye	**5.98%**	7.28%
Samuel Kaye	**5.20%**	5.98%
Schroder Investment Management	**4.07%**	4.86%
Gresham House Asset Management	**3.97%**	-
Otus Capital Management	**3.49%**	3.36%
Shore Capital	**3.29%**	-
Paul Wise**	**3.25%**	3.75%

*Of the 5,870,027 Ordinary shares Charles Dorfman is interested in 3,213,876 (2019:3,213,876) Ordinary shares are held by the Lloyd Dorfman Children's Settlement. Charles Dorfman is one of the potential beneficiaries of the settlement. **Of the 2,956,752 Ordinary shares Paul Wise is interested in, 2,260,052 (2019: 2,744,326) Ordinary shares are held by the Paul Wise Family Trust. Paul Wise is one of the potential beneficiaries of the Trust.

Directors

Biographical details of continuing Directors are set out on the Company's website: investors.everymancinema.com.

The Directors of the Company during the year were:

Directors	Function
Adam Kaye	Executive Director
Charles Dorfman (R,N)	Non-Executive Director
Crispin Lilly (resigned 30 September 2020)	Chief Executive Officer
Elizabeth Lake FCA	Chief Financial Officer
Michael Rosehill FCA (R,N,A)	Non-Executive Director
Paul Wise	Executive Chairman
Philip Jacobson FCA (R,N,A)	Independent Non-Executive Director
Streisan Bevan (resigned 17 March 2020)	Independent Non-Executive Director

R = Member of the remuneration committee
N = Member of the nominations committee
A = Member of the audit committee

Directors' interests in the Company

The following Directors held shares in the Company at the year-end (there were no significant changes between the shareholdings at the year end and the date of this report):

Director	Number of Ordinary shares 2020	% of issued share capital 2020	Number of Ordinary shares 2019	% of issued share capital 2019
Charles Dorfman	**5,870,027**	**6.44%**	5,870,027	7.98%
Adam Kaye	**5,449,956**	**5.98%**	5,349,956	7.28%
Paul Wise	**2,956,752**	**3.25%**	2,756,752	3.75%
Michael Rosehill FCA*	**218,710**	**0.24%**	198,710	0.27%
Philip Jacobson FCA	**98,336**	**0.11%**	86,336	0.12%
Elizabeth Lake FCA	**10,000**	**0.01%**	-	-

*Michael Rosehill is a Director of Blue Coast Private Equity and therefore has an interest in its shareholding.

Director's report (cont.)

As at the date of this document, the following options over Ordinary shares were held by the Directors (see also notes to the financial statements):

Director	Grant Date	Vesting Conditions	Exercise Price Pence	2 January 2020 Number	Issued in the year Number	Lapsed in the year Number	Exercised in the year Number	31 December 2020 Number
Crispin Lilly	29 Oct 15	9	85	117,647				**117,647**
	13 Mar 17	10	109.5	250,000				**250,000**
	23 Nov 17	11	10	52,746		(52,746)		-
	23 Apr 18	12	10	13,957		(13,957)		-
	13 Mar 19	10	181	500,000		(500,000)		-
	28 May 19	14	10	60,000		(60,000)		-
	1 July 20	16	10		99,847	(99,847)		-
Elizabeth Lake FCA	24 Sept 19	10	184	250,000				**250,000**
	1 July 20	16	10		82,258			**82,258**
	30 Sept 20	10	76.5		200,000			**200,000**
	22 Dec 20	10	109.5		250,000			**250,000**
Paul Wise	12 Nov 20	15	94	800,000				**800,000**
Adam Kaye	12 Nov 20	15	94	800,000				**800,000**
Philip Jacobson FCA	29 Oct 13	2	83	100,000				**100,000**
Charles Dorfman	29 Oct 13	2	83	50,000				**50,000**
Michael Rosehill FCA	04 Nov 13	2	83	50,000				**50,000**
Total								2,949,905

Details of the option scheme vesting and performance conditions are set out at note 30 of the financial statements. No share options (2019: 2,821,022) were exercised by Directors during the year (2019: £1.4m gain).

Policy and practice on the payment of creditors

The policy of the Group is to settle supplier invoices within the terms and conditions of trade agreed with individual suppliers, unless other arrangements have been agreed.

Employees

Employee involvement

The Group places considerable emphasis on maintaining good relations with all its employees. The Group places great importance on managers at each venue being well trained and capable of recruiting, training and developing a strong team and the Group equips them with the necessary tools in order to provide a positive working atmosphere.

The year has been challenging for all our employees, and the Group has maintained regularly communication throughout the year, particularly during periods of closure and furlough. The Group has continued to seek engagement and consultation whenever making decisions that affect them or their interests. Employees are provided with regular on-the-job training and career development opportunities and the Group places a significant importance on developing from within.

Employment of disabled persons

The Group is an equal opportunities employer and is committed to the employment of people with disabilities and guarantees an interview for those who meet the minimum selection criteria. The Group provides training and development for people with disabilities tailored, where appropriate, to ensure they have the opportunity to achieve their potential. If a Group employee becomes disabled while in our employment the Group will do its best to retain them, including consulting with them about their requirements, making reasonable and appropriate adjustments and providing alternative suitable employment where possible.

Political and charitable donations

The Group made charitable donations of £44,000 in the year (2019: £22,000).

Director's report (cont.)

Post balance sheet events

Since the balance sheet date the Group has increased it's available banking facilities from £30m to £40m in order to secure the liquidity position should further closures due to COVID_19 be necessary after 17 May 2021. The facility now comprises a £25m RCF facility and a £15m Government back CLBILS RCF.

The Government has also extended it's support by extending the JRS and the rates holiday until the end of September, together with an extension to the reduced VAT rate of 5% until the end of June, followed by 12.5% until the end of March. Together these measures make a material difference to the operating loss forecasts and the cash flow of the Group.

Disclosure of information to auditor

In the case of each person who was a Director at the time this report was approved:

- So far as that each Director was aware, there was no relevant available information of which the Company's auditor is unaware
- Each Director has taken all steps that they ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor was aware of that information.

Auditor

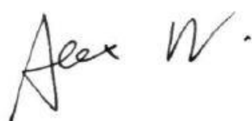
In accordance with s489 of the Companies Act 2006, a resolution for the re-appointment of BDO LLP as auditor of the Company is to be proposed at the forthcoming annual general meeting.

Internal financial control

The Group operates a system of internal financial controls commensurate with its current size and activities, which is designed to ensure that the possibility of misstatement or loss is kept to a minimum. There is a system in place for financial reporting and the Board receives regular reports to enable it to carry out these functions in the most efficient manner. These procedures include the preparation of management accounts, forecast variance analysis and other ad hoc reports. There are clearly defined authority limits throughout the Group, including those matters which are reserved specifically for the Board.

The Board has responsibility for the effectiveness of the internal financial control framework. Such a system can only provide reasonable and not absolute assurance against material misstatement. The Group does not currently have, nor considers there is currently a need for, an internal audit function. As the number of sites operated by the Group increases the Board intends to regularly assess the ongoing need for strengthening internal financial controls.

The Board's financial risk management, objectives and policies together with the Board's policies in respect of price risk, credit risk, liquidity risk and cash flow risk are set out in the notes to the financial statements.



On behalf of the Board
A Scrimgeour
CEO
Everyman Media Group PLC
Studio 4, 2 Downshire Hill
London
NW3 1NR
7 April 2021

Statement of Directors' responsibilities in respect of the annual report and financial statements

The Directors are responsible for preparing the annual report and the Group and parent Company financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. As required by the AIM rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Accounting Standards (IFRS) in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS101 Reduced Disclosure Framework.

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

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable, relevant, reliable and prudent.
- For the Group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.
- For the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.
- 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.

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Opinion on the financial statements

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 December 2020 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 United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Everyman Media Group PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the consolidated statement of profit and loss and other comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, the company balance sheet, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

Given the economic uncertainty caused by the continuing Covid-19 pandemic and its specific impact on the cinema industry, including the continued closure of all of the group's venues at the date of this report, we identified the impact of Covid-19 on going concern as a key audit matter. See disclosures in note 2 to the financial statements.

Our response to this matter and our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of how management undertook the going concern assessment process to determine if we considered it to be appropriate for the circumstances. This included checking that it included an assessment of a range of scenarios due to the potential impact of the Covid-19 pandemic;

- reviewing copies of covenant waivers received from the group's lenders during the reporting period and details of revised covenants included in the extended credit facilities agreed post year-end;
- obtaining management's base case and stress test scenario underlying the going concern assessment and challenging management on the key estimates and assumptions within the forecasts, including forecast re-opening date, admissions, average ticket prices and spend per head, the reasonableness of which were considered with reference to historical levels achieved both pre-Covid-19 and post the first national lockdown;
- considering the potential impact of Covid-19 on the group's operations and results in the forecast period to inform stress testing and sensitivity analysis. This included matters such as the expected timing of the easing of lock down measures and the impact on the number of admissions;
- requesting that management perform additional stress testing to model the impact of further venue closures in Autumn after re-opening as planned in May 2021 and assessing the impact of this scenario on their conclusions;
- checking loan covenant compliance in the forecast period based on the above scenarios to identify the existence of breaches.

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

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

Overview

Coverage[1]	*100% of Group revenue* *98% of Group assets*
Key audit matters	2020 Impairment of goodwill, property, plant and equipment and right-of use asset ✓ Going concern including the impact of COVID-19 ✓ Impairment of investment in subsidiaries (Parent Company) ✓ Leases – Impact of rent concessions and modifications ✓ We consider leases to be a key audit matter this year because of the complexity in accounting for various contractual amendments correctly in accordance with IFRS 16 and where applicable the practical expedient available for Covid related rent concessions.
Materiality	*Group financial statements as a whole* £430,000 based on 0.9% of average revenue for the last three years.

[1] These are areas which have been subject to a full scope audit by the group engagement team

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We analysed the key financial metrics and risk factors of the Group's components to determine those we consider significant to the group. We considered Everyman Media Group Plc, Everyman Media Holdings Limited, and Everyman Media Limited to be significant components. As such, these companies were subject to full scope audits to their respective component materiality performed by the group engagement team. Our audit procedures on significant components covered 100% of group revenue and 98% of group assets.

In respect of non- significant components we performed analytical procedures together with further limited procedures over certain balance sheet and expense items where these were material. We considered each key audit matter identified below in respect of the non-significant components to ensure that these risks were appropriately addressed through our work performed at a group level.

The group audit team obtained an understanding of the internal control environment related to the financial reporting process and assessed the appropriateness, completeness and accuracy of group journals and other adjustments performed on consolidation.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Conclusions relating to going concern section above, we have determined the matters below to be the key audit matters to be communicated in our report.

Key audit matter		How the scope of our audit addressed the key audit matter
Impairment of goodwill, property, plant and equipment and right-of use asset See accounting policy in note 2, note 15 Property, plant and equipment, note 16 Leases, note 17 Goodwill, intangible assets and impairment. Impairment charge - £5.6m, Goodwill - £7.4m, Property plant and equipment - £81.6m and Right-of-use asset - £55.4m	Goodwill and property, plant and equipment (PPE), including the right-of-use assets (ROU Assets) recognised in the group are significant balances. Goodwill is subject to annual impairment reviews and PPE and ROU assets have been subject to an impairment trigger analysis as a result the COVID-19 pandemic. The Group operates in a competitive industry where box office revenues along with food and beverage revenue is dependent on admissions. Impairment reviews require use of assumptions, including	We have obtained managements impairment analysis and: • checked the mathematical accuracy of the cash flow forecasts and impairment models, checking consistency with the requirements of the applicable accounting standard; • agreed the budgeted performance data to board approved forecasts and evaluated the process by which management prepared its forecast, including whether it appropriately factored in the potential impacts of Covid-19; • challenged the appropriateness of key estimates and assumptions used by management within the forecast model including admissions, average ticket price and spend per head, comparing these against prior periods, industry peers and external sources of data including industry outlook reports;

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td></td><td>forecast admissions, average ticket price and spend per head. Covid-19 restrictions, consumer confidence and timing of new film releases impact forecast admissions.

Due to the high degree of estimation uncertainty included in impairment models we consider this to be a significant risk and key audit matter.

The assessment of any potential impairment of the carrying values are subject to management judgment and estimation uncertainty where there is a requirement to estimate the recoverable amount.</td><td>• reviewed management's sensitivity analysis and considered whether a reasonable change in assumptions could indicate a potential additional impairment;

• with the use of our internal valuation experts, we assessed the appropriateness of the discount rate used.

In addition to our review of management's impairment analysis, we assessed whether the group's disclosures of estimation uncertainty and sensitivity are complete and transparent.

