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Everyman Media Group PLC
16 April 2024

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Everyman Media Group PLC
("Everyman" the "Company" or the "Group")

Final Results to 28 December 2023

Everyman Media Group plc (AIM: EMAN) today announces its audited financial results for the year ended 28 December 2023.

Highlights

Continued strong financial and operational performance

- Admissions of 3.75m (2022: 3.4m), +9.7%
- Revenue of £90.9m (2022: £78.8m), +15.3%
- Adjusted EBITDA of £16.2m (2022: £14.5m), +11.7%
- Food and Beverage Spend Per Head[1] of £ 10.29 (2022: £9.34), +10.2%
- Paid for Average Ticket Price[1] of £11.65 (2022: £11.29), +3.2%
- Market share increased to 4.8% (2022: 4.5%)
- Operating profit, excluding impairments, of £0.7m (2022: £0.5m)
- Gross cash of £6.6m at year end (2022: £3.7m) and net debt of £19.4m (2022: £18.5m)

Measured expansion

- Four organic openings during the year, in Salisbury, Northallerton, Plymouth and Marlow.
- Highly complementary acquisition of Tivoli Bath and Cheltenham from the Empire Cinemas administration process in December 2023.
- Three confirmed openings in 2024, in Bury St Edmunds, Stratford (London) and Cambridge, with the Group continuing to focus on reducing net debt and leverage.

Outlook

- With a focus on hospitality, Everyman is re-defining how film is being consumed and is therefore outperforming the wider cinema market.
- Positive momentum in Q1 2024, with strong trading driven by 'Dune: Part II' and high-quality awards content.
- Management expects 2024 to outperform 2023 due to a stronger slate, with more focus on original storytelling and quality content.
- Highlights include 'Paddington in Peru', 'Joker: Folie a Deux', 'Wicked', 'Mufasa: The Lion King' and an untitled 'Gladiator' sequel.

[1]Paid for Average Ticket Price and Food and Beverage Spend per Head have been adjusted to remove the benefit of VAT reductions in 2022 in order to provide a like-for-like comparison.

Alex Scrimgeour, Chief Executive Officer of Everyman Media Group PLC said:

"Again we have outperformed the wider cinema market and proven that the unique Everyman proposition, with a core focus on exceptional hospitality, is the most relevant form of cinema. Guests are returning to our venues in greater numbers and spending more with us than they have in previous years, and the progress made both financially and operationally is testament to the hard work of the teams in our venues and Head Office, who have shown exceptional dedication during the year.

Our measured approach to organic expansion continues, with three exciting and confirmed openings for 2024. We are confident of delivering another year of growth, as we move ahead with a larger footprint and continuously improving film slate."

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About Everyman Media Group PLC:

Everyman is the fourth largest cinema business in the UK by number of venues, and is a premium, high growth leisure brand. Everyman operates a growing estate of venues across the UK, with an emphasis on providing first class cinema and hospitality.

Everyman is redefining cinema. It focuses on venue and experience as key competitive strengths, with a unique proposition:

- Intimate and atmospheric venues, which become a destination in their own right
- An emphasis on a strong quality food and drink menu prepared in-house
- A broad range of well-curated programming content, from mainstream and independent films to theatre and live concert streams, appealing to a diverse range of audiences

concert streams, appealing to a diverse range of audiences

- Motivated and welcoming teams

For more information visit http://investors.everymancinema.com/

Chairman's statement

I am pleased to report that 2023 was another year of progress for the business. The Group delivered double digit growth in both revenue and EBITDA, despite the backdrop of a difficult consumer environment. Our results for the year demonstrate that the Everyman offer is the most relevant form of cinema, and that we are the market leader in what we do.

Review of the Business

The Group saw progress in all key performance indicators when compared to 2022. Admissions increased by 9.7% and we delivered improvements in Paid for Average Ticket Price and Food & Beverage Spend per Head. The 10.2% increase in the latter is an exceptional result, demonstrating the effect of ongoing focus and investment into our offer.

We opened four new venues during the year, in Salisbury, Marlow, Northallerton and Plymouth, each of which showcase the exceptional quality and distinctive look and feel that has become synonymous with Everyman. In addition, we acquired the Tivoli cinemas in Bath and Cheltenham in December 2023. These are two exciting venues in highly desirable locations for the Group and, during 2024, we will refurbish both to bring them in line with the high standards of the wider estate. At the end of the year, the Group had 44 venues and 152 screens.

As ever, I extend my thanks to the Everyman teams in both venues and Head Office, who have shown outstanding commitment to delivering exceptional standards of hospitality. This is what sets Everyman apart, encourages guests to return to us, and allows us to demonstrate ongoing progress.

Outlook

We look to the future with confidence. Despite the impact of the SAG-AFTRA and WGA strikes in 2023, we anticipate a continuously improving film slate in 2024 and beyond. This year, we will proceed with our expansion plans at a measured pace, with three new openings planned, mindful of reducing net banking debt and leverage. Beyond this, our focus remains to do, what we do best, and to deliver high-quality hospitality to our guests through our venues, people, food and beverage and - of course - film.

Philip Jacobson
Non-Executive Chairman
15 April 2024

Chief Executive's Statement

Business Model and Growth Strategy

The Everyman brand is positioned at the premium end of the UK leisure market. The Group's proposition is based on high quality and unique venues in town centre locations, and has a greater number of revenue-generating activities than the traditional cinema or multiplex model. Everyman has a core focus on exceptional hospitality, which it delivers through its venues, food and beverage, people and film.

The Directors believe that the opportunities to develop new Everyman venues both across the UK are significant. As a result, the Group's expansion strategy is as follows:

- Expanding our geographical footprint by opening venues to reach new audiences, including an ongoing assessment of the market for acquisition opportunities
- Continually evolving the quality of experience and our film programming
- Expanding our food and beverage offer through increased choice and innovation
- Engaging in effective, revenue-generating marketing activity

Financial Overview

Everyman has delivered robust, double-digit growth in both revenue and EBITDA against a challenging economic backdrop, delays to new openings and both writers' and actors' strikes. Further operational progress has been made with improvements in all key metrics. We are pleased to report a 15.3% increase in Revenue to £90.9m (2022: £78.8m), and an 11.7% increase in Adjusted EBITDA, to £16.2m (2022: £14.5m). In addition, Paid for Average Ticket Price increased, and the upward trajectory of Spend per Head continued, resulting in total spend per customer increasing by £1.34 when compared to the previous year.

We continued our programme of measured expansion, organically opening four new venues and acquiring the two Tivoli venues in Bath and Cheltenham. As such, the cash flow statement for the year includes £18.6m on the acquisition of Property, Plant & Equipment (2022: £18.9m). This amount also includes work in progress on our 45th venue, in Bury St Edmunds, which opened in February 2024.

The Group has been able to finance the majority of its expansion through £17.9m of operating cash flow (2022: £11.8m). In addition, the Group raised £6.5m (2022: £Nil) through the sale and leaseback of its freehold venues in Crystal Palace and Salisbury, and received lease incentives of £4.1m (2022: £5.0m) in the form of contributions to venue fit out costs.. The latter illustrates landlords' ongoing desire to work with us, and the appeal of having Everyman as a leisure tenant.

Net banking debt at the end of the period was £19.4m (2022: £18.3m). Despite the small increase, the Group was pleased to have opened six new venues whilst reducing leverage. With capital expenditure on these new openings excluded, the Group would have generated significant free cash flow.

The Directors remain of the view that the property deal landscape is highly favourable, with the majority of transactions attracting significant landlord contributions. However, there is a balance to be found between continuing expansion and making the most of attractive market conditions, and maintaining sensible levels of net banking debt. In light of this, the Group now expects to open three venues in 2024 and three or four venues in 2025, with the fully-built venue in Durham currently expected to open in Q1 2025. The Directors expect this to have a deleveraging effect, with a higher proportion of expansion financed through operating cash flow. Strategic acquisitions, such as the Tivoli venues in Bath and Cheltenham expansion financed through operating cash flow. Strategic acquisitions, such as the Tivoli venues in Bath and Cheltenham acquired in December 2023, will continue to be judged on their merit.

The Directors consider that the Group balance sheet remains robust, with sufficient working capital to service ongoing requirements and to support our growth going forward.

The Group's financial performance is given in detail in the Finance Director's statement later in this report.

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 28 December 2023 (52 weeks)	Year ended 29 December 2022 (52 weeks)
Admissions	**3,749,120**	3,418,599
Paid for average ticket price*	**£11.65**	£11.29
Food and beverage spend per head**	**£10.29**	£9.34

*Paid for average ticket price has been adjusted to remove the impact of the Temporarily Reduced Rate of VAT in the first quarter of 2022 in order to provide a like-for-like comparison.
**Food and beverage spend per head has been adjusted to remove the impact of the Temporarily Reduced Rate of VAT in the first quarter of 2022 in order to provide a like-for-like comparison, and includes income from Deliveroo.

New Venues

During 2023 the Group opened six new venues. Four were organic openings - a two-screen venue in Marlow, a three-screen venue in Plymouth and four-screen venues in Salisbury and Northallerton.

On 14th December 2023 the Group acquired the two Tivoli cinemas from the Empire Cinemas administration process - a four-screen venue in Bath and a five-screen venue in Cheltenham. These are two premium venues in desirable locations and will be highly complementary to the Everyman estate. During 2024 we will refurbish both cinemas to bring them in line with the high standards commensurate with our existing venues.

Trading across new openings has been encouraging. Management is confident that they will create significant value moving forward, with new venues typically taking four years to reach full maturity.

Post year end, in February 2024, we opened a new three-screen venue in Bury St Edmunds. Two further venues in Cambridge and Stratford (London) are expected to open later in the year. In 2025, the Group plans to open venues at The Whiteley (Bayswater), Brentford Lock and Lichfield. Other venues are in advanced stages of negotiation; however, the Board remains mindful of measured expansion funded through free cash flow.

