Everyman Media Limited
Registered number 03883018

Interim Report and Financial Statements (unaudited)
26 weeks ended
1 July 2021

EVERYMAN

Contents

Chief Executive's Statement

The first half of 2021 was a challenging period due to the continued impact of the pandemic and the resulting restrictions to trading. That said, we were delighted to open our doors again from 17 May, with all restrictions removed from 21 July onwards.

Since 17 May, attendance has been growing steadily, and we have seen numerous titles generating excitement; from Nomadland and Black Widow to A Quiet Place Part II. In line with Everyman's commitment to innovative and unique programming, during the period we also held a live nationwide stream of a performance from Celeste, followed by a screening of her film, Celeste: On with the show. Additionally, we are pleased to be building a reputation for hosting significant film premiers with partners such as Amazon Prime, Jaguar, Universal Film and Lionsgate amongst others.

I have now been with Everyman for just over eight months and am very pleased to say my time with the business has cemented everything I believed about it before joining. We have an excellent brand, a unique offering and significant scope for expansion.

Returning and building our team

During the period we have welcomed back our staff, most of whom were on furlough until the end of April, and it has been a pleasure to witness their commitment to providing excellent service to all our customers. I would like to thank all our staff for the loyalty and dedication they have shown through some very difficult times.

Maggie Todd joined the Board as an independent non-executive Director on 15 July, having been Vice President of Communications at Disney working in both Europe and LA, and brings with her a wealth of experience working with Disney and its associated brands.

Enhancing the Everyman experience

We have used the period of closure to our advantage in terms of a programme of minor kitchen upgrades and relatively small refurbishments. Kitchen upgrades have been made in 22 venues, with ordering, payment and kitchen technology upgrades in all 35 venues. We have successful lunched a new seafood range with additions to the offering including the shrimp burger and tempura prawns.

Already we are seeing the benefits from this investment in both spend per head and customer feedback.

Extending the estate

We currently have an estate of 35 sites and 117 screens, as at 23 September 2021. All have been fully open since 17 May 2021, except Belsize Park which has been closed for refurbishment, and is re-opening at the end of September 2021.

Demonstrating our confidence in Everyman's prospects, we have now returned to building our roll-out pipeline, with a committed pipeline for 2021/22 of 6 new venues and a further single new venue in 2023. The first of these to open will be Borough Market (London), due to open in December 2021.

Performance Review

The Group uses the key performance indicators of Admissions, Box office average ticket and Food & beverage spend per head in addition to total revenue, to monitor the progress of the Group's activities.

For clarity, we have also shown the indicators for the full period, despite the fact that the figures have been impacted by the closure of our venues for much of the period.

		26 weeks ended 1 July 2021 (*6 weeks open*)	26 weeks ended 2 July 2020 *(11 weeks open)*	Year ended 31 December 2020
Admissions	-66%	284,245	828,945	1,197,248
Box office average ticket	+5%	£11.18*	£10.61	£11.90
Food & beverage spend per head	+37%	£8.88**	£6.49	£7.89

*Average ticket price has been adjusted to reflect the reduction in VAT from 20% to 5% when compared to H1 2020.

**Spend per head has been adjusted to reflect the reduction in VAT from 20% to 5% across certain items and to remove Deliveroo income to enable like for like comparison with H1 2020.

It is important to note that Admissions between re-opening on 17 May and the period end were ahead of management expectations, at 66% of 2019 levels.

Average ticket price has increased by 5%, due to ticket type mix and modest inflation-related increases.

Adjusted spend per head has grown by 37% due to the roll out of hand-held ordering devices and kitchen upgrades.

Trading post-period end and Outlook

Since full reopening on 21 July, we have been very encouraged by a strong recovery in admission levels, with interest generated across all venues and excellent customer feedback. Admission levels since the 21st July have reached 80% of 2019 levels up to 16th September, exceeding management expectations and signalling the sustained consumer demand for a premium cinema experience. Highlights since re-opening have included the Everyman 'Summer Love' film festival at King's Cross, the Everyman Music Film Festival and an international screening of Cinderella.