Key observations:
We are satisfied that the judgements applied, impairments recorded and disclosures within the financial statements are appropriate.</td></tr>
<tr><td>Leases – Impact of rent concessions and modifications

See accounting policy in note 2 and note 16 Leases.

The application of the practical expedient in accounting for Covid-19 related rent concessions has resulted in a reduction of total lease liabilities of £0.8m and a corresponding profit recorded in the financial year.

Rent modifications not eligible for the practical expedient have resulted in an increase in lease liabilities of £1.7m with a corresponding increase in the Right- of- use asset.</td><td>Property costs are the second largest overhead in the business and in response to Covid-19 the Group has agreed variations to lease agreements with landlords representing the majority of the estate and further discussions are on-going.

There is a risk that the practical expedient, issued to provide relief for lessees in accounting for rent concessions granted as a direct consequence of Covid-19, is applied to rent concessions that do not qualify for this simpler treatment.

Where the practical expedient is not available there is a risk that lease modifications are accounted for incorrectly and that assumptions of the lease term or incremental borrowing rate are inappropriate. Small changes in these assumptions across a number of leases could lead to a material change in the valuation of right of use assets or lease liabilities.</td><td>We have obtained details of all leases where concessions have been agreed and assessed management's judgement as to whether the practical expedient is applicable, based on whether the agreed terms meet the specific criteria.

We selected a sample of lease payments made during and post year end, agreeing them back to the schedule of lease concessions received, to evidence completeness of rent concessions;

Where the practical expedient has been taken we have performed the following procedures:

• assessed management's decision against the requirements of the amendment, agreeing key assumptions to supporting documentation (i.e. signed lease amendments),

• reviewed the calculations prepared by management, agreeing the key inputs to supporting lease agreements.

Where the practical expedient is not available we have perform the following procedures:

• assessed managements judgement with regards to the lease term, with reference to the underlying agreement; and

• with the use of internal valuation experts, assessed the Incremental Borrowing Rate applied.

Key observations:
We found the accounting for rent concessions and modifications in the financial statements to be appropriate.</td></tr>
</table>

Key audit matter		How the scope of our audit addressed the key audit matter
Impairment of investment in subsidiaries (Parent Company) See accounting policy in Note 2 and note 18 Investments. Investments in subsidiaries - £32.0m	The parent Company has substantial investments in subsidiaries. Due to the magnitude of these balances and the level of estimation and judgement inherent within management's impairment model, this is considered to be a focus area for our audit of the Parent Company. The valuation of these investments is dependent on the same factors described in the Key audit matter relating to the Impairment of goodwill, property, plant and equipment and right-of use asset above. There is a risk that significant changes to assumptions and the impact of COVID-19 could give rise to impairment.	We have obtained managements impairment analysis and; • checked that the impairment model uses consistent assumptions to those used to asses individual cash generating units for impairment; and • checked the mathematical accuracy of the model; We have agreed budgeted performance data to board approved budgets; We have challenged management on the key estimates and assumptions within the model, including revenue and costs projections, comparing these against prior periods, industry peers and external sources of data including industry outlook reports, and discount rate, utilising our internal valuation experts as deemed necessary; A sensitivity analysis were performed on the key assumptions to determine whether a reasonable change in assumptions could indicate a potential impairment; **Key observations:** We are satisfied that the judgements applied, the carrying value recorded and disclosures within the financial statements are appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements	Parent company financial statements
	2020 £	2020 £
Materiality	430,000	200,000
Basis for determining materiality	0.9% of average Group revenue for the last 3 years	0.2% of Company net assets
Rationale for the benchmark applied	As the Group continues to expand through investment in new venues, advertising and promotion, we consider revenue to be a more stable measure on which to base materiality and provides users of the financial statements	We have selected net assets as the appropriate benchmark as it most accurately reflects the Parent Company's status as a non- trading holding company.

	Group financial statements	Parent company financial statements
	with the most appropriate benchmark to assess performance of the Group. We have chosen to normalise the benchmark by taking the average Group revenue for the last 3 years to compensate for the significant decline in 2020 caused by temporary venue closures.	
Performance materiality	279,500	130,000
Basis for determining performance materiality	65% of Group materiality	65% of Parent Company materiality
Rationale for the benchmark applied	In setting the level of performance materiality, we have considered the level of specific risk associated with the audit, including the potential for aggregation and sampling risk across the group. The level of performance materiality set also reflects the fact that this is our first year as auditors to the Group.	

Component materiality

We set materiality for each component of the Group based on a percentage of between 30% and 98% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £128,000 to £420,000, with the higher range used for the Everyman Media Limited as the sole cinema operating trading entity. In the audit of each component, we further applied performance materiality levels of 65% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £17,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

<table>
<tr><td>Strategic report and Directors' report</td><td>In our opinion, based on the work undertaken in the course of the audit:
• the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
• the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</td></tr>
<tr><td>Matters on which we are required to report by exception</td><td>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

• adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
• the Parent Company financial statements 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.</td></tr>
</table>

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- Obtaining an understanding of the legal and regulatory frameworks that the group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the group. The significant laws and regulations we considered in this context included the UK Companies Act, the accounting framework, and relevant tax legislation.
- enquiring of management and the audit committee, including obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in revenue recognition, specifically in relation to recording of journal postings and judgemental adjustments.

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the audit committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business, and
- assessing management's calculation of prior period errors for evidence of potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Daniel Henwood (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Reading
United Kingdom
7 April 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2020

	Note	Year ended 31 December 2020 £000	Restated* Year ended 2 January 2020 £000
Revenue	6	24,224	64,955
Cost of sales		(9,147)	(24,937)
Gross profit		**15,077**	40,018
Covid -19 Government Support	11	6,062	-
Impairment of goodwill, property, plant & machinery	17	(5,635)	-
Administrative expenses		(34,764)	(35,274)
Operating (loss)/profit		**(19,260)**	4,744
Financial income		-	1
Financial expenses	12	(2,911)	(2,490)
(Loss)/Profit before tax		**(22,171)**	2,255
Tax credit/(expense)	13	1,693	(526)
(Loss)/Profit for the year		**(20,478)**	1,729
Other comprehensive income for the year		(7)	1
Total comprehensive income for the year		**(20,485)**	1,730
Basic (loss)/ earnings per share (pence)	14	(23.99)	2.39
Diluted (loss)/ earnings per share (pence)	14	(23.99)	2.36

All amounts relate to continuing activities.

* See note 2 for details regarding the restatement.

Non-GAAP measure: adjusted profit from operations		Year ended 31 December 2020 £000	Restated* Year ended 2 January 2020 £000
Adjusted (loss)/profit from operations		(1,091)	15,588
Before:			
Depreciation and amortisation	15/16/17	(10,502)	(8,824)
Disposal of property, plant and equipment		-	(52)
Acquisition expenses		-	(25)
Pre-opening expenses		(419)	(1,044)
Costs related to COVID- 19**		(255)	-
Lease termination costs		(625)	-
COVID-19 related rent concessions		813	-
Abortive property costs COVID-19		(862)	-
Impairment of fixed assets		(5,635)	-
Share-based payment expense	30	(671)	(688)
Option-based social security		(13)	(211)
Operating (loss)/profit		(19,260)	4,744

*See note 2 for details regarding restatement
**Includes legal and professional, HR and other one off expenses incurred as a result of the pandemic

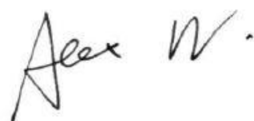
Consolidated balance sheet at 31 December 2020

Registered in England and Wales
Company number: 08684079

	Note	31 December 2020 £000	Restated* 2 January 2020 £000	Restated* 2 January 2019 £000
Assets				
Non-current assets				
Property, plant and equipment	15	**81,565**	83,499	66,579
Right-of-use assets	16	**55,446**	58,023	-
Intangible assets	17	**9,140**	10,694	10,655
Deferred tax asset	28	**63**	-	-
Trade and other receivables	21	**173**	173	173
		146,387	152,389	77,407
Current assets				
Inventories	19	**381**	507	406
Trade and other receivables	21	**2,645**	4,463	3,790
Cash and cash equivalents	20	**328**	4,271	3,517
		3,354	9,241	7,713
Total assets		**149,741**	161,630	85,120
Liabilities				
Current liabilities				
Other interest-bearing loans and borrowings	24	**43**	122	56
Trade and other payables	22	**9,476**	14,408	12,398
Lease liabilities	16	**2,641**	2,421	-
Corporation tax liabilities	23	**-**	186	-
		12,160	17,137	12,454
Non-current liabilities				
Other interest-bearing loans and borrowings	24	**9,000**	14,000	7,000
Other payables		**-**	-	7,796
Other provisions	27	**1,035**	1,027	2,531
Lease liabilities	16	**75,367**	72,900	-
Deferred tax liabilities	28	**-**	1,362	1,210
		85,402	89,289	18,537
Total liabilities		**97,562**	106,426	30,991
Net assets		**52,179**	55,204	54,129
Equity attributable to owners of the Company				
Share capital	29	**9,110**	7,352	7,099
Share premium	29	**57,038**	41,920	39,066
Merger reserve	29	**11,152**	11,152	11,152
Forex reserve		**(6)**	1	-
Retained earnings		**(25,115)**	(5,221)	(3,188)
Total equity		**52,179**	55,204	54,129

*See note 2 for details regarding the restatement.

These financial statements were approved by the Board of Directors on 7 April 2021 and signed on its behalf by:



Alex Scrimgeour
CEO

Consolidated statement of changes in equity for the year ended 31 December 2020

	Note	Share capital £000	Share premium £000	Merger reserve £000	Forex reserve £000	Retained earnings £000	Total Equity £000
Balance at 4 January 2019		7,099	39,066	11,152	-	(2,880)	54,437
Prior year adjustments	2	-	-	-	-	(308)	(308)
Balance as at 4 January 2019 – restated for prior year adjustment*		7,099	39,066	11,152	-	(3,188)	54,129
Effect of adoption of IFRS 16 (net of tax)		-	-	-	-	(2,594)	(2,594)
Balance as at 4 January 2019 – restated for IFRS 16		7,099	39,066	11,152	-	(5,782)	51,535
Profit for the year – restated		-	-	-	-	1,729	1,729
Retranslation of foreign currency denominated subsidiaries		-	-	-	1	-	1
Total comprehensive income		-	-	-	1	1,729	1,730
Shares issued in the period	29	253	2,854	-	-	-	3,107
Acquisition without change in control		-	-	-	-	(1,510)	(1,510)
Share-based payments	30	-	-	-	-	688	688
Deferred tax on share-based payments		-	-	-	-	(346)	(346)
Total transactions with owners of the parent		253	2,854	-	-	(1,168)	1,939
Balance at 2 January 2020 – restated*		**7,352**	**41,920**	**11,152**	**1**	**(5,221)**	**55,204**
Loss for the year		-	-	-	-	(20,478)	(20,478)
Retranslation of foreign currency denominated subsidiaries		-	-	-	(7)	-	(7)
Total comprehensive income		-	-	-	(7)	(20,478)	(20,485)
Shares issued in the period	29	1,758	15,813	-	-	-	17,571
Share issue expenses		-	(695)	-	-	-	(695)
Share-based payments	30	-	-	-	-	671	671
Deferred tax on share-based payments		-	-	-	-	(87)	(87)
Total transactions with owners of the parent		1,758	15,118	-	-	584	17,460
Balance at 31 December 2020		9,110	57,038	11,152	(6)	(25,115)	52,179

*See note 2 for details regarding the restatement.

Consolidated cash flow statement for the year ended 31 December 2020

	Note	31 December 2020 £000	Restated* 2 January 2020 £000
Cash flows from operating activities			
(Loss)/ Profit for the year		(20,478)	1,729
Adjustments for:			
Financial income		-	(1)
Financial expenses	12	2,911	2,490
Income tax (credit)/expense	13	(1,693)	526
Operating (loss)/profit		(19,260)	4,744
Depreciation and amortisation	15,16,17	10,502	8,825
Impairment of goodwill, property, plant and equipment and right-of-use assets	17	5,635	-
Loss on disposal of property, plant and equipment	15	862	52
Acquisition and incorporation expenses			(25)
Transfer of property, plant and equipment to profit and loss	15	-	5
Rent concessions		(813)	-
Bad debts		-	(79)
Acquisition and incorporation expenses		-	25
Equity-settled share-based payments	30	671	688
		(2,403)	14,235
Changes in working capital:			
Decrease/ (Increase) in inventories		126	(101)
Decrease/ (Increase) in trade and other receivables		1,818	(1,333)
(Decrease)/Increase in trade and other payables		(4,935)	3,088
Net cash (used in)/generated from operating activities		**(5,394)**	**15,889**
Cash flows from investing activities			
Acquisition of property, plant and equipment	15	(8,074)	(23,154)
Acquisition of intangible assets	17	(470)	(953)
Interest received		-	1
Net cash used in investing activities		**(8,544)**	**(24,106)**
Cash flows from financing activities			
Proceeds from the issuance of Ordinary shares	29	16,876	1,450
Proceeds from bank borrowings	24	10,000	13,000
Repayment of bank borrowings	24	(15,000)	(6,000)
Lease payments – interest		(2,493)	(2,114)
Lease payments – capital		(473)	(1,716)
Landlord capital contributions		1,625	4,680
Capitalised finance expenses		17	68
Loan arrangement fees		(136)	(58)
Interest paid		(378)	(339)
Net cash generated from financing activities		**10,038**	**8,971**
Exchange loss on cash and cash equivalents		(43)	-
Cash and cash equivalents at the beginning of the year		4,271	3,517
Cash and cash equivalents at the end of the year		328	4,271

The Group had £21,000,000 of undrawn funds available (2019: £16,000,000) of the loan facility at the year end

*See note 2 for details regarding the restatement.