Our fully fitted out venue in Durham is ready to open, pending practical completion of the wider Milburngate scheme. Our current expectation is that the venue will open in the final quarter of 2024 or first quarter of 2025.

At the end of the year, the Group operated 44 venues with 152 screens:

Location	**Number of Screens**	**Number of Seats**
Altrincham	4	247
Bath	4	229
Birmingham	3	328
Bristol	4	476
Cardiff	5	253
Chelmsford	6	411
Cheltenham	5	369
Clitheroe	4	255
Edinburgh	5	407
Egham	4	275
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, 13 venues	37	3,136
Manchester	3	247
Marlow	2	161
Newcastle	4	215
Northallerton	4	274
Oxted	3	212
Plymouth	3	190
Reigate	2	170
Salisbury	4	311
Stratford-Upon-Avon	4	384
Walton-On-Thames	2	158
Winchester	2	236
Wokingham	3	289
York	4	329
	152	12,195

The Market

The film slate for 2023 emphasised our confidence in the enduring strength of demand for high-quality, original content

The film slate for 2023 emphasised our confidence in the enduring strength of demand for high-quality, original content. With performance weighted towards the second half of the year, the most compelling examples were the remarkable performances of Barbie and Oppenheimer during July and August. The week following the release of these two titles was a record week of admissions for Everyman. The intimate atmosphere of our venues complemented the vibrant energy of Barbie, with audiences arriving in fancy dress to savour themed cocktails and our enticing food and beverage offer.

Barbie and Oppenheimer are, however, not an exception: in fact, at the UK Box Office, five of the top fifteen highest grossing films of all time have been post pandemic (Barbie, No Time to Die, Spiderman: No Way Home, Top Gun: Maverick and Avatar: The Way of Water), which emphasises our belief that consumer demand for high-quality, original content remains undiminished.

The Group was pleased that market share for the year was 4.8%, up from 4.5% in 2022. Positive momentum in market share has continued into the new year.

The Writers' Guild of America (WGA) and Screen Actors' Guild - American Federation of Television and Radio Artists (SAG-AFTRA) strikes began in May 2023 and ultimately concluded in November 2023. We did see some impact to the film slate as a result, the most notable change being the release of Dune: Part II moving from November 2023 to March 2024. We continue to have confidence in the continuously improving film slate during 2024; titles to look forward to include Wicked, Despicable Me 4, Paddington in Peru, Joker: Folie à Deux, Inside Out 2, Mufasa: The Lion King, Dune: Part II and an untitled Gladiator sequel. The year ahead should continue an upward growth trajectory, and we expect a full film slate by the end of the year.

Key Business Developments

Our new, best-in-class website launched in February 2023. The website features new functionality for customers, including an improved Quick Book widget, and more flexibility for members, including self-service ticket cancellation. It has also given us greater visibility of the booking flow and the potential for more targeted advertising based on customer profiles and web behaviours. Average monthly visitors since the website launched have been c. 970,000, a 21% uplift on the comparative period in 2022. In addition, a new iOS and Android app is currently in development and is set to launch in 2024.

Our Food and Beverage offer goes from strength to strength. We continued our focus on speed of service, completing our digital ordering system roll out in February 2023. Menu development during the year included a new Raclette Burger and Prosciutto & Rocket Pizza, new sharing dishes such as Truffle & Porcini Arancini, and new vegan items such as Corn "Ribs" and a Vegan Pizza. New cocktails included Strawberry Daiquiri, Passionfruit Martini, Mezcal Paloma and SoCo Sour, and we also had successful menu brand partnerships with paid listings from Menabrea and Sipsmith, amongst others. In addition, we evolved our menu architecture in the fourth quarter of the year to further encourage sales of higher-value items. Our Food and Beverage offer is a strategically important part of our business and one in which we continue to invest time and resource. Further innovation is expected to continue to drive spend per head moving forward.

During the year we launched a new partnership with American Express, who hosted nationwide previews of Wes Anderson's Asteroid City, Past Lives and A Haunting in Venice, as well as additional events at the Everyman Secret Garden pop-up cinema at The Grove Hotel from
July to September. Our signature partnerships with Jaguar and Green & Black's went from strength to strength, with Jaguar sponsoring an immersive event for Babylon at our Crystal Palace venue in January and continuing their support for the Screen on the Canal at King's Cross
during the summer months. Our relationship with AppleTV+ continued to grow, with screenings of The Reluctant Traveller, Prehistoric Planet, Sharper and Tetris.

Renewed Banking Facilities

In August we secured a new three-year £35m Revolving Credit Facility with Barclays Bank Plc and National Westminster Bank Plc, extendable for up to two years subject to lender consent, and replacing the previous £25m Revolving Credit Facility and £15m Coronavirus Large Business Interruption Loan Scheme ("CLBILS") held with Barclays Bank Plc and Santander UK Plc The new facility ensures that the Group is soundly financially structured and well-positioned to take advantage of opportunities moving forwards. There was strong appetite from multiple lenders to work with Everyman, and the covenants and commercial terms agreed were materially similar to the previous agreement.

People

We recognise the commitment our people have shown to Everyman, our guests and to each other. Our teams' passion remains key to delivering our signature brand of hospitality across all our venues, both existing and new.

We have invested in training programmes, and in our digital training and engagement platforms, in support of our commitment to internal development. We are delighted to see so many people progressing their careers with Everyman.

During the year we opened four and acquired two new venues, and our existing teams supported our newest managers to deliver hospitality the Everyman way. We would particularly like to welcome the teams at the two Tivoli venues as they integrate into Everyman.

Outlook

Our results demonstrate that appetite for film is as strong as ever, and that the Everyman model has become the most relevant form of cinema. Guests are returning to our venues in greater numbers and spending more with us than they have in previous years.

We were pleased to have financed the majority of 2023 openings through Operating Cash Flow and to reduce leverage whilst growing our estate further. Our new banking facilities, signed in August, ensure that we are soundly financially structured and well-positioned to take advantage of opportunities moving forwards.

We continue to take a measured approach to organic expansion. The deal landscape remains favourable and landlords are as keen as ever to work with Everyman, with several further exciting opportunities in the pipeline. We look forward to 2024 with increasing optimism.

Alex Scrimgeour
CEO
15 April 2024

Strategic Report

The Directors present their strategic report for the Group for the year ended 28 December 2023 (comparative period: 52 weeks 29 December 2022).

Review of the business

The Group made a loss after tax of £2,696,000 (2022: £3,504,000). Non-GAAP adjusted EBITDA was £16.2m (2022: £14.5m).

The Finance Director's Statement contains a detailed financial review. Further details are also shown in the Chief Executive's Statement and consolidated statement of profit and loss and other comprehensive income, together with the notes to the financial statements.

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.

1. **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. Whilst the film slate continued to recover from the pandemic during 2023, the Group saw some disruption from the SAG-AFTRA and WGA strikes. The Group expects to see the film slate continuously improve during 2024. The Group mitigates this through high-quality programming, widening the sources for new content and focusing on creating a great overall experience at venues independent from the films themselves.

2. **Consumer environment** - A reduction in consumer spending because of broader economic factors could impact the Group's revenues. During 2023, inflation and interest rates have continued to increase due to geopolitical events. Historically, the cinema industry has been resilient to difficult macroeconomic conditions, with it remaining an affordable treat during such times for most consumers. Whilst the Board considers that the impact has been minimal in 2023, the Group continues to monitor long term trends and the broader leisure market.

3. **Alternative media channels** - The proliferation of alternative media channels, including streaming, has introduced new competitive forces for the film-going audience, which was accelerated by the pandemic. To date this has proven to be a 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 that to maintain this position 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. **Inflation** - There is a risk to the cost base from inflation, given the current economic and geopolitical situation. To mitigate this, the Group enters into long-term contracts and works very closely with suppliers to improve efficiencies and limit costs. In addition, and thanks to its size, the Group can take advantage of lower price points for higher volumes, and payroll costs are closely monitored and managed to the level of admissions. The Group entered into a new fixed-rate energy agreement in November 2023 for a period of one year, to allow the utilities market to settle further, and will seek a longer-term agreement during 2024. We remain cautious when passing on price increases to our customer base.

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 developing a net zero carbon emissions strategy to mitigate this risk. The Group is compliant with climate-related financial disclosure requirements under the Companies (Strategic Report) (Climate-Related Financial Disclosure) Regulations 2022 ("CRFD"), which are aligned to the Taskforce on Climate-Related Financial Disclosures framework ("TCFD").

6. **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.

7. **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. As we see the numbers returning to cinema coming close to pre-pandemic levels, we see this risk reducing to a pre-pandemic level.

8. **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 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. Since re-opening we have seen our market share increase and received positive customer feedback.

Financial risks

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 £0.3m 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.

Finance Director's Statement

Summary

- Group revenue of £90.9m (2022: £78.8m)
- Gross profit of £58.1m (2022: £50.5m)
- Non-GAAP adjusted EBITDA of £16.2m (2022: £14.5m)
- Operating loss of £0.1m (2022: £0.4m profit)
- Operating profit excluding impairment charges of £0.7m (2022: £0.4m)
- Net banking debt £19.4m (2022: £18.3m), with significant headroom in facilities

Revenue and Operating Profit

Admissions for the 52 weeks ending 28 December 2023 totalled 3.75m, an increase of 9.7% on the prior year (2022: 3.4m). 2023 is the first year in recent memory where the comparative period was not impacted by government-imposed closures, with all venues trading through both periods fully, aside from any temporary closures for refurbishments.

