

Everyman Media Group PLC

Registered number 08684079

Interim report and financial statements (unaudited)

26 weeks ended

29 June 2023

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Chief Executive's Statement

Trading in the first half of 2023 was in line with expectations, with revenue of £38.3m (H1 2022: £40.7m) and EBITDA of £5.8m (H1 2022: £7.5m). H1 2022 included a £0.9m EBITDA benefit from the Temporarily Reduced Rate of VAT, which ended on 31st March 2022.

The timing of major releases in 2022 was weighted towards the first half of the year, with titles such as *The Batman*, *Belfast* and *Top Gun: Maverick* playing particularly well to Everyman audiences. The 2023 slate, by contrast, is weighted towards H2, with *Indiana Jones and the Dial of Destiny*, *Mission Impossible: Dead Reckoning Part One*, *Barbie* and *Oppenheimer* arriving post-period end and contributing to strong July and August trading. At the end of August 2023, YTD revenue was £60.2m (2022: £53.1m) and EBITDA was £11.0m (2022: £9.8m).

The performance of this year's major summer titles has demonstrated that the appetite for high-quality, original content is indisputable; our expectation is that the commercial success of these films will inspire studios to invest in further new and innovative releases. It is pleasing to note that five of the fifteen highest-grossing films of all time have been in the last two years (*Spiderman: No Way Home*, *No Time to Die*, *Barbie*, *Top Gun: Maverick* and *Avatar: The Way of Water*).

Elevating the Everyman experience

Food & Beverage spend per head increased to £10.25 compared to £8.96 in 2022, despite the backdrop of a difficult environment for consumer discretionary spend. We have continued to focus on giving our customers more choice, with new sharing dishes, vegan options, quarterly specials and cocktails. We have also launched a spend incentive for our venue teams, resulting in a higher proportion of guests ordering and increased participation (number of items per order).

We continue to invest in technology. Our new website launched in February, improving user experience and the customer booking journey. Average monthly visitors since launch have been 940k, an increase of 17.8%, and we have also made improvements to the booking journey for our members. Our bar and kitchen screen roll-out was completed in February, helping to improve speed of service, and functionality for customers to order from their mobile devices is being piloted in a small number of venues post-period end. In addition, development is now underway on a new Android and iOS app.

We continue to build the Everyman brand. During the period, we commenced a new partnership with American Express, who have committed to hosting four nationwide previews, starting with *Asteroid City* and *Past Lives*. American Express have also sponsored additional events at Everyman Secret Cinema at The Grove Hotel in Hertfordshire, returning for its third consecutive year.

Our signature partnerships with Jaguar and Green & Black's go from strength-to-strength. Jaguar sponsored an immersive event for *Babylon* at our Crystal Palace venue in January and have continued to support the Screen on the Canal at Granary Square in London. During the period, Discovery were added as a new brand partner, and we hosted the UK premiere of Searchlight's *Chevalier*, in partnership with Green & Black's.

Our relationship with Apple TV+ continues to grow, with screenings of *The Reluctant Traveller*, *Prehistoric Planet*, *Sharper* and *Tetris*.

Continued organic expansion

As at 27 September 2023, Everyman currently has 41 cinemas and 141 screens. We opened a four-screen venue in Salisbury, a four-screen venue in Northallerton and a three-screen venue in Plymouth in Q2 2023. These new venues are currently trading in line with management expectations.

Maintaining a prudent attitude to leverage, the Board is constantly evaluating new opportunities to grow the Everyman estate. With this in mind, a new two-screen venue will open in Marlow in Q3 2023. A three-screen venue in Bury St Edmunds is expected to open in Q1 2024, a four-screen venue in Durham in Q2 2024, a five-screen venue in Cambridge and a three-screen venue in Stratford (London) in Q3 2024 and a five-screen venue at The Whiteley (Bayswater) in Q4 2024. The pipeline for 2025 is well-developed, with several venues at advanced stages of negotiation.