We anticipate that the strong slate expected in Q4, including the new Bond film, together with further innovative programming, will drive further growth in this figure.

We look to the future with optimism. Whilst challenges remain ahead, the Group has coped robustly thus far and is in a good position to return to growth. We have a healthy balance sheet, new openings in the pipeline, have proven the strength of our offering and taken a very pleasing share of the UK box office across a variety of titles. We look forward to welcoming more and more customers to an Everyman over time.

Alex W.

Alex Scrimgeour
Chief Executive
23 September 2020

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Chief Financial Officer's statement

Revenue and Operating Profit

The first half of 2021 was severely impacted by the government-mandated closure of all venues from the beginning of the period until 17 May 2021.

As a result, revenue for the period was down 49% on the same period last year to £7.7m (2 July 2020: £15.0m, full year to 31 December 2020: £24.2m). All venues were closed for 20 weeks in this period, in H1 2020 they were closed for 15 weeks, with the first two months of 2020 showing year on year growth of 47% due to the exceptional film slate.

The reported gross profit margin was 62% in the period, slightly ahead of the prior year due to the temporary reduction in VAT, offset by a reduction in high margin advertising and sponsorship revenue.

Included within other operating income of £3.7m is government support through the Job Retention Scheme (JRS) of £2.8m and the Business Support Grants (BSG) of £0.9m.

The Group's adjusted operating loss before depreciation, amortisation, pre-opening expenses, other exceptional Covid-19 related costs and revenue, and share-based payments was £1.4m (2 July 2020: £0.5m profit, full year to 31 December 2020: £1.1m loss).

Operating expenses were £16.1m (H1 2020 £24.9m). The expense has reduced significantly because the H1 2020 expenses included the following costs directly attributable to Covid-19:

	£'000
Asset impairment	5,635
Costs associated with exiting future venues	1,382
Total	7,017

In addition, overheads are lower in H1 2021 due to savings in payroll, property and other administration costs (£2.2m). These savings are partly offset by an increase in Share Based Payments of £0.5m due to the issue of share options to senior management, and depreciation (£0.1m).

The Board has reviewed the impairment review completed for the year ended 31 December 2021 and has concluded that whilst management estimates have improved, there is still sufficient uncertainty to keep the provision at the same level of £5.6m and the Board will review again in December 2021 when more data will be available since re-opening.

Everyman has also taken advantage of the extension to the amendment to IFRS16 Covid-19 related rent concessions. Where the rent concession is a direct consequence of the Covid-19 pandemic, the revised consideration for the lease is substantially the same or less, the reduction affects only payments originally due on or before 30 June 2022 and there were no other substantive changes to the lease then the concessions can be credited to the profit and loss rather than a lease modification. This has resulted in a one-off credit of £411k in the period.

During the 26 week period, the business benefited from a number of areas of government support. Job Retention Scheme (JRS) income was £2.8m, Business Support Grants of £0.9m, rates savings of £0.6m and VAT benefits of £0.8m.

Net finance costs

The Group's net bank interest payable was £250k in H1 2021 in line with H1 2020.

The Group's non-cash finance charge in H1 2021 was £1.3m (H1 2020 £1.2m) and is interest charges relating to the unwinding of the IFRS 16 lease liability in the period.

Loss before Taxation

The Group generated a loss for the period of £9.05m (2 July 2020 £11.7m, full year to 31 December 2020 £20.5m).

Taxation

The effective tax rate is lower than the standard rate of corporation tax for the six-month period ended 1 July 2021 due to the effect of deferred tax arising from the valuation of share options (both exercised and unexercised).

Share based payments

The share-based payment expense for the period was £1.1m (1 July 2020: £0.6m, full year to 31 December 2020: £0.7m) reflecting share option incentives provided to the Group's management and employees. The higher charge in H1 2021 arises primarily due to the growth share scheme put in place for Alex Scrimgeour, CEO.