Company balance sheet as at 31 December 2020

Registered in England and Wales
Company number: 08684079

	Note	31 December 2020 £000	Restated* 2 January 2020 £000	Restated* 2 January 2019 £000
Assets				
Non-current assets				
Trade and other receivables	21	**69,776**	55,278	44,536
Property, plant and equipment	15	**94**	219	348
Right-of-use assets	16	**9,566**	8,756	-
Investments	18	**31,994**	31,994	30,337
Deferred tax assets	28	**78**	48	-
Intangible assets		-	-	547
Total assets		**111,508**	96,295	75,768
Liabilities				
Current liabilities				
Trade and other payables	22	**1**	-	-
Lease liabilities		**333**	467	-
Loans and borrowings	24	**43**	122	56
Corporation tax liabilities	23	-	60	-
		377	649	56
Non-current liabilities				
Interest-bearing borrowings	24	**9,000**	14,000	7,000
Lease liabilities		**10,638**	9,453	-
Other provisions	27	**84**	138	1,427
Deferred tax liabilities		-	-	41
		19,722	23,591	8,468
Total liabilities		**20,099**	24,240	8,524
Net assets		**91,409**	72,055	67,244
Equity				
Equity attributable to owners of the Company				
Ordinary shares	29	**9,110**	7,352	7,099
Share premium	29	**57,038**	41,920	39,066
Merger reserve	29	**20,336**	20,336	20,336
Retained earnings		**4,925**	2,447	743
Total equity		**91,409**	72,055	67,244

*See note 2 for details regarding the restatement.

The Company profit for the year was £1,807,000 (2019: £1,470,000).

These financial statements were approved by the Board of Directors on 7 April 2021 and signed on its behalf by:

Alex Scrimgeour
CEO

Company statement of changes in equity for the year ended 31 December 2020

	Note	Share capital £000	Share premium £000	Merger Reserve £000	Retained earnings £000	Total equity £000
Balance at 4 January 2019		7,099	39,066	20,336	881	67,382
Prior year adjustment		-	-	-	(138)	(138)
Balance as at 4 January 2019 – restated for prior year adjustment*		7,099	39,066	20,336	743	67,244
Effect of adoption of IFRS 16 (net of tax)		-	-	-	(454)	(454)
Balance as at 4 January 2019 – restated for IFRS 16		7,099	39,066	20,336	289	66,790
Profit for the year		-	-	-	1,470	1,470
Total comprehensive income		-	-	-	1,470	1,470
Shares issued in the period	29	253	2,854	-	-	3,107
Share-based payment expense	30	-	-	-	688	688
Total transactions with owners of the parent		253	2,854	-	688	3,795
Balance at 2 January 2020 - restated		7,352	41,920	20,336	2,447	72,055
Profit for the year		-	-	-	1,807	1,807
Total comprehensive income		-	-	-	1,807	1,807
Shares issued in the period	29	1,758	15,813	-	-	17,571
Share issue expenses	29	-	(695)	-	-	(695)
Share-based payment expense	30	-	-	-	671	671
Total transactions with owners of the parent		1,758	15,118	-	671	17,547
Balance at 31 December 2020		9,110	57,038	20,336	4,925	91,409

*See note 2 for details regarding the restatement.

Notes to the financial statements

1 General information

Everyman Media Group PLC and its subsidiaries (together, the Group) are engaged in the ownership and management of cinemas in the United Kingdom. Everyman Media Group PLC (the Company) is a public company limited by shares registered, domiciled and incorporated in England and Wales, in the United Kingdom (registered number 08684079). The address of its registered office is Studio 4, 2 Downshire Hill, London NW3 1NR. All trade takes place in the United Kingdom.

2 Basis of preparation and accounting policies

These financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The Company has elected to prepare its parent Company financial statements in accordance with FRS101.

The financial statements are prepared on the historical cost basis.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates, it also required Group management to exercise judgements and estimates have been made in preparing the financial statements and their effect are disclosed in the notes below.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements. The Group prepares its financial statements on a 52/53 week basis. The year end date is determined by the 52nd Thursday in the year. A 53rd week is reported where the year end date is no longer aligned with 7 days either side of 31st December. The year ended 31 December 2020 is a 52 week period as is the comparative prior year.

Amounts are rounded to the nearest thousand, unless otherwise stated.

Company basis of preparation

The Company financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS101 disclosure exemptions has been taken.

Under s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In these financial statements, the Company has applied the exemptions available under FRS101 in respect of the following disclosures:

- A cash flow statement and related notes.
- Disclosures in respect of transactions with wholly-owned subsidiaries.
- Disclosures in respect of capital management.
- Disclosures in respect of the compensation of key management personnel.
- New but not yet effective IFRS.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS101 available in respect of the following disclosures:

- IFRS2 Share Based Payments in respect of Group-settled share based payments.
- Certain disclosures required by IAS36 Impairment Of Assets in respect of the impairment of goodwill and indefinite-life intangible assets.
- Certain disclosures required by IFRS3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill.
- Certain disclosures required by IFRS13 Fair Value Measurement.
- Certain disclosures required by IFRS7 Financial Instruments.

Going concern

In early 2020, the outbreak of COVID-19 was declared a global pandemic by the World Health Organisation. In response, Everyman introduced enhanced cleaning protocols and reduced capacity in theatres to promote social distancing and comply with Government guidelines. On 17 March 2020, the Group closed all venues as the UK entered a national lockdown, lasting four months. Following a phased re-opening all venues were trading by 21 August before more severe restrictions began to be re-introduced in October. By the year-end all venues were closed and this remains the case at the date of approval of these financial statements. The Group experienced reassuring demand each time venues re-opened providing confidence demand will return when restrictions are lifted.

To mitigate the negative impact of COVID-19 a variety of measures were introduced including cost reduction and the postponement of new sites, refurbishments and other capital expenditure projects. As significant part of the Group's costs are property-related and variations to lease agreements have been agreed with 85% of the estate to reduce cash costs to the business.

The continuing uncertainty due to the COVID-19 pandemic has been considered as part of the Group's adoption of the going concern basis. In particular, the ability to reopen, availability of film content and recovery profile of admissions.

Liquidity

On 8 April 2020 the Group raised £16.8m net through an accelerated book build in order to strengthen the balance sheet, protect venues against an extended closure period, ensure prudent levels of debt and to allow the Group to re-engage with its expansion and investment programme in due course.

For the full year, the Group had a Revolving Credit Facility ("RCF") in place for £30m, this was agreed on 16 January 2019 and is repayable in full on or before 15 January 2024. As at 31 December 2020, the Group had drawn down £9m of this facility and closed the year with £0.4m of cash, therefore the net debt position was £8.6m, with the undrawn facility at £21.4m. The banking covenants for the facility had been waived for the period April 2020 to March 2021, and a single liquidity covenant introduced for the period. This resulted in significant headroom in the Group's banking facilities.

Since the year end the facility has been amended to provide more liquidity if required, should the roadmap out of the pandemic extend further than anticipated £5m of the £30m Revolving Credit Facility (RCF) has been transferred to a new Government backed Coronavirus Large Business Interruption Loan Scheme ("CLIBILS") RCF, in addition a further £10m CLIBILS RCF has been granted, bringing the total facility to £40m. Charges have been put in place over the net assets of the Group as collateral against the loan balance. New liquidity and EBITDA loss covenants have been agreed which will be reviewed again in May 2022. The liquidity covenant requires cash plus undrawn facility to exceed £7m, and there is a last twelve months rolling EBITDA covenant set at 30% above management estimates, reflecting the uncertainty that still remains. At the date of this report the undrawn facility is £26m The Board has reviewed forecast scenarios and believes the business can operate with sufficient headroom.

Base case Scenario

The Board's latest forecasts are based on a scenario where the business remains closed until 17 May 2021 in line with the current Government roadmap. The forecast assumes reduced admissions, around 25% of pre-pandemic admits, from re-opening until October 2021 as there is uncertainty around the film slate at this period. From October the Board have assumed that the last 3 months of the year will deliver 75% of 2019 admissions, as a number of high-profile new films are scheduled for release. The Board have assumed that 2022 admits return to 2019 levels as social distancing measures are removed, this excludes the impact of increased capacity available from the two new venues opened in the year.

All of the continued Government support is included in the forecasts, this includes JRS continuing until the end of September 2021, 5% VAT until the end of September 2021 followed by 12.5% VAT until the end of March 2022. The Business Restart Grant is assumed to be received in May 2021 and the extension of the rates holiday until the end of June 2021 followed by a one third reduction until the end of March 2022.

In this scenario the Group maintains significant headroom in its banking facilities.

Stress testing

Given the continued uncertainty around the impact of COVID-19 over the next 12 months and difficulties forecasting the impact on consumer behaviour and admission profile the Board has also considered the scenario of complete closure continuing until there is a breach in the banking covenants. This scenario assumes that the Government would extend JRS, the rates holiday and 5% VAT until the month of re-opening. In this scenario the business would need to remain shut until the end of December 2021 to cause a breach in the last twelve months rolling EBITDA covenant. The business would still have significant liquidity covenant headroom in this scenario.

Stress testing (continued)
The Board has also considered a severe but plausible downside scenario whereby, after reopening in May 2021 as planned, all venues are required to close for two months during Autumn 2021 as part of a circuit break imposed to contain a resurgence of the virus or its variants. Under this scenario the Group forecast continued compliance with banking covenants and sufficient liquidity.

The forecasts are under continuous review given current market conditions associated with COVID-19. The business has the ability to remain trading for a period of at least 12 months from the date of signing of these financial statements.

The Directors believe that the Group is well placed to manage its financing and other business risks satisfactorily and have a reasonable expectation that the Group will have adequate resources to continue in operation for at least 12 months from the signing date of these consolidated financial statements. The Board considers that closure until December 2021 is unlikely and that the Group has sufficient headroom to navigate the severe but plausible downside scenario described above. Therefore does not believe this to represent a material uncertainty. Therefore the Board consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Use of non-GAAP profit and loss measures
The Group believes that along with operating profit, the 'adjusted profit from operations' provides additional guidance to the statutory measures of the performance of the business during the financial year. The reconciliation between operating profit and non-GAAP loss from operations is shown on page 41.

Adjusted profit or loss from operations is calculated by adding back depreciation, amortisation, pre-opening expenses and certain non-recurring or non-cash items. Adjusted profit is an internal measure used by management as they believe it better reflects the underlying performance of the Group beyond generally accepted accounting principles.

Basis of consolidation
Where the Group has power, either directly or indirectly so as to have the ability to affect the amount of the investor returns and has exposure or rights to variable returns from its involvement with the investee, it is classified as a subsidiary. The balance sheet at 31 December 2020 incorporates the results of all subsidiaries of the Group for all years and periods, as set out in the basis of preparation.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The consolidated financial statements include the results of the Company and all its subsidiary undertakings made up to the same accounting date.

Merger reserve
On 29 October 2013 the Company became the new holding company for the Group. This was put into effect through a share-for-share exchange of 1 Ordinary share of 10 pence in Everyman Media Group PLC for 1 Ordinary share of 10 pence in Everyman Media Holdings Limited (previously, Everyman Media Group Limited), the previous holding company for the Group. The value of 1 share in the Company was equivalent to the value of 1 share in Everyman Media Holdings Limited.

The accounting treatment for group reorganisations is presented under the scope of IFRS3. The introduction of the new holding company was accounted for as a capital reorganisation using the principles of reverse acquisition accounting under IFRS3. Therefore, the consolidated financial statements are presented as if Everyman Media Group PLC has always been the holding company for the Group. The Company was incorporated on 10 September 2013.