New banking facilities

On 17 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 new facility replaces the existing £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 forward. We were pleased that there was strong appetite from multiple lenders to work with Everyman, and that the agreed commercial terms and loan covenants are materially similar to the previous agreement.

Chief Executive's Statement (cont.)

Performance review

The Group uses the key performance indicators of Admissions, Paid-for Average Ticket Price and Food & Beverage Spend per Head to monitor the progress of the Group's activities.

	26 weeks ended 29 June 2023	26 weeks ended 30 June 2022
Admissions	1.6m	1.8m
Paid-for Average Ticket Price*	£11.49	£11.32
Food & Beverage Spend per Head*	£10.25	£8.96

*Paid For Average ticket price has been adjusted to reflect the reduction in VAT from 20% to 12.5% until 1 April 2022.

** Food & Beverage Spend per Head has been adjusted to reflect the reduction in VAT from 20% to 12.5% across certain items until 1 April 2022.

Admissions

Admissions in H1 2023 were 1.6m, compared to 1.8m in the same period last year. 2022 admissions were H1 weighted, with titles such as *The Batman*, *Belfast* and *Top Gun: Maverick*, all of which played particularly well for Everyman audiences, releasing in the first half of the year.

As previously announced, the slate in H1 2023 did not see as much benefit from high quality, original content; however, the widely-publicised performance of *Barbie* and *Oppenheimer*, as well as other titles such as *Indiana Jones* and *Mission: Impossible*, has led to a strong start to the second half of the year. At the end of August 2023, YTD admissions were 2.5m (2022: 2.3m).

Average Ticket Price and Food & Beverage Spend per Head

Spend per Head increased to £10.25 compared to £8.96 in 2022 with last year's VAT benefit removed, driven by continued investment in our menu and technology, giving our customers more choice and enabling quicker and more efficient service to seats.

Paid-for Average Ticket Price increased to £11.49 compared to £11.32 in 2022 with last year's VAT benefit removed. This is pleasing given that the content in H1 was skewed towards a younger audience, as well as four new venues opening between H1 2022 and the end of the period. With some exceptions, new venues open in lower pricing tiers, which can temporarily reduce average ticket price until those venues mature.

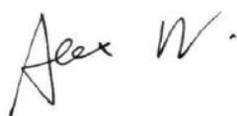
Hollywood strike

In line with recent press coverage, we welcome the reported resolution between the Writers Guild of America and the Alliance of Motion Picture and Television Producers. Our expectation is that a resolution with the Screen Actors Guild will follow shortly.

There has been minimal disruption to the film slate in 2023; whilst six titles have been pushed back to next year, twelve have been added to the slate since the strikes began. *Dune: Part Two* is currently the only major release to move to 2024; however, we now look forward to the recently-announced *Taylor Swift: The Eras Tour* on 13th October, which achieved the highest-ever single day pre-sales at AMC in the US.

Outlook

Our optimism for the future continues, with strong second half performance underpinned by the success of *Barbie*, *Oppenheimer* as well as other releases at the Box Office. Despite the current discretionary spend environment, we have continued to trade resiliently, highlighting our guests' desire to be entertained. On a longer term view, we are well-positioned to benefit further when the consumer market improves. The differentiated, premium Everyman offer stands us in good stead going forward.



Alex Scrimgeour
Chief Executive
27 September 2023

Finance Director's Statement

	26 Weeks Ended 29 June 2023	26 Weeks Ended 30 June 2022
	£000	£000
Revenue	38,253	40,718
Gross Profit	25,101	25,462
<i>Gross Profit Margin</i>	<i>65.6%</i>	<i>62.5%</i>
Other Operating Income	322	155
Administrative Expenses	(27,038)	(24,780)
Operating Profit / (Loss)	(1,615)	837
Financial Expenses	(2,696)	(1,635)
Profit / (Loss) Before Taxation	(4,311)	(798)
Tax Credit / (Charge)	-	-
Profit / (Loss) For the Period	(4,311)	(798)
Adjusted EBITDA*	5,782	7,502

*Adjusted EBITDA refers to Operating Profit adjusted for the removal of depreciation, amortisation, profit / loss on disposal of fixed assets, pre-opening expenses, lease termination costs, impairment charges and share-based payment expenses.