Cash flows

Cash flow continued to be significantly impacted by the Lockdown which resulted in no sales activity from 1 January 2021 to 16 May 2021. Management continued to focus on a robust approach to cash management during this period, with all suppliers and landlords contacted again to reduce costs and or/extend payments terms, having been contacted previously in 2020 when the first lockdown was implemented.

Net cash generated from operating activities was £0.3m (2 July 2020 cash outflow: £4.4m, full year to 31 December 2020 cash outflow: £5.4m).

Capex additions in the period were significantly lower than H1 2020 at £1.1m (H1 2020: £6.4m). At the start of the pandemic, all new venue projects were either deferred or exited where possible to conserve cash, hence the lower level of investment in H1 2021.

Cash held at the end of the period was £1.7m (2 July 2020: £5.7m, 31 December 2020: £0.3m). The Group has access to a £40m facility of which £13.5m was drawn by the end of the period.

Since the period end a further £0.5m of the RCF has been repaid, bringing the amount drawn down to £13m.

Elizabeth Lake
CFO
23 September 2021

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Consolidated statement of profit and loss and other comprehensive income for the period ended 1 July 2021 (unaudited)

	Note	Six-month period ended 1 July 2021 £000	Six-month period ended 2 July 2020 £000	Year ended 31 December 2020 £000
Revenue	4	7,652	15,006	24,224
Cost of Sales		(2,900)	(5,727)	(9,147)
Gross profit		4,752	9,279	15,077
Covid-19 government support		3,733	3,327	6,062
Impairment of goodwill, property, plant and machinery		-	(5,635)	(5,635)
Administrative expenses		(16,143)	(19,241)	(34,764)
Operating loss		(7,658)	(12,270)	(19,260)
Financial expenses		(1,528)	(1,480)	(2,911)
Loss before taxation		(9,186)	(13,750)	(22,171)
Tax credit	5	132	2,031	1,693
Loss for the period		(9,054)	(11,719)	(20,478)
Other comprehensive loss for the period		-	(26)	(7)
Total comprehensive loss for the period		(9,054)	(11,745)	(20,485)
Basic loss per share (pence)	6	(9.99)	(18.86)	(23.99)
Diluted loss per share (pence)	6	(9.99)	(18.86)	(23.99)

All amounts relate to continuing activities.

Non-GAAP measure: adjusted profit from operations			
Adjusted profit/(loss) from operations	(1,407)	539	(1,091)
Before:			
Depreciation and amortisation	(5,248)	(5,159)	(10,502)
Disposal of property, plant and equipment	(8)	(100)	(862)
Pre-opening expenses	(12)	(266)	(419)
Costs related to COVID 19*	(265)	-	(255)
Lease termination costs	-	(1,382)	(625)
COVID-19 related rent concessions	411	376	813
Impairment of fixed assets	-	(5,635)	(5,635)
Share-based payment expense	(1,129)	(630)	(671)
Option-based social security	-	(13)	(13)
Operating (loss)/profit	(7,658)	(12,270)	(19,260)

*Includes legal and professional, HR and other one-off expenses incurred as a result of the pandemic

Consolidated balance sheet at 01 July 2021 (unaudited)