The use of merger accounting principles has resulted in a balance in Group capital and reserves which has been classified as a merger reserve and included in the Group’s shareholders’ funds.

The Company recognised the value of its investment in Everyman Media Holdings Limited at fair value based on the initial share placing price on admission to AIM. As permitted by s612 of the Companies Act 2006, the amount attributable to share premium was transferred to the merger reserve. The investment in the Company is recorded at fair value.

Revenue recognition

Revenue for the Group is measured at the fair value of the consideration received or receivable. The Group recognises revenue for services provided when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

The Group's revenues from film and entertainment activities are recognised on completion of the showing of the relevant film. The Group's revenues for food and beverages are recognised at the point of sale as this is the time the performance obligations have been met. The Group's other revenues, which include commissions, are recognised when all performance obligations have been satisfied.

All advanced booking fees, gift cards and similar income which are received in advance of the related performance are classified as deferred revenue and shown as a liability until completion of the performance.

All contractual-based revenue from memberships is initially classified as deferred revenue. Revenue from memberships that provide a certain number of tickets per year is recognised over the year as utilised. Revenue from sponsorships and memberships providing unlimited access is recognised equally over the year. Advertising revenue is recognised at the point the advertisement is shown in the cinemas.

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. Goodwill represents the excess of the costs of a business combination over the total acquisition date fair values of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is capitalised as an intangible asset. Costs incurred in a business combination are expensed as incurred with the exception that for business combinations completed prior to 1 January 2010, cost comprised the fair value of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

The recoverable amount of an asset or cash-generating unit (CGU) 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. 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 CGU), this is usually an individual cinema venue. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to 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 the profit and 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.

Business combinations

Acquisitions that are deemed to be the transfer of a 'business' per IFRS3 requirements, are valued at fair value through the use of an external valuation specialist. As such, any identifiable tangible and intangible assets and liabilities are valued prior to acquisition and any excess consideration is treated as goodwill and reviewed for impairment annually.

Intangible assets

Interests in property-based leases acquired in a business combination are recognised at acquisition date Incremental Borrowing Rate (IBR) with an adjustment to Right of Use asset for favourable/unfavourable terms. Amortisation is calculated on a straight-line basis to allocate the cost of property-based leases across the term of the relevant leasehold interest.

Amortisation on software in development does not commence until it is complete and available for use.

Software assets acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Amortisation is provided on all software assets so as to write off their carrying value over the expected useful economic lives. The estimated useful lives are as follows:

Leasehold interest	- straight line on cost over the remaining life of the lease
Software assets	- 3 to 5 years

Property, plant and equipment
Items of property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses. As well as the purchase price, cost includes directly attributable costs.

Depreciation on assets under construction does not commence until they are complete and available for use. These assets represent fit-outs. Depreciation is provided on all other leasehold improvements and all other items of property, plant and equipment so as to write off their carrying value over the expected useful economic lives. The estimated useful lives are as follows:

Freehold properties	- 50 years
Leasehold improvements	- straight line on cost over the remaining life of the lease
Plant and machinery	- 5 years
Fixtures and fittings	- 8 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. Land is not depreciated.

Impairment (excluding inventories)
Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Inventories
Inventories are valued at the lower of cost and net realisable value. The cost incurred in bringing each product to its present location and condition is accounted for as follows:

Food and beverages	- purchase cost on a first-in, first-out basis
Projection stock	- purchase cost on a first-in, first-out basis

Net realisable value is the estimated selling price in the ordinary course of business.

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. Lease dilapidation provisions are recognised when entering into a lease where an obligation is created. This obligation may be to return the leasehold property to its original state at the end of the lease in accordance with the lease terms. Leasehold dilapidations are recognised at the net present value and discounted over the remaining lease period.

Leases
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset (this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset). If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

Leases (continued)
At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Leases in which the Group is a lessee
The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises these lease payments as an expense on a straight-line basis over the lease term.

IFRS 16: Leases – Covid-19 Related Rent concessions amendment
The Group has adopted the amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to Covid-19 is a lease modification. Where the rent concession is a direct consequence of the Covid-19 pandemic, the revised consideration for the lease is substantially the same or less, the reduction affects only payments originally due on or before 30 June 2021 and there were no other substantive changes to the lease then the concessions can be credited to the profit and loss in the period in which the event or condition that triggers the rent concession occurs, rather than as a lease modification. Further details relating to the application of the practical expedient are detailed within note 4.

Taxation
Tax on the profit and loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss 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 assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated balance sheet differs from its tax base, except for differences arising on:

- The initial recognition of goodwill.
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit.
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Taxation (continued)

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company; or
- Different company entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Operating segments

The Board, the chief operating decision maker, considers that the Group's primary activity constitutes one reporting segment, as defined under IFRS8.

The total profit measures are operating profit and profit for the year, both disclosed on the face of the consolidated profit and loss. No differences exist between the basis of preparation of the performance measures used by management and the figures used in the Group financial information.

All of the revenues generated relate to cinema tickets, sale of food and beverages and ancillary income, an analysis of which appears in the notes below. All revenues are wholly generated within the UK. Accordingly, there are no additional disclosures provided to the financial information.

Pre-opening expenses

Overhead expenses incurred prior to a new site opening are expensed to the profit and loss in the year that they are incurred. Similarly, the costs of training new staff during the pre-opening phase are expensed as incurred. These expenses are included within administrative expenses, right-of-use depreciation and financing expenses.

Employee benefits

Furlough income

The business topped up employee pay to 80% of normal pay where the Government furlough income was less than 80% of that employees pay. The claims for furlough income are submitted in the month after the payroll costs have been incurred, therefore the income is recognised in the P&L on an accruals basis to match the payroll costs incurred in the month.

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 profit and loss in the periods during which services are rendered by employees.

Share-based payments

Certain employees (including Directors and senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of share-based payments is recharged by the Company to subsidiary undertakings in proportion to the services recognised.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Research and development

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and 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 and direct labour. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Restatement of accounting for leases

Restatement of prior year reported numbers 2 January 2020	As previously reported 2 January 2020 £'000	Restatement 1 £'000	Restatement 2 £'000	Restated 2 January 2020 £'000
Group Income Statement				
Profit for the period	1,770	46	(87)	1,729
Group Statement of Changes in Equity				
Profit for the period	1,770	46	(87)	1,729
Balance Sheet				
Right-of-use assets	58,415	(1,023)	631	58,023
Current Lease liabilities	(2,386)	(35)	-	(2,421)
Other provisions	-	-	(1,027)	(1,027)
Lease liabilities	(74,005)	1,105	-	(72,900)
Retained earnings	(4,872)	46	(395)	(5,221)
Net Assets and Total Equity	**55,553**	**46**	**(395)**	**55,204**

Restatement of prior year reported numbers 3 January 2019	As previously reported 3 January 2019 £'000	Restatement 1 £'000	Restatement 2 £'000	Restated 3 January 2019 £'000
Group Statement of Changes in Equity				
Total equity balance	54,437	-	(308)	54,129
Balance Sheet				
Property, plant and equipment	66,150	-	429	66,579
Other provisions	(1,794)	-	(737)	(2,531)
Retained earnings	(2,880)	-	(308)	(3,188)
Net Assets and Total Equity	**54,437**	**-**	**(308)**	**54,129**

Restatement 1

For the Kings Cross venue, a length of lease of 25 years had been used to calculate the transition to IFRS16 on 2 January 2019. The length of the lease is 15 years and therefore the right of use asset, lease liability, depreciation and finance charge have been recalculated to correct the figures from 1 January 2019 when IFRS16 was adopted.

The result was a reduction in the right of use asset of £1,023,000 and a corresponding reduction in the lease liability of £1,070,000. This also gave rise to an increase in the depreciation charge within Administrative expenses of £36,000 and a reduction in the finance charge of £82,000. Therefore, the net impact was an increase in profit of £46,000.

Restatement 2

Under the terms of the Group's leases an estimated dilapidations provision should have been accounted for to recognise the potential future liability at the point of signing the leases. Correcting for this omission has given rise to a prior year adjustment.

There are two elements to the provision. For leases where there is a strip out clause, the cost of stripping out at the end of the lease has been estimated and discounted using the appropriate risk free rate of 1.03% (2019:1.133%, 2018: 1.717%). This has given rise to an adjustment in the balance sheet as at 2 January 2019 of £429,000 to create the provision with the corresponding debit going to Property, Plant and Equipment. In addition, the Group has a number of full repairing leases and a provision of £308,000 has been made for those venues in the balance sheet as at 3 January 2019, with the debit going to retained earnings. The overall restatement in the balance sheet as at 2 January 2019 is a total provision of £737,000.

After this date IFRS 16 has been adopted and the provision is recognised differently, with the strip out provision being recognised in the ROU asset. With the addition of 7 venues to the estate in 2019, a further increase in the provision was needed, and can be seen in the table above.

Restatement 3

Since the implementation of IFRS 16, lease payments and landlord capital contributions have been shown separately within the consolidated cash flow statement as part of financing activities. In the comparative cash flow statement the cash flows were presented as a net inflow of £850,000. In accordance with IFRS the cash flows should have been presented gross and are now reported as an outflow of £3,830,000 in respect of lease payments and inflow of £4,680,000 in respect of landlord capital contributions.

3 Financial Instruments – Risk Management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Liquidity Risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, it's objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments used by the Group, from which financial instrument risk arises are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Floating rate bank revolving credit facilities and lease liabilities

Recognition and initial measurement

Trade receivables are initially recognised when originated. All other financial assets and liabilities are initially recognised when the Group becomes party to the contractual provisions of the instrument.

Financial assets (unless a trade receivable without a significant financing component) or financial liabilities are initially measured at fair value plus, for items not at fair value through the profit and loss, transaction costs that are directly attributable to their acquisition or issue. Trade receivables without a significant financing component are initially measured at the transaction price.

Classification and subsequent measurement

Financial assets classification

On initial recognition, financial assets are classified as measured at either amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets and liabilities as per IFRS 9 requirement.
In financial assets we have the Group loans and receivables, and these are recognised at the amount expected to be received. In the receivables, we have the trade receivables, stock, cash, and cash equivalents and these are included the current assets due to their short-term nature.
Financial liabilities include the Group loans, trade payables and bank indebtedness. Trade payables are included in current liabilities due to their short-term nature.

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents classification
Cash and cash equivalents comprise cash balances and call deposits.

Financial assets subsequent measurement, gains and losses
Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the profit and loss. Any gain or loss on derecognition is recognised in the profit and loss.

Financial liabilities and equity
Financial instruments issued by the Group are treated as equity only to the extent that they meet the following conditions:

- They include no contractual obligations upon the 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 Group
- Where the instruments may be settled in the Group's own equity instruments, they are either a non-derivative that include no obligation to deliver a variable number of the Group's own equity instruments or they are a derivative that will be settled by the Group 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 Group'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.

Impairment
The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income and contract assets (as defined in IFRS15).

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12 month expected credit losses.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due. The Group considers a financial asset to be in default when the financial asset is more than 120 days past due.

Lifetime expected credit losses are those that result from all possible default events over the expected life of a financial instrument.12 month expected credit losses are the portion that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of expected credit losses
Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities classified at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Written-off financial assets
The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, to assess the credit risk of new customers before entering material contracts.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.
Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 21.

Interest rate risk
The Group is exposed to cash flow interest rate risk from its revolving credit facility at variable rates. During 2020 and 2019, the Group's borrowings at variable rate were denominated in GBP.

The Group analyses the interest rate exposure on a monthly basis. A sensitivity analysis is performed by applying various reasonable expectations on rate changes to the expected facility drawdown.

Liquidity Risk
Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances, through utilisation of its revolving credit facility.

4 Changes in accounting policies

New standards, interpretations and amendments adopted from 1 January 2020

New standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 December 2020 are detailed below.

COVID-19 – Related Rent Concessions (Amendments to IFRS 16)

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less then, the consideration for the lease immediately preceding the change;

b) The reduction in lease payments only affects payments originally due on or before 30 June 2021; and

c) There is no substantive change to other terms and conditions of the lease.

COVID-19 – Related Rent Concessions (Amendments to IFRS 16 continued)

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria, which in the case of the Group, occurred from March 2020 to December 2020.

Accounting for the rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.
The effect of applying the practical expedient is disclosed in note 16.

Other standards

New standards that have been adopted in the annual financial statements for the year ended 31 December 2020, but have not had a significant effect on the Group are:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative – Definition of Material); and
- Revisions to the Conceptual Framework for Financial Reporting.

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

Everyman Media Group Plc is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities

Other

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

5 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill, right-of-use assets and property, plant and equipment
The Group determines whether the above are impaired when impairment indicators exist or based on the annual impairment assessment. The annual he annual assessment requires an estimate of the value in use of the CGUs to which the tangible fixed assets are allocated, which is predominantly at the individual cinema site level.

Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each cinema and discount these to their net present value at an appropriate discount rate. All venues are located in the UK and therefore a single discount rate has been used for all CGUs. The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount rate applied. The Directors consider that the assumptions made represent their best estimate of the future cash flows generated by the CGUs and that the discount rates used are appropriate given the risks associated with the specific cash flows. A sensitivity analysis has been performed over the estimates (see Note 17).

Lease dilapidations
Future costs of repair and reinstatement obligations have been estimated by management using quotes or historical costs incurred for similar work and judgement based on experience and technical knowledge of employees with detailed knowledge of the premises and experience managing the estate. The costs are reviewed at least annual and updated based on physical inspections performed periodically.

6 Revenue

	Year ended 31 December 2020 £000	Year ended 2 January 2020 £000
Film and entertainment	13,565	37,195
Food and beverages	9,447	23,310
Venue Hire, Advertising and Membership Income	1,212	4,450
	24,224	64,955

All trade takes place in the United Kingdom.
The following provides information about opening and closing receivables, contract assets and liabilities from contracts with customers.

6 Revenue (continued)

Contract balances	31 December 2020 £000	2 January 2020 £000
Trade and other receivables	226	1,428
Deferred income	3,028	3,813

Deferred income relates to advanced consideration received from customers in respect of memberships, gift cards and advanced screenings. All deferred balances at the beginning of the year (£3,813,000) were recognised in the profit and loss during the year. All deferred income at the end of the year (£3,028,000) is due to be recognised within 12 months.

7 Profit before taxation

Profit before taxation is stated after charging:

	Year ended 31 December 2020 £000	Year ended 2 January 2020 £000
Depreciation of tangible assets	6,972	5,748
Amortisation of right-of-use assets	3,110	2,711
Amortisation of intangible assets	420	366
Impairment charge on intangibles, right- of- use asset and property, plant and equipment	5,635	-
Loss on disposal of property, plant and equipment	862	52
Operating lease (income)/expense	(98)	(98)
Share-based payments	671	688
Rent concession gains from practical expedient	(813)	-
Acquisition and incorporation expenses	-	25
Foreign currency (losses)/gains	(4)	6

8 Staff numbers and employment costs

The average number of employees (including Directors) during the year, analysed by category, was as follows:

	31 December 2020 Number	2 January 2020 Number
Management	183	178
Operations	716	787
	899	965

At the year end the number of employees (including Directors) was 644 (2019: 1,150)
Management staff represent all full-time employees in the Group.

8 Staff numbers and employment costs (continued)

	Year ended 31 December 2020 £000	Year ended 2 January 2020 £000
Wages and salaries	13,582	14,126
Social security costs	1,013	1,071
Pension costs	195	207
Share-based payments	671	688
Other staff benefits	4	9
	15,465	16,101

There were pension liabilities as at 31 December 2020 of £38,000 (2 January 2020: £49,000).

9 Directors' remuneration

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS24 Related Party Disclosures:

	Year ended 31 December 2020 £000	Year ended 2 January 2020 £000
Salaries/fees	627	548
Bonuses	50	90
Other benefits	4	9
Pension contributions	-	18
	681	665
Share-based payments	55	223
	736	888

Information regarding the highest paid Director is as follows:

Salaries/fees	140	194
Bonuses	10	40
Other benefits	2	4
Pension contributions	-	11
	152	249
Share-based payments	120	237
	272	486

Directors remuneration for each Director is disclosed in the Directors' report. The costs relating to the Directors remuneration are wholly incurred by Everyman Media Limited for the wider Group. The amount attributable to services provided to the Company was £147,000 (2019: £178,000). No Directors exercised options over shares in the Company during the year (2019: 3)

10 Auditor's remuneration

Fees payable to the Company's auditor for:	Year ended 31 December 2020 £000	Year ended 2 January 2020 £000
Audit of the Company's financial statements	20	12
Audit of the subsidiary undertakings of the Company	69	77
Taxation and compliance services to the Group	-	57
	89	146

BDO were appointed as auditors for the year ended 31 December 2020. Auditor's remuneration in the comparative period refers to amounts paid to KPMG.

11 Covid- 19 Government Support

	Year ended 31 December 2020 £'000	Year ended 2 January 2020 £'000
Job Retention Scheme	5,699	-
Business Grants	363	-
	6,062	-

12 Financial expenses

	Year ended 31 December 2020 £000	Year ended 2 January 2020 * Restated £000
Interest on bank loans and overdrafts	276	405
Less: Interest capitalised within assets under construction	(17)	(68)
Bank loan arrangement fees	136	58
Interest on lease liabilities	2,516	2,095
Interest expense recognised in the profit and loss	2,911	2,490

*See note 2 for details regarding the restatement.

13 Taxation

	Year ended 31 December 2020 £000	Year ended 2 January 2020 £000
Tax expense		
Current tax	-	428
Adjustment in respect of prior years	(180)	6
Total current tax (credit)/charge	(180)	434
Deferred tax expense		
Origination and reversal of temporary differences	(2,156)	(19)
Adjustment in respect of prior years	432	111
Effect of tax rate change	211	
Total tax (credit)/charge	(1,693)	526

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to the (loss)/ profit for the year are as follows:

Reconciliation of effective tax rate	Year ended 31 December 2020 £000	Year ended 2 January 2020 £000
(Loss)/Profit before tax	(22,171)	2,255
Tax at the UK corporation tax rate of 19.00%	(4,212)	428
Permanent differences (expenses not deductible for tax purposes)	1,104	49
Previously unrecognised corporation tax	-	6
Deferred tax not previously recognised	33	111
Impact of difference in overseas tax rates	71	-
De-recognition of losses	700	-
Other short term timing differences	-	32
Effect of change in expected future statutory rates on deferred tax	211	(108)
Impact of a drop in share-based payments intrinsic value	150	-
Other	(3)	8
Adjustment in respect of previous periods	253	-
Total tax (credit)/expense	(1,693)	526

A reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. In March 2020, this was reversed so these rates were used last year, but 19% was used in Dec 2020.

14 Earnings per share

	Year ended 31 December 2020 £000	Restated* Year ended 2 January 2020 £000
(Loss)/profit used in calculating basic and diluted earnings per share	(20,478)	1,729
Number of shares (000's)		
Weighted average number of shares for the purpose of basic earnings per share	85,372	72,245
Number of shares (000's)		
Weighted average number of shares for the purpose of diluted earnings per share	85,372	73,179
Basic (loss)/ earnings per share (pence)	(23.99)	2.39
Diluted (loss)/ earnings per share (pence)	(23.99)	2.36

Weighted average number of shares for the purpose of basic earnings per share	31 December 2020 Weighted average no. 000's	2 January 2020 Weighted average no. 000's
Issued at beginning of the year	73,518	70,989
Share options exercised	76	623
Shares issued	11,778	-
Shares issued as consideration for acquisition with no change of control	-	633
Weighted average number of shares at end of the year	85,372	72,245
Weighted average number of shares for the purpose of diluted earnings per share		
Basic weighted average number of shares	85,372	72,245
Effect of share options in issue	-	934
Weighted average number of shares at end of the year	85,372	73,179

Basic earnings per share values are calculated by dividing net profit/(loss) for the year attributable to Ordinary equity holders of the parent by the weighted average number of Ordinary shares outstanding during the year. The shares issued in the year in the above table reflect the weighted number of shares rather than the actual number of shares issued.

The Company has 6.6m potentially issuable Ordinary shares (2019: 4,278,000) all of which relate to the potential dilution from share options issued to the Directors and certain employees and contractors, under the Group's incentive arrangements. In the current year these options are anti-dilutive as they would reduce the loss per share and so haven't been included in the diluted earnings per share.

The Company made a post-tax profit for the year of £1,807,000 (2019: £1,470,000).

*See note 2 for details regarding the restatement.

15 Property, plant and equipment

(Group)

	Land & Buildings £000	Leasehold improvements £000	Plant & machinery £000	Fixtures & Fittings £000	Assets under construction £000	Total £000
Cost						
At 3 January 2019 * restated	6,339	52,637	10,603	7,803	3,403	80,785
Acquired in the year	190	15,329	4,130	1,694	1,811	23,154
Disposals	-	(150)	(261)	(592)	-	(1,003)
Transfer to profit and loss	-	-	-	-	(5)	(5)
Transfer to ROU assets	-	(429)	-	-	-	(429)
Transfer on completion	-	2,138	174	457	(2,769)	-
At 2 January 2020	6,529	69,525	14,646	9,362	2,440	102,502
Acquired in the year	-	1,809	1,471	417	4,377	8,074
Disposals	-	-	(380)	-	(482)	(862)
Transfer on completion	-	4,289	261	161	(4,711)	-
At 31 December 2020	**6,529**	**75,623**	**15,998**	**9,940**	**1,624**	**109,714**
Depreciation						
At 3 January 2019 * restated	-	6,760	4,383	3,063	-	14,206
Charge for the year	109	2,615	2,197	827	-	5,748
On disposals	-	(99)	(260)	(592)	-	(951)
At 2 January 2020	109	9,276	6,320	3,298	-	19,003
Charge for the year	111	3,233	2,633	995	-	6,972
Impairment	-	1,845	220	109	-	2,174
At 31 December 2020	**220**	**14,354**	**9,173**	**4,402**	**-**	**28,149**
Net book value						
At 31 December 2020	**6,309**	**61,269**	**6,825**	**5,538**	**1,624**	**81,565**
At 2 January 2020	6,420	60,249	8,326	6,064	2,440	83,499
At 2 January 2019 * restated	6,339	45,877	6,220	4,740	3,403	66,579

For impairment considerations of tangible fixed assets this was considered using the value in use basis disclosed in Note 17.

*See note 2 for details regarding the restatement.

15 Property, plant and equipment (continued)
(Company only)

	Plant & machinery £000	Fixtures & Fittings £000	Total £000
Cost			
At 3 January 2019	485	255	740
Acquired in the year	-	-	-
At 2 January 2020	485	255	740
Acquired in the year	-	-	-
At 31 December 2020	**485**	**255**	**740**
Depreciation			
At 3 January 2019	295	97	392
Charge for the year	97	32	129
At 2 January 2020	392	129	521
Charge for the year	93	32	125
At 31 December 2020	**485**	**161**	**646**
Net book value			
At 31 December 2020	**-**	**94**	**94**
At 2 January 2020	93	126	219
At 3 January 2019	190	158	348

16 Leases

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations – see note 27).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

If the group revises its estimate of the term of any lease it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

Nature of leasing activities

The group leases a number of properties in the towns and cities from which it operates. In some locations, depending on the lease contract signed, the lease payments may increase each year by inflation or and in others they are reset periodically to market rental rates. For some property leases the periodic rent is fixed over the lease term.

The group also leases certain vehicles. Leases of vehicles comprise only fixed payments over the lease terms.

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

31 December 2020	Lease contract numbers	Fixed payments %	Variable payments %	Sensitivity £'000
Property leases with payments linked to inflation	17	-	46%	+2,333
Property leases with periodic uplifts to market rentals	16	-	49%	+1,313
Property leases with fixed payments	2	4%	-	-
Vehicle leases	3	1%	-	-
	38	5%	95%	+3,646

The percentages in the table below reflect the proportions of lease payments that are either fixed or variable for the comparative period.

02 January 2020	Lease contract numbers	Fixed payments %	Variable payments %	Sensitivity £'000
Property leases with payments linked to inflation	16	-	43%	+2,151
Property leases with periodic uplifts to market rentals	16	-	49%	+1,425
Property leases with fixed payments	2	7%	-	-
Vehicle leases	3	1%	-	-
	37	8%	92%	+3,576

Right-of-Use Assets
(Group)

	Land & Buildings £'000	Motor Vehicles £'000	Total £'000
On adoption of IFRS 16 * restated	48,804	-	48,804
Additions	11,880	50	11,930
Amortisation * restated	(2,700)	(11)	(2,711)
At 2 January 2020* restated	**57,984**	**39**	**58,023**

	Land & Buildings £'000	Motor Vehicles £'000	Total £'000
At 2 January 2020* restated	57,984	39	58,023
Additions	712	-	712
Amortisation	(3,093)	(17)	(3,110)
Impairment	(1,857)	-	(1,857)
Effect of modification to lease terms	1,678	-	1,678
At 31 December 2020	55,424	**22**	55,446

*See note 2 for details regarding the restatement.