Revenue and operating profit

Group revenue in H1 2023 was £38.3m compared to £40.7m in the same period last year. This was driven by the phasing of admissions, which were weighted towards H1 in 2022 but towards H2 in 2023. Our three new venues in Salisbury, Northallerton and Plymouth opened towards the end of the period, and therefore the Group will begin to see EBITDA contribution from them in the second half of the year.

Additionally, the comparative period includes a £0.9m benefit from the Temporarily Reduced Rate of VAT, which was 12.5% until 31 March 2022, after which the standard rate of VAT resumed.

Gross Profit Margin increased to 65.6% (H1 2022: 62.5%) as a result of the increase in Food & Beverage Spend per Head to £10.25 (H1 2022: £8.96) growing the mix of Food & Beverage revenue, which carries a higher margin than Film. We also saw increases in Private Hire, Events and Partnerships income, all of which contributed to an improvement in overall Gross Profit Margin.

Administrative Expenses increased to £27.0m (H1 2022: £24.8m). This was driven by the increase in the number of venues from 37 at the end of the end of H1 2022 to 41 at the end of H1 2023 contributing to an increase in the Group's fixed cost base, depreciation, and associated pre-opening expenses.

The Group's largest cost increase was Labour, a £0.6m increase vs. H1 2022, due to a 9.7% increase in the National Living Wage in April 2023 driving pay increases for our teams, and the aforementioned new openings.

Utilities costs were £1.1m during the period (H1 2022: £0.9m), increasing in line with the growing estate. On 21 July 2023, the Group signed new agreements with SSE and Crown to fix our Electricity and Gas costs for one year, from 1st November 2023. Whilst the agreed rates are in line with management forecasts, the shorter-term fix is to allow the Utilities market to settle further prior to seeking a longer-term agreement during 2024.

Net finance costs

The Group's net bank interest payable was £1m in H1 2023, a £0.6m increase on the same period last year. This is as a result of an increase in the base rate to 5% at the end of H1 2023 (H1 2022: 1.25%), as well as an increase in gross debt to £22.75m (H1 2022: £14.5m) to finance the Group's continued expansion.

The Group's finance charge in H1 2022 was £1.6m (H1 2021 £1.4m) and represents interest charges relating to the unwinding of the IFRS 16 lease liability during the period.

Finance Director's Statement (cont.)

Share based payments

The share-based payment expense for the period was £0.6m (H1 2022: £0.8m) reflecting share option incentives provided to the Group's management and employees.

Cash flows

Cash held at the end of the period was £1.7m (H1 2022: £5.9m).

Net cash generated in operating activities was £7.2m (H1 2022: £9.1m). The net cash outflow for the period was £2.0m (H1 2022: £1.7m inflow). This is largely represented by investing cash flow of £8.5m (H1 2022: £7.5m) relating to build costs for new venues, infrastructure and new systems to support the growing business.

Following the agreement of our new banking facilities on 17 August 2023, the Group has access to a £35m facility of which £22.75m was drawn at the end of the period.

The Board does not recommend the payment of a dividend at this stage of the Group's development.

Capital expenditure

During the period, the Group opened a four-screen venue in Salisbury, a four-screen venue in Northallerton and a three-screen venue in Plymouth. The Group is due to open a new two-screen venue in Marlow in Q3 2023. We are on track to open at least five further venues in 2024, with several potential venues at advanced stages of negotiation for 2025 and beyond.

Capital investment during the period was £12.1m (H1 2022: £6.8m) and landlord contributions were £2.8m (H1 2022: £1.3m). As a result, net capital investment was £9.3m (H1 2022: £5.5m). Of this, £8.3m was on new venues (H1 2022: £4.3m). Residual capital expenditure related to infrastructure and head office costs to support the continued growth of the business.