Registered in England and Wales
08684079

	Note	1 July 2021 £000	2 July 2020 Restated* £000	31 December 2020 £000
Assets				
Non-current assets				
Property, plant and equipment		78,825	82,399	81,565
Right-of-use assets		54,368	56,733	55,446
Intangible assets		9,188	9,090	9,140
Deferred tax assets		145	617	63
Trade and other receivables		265	173	173
		142,791	149,012	146,387
Current assets				
Inventories		470	420	381
Trade and other receivables		2,928	3,685	2,645
Cash and cash equivalents		1,665	5,660	328
		5,063	9,765	3,354
Total assets		147,854	158,777	149,741
Liabilities				
Current liabilities				
Other interest-bearing loans and borrowings		48	56	43
Trade and other payables		11,832	9,332	9,476
Lease liabilities		3,057	5,076	2,641
Corporation tax liabilities		-	215	-
		14,937	14,679	12,160
Non-current liabilities				
Other interest-bearing loans and borrowings		13,500	10,000	9,000
Other payables		8	-	-
Other provisions		1,010	1,027	1,035
Lease liabilities		73,556	72,199	75,367
		88,074	83,226	85,402
Total liabilities		103,011	97,905	97,562
Net assets		44,843	60,872	52,179
Equity attributable to owners of the Company				
Share capital		9,223	9,110	9,110
Share premium		57,064	57,038	57,038
Merger reserve		11,152	11,152	11,152
Forex reserve		(6)	1	(6)
Retained earnings		(32,590)	(16,429)	(25,115)
Total equity		44,843	60,872	52,179

*See note 2 regarding restatement

These financial statements were approved by the Board of Directors on 23 September 2021and signed on its behalf by:

Paul Wise
Executive Chairman
23 September 2021

Consolidated statement of changes in equity for the period ended 01 July 2021 (unaudited)

	Note	Share capital £000	Share Premium £000	Merger reserve £000	Forex Reserve £000	Retained earnings £000	Total equity £000
Balance at 2 January 2020 – restated*		7,352	41,920	11,152	1	(5,221)	55,204
Loss for the period		-	-	-	-	(11,719)	(11,719)
Retranslation of foreign currency denominated subsidiaries		-	-	-	-	(26)	(26)
Shares issued in the period		1,758	15,813	-	-	-	17,571
Share issue expenses		-	(695)	-	-		(695)
Share-based payments		-	-	-	-	630	630
Tax on share-based payments		-	-	-	-	(93)	(93)
Total transactions with owners of the parent		1,758	15,118	-	-	537	17,413
Balance at 2 July 2020 – restated*		**9,110**	**57,038**	**11,152**	**1**	**(16,429)**	**60,872**
Balance at 3 July 2020		**9,110**	**57,038**	**11,152**	**1**	**(16,429)**	**60,872**
Loss for the period		-	-	-	-	(8,759)	(8,759)
Retranslation of foreign currency		-	-	-	(7)	26	19
Tax on share based payments		-	-	-	-	6	6
Share- based expenses		-	-	-	-	41	41
Total transactions with owners of the parent		-	-	-	-	47	47
Balance at 31 December 2020		9,110	57,038	11,152	(6)	(25,115)	52,179
Practical Expedient adjustment						417	417
Balance at 1 January 2021		9,110	57,038	11,152	(6)	(24,698)	52,596
Loss for the period		-	-	-	-	(9,054)	(8,892)
Retranslation of foreign currency denominated subsidiaries		-	-	-	-	33	33
Shares issued in the period		113	26	-	-	-	139
Share issue expenses		-	-	-	-	-	-
Share-based payments		-	-	-	-	1,129	1,129
Tax on share-based payments		-	-	-	-	-	-
Total transactions with owners of the parent		113	26	-	-	1,129	1,268
Balance at 1 July 2021		**9,223**	**57,064**	**11,152**	**(6)**	**(32,590)**	**44,843**

*See note 2 regarding restatement

Consolidated cash flow statement for the period ended 01 July 2021 (unaudited)