The uplift in admissions was driven both by four organic new openings during the year (Marlow, Salisbury, Northallerton and Plymouth) as well as a high-quality film slate, with performance weighted towards the second half the year. In particular, the remarkable and well-publicised performance of Barbie and Oppenheimer during July and August saw the Group achieve its highest ever week of admissions, surpassing the previous record by a factor of 50%. At the UK Box Office, five of the top fifteen highest-grossing films of all time have now been released post-pandemic, which emphasises our belief that consumer demand for high-quality, original content remains strong and undiminished.

Paid-for Average Ticket Price was £11.65, a 3.2% increase vs. the prior year (2022: £11.29) and Food & Beverage Spend per Head was £10.29, a 10.2% increase vs. the prior year (2022: £9.34). Both of these metrics have been adjusted to remove the benefit from the Temporarily Reduced Rate of VAT in the first quarter of 2022. In recognition of the challenging macroenvironment, the Group has remained conservative when passing on price increases to guests, and is therefore pleased to see such positive growth in these two metrics.

As a result of the above, revenue for the period was £90.9m, a 15.4% increase on the prior year (2022: £78.8m).

The Group is pleased to report that Gross Margin remained consistent with 2022 at 64.0%, despite the inflationary headwinds faced during the year. This was substantially due to continued strong cost control by our Film and Procurement teams.

Other operating income was £0.6m (2022: £0.6m) and related entirely to landlord compensation. 2023 was the first year post-pandemic in which the Group received no Coronavirus-related grants or payments, with 2022 including a £0.2m payment pertaining to the Omicron Hospitality and Leisure Grant.

Administrative Expenses for the period were £58.8m (2022: £50.7m). This was driven in the main by increased admissions and trading activity, as well as the impact of new venue openings and associated fixed asset depreciation. Beyond this, the Group's people costs are inherently linked the National Living Wage, which increased by 9.7% in April 2023.

Additionally, the Group's fixed-rate Utilities contracts came to an end in October 2023. Whilst increases were below management expectations, the Group has entered into a new one-year fixed rate agreement to allow the Utilities market to settle further, and will seek a longer-term agreement during 2024. Other than this, and despite the continued macroeconomic environment, the Directors believe that the impact to the cost base from inflation has been minimal.

The Board carried out an impairment review at the year end, based on a judgement of future cash flows from venues considered to have indicators of impairment. As a result of this, Administrative Expenses includes a charge of £0.7m (2022: £Nil) relating to the impairment of our venue in Leeds. This is based on the Board's assessment that, at the Balance Sheet date, the present value of future cash flows was less than the carrying amount of the Right-of-Use Asset and Property, Plant and Equipment. The Board anticipates that the UK Box Office will continue to improve during 2024 and 2025 and will closely monitor the impact of this on any venues with carried forward impairment to Right-of-Use Assets and Property, Plant and Equipment, in the event that any charges previously incurred can be reversed.

Financial Expenses

Financial expenses were £5.4m (2022: £3.9m) and relate mainly to interest charges on the Group's banking facilities and on lease liabilities under IFRS 16. This increase relates mainly to an increased draw down on the Group's Revolving Credit Facility as well as increases to underlying interest rates, as well as the IFRS 16 impact of new leases entered into during the year.

Taxation

The Group's loss for the year includes a £2.8m credit relating to the recognition of a Deferred Tax Asset. The Group has consulted the FRC's thematic review of Deferred Tax Assets published in September 2022 and concluded that an asset should be recognised on the basis of a sufficient level of probable future taxable profits.

The Group has taken the decision to recognise the Deferred Tax Asset in 2023 due to increased certainty over future trading performance as we emerge further from the pandemic, and following the conclusion of the WGA and SAG-AFTRA strikes, which no longer pose the threat of long-term disruption to the film slate.

Non-GAAP adjusted EBITDA

In addition to performance measures directly observable in the financial statements, the following additional performance measures are used internally by management to assess performance:

- Non-GAAP Adjusted EBITDA
- Admissions
- Paid-for Average Ticket Price
- Food & Beverage Spend per Head

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 EBITDA was £16.2m, compared with £14.5m in 2022. It is worth nothing that the prior year figure includes a £0.9m benefit from the Temporary Reduced Rate of VAT.

Non-GAAP adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortisation, profit or loss on disposal of Property, Plant & Equipment, impairment, share based payments, pre-opening expenses and exceptional costs.

The reconciliation between operating (loss) / profit and non-GAAP adjusted EBITDA is shown at the end of the consolidated statement of profit and loss.

Cash Flows

The Directors believe that the Group balance sheet remains well capitalised, with sufficient working capital to service ongoing requirements. Net cash generated in operating activities was £17.9m (2022: £11.8m) with a net cash inflow for the year of £2.9m (2022: £0.5m outflow).

Cash flow used in investing activities was £14.2m (2022: £19.9m). This related mainly to payments for new venues in Marlow, Salisbury, Northallerton and Plymouth, as well as the acquisition of the two Tivoli venues in Bath and Cheltenham from the Empire Cinemas Limited administration process in December 2023. The amount also includes £6.5m from the sale and leaseback of our two freehold venues in Crystal Palace and Salisbury (2022: £Nil).

The Group financed the majority of its expansion from operating cash flow. The remainder was financed via £4.1m landlord contributions (2022: £5.0m) and a £4m draw on the Group's Revolving Credit Facility (2022: £9.5m).

The Group ended the year with cash and cash equivalents of £6.6m (2022: £3.7m) and net banking debt of £19.4m (2022: £18.3m). Whilst net banking debt is marginally higher than the prior year, the Group has invested in a total of six new venues (four organically and two through acquisition) whilst reducing leverage.

Pre-opening costs

Pre-opening costs, which have been expensed within administrative expenses, were £0.9m (2022: £0.2m). 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.

Exceptional costs

The Group incurred exceptional costs of £0.5m during the year (2022: £0.2m), which related both to transactional expenses pertaining to the two Tivoli venues, as well as one-off reorganisational costs relating to certain Head Office teams.

Banking

On 17th August 2023, the Group agreed a new three year loan facility of £35m with Barclays Bank Plc and National Westminster Bank Plc, extendable by a further two years subject to lender consent. The facility ensures that the Group is soundly financially structured and well positioned to take advantage of opportunities moving forwards. The facility also includes an additional £5m accordion element, again subject to lender consent.

The new facility replaced the previous £25m Revolving Credit Facility and £15m Coronavirus Large Business Interruption Loan Scheme ("CLBILS") held with Barclays Bank Plc and Santander UK Plc.

The covenants on the new facility are based on Adjusted Leverage and Fixed Charge Cover, as per the previous facility. The Group's current forecasts demonstrate that the Group will remain within these covenants for the foreseeable future.

At the end of the year the Group had drawn down £26m (2022: £22m) of the available funds under the new facility, and therefore £9m of the £35m facility was undrawn (2022: £18m of the £40m facility).

Acquisitions

On 14 December 2023 the Group acquired the trade and assets of the two Tivoli cinemas in Bath and Cheltenham from T4051 Limited, a subsidiary of Empire Cinemas Limited. The principal reason for this acquisition was to secure two additional cinemas in desired regional areas.

Details of this acquisition are set out in Note 17 of the financial statements.

Annual General Meeting

The Annual General Meeting of the Company will be held on 13 June 2024 at 9:30am at Everyman Cinema Hampstead, 5 Holly Bush Vale, London NW3 6TX.

Consolidated statement of profit and loss and other comprehensive income for the year ended 28 December 2023

	Note	Year ended 28 December 2023 £000	Year ended 29 December 2022 £000
Revenue	6	90,859	78,817
Cost of sales		(32,724)	(28,338)
Gross profit		58,135	50,479
Other Operating Income	11	647	622
Administrative expenses		(58,834)	(50,699)
Operating (loss)/profit		(52)	402
Financial expenses	12	(5,449)	(3,906)
Loss before tax		(5,501)	(3,504)
Tax credit	13	2,805	-
Loss for the year		(2,696)	(3,504)
Other comprehensive income for the year			-

Other comprehensive income for the year		-	
Total comprehensive income for the year		(2,696)	(3,504)
Basic loss per share (pence)	14	(2.96)	(3.84)
Diluted loss per share (pence)	14	(2.96)	(3.84)

All amounts relate to continuing activities.

Non-GAAP measure: adjusted EBITDA		Year ended 28 December 2023 £000	Year ended 29 December 2022 £000
Adjusted EBITDA		16,180	14,527
Before:			
Depreciation and amortisation	15/18/19	(13,152)	(11,725)
Loss on disposal of Property, Plant & Equipment	15	(121)	(434)
Impairment	20	(724)	-
Pre-opening expenses*		(934)	(195)
Exceptional**		(481)	(234)
Share-based payment expense	31	(820)	(1,537)
Operating (loss)/profit		(52)	402

*Pre-opening expenses mainly include venue staff costs (new venue preparation and staff training) and property expenses (such as utilities, service charges and business rates) incurred prior to a new venue opening.

**Exceptional costs mainly relate to transaction-related costs pertaining to the acquisition of the Tivoli venues in Bath and Cheltenham, as well as one-off reorganisational costs relating to certain Head Office teams.