Sale and Leaseback of Crystal Palace Venue

On 16th January 2023 the Group completed the sale and leaseback of its freehold at 25 Church Road, London SE19 2TE for consideration of £3.9m. The property was held on the Balance Sheet at 29th December 2022 as an Asset Held for Sale, at a net book value of £3.2m. Under the rules of IFRS 16, and because the Group has replaced a freehold with a right-of-use asset, the gain on disposal has been capped at £0.1m.

Net Debt

Net debt at the end of the period was £21.3m. This was driven by a lower cash balance at the end of the period, primarily due to payments to contractors on the three new venues opened during May and June. At the end of August 2023, net debt had fallen to £17.9m.



Will Worsdell
Finance Director
27 September 2023

Consolidated statement of profit and loss and other comprehensive income for the period ended 29 June 2023 (unaudited)

		26 weeks ended 29 June 2023 £000	26 weeks ended 30 June 2022 £000	Year ended 29 December 2022 £000
	Note			
Revenue	3	38,253	40,718	78,817
Cost of sales		(13,152)	(15,256)	(28,338)
Gross profit		25,101	25,462	50,479
Other Operating Income		322	155	622
Administrative expenses		(27,038)	(24,780)	(50,699)
Operating profit /(loss)		(1,615)	837	402
Financial expenses		(2,696)	(1,635)	(3,906)
Profit/(loss) before tax		(4,311)	(798)	(3,504)
Tax charge	4	-	-	-
Total comprehensive income for the period		(4,311)	(798)	(3,504)
Basic loss per share (pence)	5	(4.73)	(0.88)	(3.84)
Diluted loss per share (pence)	5	(4.73)	(0.88)	(3.84)
Non-GAAP measure: adjusted EBITDA				
		£000	£000	£000
Adjusted EBITDA		5,782	7,502	14,527
Before:				
Depreciation and amortisation		(6,328)	(5,671)	(11,725)
Disposal of Property, Plant & Equipment		(39)	-	(434)
Pre-opening expenses		149	5	(195)
Exceptional		(588)	(215)	(234)
Share-based payment expense		(591)	(784)	(1,537)
Operating profit / (loss)		(1,615)	837	402

All amounts relate to continuing activities.

Consolidated balance sheet at 29 June 2023 (unaudited)

Registered in England and Wales Company number: 08684079	26 weeks ended 29 June 2023 £000	26 weeks ended 30 June 2022 £000	Year ended 29 December 2022 £000
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	99,784	84,923	90,067
Right-of-use assets	61,841	59,449	58,920
Intangible assets	9,231	9,283	9,312
Trade and other receivables	173	173	173
	171,029	153,828	158,472
Asset held for sale	-	-	3,219
	171,029	153,828	161,691
<i>Current assets</i>			
Inventories	757	662	690
Trade and other receivables	7,113	3,877	5,840
Cash and cash equivalents	1,702	5,903	3,701
	9,572	10,442	10,231
Total assets	180,601	164,270	171,922
Liabilities			
<i>Current liabilities</i>			
Other interest bearing loans and borrowings	248	252	247
Trade and other payables	20,636	17,133	15,571
Lease liabilities	2,511	2,985	3,014
	23,395	20,370	18,832
<i>Non-current liabilities</i>			
Other interest bearing loans and borrowings	22,750	14,500	22,000
Other provisions	1,362	1,066	1,362
Lease liabilities	90,545	80,112	83,459
	114,657	95,678	106,821
Total liabilities	138,052	116,048	125,653
Net assets	42,549	48,222	46,269
<i>Equity attributable to owners of the Company</i>			
Share capital	9,118	9,118	9,118
Share premium	57,112	57,112	57,112
Merger reserve	11,152	11,152	11,152
Other reserve	83	83	83
Retained earnings	(34,916)	(29,243)	(31,196)
Total equity	42,549	48,222	46,269

These financial statements were approved by the Board of Directors and authorised for issue on 27 September 2023 and signed on its behalf by:



Will Worsdell
Finance Director

Consolidated statement of changes in equity for the period ended 29 June 2023 (unaudited)

	Share capital £000	Share premium £000	Merger reserve £000	Other reserve £000	Retained earnings £000	Total Equity £000
Balance at 29 December 2022	9,118	57,112	11,152	83	(31,196)	46,269
Loss for the period	-	-	-	-	(4,311)	(4,311)
Share-based payments	-	-	-	-	591	591
Total transactions with owners of the parent	-	-	-	-	(3,720)	(3,720)
Balance at 29 June 2023	9,118	57,112	11,152	83	(34,916)	42,549
Balance at 30 December 2021	9,117	57,097	11,152	83	(29,229)	48,220
Loss for the year	-	-	-	-	(3,504)	(3,504)
Shares issued in the period	1	15	-	-	-	16
Share-based payments	-	-	-	-	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

Consolidated cash flow statement for the period ended 29 June 2023 (unaudited)

	26 weeks ended 29 June 2023 £000	26 weeks ended 30 June 2022 £000	Year ended 29 December 2022 £000
Cash flows from operating activities			
Loss for the period	(4,311)	(798)	(3,504)
Adjustments for:			
Financial expenses	2,696	1,635	3,906
Operating profit/(loss)	(1,615)	837	402
Depreciation and amortisation	6,328	5,671	11,725
Loss/(gain) on disposal of property, plant and equipment	(149)	-	434
Gains on derecognition of lease contract	-	(99)	(99)
Equity settled share-based payment expense	591	784	1,537
	5,155	7,193	13,999
<i>Changes in working capital:</i>			
Decrease/ (Increase) in inventories	(67)	48	21
Decrease/(Increase) in trade and other receivables	(1,273)	1,026	(187)
(Decrease)/Increase in trade and other payables	3,349	1,108	(1,658)
Decrease in provisions	-	(242)	(378)
Net cash generated from operating activities	7,164	9,133	11,797
Cash flows from investing activities			
Proceeds from freehold sale	3,900	-	-
Acquisition of property, plant and equipment	(12,148)	(6,839)	(18,884)
Acquisition of intangible assets	(300)	(654)	(1,058)
Net cash used in investing activities	(8,548)	(7,493)	(19,942)
Cash flows from financing activities			
Proceeds from the issuance of shares	-	17	16
Proceeds of bank borrowings	750	2,000	9,500
Repayment of bank borrowings	-	-	-
Lease payments – interest	(1,645)	(1,386)	(2,851)
Lease payments – capital	(1,549)	(1,620)	(3,210)
Landlord capital contributions received	2,826	1,300	5,005
Interest paid	(997)	(288)	(854)
Net cash generated from/ (used in) financing activities	(615)	23	7,606
Net (decrease)/ increase in cash and cash equivalents	(1,999)	1,663	(539)
Cash and cash equivalents at the beginning of the period	3,701	4,240	4,240
Cash and cash equivalents at the end of the period	1,702	5,903	3,701

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 domiciled and incorporated in England and Wales (registered number 08684079). The address of its registered office is Studio 4, 2 Downshire Hill, London NW3 1NR.

2 Basis of preparation and accounting policies

These condensed interim financial statements of the Group for the period ended 29 June 2023 have been prepared using accounting policies consistent with UK adopted International Accounting Standards. The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest audited financial statements for the year ended 29 December 2022.

The financial statements presented in this report have been prepared in accordance with IFRSs applicable to interim periods. However, as permitted, this interim report has been prepared in accordance with the AIM Rules for Companies and does not seek to comply with IAS34 "Interim Financial Reporting".

These condensed interim financial statements have not been audited, do not include all of the information required for full annual financial statements and should be read in conjunction with the Group's statutory consolidated annual financial statements for the year ended 29 December 2022. The auditor's opinion on these financial statements was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498(2) or s498(3) of the Companies Act 2006.