	Note	1 July 2021 £000	2 July 2020 £000	31 December 2020 £000
Cash flows from operating activities				
(Loss) for the period		(9,054)	(11,719)	(20,478)
Adjustments for:				
Financial expenses		1,528	1,480	2,911
Income tax credit	5	(132)	(2,031)	(1,693)
Operating loss		(7,658)	(12,270)	(19,260)
Depreciation and amortisation		5,248	5,159	10,502
Impairment of goodwill, property, plant and equipment and right-of-use assets		-	5,635	5,635
Loss on disposal of property, plant and equipment		8	830	862
Transfer of property, plant and equipment to profit and loss		-	-	-
Rent concessions		(411)	(376)	(813)
Equity-settled share-based payment expenses		1,129	537	671
		(1,684)	(485)	(2,403)
Changes in working capital				
Decrease/(increase) in inventories		(89)	87	126
Decrease/(increase) in trade and other receivables		(49)	777	1,818
(Decrease)/increase in trade and other payables		2,124	(4,798)	(4,935)
Net cash (used in) generated from operating activities		302	(4,419)	(5,394)
Cash flows from investing activities				
Acquisition of property, plant and equipment		(777)	(6,143)	(8,074)
Acquisition of intangible assets		(277)	(271)	(470)
Net cash used in investing activities		(1,054)	(6,414)	(8,544)
Cash flows from financing activities				
Proceeds from the issuance of ordinary shares		50	16,876	16,876
Proceeds from bank borrowings		6,000	6,000	10,000
Repayment of bank borrowings		(1,500)	(10,000)	(15,000)
Lease payments – interest		(1,257)	(284)	(2,493)
Lease payments - capital		(956)	(116)	(473)
Landlord capital contributions		-	-	1,625
Capitalised finance expenses		-	-	17
Loan arrangement fees		-	-	(136)
Interest paid		(248)	(228)	(378)
Net cash generated from financing activities		2,089	12,248	10,038
Exchange (loss)/gain on cash and cash equivalents		-	(26)	(43)
Cash and cash equivalents at the beginning of the period		328	4,271	4,271
Net increase/(decrease) in cash and cash equivalents		1,337	1,389	(3,943)
Cash and cash equivalents at the end of the period		1,665	5,660	328

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 02 July 2021 have been prepared using accounting policies consistent with UK adopted International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006. 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 31 December 2020.

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 31 December 2020. 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.

Restatement of accounting for leases

Restatement of prior year reported numbers	As previously reported 2 July 2020	Restatement 1	Restatement 2	Restated 2 July 2020
	£'000	£'000	£'000	£'000
Group Statement of Changes in Equity - Profit for the period	(11,745)			(11,745)
Balance Sheet				
Right-of-use assets	57,125	(1,023)	631	56,733
Current Lease liabilities	(5,041)	(35)	-	(5,076)
Other provisions	-	-	(1,027)	(1,027)
Lease liabilities	(73,304)	1,105	-	(72,199)
Retained earnings	(16,080)	46	(395)	(16,429)
Net Assets and Total Equity	61,221	46	(395)	60,872

Restatement 1

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

The result was a reduction in the right of use asset of £1,023,000 and a corresponding reduction in the lease liability of £1,070,000. This also gave rise to an increase in the depreciation charge within administrative expenses of £36,000 and a reduction in the finance charge of £82,000. Therefore, the net impact was an increase in profit of £46,000 in 2019. This restatement was reported in the 31 December 2020 financial statements.

Restatement 2

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

There are two elements to the provision. For leases where there is a strip out clause, the cost of stripping out at the end of the lease has been estimated and discounted using the appropriate risk-free rate of 1.03%.

This has given rise to an adjustment in the balance sheet as at 2 July 2020 of £631,000 to create the provision with the corresponding debit going to Right of use assets. In addition, the Group has a number of full repairing leases and a provision of £395,000 has been made for those venues in the balance sheet as at 2 July 2020, with the debit going to retained earnings. The overall restatement in the balance sheet as at 2 July 2020 is shown above. This restatement was reported in the 31 December 2020 financial statements.

3. Going Concern

As part of the adoption of the going concern basis, Everyman continues to consider the uncertainty caused by the Covid-19 pandemic. The Group's financing arrangements include a £25m rolling credit facility (RCF), and a government backed Coronavirus Large Business Interruption Loan Scheme ("CLIBILS") RCF of £15m, both repayable on or before 15 January 2024. As at 1 July 2021 the Group had drawn £13.5m of this facility and had cash of £1.7m, therefore the net debt position (including bank interest payable) was £11.9m, with the undrawn facility at £28.1m.