Consolidated balance sheet at 28 December 2023

Registered in England and Wales
Company number: 08684079

	Note	28 December 2023 £000	29 December 2022 £000
Assets			
Non-current assets			
Property, plant and equipment	15	101,544	90,067
Right-of-use assets	18	68,088	58,920
Intangible assets	19	9,388	9,312
Deferred tax assets	29	2,805	-
Trade and other receivables	22	173	173
		181,998	158,472
Asset held for sale	16	-	3,219
		181,998	161,691
Current assets			
Inventories	21	858	690
Trade and other receivables	22	5,216	5,840
Cash and cash equivalents		6,645	3,701
		12,719	10,231
Total assets		194,717	171,922
Liabilities			
Current liabilities			
Trade and other payables	23	19,455	15,818
Lease liabilities	18	2,824	3,014
		22,279	18,832
Non-current liabilities			
Loans and borrowings	24	26,000	22,000
Other provisions	28	1,631	1,362
Lease liabilities	18	[illegible]	[illegible]

Lease liabilities	18	100,414	83,459
		128,045	106,821
Total liabilities		150,324	125,653
Net assets		44,393	46,269
Equity attributable to owners of the Company			
Share capital	30	9,118	9,118
Share premium	30	57,112	57,112
Merger reserve	30	11,152	11,152
Other reserve		83	83
Retained earnings		(33,072)	(31,196)
Total equity		44,393	46,269

These financial statements were approved by the Board of Directors and authorised for issue on 15 April 2024 and signed on its behalf by:

Will Worsdell

Consolidated statement of changes in equity for the year ended 28 December 2023

	Note	Share capital £000	Share premium £000	Merger reserve £000	Other reserve £000	Retained earnings £000	Total Equity £000
Balance at 30 December 2021		9,117	57,097	11,152	83	(29,229)	48,220
Loss for the year		-	-	-	-	(3,504)	(3,504)
Total comprehensive loss		-	-	-	-	(3,504)	(3,504)
Shares issued in the period	30	1	15	-	-	-	16
Share-based payments	31	-	-	-	-	1,537	1,537
Total transactions with owners of the parent		1	15	-	-	1,537	1,553
Balance at 29 December 2022		9,118	57,112	11,152	83	(31,196)	46,269
Loss for the year		-	-	-	-	(2,696)	(2,696)
Total comprehensive loss		-	-	-	-	(2,696)	(2,696)
Share-based payments	31			-	-	820	820
Total transactions with owners of the parent				-	-	820	820
Balance at 28 December 2023		9,118	57,112	11,152	83	(33,072)	44,393

Consolidated cash flow statement for the year ended 28 December 2023

	Note	28 December 2023 £000	29 December 2022 £000
Cash flows from operating activities			
Loss for the year		(2,696)	(3,504)
Adjustments for:			
Financial expenses	12	5,449	3,906
Tax credit	29	(2,805)	-
Operating (loss)/profit		(52)	402

Depreciation and amortisation	15,18,19	13,152	11,725
Loss on disposal of property, plant and equipment		122	434
Impairment	20	724	-
Loss/(Gain) on lease modification		15	(99)
Share-based payment expense	31	820	1,537
		14,781	13,999
Changes in working capital:			
Decrease/ (Increase) in inventories		(168)	21
(Decrease)/Increase in trade and other receivables		850	(187)
(Decrease)/Increase in trade and other payables		2,423	(1,658)
Increase in provisions		-	(378)
Net cash generated from operating activities		17,886	11,797
Cash flows from investing activities			
Proceeds from sale of assets	18	6,490	-
Business combinations	17	(1,250)	-
Acquisition of property, plant and equipment		(18,586)	(18,884)
Acquisition of intangible assets	19	(829)	(1,058)
Net cash used in investing activities		(14,175)	(19,942)
Cash flows from financing activities			
Proceeds from the issuance of shares	30	-	16
Repayment of existing loan facility		(24,000)	-
Drawdown of bank borrowings	25	28,000	9,500
Lease payments - interest	17	(3,410)	(2,851)
Lease payments - capital	17	(3,103)	(3,210)
Landlord capital contributions received	18	4,054	5,005
Loan arrangement fees paid		(263)	-
Interest paid		(2,045)	(854)
Net cash generated (used in)/from financing activities		(767)	7,606
Net increase /(decrease) in cash and cash equivalents		2,944	(539)
Cash and cash equivalents at the beginning of the year		3,701	4,240
Cash and cash equivalents at the end of the year		6,645	3,701

The Group had £9,000,000 of undrawn funds available of a £35,000,000 facility (2022: £18,000,000 of a £40,000,000 facility) at the year end

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

This final results announcement for the year ended 28 December 2023 has been prepared in accordance with the UK adopted International Accounting Standards. The accounting policies applied are consistent with those set out in the Everyman Media Group plc Annual Report and Accounts for the year ended 28 December 2023.
The financial information contained within this final results announcement for the year ended 28 December 2023 and the year ended 29 December 2022 is derived from but does not comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 29 December 2022 have been filed with the Registrar of Companies and those for the year ended 28 December 2023 will be filed following the Company's annual general meeting. The auditors' report on the statutory accounts for the year ended 28 December 2023 is unqualified, does not draw attention to any matters by way of emphasis and does not contain any statement under section 498 of the Companies Act 2006.

The consolidated financial statements of the Group have been prepared in accordance with UK adopted International Accounting Standards.

The financial statements are prepared on the historical cost basis.

The preparation of financial statements in compliance with UK adopted International Accounting Standards requires the use of certain critical accounting estimates, it also requires Group management to exercise judgements and estimates in preparing the financial statements. Their effects 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 28 December 2023 is a 52-week period as is the comparative year.

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

Business combinations
On 14 December 2023 the Group acquired the trade and assets of T4051 Limited, being the Tivoli cinemas in Bath and Cheltenham, from the Empire Cinemas administration process. As the Group obtained control through payment of cash consideration, the transaction has been presented under the scope of IFRS 3 (Business Combinations).

The application of IFRS 3 has resulted in the acquisition of property, plant and equipment, lease liabilities and corresponding right of use assets. Further details are outlined in Note 17.

At the acquisition date, the Group classified the identifiable assets acquired and liabilities assumed by applying appropriate IFRSs. The Group made those classifications on the basis of the contractual terms, economic conditions and accounting policies as they existed at the acquisition date.

Going concern
Current trading is in line with management expectations. Given the increased number of wide releases year-on-year, commitment to the theatrical window from distributors and new investment from streamers in content for cinema, management expect admissions to continue to recover towards pre-pandemic levels. Paid for Average Ticket Price and Spend per Head have continued to grow steadily despite well-publicised concerns over consumer spends.

Banking
On 17 August 2023, the Group signed a new three-year loan facility of £35m with Barclays Bank Plc and National Westminster Bank Plc, repayable on 16 August 2026. The facility is extendable by up to a further two years, subject to lender consent. This Group facility agreement is available to the Company.

At the end of the year, the Company had drawn down £26.0m on its facilities and held £6.6m in cash; the undrawn facility was therefore £9m and net banking debt £19.4m.

The new RCF has leverage and fixed charge cover covenants. The Board has reviewed forecast scenarios and is confident that the business can continue to operate with sufficient headroom. These forecasts consider scenarios in which there is no further growth in admissions beyond 2023 levels and include realistic assumptions around wage increases and inflation. Utilities contracts have been fixed for a year from 1st November 2023 and rates achieved on both gas and electricity are in line with management expectations and forecasts.

In light of this, the Board consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Base case Scenario

The period forecast is up to 30 April 2025.

The forecast assumes that admissions grow in line with the new venue pipeline. 3 new venues are assumed to open in 2024, in Bury St Edmunds, Stratford (London) and Cambridge. The forecast also assumes the opening of new venues in Durham and Brentford Lock in the first quarter of 2025, and includes corresponding capital investment for all aforementioned venues aside from Durham, which is fully built.

Increases in forecasts costs reflect the current inflationary environment.
In this scenario the Group maintains significant headroom in its banking facilities.
Stress testing

The Board considers budget assumptions on admissions to be very conservative, particularly in light of current trading, the improving consumer environment and additional investment in customer acquisition. A reduction in admissions of 6% during 2024 and 2025 has been modelled. This scenario would cause a breach in the Adjusted Leverage covenant in August and September 2024.
If such a scenario were to occur, Management would be able to temporarily reduce administrative expenditure to increase EBITDA and avoid a breach, without material impact to the Group's operations and the quality of customer experience. The Group also has the ability to delay the deployment of capital expenditure. In this scenario, the Group would remain compliant with the Fixed Charge Cover covenant.
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 a 6% reduction in budgeted admissions is very unlikely, particularly in light of business performance in the first quarter of 2024. As a result, the Board does not believe this to represent a material uncertainty, and therefore 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, adjusted EBITDA provides additional guidance to the statutory measures of the performance of the business during the financial year. The reconciliation between operating loss and adjusted EBITDA is shown on page 44.

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

Exceptional items that have been added back when calculating adjusted EBITDA relateto restructuring costs within the Head Office team and acquisition costs.

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 28 December 2023 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 IFRS 3. The introduction of the new holding company was accounted for as a capital reorganisation using the principles of reverse acquisition accounting under IFRS 3. 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.

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.

Most of the Group's revenue is derived from the sale of tickets for film admissions and the sale of food and beverage, and therefore the amount of revenue earned is determined by reference to the prices of those items. 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.

Bookings, 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 obligation.

Contractual-based revenue from Everywhere (unlimited tickets) memberships is initially classified as deferred revenue and subsequently recognised on a straight-line basis over the year. Revenue from Everyman and Everyicon is classified as deferred revenue and subsequently recognised in line with ticket usage. Advertising revenue is recognised at the point the advertisement is shown in the cinemas.

Fees charged for advanced bookings of tickets is recognised at the point when the tickets are purchased.

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 acquisition date fair values of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is capitalised as an intangible asset.

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. Once goodwill has been impaired, the impairment cannot be reversed in future periods.

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

Impairment
The carrying amounts of the Group's assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill assets that have an indefinite useful economic life, the recoverable amount is estimated at each Balance Sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit ('CGU') exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Statement of Profit or Loss.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets and relates to an individual cinema venue.