Right-of-Use Assets
(Company only)

	Land & Buildings £'000
At 3 January 2019	8,970
Additions	301
Amortisation	(515)
At 2 January 2020	8,756

	Land & Buildings £'000
At 3 January 2020	8,756
Additions	-
Amortisation	(546)
Effect of modification to lease terms	1,356
At 31 December 2020	9,566

Lease Liabilities
(Group)

	Land & Buildings £'000	Motor Vehicles £'000	Total £'000
Recognition on adoption of IFRS16 * restated	60,431	-	60,431
Additions	16,556	50	16,606
Interest expense	2,113	1	2,114
Lease payments	(3,810)	(20)	(3,830)
At 2 January 2020 * restated	75,290	31	75,321

	Land & Buildings £'000	Motor Vehicles £'000	Total £'000
At 2 January 2020 * restated	75,290	31	75,321
Additions	2,297	-	2,297
Interest expense	2,492	1	2,493
Effect of modification to lease terms	1,678	-	1,678
Rent concession gains (see note below)	(813)	-	(813)
Lease payments	(2,954)	(14)	(2,968)
At 31 December 2020	77,990	18	78,008

	31 December 2020 £'000	Restated 2 January 2020 £'000
Lease liabilities		
Current	2,641	2,421
Non-current	75,367	72,900
	78,008	**75,321**

*See note 2 for details regarding the restatement.

Rent Concessions
Due to Government policy, the Group had to suspend trading across all venues during 2020 for differing time periods.

The Group has received numerous forms of rent concessions from lessors due to the Group being unable to operate for significant periods of time, including:

- Rent forgiveness (e.g. reductions in rent contractually due under the terms of lease agreements); and
- Deferrals of rent (e.g. payment of April – June rent on an amortised basis from January to March 2021).

As discussed in note 2 the Group has elected to apply the practical expedient introduced by the amendments to IFRS 16 to all rent concessions that satisfy the criteria. Substantially all of the rent concessions entered into during the year satisfy the criteria to apply the practical expedient. For any of the modifications that did not meet the practical expedient requirements; the lease liability was remeasured using the discount rate applicable at the date of modification, with the right of use being adjusted by the same amount.

The application of the practical expedient has resulted in the reduction of total lease liabilities of £813,000. The effect of this reduction has been recorded as a gain in the period in which the event or condition that triggered those payments occurred.

Maturity analysis of lease payments

	31 December 2020 £'000	2 January 2020 £'000
Contractual future cash outflows		
Land and buildings		
Less than one year	3,745	4,787
Between one and five years	21,259	20,487
Over five years	88,270	82,197
	113,274	107,471
Motor Vehicles		
Less than one year	14	14
Between one and five years	4	18
	18	32

Recognised in profit and loss

	31 December 2020 £'000	2 January 2020 £'000
Interest on lease liabilities	2,493	2,114
Expenses relating to short-term and low-value leases	21	32
Lease expenses	2,514	2,146

Maturity analysis of lease receipts

(Receipts arising from the Group being a lessor)

	31 December 2020 £'000	2 January 2020 £'000
Contractual future cash inflows		
Land and buildings		
Less than one year	100	100
Between one and five years	400	400
Over five years	550	650
	1,050	1,150

As discussed in note 2 and above the Group has elected to apply the practical expedient introduced by the amendments to IFRS 16 to all rent concessions that satisfy the criteria.

IFRS 16 impact on financial statements from change in accounting policy ***(Company only)***	**Land & buildings £'000**
Recognition on adoption if IFRS 16	10,071
Additions/re-assessments	301
Interest	318
Lease payments	(770)
At 2 January 2020	9,920

	Land & buildings £'000
Lease liabilities	
At 2 January 2020	9,920
Effect of modification to lease terms	1,356
Rent concession gains	(9)
Interest expense	321
Lease payments	(617)
At 31 December 2020	**10,971**

	31 December 2020 £'000	**2 January 2020 £'000**
ease liabilities		
Current	333	467
Non-current	10,638	9,453
	10,971	**9,920**

As a lessee

	31 December 2020 £'000	**2 January 2020 £'000**
Contractual future cash inflows		
Land and buildings		
Less than one year	**699**	778
Between one and five years	**3,138**	3,113
Over five years	**11,694**	8,959
	15,531	12,850

Lease payments for land and buildings are a combination of fixed and variable payments (including any scheduled increases). Remaining lease liabilities are reassessed following annual rent reviews based on an external index (such as the RPI). The weighted average lease length of land and buildings is 18 years.

Recognised in profit and loss

	31 December 2020 £'000	**2 January 2020 £'000**
Interest on lease liabilities	321	318

17 Goodwill, intangible assets and impairment

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

(Group)

	Goodwill £'000	Leasehold interests £'000	Software Assets £'000	Total £'000
Cost				
At 3 January 2019	8,951	674	1,632	11,257
Acquired in the year	-	-	953	953
Disposals	-	(674)	(63)	(737)
At 2 January 2020	8,951	-	2,522	11,473
Acquired in the year	-	-	470	470
At 31 December 2020	8,951	-	2,992	11,943
Amortisation and impairment				
At 3 January 2019	-	126	476	602
Charge for the year	-	-	366	366
On disposals	-	(126)	(63)	(189)
At 2 January 2020	-	-	779	779
Charge for the year	-	-	420	420
Impairment	1,599	-	5	1,604
At 31 December 2020	1,599	-	1,204	2,803
Net book value				
At 31 December 2020	7,352	-	1,788	9,140
At 2 January 2020	8,951	-	1,743	10,694
At 3 January 2019	8,951	548	1,156	10,655

All intangibles in the company were disposed of in the period ended 2 January 2020 and balance is therefore also £nil at 31 December 2020.

Impairment Review

An impairment of £5,635,000 has been made in the period, caused by the impact of COVID-19 on future cash flows due to periods of closure, social distancing measures and the lack of new film content. Whilst these impacts are short-term they result in 4 venues where the value-in-use was lower that the carrying value of the assets.

Value-in-use calculations are performed annually and at each reporting date for each cash-generating unit (CGU) which represents each site acquired. Value-in-use was calculated as the net present value of the projected risk-adjusted post-tax cash flows plus a terminal value of the CGU. A pre-tax discount rate was applied to calculate the net present value of pre-tax cash flows. The discount rate was calculated using a market participant weighted average cost of capital. Whilst there is some sensitivity to the inputs, the methodology is not significantly impacted by reasonable fluctuations in inputs. Goodwill and indefinite life intangible assets considered significant in comparison to the Group's total carrying amount of such assets have been allocated to CGUs or groups of CGUs as follows:

	31 December 2020 £000	2 January 2020 £000
Baker Street	103	103
Barnet	1,309	1,309
Belsize Park	-	67
Esher	2,804	2,804
Gerrards Cross	1,309	1,309
Islington	86	86
Muswell Hill	1,215	1,215
Oxted	102	102
Reigate	113	113
Walton-On-Thames	94	94
Winchester	217	217
York	-	1,532
	7,352	8,951

The recoverable amount of each CGU has been calculated with reference to its value-in-use. The key assumptions of this calculation are shown below:

	31 December 2020	2 January 2020
Discount rate	9.8%	8.83%
Long term growth rate	2%	2%
Number of years projected	5 years	5 years

Most revenue streams have experienced significant reductions since the pandemic's effects became widespread. The Company considered the reduced sales and reductions in budgeted revenue as indicators of impairment, and therefore determined the recoverable amount for all of its cash generating units. The recoverable amount is the higher of fair value less costs of disposal and value in use.

The cash flow forecasts were probability weighted based on the following scenarios:

1. Base Case (70% weighting): Venues remain closed until the end of May, with admission and CGU cash generation levels not returning to close to pre-pandemic levels until October 2021 due to timing of film releases and continuing social distancing measure in venues. 2022 cash generation levels per CGU are assumed at the same level of 2019 (pre-pandemic) plus 2% growth, and then 2023 grows at 6%, and 2024-2025 grow 5%.
2. Positive case (10% weighting): The assumptions in this case are the same as the base case except that cash generation levels per CGU increase by 8% between 2023-2025.
3. Downside case (20% weighting): Further closures assumed with cash generated per CGU reducing by 25% from the base case in 2021. For 2022 each CGU's cash generation has been assumed at 90% of 2019, plus 2% allowance for growth. All other assumptions thereafter remain the same as the base case.

The terminal value includes a growth rate of 2%, which is set to be consistent with the UK historic growth rate.
The cash flows were discounted at a rate of 9.8%, which represents the time value of money and risks specific to the Group's industry, which were not reflected in the value in use cash flows.

The results of this review showed 4 cash generating units where the carrying value of the assets exceeded their recoverable amount.

Venue (CGU)	Carrying amount	Recoverable amount	Impairment loss
	£'000	£'000	£'000
Belsize Park	1,937	1,498	439
Leeds	6,563	4,347	2,216
Liverpool	3,849	2,894	955
York	6,807	4,782	2,025
Total	19,156	13,521	5,635

The impairment of the Group's assets is summarised as follows:

Class of Asset	Carrying value before impairment £'000	Recoverable amount £'000	Impairment £'000	Carrying value after impairment £'000
Goodwill	8,951		1,599	7,352
Right-of-use assets	57,281		1,857	55,424
Corporate Assets	3,450		99	3,351
Leasehold improvements, PPE, F&F	81,980		2,080	79,900
Total	151,662	255,788	5,635	146,027

The amount by which the impairment changes is sensitive to the discount rate used and the assumptions on future trading levels, the potential impact is demonstrated in the scenarios below (independent of each other);

- Increasing the discount rate by 1%in the base case results in
  - (I) 5 further venues being impaired, and
  - (II) an increase in the impairment charge of £4,169,000; or
- Adjustment in the assumptions used in in the base case (i.e. the most likely case) cash flow scenario, decreasing the 2022 expected cashflows to 70% of 2019 levels for each venue results in:
  - (I) 1 further venue being impaired, and
  - (II) An increase in the impairment charge of £588,000

18 Investments

(Company only)

	Total £000
At 2 January 2020	31,994
Acquisition of Group companies	-
At 31 December 2020	**31,994**

The Board has carried out an impairment review which has included looking at the results of the impairment review performed on the Group and concluded that no impairment was required. The asset value derived from the Group impairment review is £151.2m and then after the impairment it is £145.7m. This amount is significantly above the carrying value of the Investments in the Company balance sheet.

The Company also has an intercompany debtor's balances of £68.8m. As part of the Group impairment review, the future cash flows from each of the venues were forecast and an NPV of these flows calculated. The total value of these were £255.8m which would indicate that sufficient profits and cash will be generated to repay the monies owed to the Company if required.

The subsidiaries of the Company are as follows (all of which are included on consolidation and all are registered at 2 Downshire Hill, London NW3 INR):

Name	Principal activity	Country of incorporation	Class of share held	Proportion of shares held
Everyman Media Holdings Limited	Cinema management and ownership	UK	Ordinary	100%
			A ordinary shares Series 1, 2 and 3	100%
Everyman Media Limited*	Cinema management and ownership	UK	Ordinary	100%
CISAC Limited*	Dormant	UK	Ordinary	100%
Foxdon Limited*	Cinema management and ownership	ROI	Ordinary	100%
ECPee Limited**	Property management	UK	Ordinary	100%
Bloom Martin Limited**	Dormant	UK	Ordinary	100%
Bloom Theatres Limited***	Dormant	UK	Ordinary	100%
Mainline Pictures Limited***	Dormant	UK	Ordinary	100%

* Shareholding is held by Everyman Media Holdings Ltd
** Shareholding is held by Everyman Media Ltd
*** Shareholding is held by Bloom Martin Ltd

The A Ordinary shares have no rights to a dividend. Everyman Media Group PLC directly holds all the Ordinary shares (£27,015) and A Ordinary shares (£6,557) of Everyman Media Holdings Limited.

Everyman Media Limited has 285,000 Ordinary shares of £1.00 each in issue, all of which are held by Everyman Media Holdings Limited and therefore indirectly held by Everyman Media Group PLC. All other subsidiaries are also indirectly-held investments. Everyman Media Holdings Limited acquired 100 Ordinary shares, being the entire issued share capital of Foxdon Limited (a limited company established and resident in the Republic of Ireland and dormant at the date of acquisition) for €100 on 24 June 2019. With respect to the class and proportion of shares held in existing subsidiaries, the amounts remain the same for the year ended 31 December 2020 and the year ended 2 January 2020. Bloom Martin Limited, Bloom Theatres Limited and Mainline Pictures Limited are all dormant companies and exempt from the requirement for an audit for the year.

The class and proportion of shares held in all other subsidiaries remain the same for the year ended 31 December 2020 and the year ended 2 January 2020.

The registered office address of all investments incorporated in the UK is Studio 4, 2 Downshire Hill, London NW3 1NR. Foxdon Limited's registered office is 33 Sir John Rogerson's Quay, Dublin 2, D02 XK09. All companies listed above are included in the consolidated financial statements. All consolidated companies have the same financial year and apply the same accounting policies.