The facility has a liquidity and EBITDA covenant both of which have significant headroom and will be reviewed again in May 2022. The Board has reviewed forecast scenarios and believes the business can operate with sufficient headroom.

The Boards latest forecasts are based on a scenario where the business remains open and assumes reduced admissions around 80% of pre-pandemic levels. In this scenario the Group maintains significant headroom in it's banking facilities.

The Board has also considered a severe but plausible downside scenario where all venues are required to close for 2 months during Autumn/Winter 2021 as part of a circuit break to contain a resurgence of the virus or its variants. Under this scenario the Group forecast continued compliance with banking covenants and sufficient liquidity.

Therefore the Board consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

4. Revenue

	Six-month period ended 1 July 2021 £000	Six-month period ended 2 July 2020 £000	Year ended 31 December 2020 £000
Film and entertainment	**3,631**	8,792	13,565
Food and beverages	**3,643**	5,381	9,447
Other income	**378**	833	1,212
	7,652	15,006	24,224

In addition, other operating income was received, furlough income (£2.8m) and income from business support grants (£0.9m).

5. Taxation

	Six-month period ended 1 July 2021 £000	Six-month period ended 2 July 2020 £000	Year ended 31 December 2020 £000
Current tax	-	(67)	-
Adjustments in prior years	-	(9)	(180)
	-	58	(180)
Deferred tax (credit)/expense			
Origination and reversal of temporary differences	**104**	(3,341)	(2,156)
Adjustments in respect of prior years	**25**	1,131	432
Effect of tax rate change	**(261)**	-	211
Deferred tax not previously recognised	-	121	-
Total tax (credit)/charge	**(132)**	(2,031)	(1,693)

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:

Taxation (cont.)

Reconciliation of effective tax rate

	Six-month period ended 1 July 2021 £000	Six-month period ended 2 July 2020 £000	Year ended 31 December 2020 £000
(Loss) before taxation	(9,186)	(13,750)	(22,171)
Tax at the UK corporation tax rate of 19%	(1,745)	(2,565)	(4,212)
Permanent differences (expenses not deductible for tax purposes)	422	165	1,104
Deferred tax not previously recognised	-	1,266	33
Impact of difference in overseas tax rates	-	-	71
De-recognition of losses	1,885	-	700
Other short term timing differences	31	(1,163)	-
Effect of change in expected future statutory rates on deferred tax	(261)	266	211
Impact of a drop in share-based payments intrinsic value	(489)	-	150
Other	-	-	(3)
Adjustment in respect of previous periods	25	-	253
Total tax (credit)	(132)	(2,031)	(1,693)

A reduction to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. In March 2020, this was reversed so 19% was used from December 2020 onwards.

6. Earnings per Share

	Six-month period ended 1 July 2021 £000	Six-month period ended 1 July 2020 £000	Year ended 31 December 2020 £000
(Loss) used in calculating basic and diluted earnings per share	(9,054)	(11,719)	(20,478)
Number of shares (000's)			
Weighted average number of shares for the purpose of basic earnings per share	90,597	62,131	85,372
Number of shares (000's)			
Weighted average number of shares for the purpose of diluted earnings per share	90,597	63,234	85,372
Basic earnings per share (pence)	(9.99)	(18.86)	(23.99)
Diluted earnings per share (pence)	(9.99)	(18.86)	(23.99)

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 7.5m potentially issuable shares (H1 2020: 5.5m) 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.

7. IFRS 16 Covid-19 Related Rent concessions amendment

Implementation of IFRS16 Leases accounting standard in the period

The Group has adopted the amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to Covid-19 is a lease modification. Where the rent concession is a direct consequence of the Covid-19 pandemic, the revised consideration for the lease is substantially the same or less, the reduction affects only payments originally due on or before 30 June 2022 and there were no other substantive changes to the lease then the concessions can be credited to the profit and loss rather than a lease modification.