Non-current assets held for sale
During the year ended 29 December 2022 the policy applied was that non-current assets are classified as held for sale when:

- They are available for immediate sale
- Management is committed to a plan to sell
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn
- An active programme to locate a buyer has been initiated
- The asset or disposal group is being marketed at a reasonable price in relation to its fair value, and
- A sale is expected to complete within 12 months from the date of classification.

Non-current assets classified as held for sale are measured at the lower of:

- Their carrying amount immediately prior to being classified as held for sale; and
- Fair value less costs of disposal.

Following their classification as held for sale, non-current assets are not depreciated.

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. The majority of leases entered into determine the lease commencement to be dependent on the date in which access to the property is provided by the landlord, at this point we assess the Group gains control.

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.

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.

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, the incremental borrowing rate is most commonly used in the Groups recognition of leases.

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 28).

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.

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.

Sale and Leaseback transactions
The Group has entered into two sale and leaseback transactions during the year where the Group transferred an property to another entity and leased the property back from the buyer-lessor. In both cases a sale was deemed to have taken place and the Group de-recognised the underlying asset and applied the lessee accounting model to the leaseback arrangement. A right-of-use asset is recognised based on the retained portion of the previous carrying amount of the asset and only the gain or loss is recognised related to the rights which are transferred to the lessor.

Immediately before the initial classification of the asset as held for sale, the carrying amount of the asset will be measured in accordance with applicable IFRSs. The Group has previously held freehold assets which were later classified as assets held for sale.

Assets that are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell (fair value less costs to distribute in the case of assets classified as held for distribution to owners).

Impairment must be considered both at the time of classification as held for sale and subsequently:

- At the time of classification as held for sale. Immediately prior to classifying an asset or disposal group as held for sale, impairment is measured and recognised in accordance with the applicable IFRSs. Any impairment loss is recognised in profit or loss unless the asset had been measured at revalued amount under IAS 16 or IAS 38, in which case the impairment is treated as a revaluation decrease.
- After classification as held for sale. Calculate any impairment loss based on the difference between the adjusted carrying amounts of the asset/disposal group and fair value less costs to sell. Any impairment loss that arises by using the measurement principles in IFRS 5 would be recognised in profit or loss.

No impairment indicators were present at the time of the asset being held for sale, or subsequently after the asset was held for sale. Therefore, the Group have no impairment losses recognised against the carrying amount of the Freehold property. Non-current assets or disposal groups that are classified as held for sale are not depreciated.

Leaseback

On initial recognition, the Group measures the right of use assets as a proportion of the carrying amount of the underlying asset. The lease liabilities are recorded in adherence to the above principles on lease recognition. The Group considers that the cash received for sale and leaseback, up to the fair value of the underlying asset, relates to the disposal of the asset and is presented in the statement of cash flows as an investing cash flow.

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.

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.

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
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 equity-settled share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions, through the Growth Share Scheme, Approved and Unapproved Options Schemes). The cost of share-based payments is recharged by the Company to subsidiary undertakings in proportion to the services recognised.

Equity-settled share based schemes are measured at fair value, excluding the effect of non-market based vesting conditions, 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 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 has been 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.

3 Financial Instruments

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

Financial assets

All the Group's financial assets are subsequently accounted for at amortised cost. These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated balance sheet.

Cash and cash equivalents comprise cash balances, call deposits and cash amounts in transit due from credit cards which are settled within seven days from the date of the reporting period. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the Statement of Cash Flows.

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 and initially recognised at fair value net of any transaction costs directly attributable. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

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

Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 27.

Interest rate risk
The Group is exposed to cash flow interest rate risk from its revolving credit facility at variable rates. During 2023 and 2022, 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 2023

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 2023:

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements);
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors); and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes).

The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16 Leases (Amendment - Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-Current)
- IAS 1 Presentation of Financial Statements (Amendment - Non-Current Liabilities with Covenants)

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The Group does not expect any other standards issued, 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 cinemas
The Group determines whether the above are impaired when impairment indicators exist or based on the annual impairment assessment. The annual assessment requires an estimate of the value in use of the CGUs to which the intangible and 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 19).

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 annually and updated based on physical inspections performed periodically.

Deferred Tax Assets
The Group recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. The recognition of deferred tax assets based on future taxable profits requires significant management judgment and estimation.

In assessing the probability of future taxable profits, management considers historical profitability, forecasts, and business plans. These assessments are based on various factors including, but not limited to, expected future market conditions, industry trends, regulatory environment, and specific operational strategies.

The Company regularly reviews its forecasts and projections to assess the likelihood of future taxable profits and adjusts the recognition of Deferred Tax assets accordingly. However, actual results may differ from these forecasts due to changes in economic conditions, market dynamics, or other unforeseen events.

Incremental borrowing rate
The Group determines the incremental borrowing rates used to discount lease payments for the purpose of measuring the lease liability and right-of-use asset under IFRS 16, Leases. The determination of incremental borrowing rates involves significant judgment and estimation by management. Key factors considered are the nature and term of lease, market conditions and availability of comparable financing.

6 Revenue

	Year ended 28 December 2023 £000	Year ended 29 December 2022 £000
Film and entertainment	44,718	39,764
Food and beverages	38,563	32,250
Venue Hire, Advertising and Membership Income	7,578	6,803
	90,859	78,817

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.

Contract balances	28 December 2023 £000	29 December 2022 £000
Trade receivables	1,565	3,308
Deferred income	4,330	4,143

Deferred income relates to advanced consideration received from customers in respect of memberships, gift cards and advanced screenings.

7 Loss before taxation

Loss before taxation is stated after charging:

	Year ended 28 December 2023 £000	Year ended 29 December 2022 £000
Depreciation of tangible assets	8,808	7,721
Amortisation of right-of-use assets	3,591	3,342
Amortisation of intangible assets	753	662
Loss on disposal of property, plant and equipment	121	434
Operating lease income	-	(57)
Share-based payment expense	820	1,537
Impairment	724	-

8 Staff numbers and employment costs

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

	28 December 2023 Number	29 December 2022 Number
Management	252	222
Operations	1,180	1,032
	1,432	1,254

At the year end the number of employees (including Directors) was 1,689 (2022: 1,380). Management staff represent all full-time employees in the Group.

	Year ended 28 December 2023	Year ended 29 December 2022

	£000	£000
Wages and salaries	22,800	20,374
Social security costs	1,809	1,718
Pension costs	356	306
Share-based payment expense	820	1,537
	25,785	23,935

There were pension liabilities outstanding as at 28 December 2023 of £81,000 (29 December 2022: £62,000).

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 28 December 2023 £000	Year ended 29 December 2022 £000
Salaries/fees	815	807
Bonuses	-	88
Other benefits	7	22
Pension contributions	17	14
	839	931
Share-based payment expense	662	869
	1,501	1,800

Information regarding the highest paid Director is as follows:

	Year ended 28 December 2023 £000	Year ended 29 December 2022 £000
Salaries/fees	312	294
Bonuses	-	44
Other benefits	6	21
Pension contributions	10	10
	328	369
Share-based payment expense	368	598
	696	967

Directors remuneration for each Director is disclosed in the Remuneration Committee report. The costs relating to the Directors remuneration are incurred by Everyman Media Limited for the wider Group. No Directors exercised options over shares in the Company during the year (2022: None).

10 Auditor's remuneration

Fees payable to the Group's auditor for:	Year ended 28 December 2023 £000	Year ended 29 December 2022 £000
Audit of the Company's financial statements	36	24
Audit of the subsidiary undertakings of the Company	161	159
	197	183

11 Other Operating Income

	Year ended 28 December 2023 £'000	Year ended 29 December 2022 £'000
Business Grants	-	155
Landlord compensation	647	467
	647	622

12 Financial expenses

	Year ended 28 December 2023 £000	Year ended 29 December 2022 £000
Interest on bank loans	1,934	983
Bank loan arrangement fees	148	60
Interest on lease liabilities	3,409	2,851
Revaluation of dilapidations	(50)	-
Interest on dilapidations provision	8	12
	5,449	3,906

13 Taxation

	Year ended 28 December 2023 £000	Year ended 29 December 2022 £000
Deferred tax credit		
Origination and reversal of temporary differences	(2,805)	-
Total tax credit	(2,805)	-

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

Reconciliation of effective tax rate	Year ended 28 December 2023 £000	Year ended 29 December 2022 £000
Loss before tax	(5,501)	(3,504)
Tax at the UK corporation tax rate of 23.5% (2022:19.00%)	(1,293)	(666)
Permanent differences (expenses not deductible for tax purposes)	1,313	840
Impact of difference in overseas tax rates	3	-
De-recognition of losses	-	32
Effect of change in expected future statutory rates on deferred tax	(196)	(206)
Tax losses/temp. differences of deferred tax previously unrecognised	(2,632)	-
Total tax credit	(2,805)	-

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This change is reflected in the charge for the period.

14 Earnings per share

	Year ended 28 December 2023	Year ended 29 December 2022
Loss used in calculating basic and diluted earnings per share (£000)	(2,696)	(3,504)
Number of shares (000's) Weighted average number of shares for the purpose of basic earnings per share	91,178	91,178
Number of shares (000's) Weighted average number of shares for the purpose of diluted earnings per share	91,178	91,178
Basic loss per share (pence)	(2.96)	(3.84)
Diluted loss per share (pence)	(2.96)	(3.84)

	28 December 2023 Weighted average no. 000's	29 December 2022 Weighted average no. 000's
Issued at beginning of the year	91,178	91,163
Share options exercised	-	15
Weighted average number of shares at end of the year	91,178	91,178

Weighted average number of shares for the purpose of diluted earnings per share		
Basic weighted average number of shares	91,178	91,178
Effect of share options in issue	-	-
Weighted average number of shares at end of the year	91,178	91,178

Basic earnings per share values are calculated by dividing net 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 7.2m potentially issuable Ordinary shares (2022: 7.0m) 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 £1,365,000 (2022: £2,029,000).