Going Concern

As part of the adoption of the going concern basis, Everyman continues to consider the uncertainty caused by the macroeconomic environment. The Group's financing arrangements include a £35m revolving credit facility ("RCF") held with Barclays Bank Plc and National Westminster Bank Plc. This facility was agreed on 17 August 2023 and is repayable on or before 17 August 2026, and can be extended for up to two further years, subject to lender consent.

As at 29 June 2023 the Group had drawn £22.75m of its previous £25m RCF and £15m Coronavirus Large Business Interruption Loan Scheme ("CLBILS") held with Barclays Bank Plc and Santander Plc, had accrued interest of £0.2m and held cash of £1.7m. The net debt position was £21.3m, with the undrawn facility at £17.25m. Management note that net debt was higher than run-rate due to the opening of three new venues in May and June 2023 and a correspondingly lower cash balance, and that net debt has fallen to c. £17.9m at the end of August 2023.

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.

3 Revenue

	26 weeks ended 29 June 2023 £000	26 weeks ended 30 June 2022 £000	Year ended 29 December 2022 £000
Film and entertainment	17,644	20,234	39,764
Food and beverages	16,085	16,699	32,250
Other income	4,524	3,785	6,803
	<u>38,253</u>	<u>40,718</u>	<u>78,817</u>

In the 26-week period ended 29 June 2023, £0.3m Other Operating Income was received (H1 2022: £0.2m). This consisted mainly of landlord compensation payments.

Notes to the financial statements (cont.)

4 Taxation

	26 weeks ended 29 June 2023 £000	26 weeks ended 30 June 2022 £000	Year ended 29 December 2022 £000
Current tax	-	-	-
Adjustment in respect of prior years	-	-	-
Total current tax credit	-	-	-
Deferred tax expense			
Origination and reversal of temporary differences	-	(18)	-
Adjustment in respect of prior years	-	18	-
Effect of tax rate change	-	-	-
Total tax (credit)/expense	-	-	-

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

Reconciliation of effective tax rate	26 weeks ended 29 June 2023 £000	26 weeks ended 30 June 2022 £000	Year ended 29 December 2022 £000
Loss before tax	(4,311)	(798)	(3,504)
Tax at the UK corporation effective tax rate of 23.5% (H1 2022: 19%)	(1,013)	(152)	(666)
Permanent differences (expenses not deductible for tax purposes)	662	463	840
Deferred tax not previously recognised	-	(433)	-
Impact of difference in overseas tax rates	-	1	-
De-recognition of losses	351	-	32
Other short term timing differences	-	3	-
Effect of change in expected future statutory rates on deferred tax	-	104	(206)
	-	-	-
Impact of a drop in share-based payments intrinsic value	-	(4)	-
Adjustment in respect of previous periods	-	18	-
Other	-	-	-
Total tax (credit)/expense	-	-	-

Notes to the financial statements (cont.)

5 Earnings per share

	26 weeks ended 29 June 2023	26 weeks ended 30 June 2022	Year ended 29 December 2022
	£000	£000	£000
Profit/(loss) used in calculating basic and diluted earnings per share	<u>(4,311)</u>	<u>(798)</u>	<u>(3,504)</u>
Number of shares (000's)			
Weighted average number of shares for the purpose of basic earnings per share	<u>91,178</u>	<u>91,177</u>	<u>91,178</u>
Number of shares (000's)			
Weighted average number of shares for the purpose of diluted earnings per share	<u>91,178</u>	<u>91,177</u>	<u>91,178</u>
Basic earnings per share (pence)	<u>(4.73)</u>	<u>(0.88)</u>	<u>(3.84)</u>
Diluted earnings per share (pence)	<u>(4.73)</u>	<u>(0.88)</u>	<u>(3.84)</u>

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the period attributable to Ordinary equity holders of the parent by the weighted average number of Ordinary shares outstanding during the year.

The Company has 7.8m potentially issuable shares (H1 2022: 6.9m) all of which relate to the potential dilution from the Group's share options issued to the Directors and certain employees and contractors, under the Group's incentive arrangements. In the current period 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.