19 Inventories

	31 December 2020 £000	2 January 2020 £000
Food and beverages	327	443
Projection	54	64
	381	507

Included within inventories is £nil (2019: £nil) expected to be recovered in more than 12 months. Finished goods recognised as cost of sales in the year amounted to £2,452,000 (2019: £5,607,000). The write-down of inventories to net realisable value amounted to £nil (2019: £nil).

20 Cash and cash equivalents

	31 December 2020 £000	2 January 2020 £000
Per balance sheet	328	4,271
Per cash flow statement	328	4,271

21 Trade and other receivables

(Group)

	31 December 2020 £000	2 January 2020 £000
Included in current assets	2,645	4,463
Included in non-current assets	173	173
	2,818	4,636
Trade and other receivables	653	1,428
Social security and other taxation	-	13
Other debtors	209	1,527
Government Grant – Job retention scheme	427	-
Prepayments and accrued income	1,529	1,668
	2,818	4,636

There were no receivables that were considered to be impaired. There is no significant difference between the fair value of the other receivables and the values stated above. Other debtors include deposits paid in respect of long-term leases and contributions from landlords towards fit-outs.

Trade and other receivables
(Company only)

	31 December 2020 £000	2 January 2020 £000
Included in non-current assets	69,776	55,278
Amounts due from company undertakings	69,776	55,278

All amounts other than those from Company undertakings are due for payment within one year. Interest is charged on inter-company loans at the same rate as that charged to the Group by its lenders, currently 3.3%. The loans are repayable on 15 January 2022.

22 Trade and other payables
(Group)

	31 December 2020 £000	2 January 2020 £000
Included in current liabilities	9,476	14,408
Included in non-current liabilities	-	-
	9,476	14,408
Trade creditors	2,909	4,495
Social security and other taxation	2	1,464
Other creditors	12	56
Accrued expenses	3,525	4,580
Deferred income	3,028	3,813
	9,476	14,408

Trade and other payables
(Company only)

	31 December 2020 £000	2 January 2020 £000
Included in current liabilities	1	-
Included in non-current liabilities	-	-
	1	

23 Corporation tax liabilities

(Group)

	31 December 2020 £'000	2 January 2020 £'000
Included in current liabilities	-	186
Corporation tax gross movements		
Opening balance	186	-
Recognised in profit and loss		
Current tax	(180)	428
Adjustments in respect of prior periods	-	6
Charge to profit and loss	(180)	434
Movement on share option intrinsic value	(6)	(248)
Closing balance	-	186

Corporation tax liabilities

(Company only)

	31 December 2020 £'000	2 January 2020 £'000
At 3 January 2020	60	-
Recognised in profit and loss		
Charge to profit and loss	(60)	60
Closing balance	-	60

24 Other interest-bearing loans and borrowings

(Group and Company)

	31 December 2020 £000	2 January 2020 £000
Bank borrowings		
Current	43	122
Non-current	9,000	14,000
	9,043	14,122

The Company agreed a £30 million loan facility with Barclays Bank PLC and Santander UK PLC on 16 January 2019. Interest is charged at LIBOR on the drawn-down balance on a 365/ACT D-basis (the nominal interest rate ranging between 1.65% and 2.65%). The capital sum is repayable in full on or before 15 January 2024.

Commitment fees are charged quarterly on any balances not drawn at 35% of the applicable rate of drawn funds. The face value is deemed to be the carrying value. The Group had drawn down £9 million of the £30 million debt facility as at 31 December 2020 (2019: £14 million). At the start of the pandemic, the existing banking covenants were waived and a single liquidity covenant was agreed.

Since the year end there has been an increase in the facility to £40m, split £25m RCF and £15m Government backed CLBILS RCF. Two covenants are in place until the end of May 2022, one based on liquidity and one based on maximum EBITDA losses.

24 Financial assets and financial liabilities

Changes in liabilities from financing activities

	31 December 2020 £000	Restated* 2 January 2020 £000
Opening balance	**89,443**	7,056
Changes from financing cash flows:		
Proceeds from borrowings	**10,000**	13,000
Repayment of borrowings – principal	**(15,000)**	(6,000)
Repayment of borrowings – interest	**(299)**	(339)
Interest on borrowings	**221**	405
Lease liabilities non cash movement	**5,652**	79,151
Lease liabilities cash movement	**(2,966)**	(3,830)
	87,051	89,443

*See note 2 for details regarding the restatement

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following indicates their effective interest rates at the end of the year and the periods in which they mature:

	Effective interest rate %	Maturing within 1 year £000	Maturing between 1 to 2 years £000	Maturing between 2 to 5 years £000
At 2 January 2020				
Bank borrowings	2.9%	122	-	14,000
Bank current and deposit balances	0.01%	4,271	-	-
At 31 December 2020				
Bank borrowings	2.65%	43	-	9,000
Bank current and deposit balances	0.01%	328	-	-

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit and loss before tax through the impact on floating rate borrowings and bank deposits and cash flows:

	Change in rate %	31 December 2020 £000	2 January 2020 £000
Bank borrowings		9,043	14,122
	-1.0%	90	141
	-0.5%	45	71
	0.5%	(45)	(71)
	1.0%	(90)	(141)
	1.5%	(136)	(212)
Bank current and deposit balances		328	4,271
	-1.0%	(3)	(43)
	-0.5%	(1)	(21)
	0.5%	1	21
	1.0%	3	43
	1.5%	5	64

25 Financial instruments

Investments, financial assets and financial liabilities, cash and cash equivalents and other interest-bearing loans and borrowings are measured at amortised cost and the Directors believe their present value is a reasonable approximation to their fair value.

	31 December 2020 £000	Restated* 2 January 2020 £000
Financial liabilities measured at amortised cost		
Bank borrowings	9,043	14,122
Trade Creditors	2,909	4,481
Leases	78,008	75,321
Other Creditors	12	56
Accrued expenses	3,525	4,577

*See note 2 for details regarding the restatement

Financial instruments not measured at fair value

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

Non-derivative financial liabilities	31 December 2020 £000	2 January 2020 £000
Bank facility		
Carrying amount	9,043	14,122
Contractual cash flows:		
Less than one year	308	535
Between one and two years	405	519
Between three and five years	9,810	15,038
Over five years	-	-
	10,523	16,092

Floating charges have been put in place over the net assets of the Group as collateral against the loan balance.

Risk management

(Group)

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Group has not issued or used any financial instruments of a speculative nature and the Group does not contract derivative financial instruments such as forward currency contracts, interest rate swaps or similar instruments.

The Group is exposed to the following financial risks:
- Credit risk
- Liquidity risk
- Interest rate risk

To the extent financial instruments are not carried at fair value in the consolidated Balance Sheet, net book value approximates to fair value at 31 December 2020 and 2 January 2020.

Trade and other receivables are measured at amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated statement of profit and loss and other comprehensive income in the relevant period.

Cash and cash equivalents are held in sterling and placed on deposit in UK banks. Trade and other payables are measured at book value and held at amortised cost. There have been no impairment losses recognised on these assets.

Accounting classification

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Restated
	31 December	2 January
Carrying amount	2020	2020
	£000	£000
Financial assets measured at amortised cost		
Trade and other receivables	1,505	3,354
Cash and cash equivalents	328	4,271
	1,833	7,625
Financial liabilities measured at amortised cost		
Secured bank loans	9,043	14,122
Trade and other payables	6,448	10,620
	15,491	24,742

*See note 2 for details regarding the restatement

26 Credit risk

Credit risk is the risk of financial loss to the Group 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 securities.

The Company is exposed to credit risk in respect of its receivables from its subsidiary companies. The recoverability of these balances is dependent upon the performance of these subsidiaries in future periods. The performance of the Company's subsidiaries is closely monitored by the Company's Board of Directors.

At 31 December 2020 the Group has trade receivables of £768,000 (2019: £1,380,000). Trade receivables arise mainly from advertising and sponsorship revenue. The Group is exposed to credit risk in respect of these balances such that, if one or more of the customers encounters financial difficulties, this could materially and adversely affect the Group's financial results. The Group attempts to mitigate credit risk by assessing the credit rating of new customers prior to entering into contracts and by entering into contracts with customers with agreed credit terms. At 31 December 2020 the Directors have recognised expected credit losses of £109,000 (2019: £nil).

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

	31 December	2 January
	2020	2020
	£000	£000
Ageing of receivables		
<30 days	625	1,092
31-60 days	8	276
61-120 days	43	-
>120 days	92	12
	768	1,380

In determining the recoverability of trade receivables the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Credit risk is limited due to the customer base being diverse and unrelated. There has not been any impairment other than existing provisions in respect of trade receivables during the year (2019: £nil). There were no material expected credit losses in the year.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet its expected cash requirements as determined by regular cash flow forecasts prepared by management.

At the balance sheet date the Group had a £30m RCF in place and had drawn down £9m, leaving £21m undrawn. There was one covenant in place requiring cash balances plus undrawn facilities to be greater than £5m. Therefore, the available headroom was £16.4m.

Since the balance sheet date the Group has extended the available borrowing to £40m, comprising a £25m RCF and £15m of Government backed CLIBILS RCF. There remains a liquidity covenant and a further rolling 12 months EBITDA loss covenant. The Group forecasts show significant headroom in both covenants for the next 15 months, at which time the covenants will be reviewed.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts shown are gross, not discounted and include contractual interest payments and exclude the impact of netting agreements.

		Contractual cash flows				
31 December 2020	Carrying amount £000	Less than one year £000	Between one and two years £000	Between three and five years £000	Over five years £000	Total £000
Non-derivative financial liabilities						
Secured bank facility	9,043	308	405	9,810	-	**10,523**
Trade creditors	2,909	2,909	-	-	-	**2,909**
Leases	78,008	3,363	3,452	15,431	82,487	**104,733**
Other creditors	12	12	-	-	-	**12**
Accrued expenses	3,525	3,525	-	-	-	**3,525**
	93,497	**10,117**	**3,857**	**25,241**	**82,487**	**121,702**

		Contractual cash flows				
2 January 2020	Carrying amount £000	Less than one year £000	Between one and two years £000	Between three and five years £000	Over five years £000	Total £000
Non-derivative financial liabilities						
Secured bank facility	14,122	535	519	15,038	-	**16,092**
Trade creditors	4,481	4,481	-	-	-	**4,481**
Leases*	75,321	4,801	5,074	15,431	82,198	**107,504**
Other creditors	56	56	-	-	-	**56**
Accrued expenses	4,577	4,577	-	-	-	**4,577**
	98,557	**14,450**	**5,593**	**30,469**	**82,198**	**132,710**

*See note 2 for details regarding the restatement

Interest rate risk

Interest rate risk arose from the Group's holding of interest-bearing loans linked to LIBOR. The Group is also exposed to interest rate risk in respect of its cash balances held pending investment in the growth of the Group's operations. The effect of interest rate changes in the Group's interest-bearing assets and liabilities are set out in note 26.

Capital management

The Group's capital is made up of share capital, share premium, merger reserve and retained earnings totalling £52.1m (2019: £55.2m).

The Group's objectives when maintaining capital are:
- To safeguard the entity's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of shareholders equity as set out in the consolidated statement of changes in equity. All funding required to set-up new cinema sites and for working capital purposes are financed from existing cash resources where possible. Management will also consider future fundraising or bank finance where appropriate.

27 Provisions

(Group)

	Leasehold Dilapidations £,000
As at 2 January 2020 *restated	1,027
On acquisition	39
Utilised in the year	(54)
Other increases	15
Unwinding of discount	8
As at 31 December 2020	1,035
Due within one year or less	-
Due within one to five years	252
Due after more than five years	783
	1,035

Provisions

(Company only)

	Leasehold Dilapidations £,000
As at 2 January 2020 * restated	138
On acquisition	-
Utilised in the year	(54)
Other increases	-
Unwinding of discount	-
As at 31 December 2020	84
Due within one year or less	-
Due within one to five years	84
Due after more than five years	-
	84

*See note 2 for details regarding the restatement.

Leasehold dilapidations relate to the estimated cost of returning leasehold property to its original state at the end of the lease in accordance with lease terms. The cost is recognised as depreciation of leasehold improvements over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease term, the average remaining lease term for leases held at 31 December 2020 was 21 years (2019: 22 years).