15 Property, plant and equipment

	Land & Buildings	Leasehold improvements	Plant & machinery	Fixtures & Fittings	Assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 30 December 2021	6,529	76,178	12,570	9,179	5,863	110,319
Acquired in the year	1,278	977	830	406	16,102	19,593
Disposals	-	(648)	(284)	(425)	-	(1,357)
Transfer on completion	-	7,950	3,060	4,433	(15,443)	-
Re-classified to non-current assets held for sale	(3,398)	-	-	-	-	(3,398)
At 29 December 2022	4,409	84,457	16,176	13,593	6,522	125,157
Acquired in the year	-	613	1,065	786	17,617	20,081
Acquired in business combination	-	1,232	389	326	-	1,947
Disposals	(1,223)	(210)	-	(15)	-	(1,448)
Transfer on completion	-	8,372	1,600	5,977	(15,949)	-
Transfer on sale of freehold*	(3,186)	3,023	38	125	-	-
At 28 December 2023	-	97,487	19,268	20,792	8,190	145,737
Depreciation						
At 30 December 2021	207	16,470	7,360	4,434	-	28,471
Charge for the year	42	3,850	2,536	1,293	-	7,721
Re-classified to non-current assets held for sale	(179)	-	-	-	-	(179)
On Disposals	-	(523)	(129)	(271)	-	(923)
At 29 December 2022	70	19,797	9,767	5,456	-	35,090
Charge for the year	8	4,197	2,743	1,860	-	8,808
Impairment	-	390	13	13	-	416
On Disposals	(13)	(95)	-	(13)	-	(121)
Transfer on sale of freehold	(65)	65	-	-	-	-
At 28 December 2023	-	24,354	12,523	7,316	-	44,193
Net book value						
At 28 December 2023	-	73,133	6,745	13,476	8,190	101,544
At 29 December 2022	4,339	64,660	6,409	8,137	6,522	90,067
At 30 December 2021	6,322	59,708	5,210	4,745	5,863	81,848

*Transfer on sale of freehold relates to a reclassification of assets retained after the sale and leaseback of Crystal palace freehold. Refer to note 18 for further details.

For impairment considerations of tangible fixed assets this was considered using the value in use basis disclosed in Note 19.

16 Non-current assets held for sale

General description:

In September 2022, the board announced its intention to sell the Freehold Investment property, 25 Church Road, London SE19 2TE to a suitable buyer. Therefore, as at 1 October 2022, the property was no longer depreciated and was re-classified as held for sale.
The property is owned by ECPEE Limited, a subsidiary of the Group.

The sale and leaseback of 25 Church Road, London SE19 2TE was concluded through exchange of contracts on 16 January 2023 with a suitable buyer. The sale was concluded with a sale price of £3,900,000.

Assets and liabilities held for sale:

	28 December 2023	29 December 2022
	£'000	£'000
Freehold property	-	3,219
Assets held for sale	-	3,219

The freehold property transferred from Property, plant and equipment to assets held for sale was valued immediately before the transfer, using a fair market value carried out by external qualified valuers. Fair value less cost to sell was higher than net book value and consequently no impairment charge is required.

17 Business combinations

On 14 December 2023, the Group acquired the trade and assets of the Tivoli cinemas in Bath and Cheltenham from the Empire Cinemas administration process through the transfer of £1.25m cash on the completion date. The principal reason for the acquisition was to secure two additional cinemas in desirable locations.

Details of the fair value of identifiable assets and liabilities acquired are as follows (note that fair value was not used as the measurement basis for assets and liabilities that require a different basis, which includes leases):

	Book Value	**Adjustment**	**Fair value**
	£'000	**£'000**	**£'000**
Leases	(7,369)	-	(7,369)
Right of use	6,672	-	6,672
Property, plant and equipment	6,168	(4,221)	1,947
Net assets	**5,471**	**(4,221)**	**1,250**

Acquisition costs of £277,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the statement of comprehensive income.

18 Leases

Nature of leasing activities
The Group leases all 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.

28 December 2023	Lease contract No.	Fixed payments %	Variable payments %	Sensitivity (+/-) £'000
Property leases with payments linked to inflation	**22**	-	61%	2,854
Property leases with periodic uplifts to market rentals	**23**	-	28%	1,745
Property leases with fixed payments	**5**	10%	-	-
Vehicle leases	**4**	1%	-	-
	54	11%	89%	4,599

During 2023 the Group entered into four property leases for new venues for a period of 25 years each. The leases had not commenced by the year end and as a result, a lease liability and right-of-use asset have not been recognised at 28 December 2023. The aggregate future cash outflows to which the Group is exposed in respect of these contracts is fixed payments of £778,000 per year for the next 5 years, with upward only rent reviews every 5 years.

29 December 2022	Lease contract No.	Fixed payments %	Variable payments %	Sensitivity (+/-) £'000
Property leases with payments linked to inflation	21	-	50%	2,799

Property leases with periodic uplifts to market rentals	17	-	43%	1,316
Property leases with fixed payments	2	6%	-	-
Vehicle leases	3	1%	-	-
	43	7%	93%	4,115

Right-of-Use Assets

	Land & Buildings £'000	Motor Vehicles £'000	Total £'000
As at 30 December 2021	58,564	29	58,593
Additions	2,540	43	2,583
Amortisation	(3,325)	(17)	(3,342)
Effect of modification to lease terms	1,086	-	1,086
At 29 December 2022	**58,865**	**55**	**58,920**
Additions	**6,759**	**22**	**6,781**
Business combinations	**6,672**	**-**	**6,672**
Negative addition*	**(1,361)**	**-**	**(1,361)**
Amortisation	**(3,563)**	**(28)**	**(3,591)**
Impairment	**(308)**	**-**	**(308)**
Effect of modification to lease terms	**975**	**-**	**975**
At 28 December 2023	**68,039**	**49**	**68,088**

Lease incentives received prior to lease commencement during the year are deducted directly from the right of use, these amounted to £Nil (2022: £371k).

*Negative right-of-use asset addition relates to a lease in which lease incentives exceed present value of fixed rent payments resulting in a negative right-of-use asset. This materialised due to the nature of the lease agreement in which rent payments are made up of turnover based rent and quarterly rent. Turnover rent is excluded from the present value of lease liabilities on recognition of the lease.

Lease liabilities

	Land & Buildings £'000	Motor Vehicles £'000	Total £'000
At 30 December 2021	81,756	24	81,780
Additions	2,465	43	2,508
Interest expense	2,850	1	2,851
Effect of modification to lease terms	845	-	845
Lease payments	(6,045)	(16)	(6,061)
Landlord contributions	4,550	-	4,550
At 29 December 2022	**86,421**	**52**	**86,473**
Additions	**7,349**	**22**	**7,371**
Acquired through business combination	**7,369**	**-**	**-**
Interest expense	**3,407**	**2**	**3,409**
Effect of modification to lease terms	**1,075**	**-**	**1,075**
Lease payments	**(6,449)**	**(64)**	**(6,513)**
Landlord contributions	**4,054**	**-**	**4,054**
At 28 December 2023	**103,226**	**12**	**103,238**

Landlord contributions received after lease commencement date are shown in the table above. In 2023 further contribution of Nil (2022: £455,000) was received prior to lease commencement. Therefore total cash received from landlords during the year, as presented in the cash flow statement, was £4,054,000 (2022: £5,005,000).

	28 December 2023 £'000	29 December 2022 £'000
Lease liabilities		
Current	**2,824**	3,014
Non-current	**100,414**	83,459
	103,238	86,473

Maturity analysis of lease payments

Maturity analysis of lease payments

	28 December 2023	29 December 2022
	£'000	£'000
Contractual future cash outflows		
Land and buildings		
Less than one year	**7,056**	5,998
Between one and five years	**31,774**	24,916
Over five years	**119,354**	90,989
	158,184	121,903
Motor Vehicles		
Less than one year	**24**	24
Between one and five years	**22**	29
	46	53

Other lease disclosures

	28 December 2023	29 December 2022
	£'000	£'000
Expenses relating to variable lease payments not included in the measurement of lease liabilities	-	113

Sale and Leaseback

During the reporting period, the Group entered into two sale and leaseback transactions for certain assets. Under these arrangements, the Group sold the assets to respective third parties and simultaneously entered into a lease agreement to lease back the same assets from the buyers. The group received £6.49m in cashflow for both transactions detailed below:

Crystal Palace
The freehold for Cystal Palace was held as an asset held for sale at 29 December 2022. At this point the Group were intending to enter into a sale and leaseback with an appropriate buyer. On 16 January 2023 the sale and leaseback was completed for £3.9m. The leaseback agreement stipulates a term of 25 years with annual rent of £240,000 per year.

Salisbury
On 2 August 2022 the Group acquired the freehold for the cinema, the cinema was refitted as an Everyman cinema. The cinema was transferred to a asset held for sale in July 2023 with the intention to enter into a sale and leaseback with suitable potential buyers.
On 1 December 2023 the Cinema was sold to a buyer for £2.6m. The leaseback agreement stipulates a term of 30 years with annual rent of £200,000 per year.

19 Goodwill and intangible assets
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. The Group has determined there is now impairment on goodwill for the period ending 28 December 2023.

