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Marcus Corporation Financial Statement Analysis

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EXECUTIVE SUMMARY

This financial statement analysis of Marcus Corporation is focused on historical financial performance. In this analysis, I will discuss how the firm is performing and compare their financial results to one of their major competitors. Marcus Corporation is based in Milwaukee, WI. The benchmark that will be presented is AMC Entertainment, which is also a company based in the Midwest, with its headquarters in Leawood, KS.

INTRODUCTION

The Marcus Corporation was founded in 1935 by Ben Marcus. The business started as only one movie theatre in Ripon, Wisconsin and then expanded into the lodging business in 1962, when they purchased the Pfister Hotel in Milwaukee. Today, Marcus Corp is one of the main players in the movie theatre business in the US and has theatres and hotels in 17 states. The company is still in the hands of the Marcus family name, with their chairman Stephen H. Marcus and CEO and president Gregory S. Marcus. Their theatre facilities are leaders in the market with their technology in stadium seating, digital sound, and 72-feet-wide Ultra Screen DXLs. Marcus Corporation has earned an excellent reputation over the years with their quality service and dedication to “people pleasing people.” This report contains a financial historical analysis from 2015-2020 and current valuation of the business. It also includes financial comparison to AMC Entertainment, which is a competitor of Marcus Theatres in the Entertainment & Communications industry.

FIRM CHARACTERISTICS

Overall Description & History

Marcus Corporation competes primarily in two business segments, movie theatres and hotels and resorts. As of December 31, 2020, their operations included 89 movie theatres in 17 states, including one movie theatre owned by a different company but managed by them. They also operate a family entertainment center which is adjacent to one of the movie theatres in Wisconsin. In 2020 they were the 4th largest theatre company in the United States. At the end of that year, Marcus Corporation also owned 8 hotels and resorts, and managed 10 hotels, resorts, and other properties for third parties. Most of the movie segment revenue comes from selling tickets and concessions, with additional revenues coming from the sale of pre-shows, corporate and group meeting sales, sponsorships internet surcharge fees and alternate auditorium uses. (About The Marcus Corp, n.d.).

As of Dec-31 2020, AMC Entertainment Holdings had indirect and direct subsidiaries including American Multi-Cinema and was primarily involved in the theatrical business and primarily located in the United States and Europe. AMC is the largest movie operator in the world. They operate, own, or lease 950 theatres in 14 different countries - 590 of them being in 45 states of the United States. In December 31,2019 prior to the COVID-19 pandemic, AMC Holdings was the market leader in the top two markets in the country- Los Angeles and New York. (AMC Entertainment Holdings, n.d.).

Entertainment as an industry encompasses every broadcasting medium, from newspapers, TV, and radio to movies, music, and books. The movie theatre industry in the USA is very fragmented. Approximately 50% of the screens are owned by the three largest companies in the country and the other 50% is owned by around 800 smaller operators, making it difficult to predict acquisition opportunities. (Marcus & Marcus, 2021). In terms of geographic constraints, the industry is able to add value across the country and if the company has the right resources, it could even consider opportunities in international markets. Revenues for the theatre business rely heavily on the audience appeal for available films and together with studio marketing, advertising and support campaigns which are factors that movie theatres have no control over. According to research published by IBISWorld and the 10K reports from AMC Entertainment and Marcus Corporation, the main industry players in the US that hold the largest market shares are AMC Entertainment, Cineworld Group PLC, Cinemark Holdings and Marcus Corporation. Other important names in the industry are Cineplex and Wanda Cinemas. (IBISWorld, 2021).

Product & Service Offerings

Because of the highly competitive characteristic of this business, Marcus Corporation has many strategies that are focused on their customers and designed to elevate customer knowledge, expectation, and connection in order to provide them with competitive advantage and ability to deliver better financial performance. A very popular strategy is the "$5 Tuesday" movie promotion, introduced in December of 2016. This happens in all their theatres, and it includes a free complementary-size popcorn to all loyalty program members. The Tuesday attendance has increased dramatically since the beginning of this promotion and Marcus Corporation believes that this strategy increases movie going frequency and reaches more customers who might have stopped going to the movies because of the price. This increase of customers creates another "weekend" day for them without adversely impacting the movie-going habits of the regular weekend customers. Similarly, they offer a "$6 Student Thursday" promotion for students and the "$6 Young At Heart" program for seniors on Friday afternoons which started in 2019. These offers are also available in all locations and have also been very well received by the public.

Marcus Theatres offers a Loyalty Program called Magical Movie Rewards. As of the end of 2020, they reported to have 4 million members enrolled in this program, with around 47% of box office transactions and 43% of total transactions in the theatre during the year of 2020 being completed by registered members of the loyalty program. This program gives its members points for each dollar spent that can be used at the box office or concessions.

Marcus Corporation has also partnered with Movio which is a global leader in data analysis for the cinema industry to allow more targeted communication to their loyalty members. This software provides Marcus with the insight into customer preference and their attendance patterns, and the general demographics, which helps them to deliver customized communication to members with the goal of giving them a chance to provide a more personalized movie-going experience. This custom advertising also helps to increase movie-going frequency, concession stands visits, loyalty to Marcus Theatres and ultimately operating results. Besides the services that are directly related to the movie and the screen rooms, Marcus Corporation also prides itself in its food and beverage offerings and the availability of full liquor service in 58% of their theatre locations.