28 Deferred tax

(Group)

	31 December 2020 £000	2 January 2019 £000
Included in non-current liabilities/(assets)	(63)	1,362
Deferred tax gross movements		
Opening balance deferred tax liability	1,362	1,210
Recognised in profit and loss		
Arising on loss carried forward	(3,299)	17
Other provisions released	-	(39)
Net book value in excess of tax written down value	1,656	(82)
Movement on share option intrinsic value	124	(26)
Amortisation of IFRS accumulated restatement	(1)	31
Lease acquired	4	-
Other temporary differences	6	-
Unrealisable balances on loss carried forward	-	191
(Credit)/ Charge to profit and loss	(1,510)	92
Recognised in equity		
Movement on share option intrinsic value	85	594
Recognition of temporary differences on IFRS 16 accumulated restatement	-	(535)
	85	59
Differences in foreign exchange	-	1
Closing balance deferred tax asset	(63)	1,362
The deferred tax asset comprises:		
Temporary differences on property, plant and equipment	3,842	2,190
Temporary differences on IFRS 16 accumulated restatement	(502)	(502)
Temporary differences on leases acquired	91	87
Share-option scheme intrinsic value	(14)	(223)
Available losses	(3,684)	(578)
Unrealisable deferred tax assets	-	190
Other temporary and deductible differences	204	198
	(63)	1,362

Deferred tax is calculated in full on temporary differences under the liability method using the tax rates that have been substantively enacted for future periods, being 19%. The deferred tax liability has arisen due to the timing difference on property, plant and equipment, the deferral of capital gains tax arising from the sale of a property and other temporary and deductible differences. Deferred tax assets have been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that they will be recovered. A deferred tax asset of £700,000 has not been recognised on unused tax losses of £3,684,000.

In accordance with IAS12 Income taxes, the expense of £19,000 (2019: £594,000) has been recognised outside of profit and loss to the extent that the deferred tax asset has arisen on expected allowable deductions for tax purposes at future tax rates in excess of the fair value of the share option charge that will be recognised in the profit and loss. In this instance, the expected gain on the exercise of share options is anticipated to exceed the full share option charge recognised in the profit and loss at initial fair value.

28 Deferred tax (continued)

(Company only)

	31 December 2020 £000	2 January 2020 £000
Included in non-current (assets)/liabilities	(78)	(48)
Deferred tax gross movements		
Opening balance	(48)	41
Recognised in the profit and loss		
Net book value in excess of tax written down value	(29)	-
Movement in loss carried forward	-	16
Amortisation of IFRS 16 accumulated restatement	(5)	5
Amortisation of acquisition-related deferred tax	5	(16)
Credit to profit and loss	(29)	5
Recognised in equity		
Recognition of temporary differences on IFRS 16 accumulated restatement	(1)	(94)
Closing balance	(78)	(48)

	31 December 2020 £000	2 January 2020 £000
The deferred tax liability/(asset) comprises:		
Temporary differences on property, plant and equipment	(76)	(46)
Temporary differences on IFRS 16 accumulated restatement	(94)	(89)
Temporary differences on leases acquired	92	87
Available losses	-	-
	(78)	(48)

The Company has a deferred tax liability due to the timing difference on property, plant and equipment. The Company has recognised unutilised tax allowances of £nil (2019: £nil) at expected tax rates in future periods.

29 Share capital and reserves

	Nominal value	31 December 2020 £000	2 January 2020 £000
Authorised, issued and fully paid Ordinary shares	£0.10		
At the start of the year		7,352	7,099
Issued in the year		1,758	253
At the end of the year		9,110	7,352

Number of shares	Nominal value	31 December 2020 Number	2 January 2020 Number
Authorised, issued and fully paid Ordinary shares	£0.10		
At the start of the year		73,517,969	70,989,303
Issued in the year		17,577,500	2,528,666
At the end of the year		91,095,469	73,517,969

The holders of Ordinary shares are entitled to one vote per share. During the year the Company issued 17,577,500 Ordinary shares at prices ranging from 93.5p to 100p. Gross proceeds from the share issuance was £17,571,000, related expenses were £695,000 which resulted in a net cash inflow of £16,876,000.

Merger reserve

In accordance with s612 of the Companies Act, the premium on Ordinary shares issued in relation to acquisitions is recorded as a merger reserve.

Share premium

Share premium is stated net of share issue costs.

Dividends

No dividends were declared or paid during the period (2019: £nil).

30 Share-based payment arrangements

The Group operates three equity-settled share based remuneration schemes for employees. The schemes combine a long term incentive scheme, an EMI scheme and an unapproved scheme for certain senior management, executive Directors, non-executive Directors and certain contractors.

The terms and conditions of the grants are as follows:

Persons entitled	Grant date	Method of Settlement	Instruments outstanding 000's	Vesting Conditions*	Contractual life of options
Management employees, Directors and contractors	29.10.2013	Equity-settled	118	1	10 years
Management employees, Directors and contractors	29.10.2013	Equity-settled	170	2	10 years
Directors	04.11.2013	Equity-settled	50	2	10 years
Management employees, Directors and contractors	29.10.2015	Equity-settled	218	3	10 years
Management employees	15.12.2016	Equity-settled	130	4	10 years
Management employees	10.01.2017	Equity-settled	75	4	10 years
Directors	13.03.2017	Equity-settled	250	4	10 years
Management employees and contractors	11.10.2017	Equity-settled	445	4	10 years
Management employees and Directors	23.11.2017	Equity-settled	41	5	10 years
Management employees and Directors	23.04.2018	Equity-settled	21	6	10 years
Management employees and contractors	02.10.2018	Equity-settled	298	4	10 years
Management employees	03.10.2018	Equity-settled	12	7	10 years
Management employees	05.11.2018	Equity-settled	1	7	10 years
Management employees and Directors	24.09.2019	Equity-settled	1,150	4	10 years
Management employees and Directors	30.04.2020	Equity-settled	733	4	10 years
Management employees and Directors	01.07.2020	Equity-settled	355	8	10 years
Management employees	30.09.2020	Equity-settled	450	4	10 years
Directors	12.11.2020	Equity-settled	1,600	4	10 years
Management employees and Directors	22.11.2020	Equity-settled	445	4	10 years

*1 EMI options. These vest in equal tranches on the first, second and third anniversaries of the date of grant.

*2 Unapproved options. These vest in equal tranches on the first, second and third anniversaries of the date of grant.

*3 Unapproved options. These vest in equal tranches on the first, second and third anniversaries of the date of grant. Each tranche is exercisable if the Company share price exceeds £1.30, £1.50 and £1.80 respectively for 15 consecutive trading days.

*4 Unapproved options. These vest on the third anniversary of the date of grant.

*5 Unapproved options as part of the long-term incentive plan. These vest on the fifth anniversary of the date of grant. Half of the options are exercisable if the share price exceeds £2.10 for 2 consecutive trading days within 60 days following the announcement of the preliminary results for 2017. The other half of the options are exercisable if the Adjusted Profit measure for 2017 exceeds £6.4m, £6.5m and £6.6m respectively.

*6 Unapproved options as part of the long-term incentive plan. These vest 4 years and 7 months from the date of grant. 45% of the options are exercisable if the share price exceeds £2.95 for 2 consecutive trading days within 60 days following the announcement of the preliminary results for 2018. The other 55% of the options are exercisable if the Adjusted Profit measure for 2018 exceeds £8.8m and incrementally to £9.5m.

*7 Unapproved options as part of the long-term incentive plan. These vest 4 years and 2 months from the date of grant. 45% of the options are exercisable if the share price exceeds £2.95 for 2 consecutive trading days within 60 days following the announcement of the preliminary results for 2018. The other 55% of the options are exercisable if the Adjusted Profit measure for 2018 exceeds £8.8m and incrementally to £9.5m.

*8 LTIP issued which vest 27 November 2022. Conditions being the Company's share price (being the Market Value of the Shares) must be at least £1.60 per Share for at least two consecutive dealing days during the period of 60 days following the announcement of preliminary results for the year ended 31 December 2020.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) as determined through use of the Black-Scholes technique, at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group and Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

The inputs into the Black-Scholes model for the share option plans for the share options issued in the year are as follows:

Option scheme conditions for options issued in the year:	31 December 2020 Performance criteria	31 December 2020 No performance criteria	2 January 2020 Performance criteria	2 January 2020 No performance Criteria
Weighted average share price at grant date (pence)	**104.04**	**104.09**	190.00	183.21
Weighted average option exercise prices (pence)	**104.04**	**104.09**	10.00	183.21
Expected volatility	**75.58%**	**74.12%**	60.82%	65.89%
Expected option life	**5 years**	**4 years**	5 years	4 years
Weighted average contractual life of outstanding share options	**10 years**	**10 years**	10 years	10 years
Risk-free interest rate	**0.21%**	**0.63%**	0.81%	0.64%
Expected dividend yield	**0.0%**	**0.0%**	0.0%	0.0%
Fair value of options granted in the year (pence)	**1.57**	**0.59**	2.78	0.94

	Weighted average exercise price per share in the year ended			
	31 December 2020 Pence	2 January 2020 Pence	31 December 2020 Number	2 January 2020 Number
Options at the beginning of the year	**146.9**	102.2	**4,277,861**	5,575,344
Options issued in the year	**0.88**	159.9	**3,818,864**	2,186,820
Options exercised in the year	**0.94**	84.0	**(77,500)**	(3,100,982)
Option forfeited in the year	**1.23**	79.7	**(1,459,407)**	(383,321)
Options at the end of the year	**109.5**	146.9	**6,559,818**	4,277,861

No options lapsed beyond their contractual life in the year (Year ended 2 January 2020: nil).

Share-based payments charged to the profit and loss	31 December 2020 £000	2 January 2020 £000
Administrative costs	671	688

The charge for the Company was £nil (2019: £nil) after recharging subsidiary undertakings with a charge of £671,000 (2019: £688,000). The relevant charge is included within administrative costs. The weighted average share price at the date of exercise of options was £104.04.

There are 1,455,147 options exercisable at 31 December 2020 in respect of the current arrangements (2019: 775,147). 77,500 options were exercised in the year (2019: 3,100,982).

Volatility for options issued was determined by reference to movements in the share price over 5 years prior to the grant date. The market value conditions, where applicable, are reflected in the forfeited options following 60 days of the announcement of the annual results since the performance conditions are met/not met prior to the vesting period and as such no estimate of potential achievement of market values is required.

During the year 1,197,500 options were re-priced as the company's share price fell well below the exercise price of stock options issues. They were re-priced to a lower exercise price and this resulted in an increase in the fair value of the options. The incremental fair value of the re-priced shares were measured by comparing the fair value of the options before and immediately after the modification was made and the Black Scholes model was used for this. The modification occurred within the vesting period and the incremental fair value was included in the FV calculation over the remaining period of the option

31 Commitments

There were capital commitments for tangible assets at 31 December 2020 of £8,891,000 (2019: £2,951,000). This amount is net of landlord contributions of £4,320,000 (2019: £1,500,000).

32 Events after the balance sheet date

Since the balance sheet date the Group has increased it's available banking facilities from £30m to £40m in order to secure the liquidity position should further closures due to COVID_19 be necessary after 17 May 2021. The facility now comprises a £25m RCF facility and a £15m Government back CLBILS RCF.
The Government has also extended it's support by extending the JRS and the rates holiday until the end of September, together with an extension to the reduced VAT rate of 5% until the end of June, followed by 12.5% until the end of March. Together these measures make a material difference to the operating loss forecasts and the cash flow of the Group.

33 Related party transactions

In the year to 31 December 2020 the Group engaged services from entities related to the Directors and key management personnel of £433,000 (2019: £680,000) comprising consultancy services of £8,000 (2019: £85,000), office rental of £46,000 (2019: £97,000) and venue rental for Bristol, Harrogate and Maida Vale of £249,000 (2019: £497,000). Due to the pandemic the Group received rent discounts on the related properties amounting to a saving in 2020 of £242,000. There were no other related party transactions. There are no key management personnel other than the Directors.

The Company charged an amount of £671,000 (2019: £688,000) to Everyman Media Limited in respect of share-based payments, £954,000 (2019: £917,000) in respect of the rental of four cinema sites acquired in 2016 and £2,024,000 (2019: £2,071,000) in respect of interest on bank loan funds provided to the Company.

Everyman Media Holdings Limited, charged an amount of £558,000 (2019: £547,000) to Everyman Media Limited in respect of the rental of two cinema sites.

ECPee Limited charged an amount of £161,000 (2019: £160,000) to Everyman Media Limited in respect of the rental of its cinema site during the year.

The Group's commitment to new leases is set out in the above notes. Within the total of £105,000,000 is an amount of £850,000 relating to office rental, £4,900,000 relating to Stratford-Upon-Avon, £2,300,000 relating to Bristol and £5,100,000 relating to Harrogate. The landlords of the sites are entities related to the Directors of the Company.

34 Ultimate controlling party

The Company has a diverse shareholding and is not under the control of any one person or entity.