	Goodwill £'000	Software £'000	Total £'000
Cost			
At 30 December 2021	8,951	2,868	11,819
Acquired in the year	-	1,068	1,068
At 29 December 2022	8,951	3,936	12,887
Acquired in the year	**-**	**829**	**829**
At 28 December 2023	**8,951**	**4,765**	**13,716**
Amortisation and impairment	-		
At 30 December 2021	1,599	1,314	2,913
Charge for the year	-	662	662
At 29 December 2022	1,599	1,976	3,575
Charge for the year	**-**	**753**	**753**
At 28 December 2023	**1,599**	**2,729**	**4,328**
Net book value			
At 28 December 2023	**7,352**	**2,036**	**9,388**

At 29 December 2022	7,352	1,960	9,312
At 30 December 2021	7,352	1,554	8,906

Goodwill is allocated to the following CGUs:

	28 December 2023 £000	29 December 2022 £000
Baker Street	**103**	103
Barnet	**1,309**	1,309
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
	7,352	7,352

20 Impairment

The Group evaluates assets for impairment annually or when indicators of impairment exist.

The impairment assessment requires an estimate of the value in use of each cash-generating unit (CGU) to which goodwill, property, plant and equipment and right-of-use assets are allocated, which is the individual cinema level. The recoverable amount of a CGU is the higher of value in use and fair value less cost of disposal. The Group determines the recoverable amount with reference to its value in use.

Estimating the value in use requires estimates of the expected future cash flows from each CGU and discount these to their net present value at a post-tax discount rate. Forecast cash flows are derived from adjusted EBITDA generated by each CGU which is based on management's forecast performance. Cash flow forecasts have been prepared for each CGU by applying growth assumptions to key drivers of cash flows, including admissions, average ticket price, spend per head, direct and overhead costs.

As required by IAS 36, the Group assessed whether there was an indication that a previously recognised impairment no longer exists or may have decreased. A reversal of an impairment is only recognised if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

The key assumptions of this calculation are shown below:

	28 December 2023	29 December 2022
Discount rate (post-tax)	11%	13%
Long term growth rate	2%	2%
Number of years projected	5 years	5 years

A post-tax WACC was used in the impairment calculation. The equivalent pre-tax WACC was 14.7% (2022: 17.3%).

Adjusted EBITDA used for 2024 is based on the Board approved budget and represents managements best estimate of future cashflows, it has been used as the base assumption within the forecast after applying probability weighting for positive and negative case scenarios. In the remaining five-year forecast the following assumptions have been applied:

- Admissions: 5% like-for-like increase in FY25, followed by a 3% like-for-like increases year-on-year thereon. A full film slate is expected in FY25.
- Average Ticket Price: 5% increase in FY25, followed by 3% increases year-on-year thereon, as inflation falls towards Government target levels (i.e. 2%).
- Spend Per Head: 5% increase in FY25, followed by 3% increases year-on-year thereon, as inflation falls towards Government target levels (i.e. 2%).

In the above scenarios, FY 24 assumes no growth in admissions in response to risk to film content caused by actor strikes.

An impairment charge of £724,000 has been recognised in the period (2022: £Nil) relating to one venue, at which the value in use was deemed to be lower than carrying value.

The cumulative impairment charges that have been recognised in previous periods have not been reversed and are summarised in the below table.

	29 December 2022	Impairment Charge 2023	28 December 2023

	£000	£000	£000
Goodwill	1,599	-	**1,599**
Right-of-use assets	724	308	**1,032**
Property, plant & equipment	808	416	**1,224**
Total	3,131	724	**3,855**

Sensitivity analysis

Impairment reviews are sensitive to changes in key assumptions. Sensitivity analysis has been performed by considering incremental
changes in assumptions of admission levels and discount rates.

Goodwill cannot be written back once impaired. As a result, impairment of goodwill brought forward of £1,599,000 was excluded from the calculations.

The following sensitivity scenarios have been applied to the cash flow forecasts for stress testing purposes:

- Admissions levels were increased by 3% versus the base case in each year in the upside case, and decreased by 3% versus the base case in each year in the downside case; and
- WACC was decreased by 1% versus the base case in the upside case, and increased by 1% versus the base case in the downside case.

The results of this were as follows:

	Upside	**Additional number of venues Impaired**	**Downside**	**Additional number of venues Impaired**
	£,000		**£,000**	
Admissions sensitivity	(777)	1	2,536	2
WACC sensitivity	289	1	1,114	2
Combined sensitivity	(1,153)	1	3,585	4

Positive figures relate to additional impairment; negative figures relate to reversal of brought forward impairment.

21 Inventories

	28 December 2023 £000	29 December 2022 £000
Food and beverages	**858**	656
Projection	**-**	34
	858	690

Finished goods recognised as cost of sales in the year amounted to £9,393,000 (2022: £7,848,000). The write-down of inventories to net realisable value amounted to £nil (2022: £nil).

22 Trade and other receivables

	28 December 2023 £000	29 December 2022 £000
Included in current assets	**5,216**	5,840
Included in non-current assets	**173**	173
	5,389	6,013
Trade receivables	**1,565**	3,308
Other receivables	**291**	241
Prepayments and accrued income	**3,533**	2,464
	5,389	6,013

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 have been recognised as non-current assets.

23 Trade and other payables

	28 December 2023 £000	29 December 2022 £000
Trade creditors	**3,385**	2,305
Social security and other taxation	**3,100**	1,819

Social security and other taxation	**3,100**	1,819
Other creditors	**523**	589
Accrued expenses	**8,117**	6,591
Deferred income	**4,330**	4,514
	19,455	15,818

24 Loans and borrowings

	28 December 2023 £000	29 December 2022 £000
Total Bank Debt	**26,000**	22,000
Cash	**(6,645)**	(3,701)
Net Bank Debt	**19,355**	18,299

On 17 August 2023, Everyman Media Group Plc, the company's ultimate parent undertaking, replaced its existing £25m Revolving Credit Facility ("RCF") and £15m Coronavirus Large Business Interruption Loan Scheme ("CLBILS") with a new three-year £35m RCF held with Barclays Bank Plc and National Westminster Bank PlcInterest is charged at SONIA plus margin on the drawn-down balance on a 365/ACT D-basis.The margin ranges between 2.30% and 3.05%. This facility is available to the Company.

Commitment fees are charged quarterly on any balances not drawn at 40% of the applicable rate of drawn funds. The face value is deemed to be the carrying value. The Group had drawn down £26 million of the £35 million debt facility as at 28 December 2023 (2022: £22 million of the £40 million debt facility).

25 Changes in liabilities from financing activities

	Non- current loans and borrowings	Lease liabilities	Total
	£000	£000	£000
At 29 December 2022	**22,000**	**86,473**	**108,473**
Cash flows	**4,000**	**(2,459)**	**1,541**
Non- cash flows:			
Interest accruing in period	**-**	**3,409**	**3,409**
Lease additions	**-**	**14,740**	**14,740**
Effect of modifications to lease terms	**-**	**1,075**	**1,075**
At 28 December 2023	**26,000**	**103,238**	**129,238**
At 30 December 2021	12,500	81,780	94,280
Cash flows	9,500	(1,056)	8,444
Non- cash flows:			
Interest accruing in period	-	2,851	2,851
Lease additions	-	3,680	3,680
Effect of modifications to lease terms	-	(782)	(782)
At 29 December 2022	22,000	86,473	108,473

26 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.

	28 December 2023 £000	29 December 2022 £000
Financial assets measured at amortised cost		
Cash and cash equivalents	**6,645**	3,704
Trade and other receivables	**1,856**	3,549
Accrued income	**1,426**	692
	9,927	7,945

	28 December 2023 £000	29 December 2022 £000
Financial liabilities measured at amortised cost		
Bank borrowings	**26,000**	22,000
Trade Creditors	**3,385**	2,305
Leases	**103,238**	86,473
Other Creditors	**523**	589
Accrued expenses	**8,117**	6,591
	141,263	117,958

27 Financial risks

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 28 December 2023 and 29 December 2022.

Trade and other receivables are measured at amortised cost. Book values and expected cash flows are reviewed by the Board and there have been no impairment losses recognised on these assets.

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.

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 Group 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 28 December 2023 the Group has trade receivables of £1,565,000 (2022: £3,308,000). 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 28 December 2023 the Directors have recognised expected credit losses of £Nil (2022: £Nil).

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

	28 December 2023	29 December 2022
	£000	£000
Ageing of receivables		
<30 days	**1,005**	2,224
31-60 days	**322**	914
61-120 days	**171**	63
>120 days	**67**	107
	1,565	3,308

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 (2022: £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.

The Group's forecasts show sufficient headroom in banking covenants for the next 12 months.

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				
28 December 2023	Carrying amount	Less than one year	Between one and two years	Between three and five years	Over five years	Total
	£000	£000	£000	£000	£000	£000
Non-derivative financial liabilities						
Secured bank facility	**26,000**	**2,012**	**2,012**	**27,341**	**-**	**31,365**
Trade creditors	**3,385**	**3,385**	**-**	**-**	**-**	**3,385**
Leases	**103,238**	**7,080**	**8,146**	**23,604**	**119,354**	**158,184**
Other creditors	**523**	**523**	**-**	**-**	**-**	**523**
Accrued expenses	**8,117**	**8,117**	**-**	**-**	**-**	**8,117**
	141,263	**21,117**	**10,158**	**50,945**	**119,354**	**201,574**

		Contractual cash flows				
29 December 2022	Carrying amount	Less than one year	Between one and two years	Between three and five years	Over five years	Total

	£000	£000	£000	£000	£000	£000
Non-derivative financial liabilities						
Secured bank facility	22,000	1,228	22,818	-	-	24,046
Trade creditors	2,305	2,305	-	-	-	2,305
Leases	86,473	5,998	6,230	18,687	90,988	121,903
Other creditors	589	589	-	-	-	589
Accrued expenses	6,591	6,591	-	-	-	6,591
	117,958	16,711	29,048	18,687	90,988	155,434

Interest rate risk
Interest rate risk arose from the Group's holding of interest-bearing loans linked to SONIA. 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 is set out below.

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	Maturing between 1 to 2 years	Maturing between 2 to 5 years
	%	£000	£000	£000
At 29 December 2022				
Bank borrowings*	5.58%	247	22,000	-
Bank current and deposit balances	0.01%	3,701	-	-
At 28 December 2023				
Bank borrowings*	**7.74%**	**190**	**-**	**26,000**
Bank current and deposit balances	**0.01%**	**6,597**	**-**	**-**

*Bank borrowings comprises SONIA of 5.19% (2022: 3.43%) and margin of 2.55% (2022: 2.15%).

The following table demonstrates the sensitivity to a reasonably plausible 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	28 December 2023	29 December 2022
	%	£000	£000
Bank borrowings	0.5%	130	111
	1.0%	260	222
	1.5%	390	333
Bank current and deposit balances	0.5%	33	18
	1.0%	66	37
	1.5%	99	55

Capital management

The Group's capital is made up of share capital, share premium, merger reserve and retained earnings totalling £44.5m (2022 £46.3m).

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.

28 Provisions

	Other provisions £'000	Leasehold Dilapidations £,000	Total
As at 30 December 2021	393	1,118	1,511
Utilised in the year	(393)	-	(393)
Additions	-	97	97
Other increases	-	135	135
Unwinding of discount	-	12	12
As at 29 December 2022	**-**	**1,362**	**1,362**
Additions	-	311	311

Revaluation of net present value	-	(50)	(50)
Unwinding of discount	-	8	8
As at 28 December 2023	-	**1,631**	**1,631**

All provisions for lease dilapidations are due after more than five years.

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 28 December 2023 was 18 years (2022:18 years).

29 Deferred tax

	28 December 2023 £000	29 December 2022 £000
Deferred tax gross movements		
Opening balance	-	-
Deferred tax asset recognised in period	**2,805**	-
Closing balance	**2,805**	-
Recognised in profit and loss		
Arising on loss carried forward	**(4,660)**	(1,455)
Net book value in excess of tax written down value	**1,805**	1,206
Movement on share option intrinsic value	**-**	245
Amortisation of IFRS accumulated restatement	**45**	49
Lease acquired	**-**	(62)
Other temporary differences	**5**	17
Credit to profit and loss	**(2,805)**	-
Deferred tax comprises:		
Temporary differences on property, plant and equipment	**7,794**	5,723
Temporary differences on IFRS 16 accumulated restatement	**(552)**	(598)
Share-option scheme intrinsic value	**-**	(28)
Available losses	**(10,302)**	(5,376)
Other temporary and deductible differences	**255**	279
	(2,805)	-

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 25% from 1 April 2023. 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 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. The Group has consulted the FRC's thematic review of Deferred Tax Assets published in September 2022 and concluded that an asset should be recognised on the basis of a sufficient level of probable future taxable profits. The Group has taken the decision to recognise the Deferred Tax Asset in 2023 due to increased certainty over future trading performance.

30 Share capital and reserves

	Nominal value	28 December 2023 £000	29 December 2022 £000
Authorised, issued and fully paid Ordinary shares	£0.10		
At the start of the year		**9,118**	9,117
Issued in the year		**-**	1
At the end of the year		**9,118**	9,118

Number of shares	28 December 2023 Number	29 December 2022 Number
Authorised, issued and fully paid Ordinary shares		
At the start of the year	**91,177,969**	91,162,969
Issued in the year	**-**	15,000

At the end of the year	**91,177,969**	91,177,969

The holders of Ordinary shares are entitled to one vote per share. During the year the Company did not issue any Ordinary shares (2022: 15,000 Ordinary shares at a price of 109.5p).

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 (2022: £nil)

31 Share-based payment arrangements

EMI, Non-Qualifying and LTIP Schemes

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.

All equity-settled share options are measured at fair value as determined through use of the Binomial technique, at the date of grant, aside from those with market-based performance conditions, which are valued using the Monte Carlo model. During the year, no equity-settled share options were issued with market-based performance conditions.

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 Groups estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

	Weighted average exercise price per share in the year ended			
	28 December 2023 Pence	29 December 2022 Pence	28 December 2023 Number	29 December 2022 Number
Options at the beginning of the year	104.3	142.0	6,973,833	6,925,003
Options issued in the year	28.6	75.4	1,202,808	1,518,543
Options exercised in the year	-	109.0	-	(15,000)
Option forfeited in the year	41.8	69.2	(979,807)	(1,454,713)
Options at the end of the year	90.4	104.3	7,196,834	6,973,833

The exercise price of options outstanding at 28 December 2023 ranged between 10.0 pence and 184.0 pence (2022: 10.0 pence and 184.0 pence) and their weighted average contractual life was 10 years (2022: 10 years).

The weighted average share price (at the date of exercise) of options exercised during the year was n/a (2022: 109.0 pence)

The weighted average fair value of each option granted during the year was 63.3p (2022: 84.5p).

No options lapsed beyond their contractual life in the year (2022: nil).

The following information is relevant in the determination of the fair value of options granted during the year and equity-settled share-based remuneration schemes operations by the Group:

Option scheme conditions for options issued in the year:	28 December 2023	28 December 2022
Option pricing model used	Binomial	Binomial
Weighted average share price at grant date (pence)	82.4	94.5
Weighted average option exercise prices (pence)	30.1	10.0
Expected volatility	35%	40%
Expected option life (years)	2.9	4.0
Weighted average contractual life of outstanding share options (years)	10	10
Risk-free interest rate	3.56%	1.57%
Expected dividend yield	0.0%	0.0%
Fair value of options granted in the year (pence)	63.3	84.5

Volatility has been calculated based on historical share price movements of the Company as at each grant date.

The share-based remuneration expense applicable to key management personnel was as follows:

	28 December 2023 £000	28 December 2022 £000
Equity-settled schemes	639	869

Changes to Option Terms

During the year, the Remuneration Committee resolved to modify 1,170,000 options over ordinary shares in the company (2022: Nil) pertaining to certain employees, and including key management personnel. This was due to equity market conditions and to ensure that potential incentives relating to options previously granted remained appropriate.

Options modified were all part of the Unapproved Scheme, and were granted between 2013 and 2022. Modifications made related mainly to changes in exercise price and extensions of option lives.

The impact of changes to option terms has been recognised in the share-based payment expense for the year.

Growth Shares

On 8th April 2021, the Group announced that Alex Scrimgeour, Chief Executive Officer of Everyman, had been issued 2,000,000 A ordinary shares ("Growth Shares") in a subsidiary company, Everyman Media Holdings Ltd. The Growth Shares could be exchanged for new Ordinary Shares in the future, subject to meeting certain vesting conditions and share price performance criteria.

Subsequent to this, on 23rd January 2023, the Remuneration Committee resolved that the share price performance condition attached to the Growth Shares was no longer appropriate. The Company announced that, subject to vesting conditions and financial performance targets being met, the Growth Shares would entitle Mr. Scrimgeour to receive an amount equivalent to the market value of an Ordinary Share in the Company less 86.0p, being the closing share price of the Company on 20th January 2023.

On 18th August 2023, the Remuneration Committee has resolved that, due to equity market conditions, the terms of the Growth Shares should be amended so that Mr. Scrimgeour will now receive an amount equivalent to the market value of an Ordinary Share less 60.0p, being the closing share price of the Company on 17 August 2023. All other terms and conditions relation the Growth Shares remain unchanged.

Details of the outstanding shares under the A Growth Share Scheme are as follows:

	28 December 2023	29 December 2022
Outstanding at beginning of year	2,000,000	2,000,000
Lapsed in year	(1,000,000)	-
Outstanding at end of year	1,000,000	2,000,000

Following the amendments to the terms of the A Ordinary Shares noted above, the Binomial model was used for fair valuing the A Growth Share awards at the date of modification. The inputs to the model were as follows:

	A Growth Share Scheme	
	Target 1	Target 2
Number of shares	1,000,000	1,000,000
Adjusted EBITDA Target	£17.2m (2023)	£19.3m (2024)
Expected volatility	30%	30%
Risk free interest rate	4.82%	4.76%
Option life (years)	5	5
Share price at valuation date	£0.60	£0.60

In light of Adjusted EBITDA Target 1 not being met, 1,000,000 A Ordinary Shares lapsed during the year (2022: Nil).

Share-based payments charged to the profit and loss were as follows:

	28 December 2023 £000	29 December 2022 £000
Share options charge	470	939
Growth shares charge	350	598
Administrative costs	820	1,537

The charge for the Company was £nil (2022: £nil) after recharging subsidiary undertakings with a charge of £820,000 (2022: £1,537,000). The relevant charge is included within administrative costs.

There are 5,535,098 options exercisable at 28 December 2023 in respect of the current arrangements (2022: 3,336,124). No options were exercised in the year (2022: 15,000).

32 Commitments

There were capital commitments for tangible assets at 28 December 2023 of £14,521,000 (2022: £15,878,000). This amount is net of landlord contributions of £7,650,000 (2022: £7,055,000).

33 Events after the balance sheet date

No material events after the balance sheet date.

34 Related party transactions

In the year to 28 December 2023 the Group engaged services from entities related to the Directors and key management personnel of £644,000 (2022: £617,000) comprising consultancy services of £Nil (2022: £31,000), office rental of £105,000 (2022: £100,000) and venue rental for Bristol, Harrogate and Maida Vale of £539,000 (2022: £486,000). There were no other related party transactions. There are no key management personnel other than the Directors.

The Group's commitment to leases is set out in the above notes. Within the total of £158,000,000 (2022:£ 122,000,000) is an amount of £499,000 (2022:£ 550,000) relating to office rental, £4,319,000 (2022:£4,523,000) relating to Stratford-Upon-Avon, £3,036,000 (2022: £3,596,000) relating to Bristol and £4,412,000 (2022: £4,670,000) relating to Harrogate. The landlords of the sites are entities related to the Directors of the Company.

35 Ultimate controlling party

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