Ownership Characteristics & Executives

Marcus Corporation executive officer team is composed by five men. The chairman of theBoard is Stephen H. Marcus, has served in this position since 1991. He has also served as the CEO from 1988 to 2009 and as president from 1998 to 2008. The president and Chief Executive Officer is Gregory Marcus (56 years old), who joined the company as the director of property management/ corporate development, and then was promoted to senior vice president in 1999. He has been the president and CEO since 2009 and is the son of Stephen Marcus.

The senior Executive vice president and General Counsel and Secretary is Thomas F. Kissinger. He joined the company in 1993 as the Secretary and Director of Legal Affairs and was promoted later in 2004. Kissinger had previously served as president of Marcus Hotels & Resorts and as an associate of the law firm Foley & Lardner LLP. Douglas Neis joined the company in 1986 as the comptroller of the theatre division, was nominated as the CFO and treasurer in 1996 and in 2018 also was promoted to Executive President besides continuing in his CFO position. Rolando B. Rodriguez is their Executive Officer who has served in this position since 2013, and in 2017 was named Chairman of the Marcus Theatres Corporation. Prior to joining Marcus Corporation, Rodriguez was the CEO and President of Rave Cinemas in Dallas, TX until its sale in 2013. He also worked for AMC Theatres for 30 years serving in many positions (Vice President of North American field operations, Senior Vice President food & beverage group, and Executive Vice President of North America operations service).

Marcus Corporation has been in the hands of the Marcus family since it began in 1935, 87 years ago. Through their experience, they have succeeded in creating a business that is customer focused and has been successful even after going through hard times of economic crisis. They believe they can overcome the pandemic as well and continue to be a successful business in the years to come. The executive team is very strong and formed with people that have years of experience in the industry and a relevant background experience to continue to run this business successfully.

The compensation in the fiscal year of 2020 to its executives listed in the annual proxy statement to the SEC is as follows:

Table 1: Executives Position & Compensation

Name	Position	Compensation amount in 2020
Stephen H. Marcus	Chairman of the Board	$750,098

Thomas F. Kissinger	Senior Executive Vice President, General Counsel and Secretary	$1,223,995
Douglas A. Neis	Executive Vice President, CFO and Treasurer	$1,160,221
Gregory S. Marcus	President and CEO	$2,690,098
Rolando B. Rodriguez	Executive Vice President, Chairman, President and CEO of Marcus Theatres Corporation	$1,578,878

Marcus Corporation's officer team is generally elected annually by the board of directors at the annual shareholders meeting. Each officer holds office until their successor has been duly qualified and elected or until the earlier of death, resignation, or removal. The company also has a qualified profit-shared retirement savings plan (401(k) plan) which covers all eligible employees.

INDUSTRY CHARACTERISTICS & MARKET ANALYSIS

Entry & Exit Barriers and the Threat of New Entry

Although the movie theatre business is part of the entertainment industry which includes a broad scope of businesses, a movie theatre in itself has many parts that make this business unique. Their operations are centered in licensing movies and selling tickets to customers as well as buying and selling concession items. Movie distributors give the theatres rights to show a movie for a specific time in a specific geographic location. The distribution of movies typically varies according to the distributor and license contracts usually work on a movie to movie, or theatre to theatre basis. Licensing contracts typically operate by receiving a percentage of revenue before the exhibition, a rate set at the completion of the engagement or a sliding scale formula that decreases the rate to successive weeks of the contract. One of the entry barriers that can come from this factor is that if a new small movie theatre is trying to license some movies, the licensing company might not think they are profitable enough or may already have licensed that movie in that geographical area so then they would not do so for the smaller theatre.

Another entry barrier is that the capital required to be invested in movie theatres is huge. There are many costs when buying or leasing a facility that is capable of being equipped with all the necessary tools to provide a good movie theatre experience. A movie theatre is all about the service provided that is exclusive to that facility. Most theatres will be showing the same movies around the same times and concession food is usually very standard, so to differentiate your business in this industry can be challenging. Although a couple entry barriers were identified, neither of them is too significant for new players to enter the market which makes for relatively easy entry. As long as an entrant has the capital resources, there are not many legal constraints associated with being a new competitor in this industry. Besides, people who go to the movies are not very brand conscious and will usually choose the theatre they are going to based on the basic terms of location, films, and amenities which could make for a good business opportunity in a location with a limited theatre presence.

As far as exit barriers, movie theatres many times have specialized assets. The building where companies show their movies are planned structures that cost considerable money to create and are not so easy to convert into a different use. Because the two companies studied in this paper are two of the largest in the country, it could be harder for them to completely sell out and repurpose all their facilities. One advantage in this case (if those spaces are not owned by the companies and instead just leased) is that then they would just have to wait until the end of the lease contract. This same barrier is easier for smaller theatres to trespass. If they own only one theatre, they could sell it to one of the major players in the industry such as AMC or Marcus Corporation.

Industry Strengths

One of the biggest strengths of movie theatres is the large variety of customers. Marcus Theatres for example offers discounts to students and senior citizens which shows the large age range of people attending movies. Movies that are shown also involve many genres and movie production companies - including something for almost anyone (for example children's movies, documentaries, or horror movies). There are also many movies that come out first and exclusively in theatres which attracts customers and increases seasonal sales. Although there is competition from experiences such as streaming services and other leisure options that customers could choose from, the movie theatre experience remains a very unique experience, especially around the holiday season or when big blockbuster movies premier in theatres only.

Movie theatres not only attract customers exclusively for their movies. People going to the movies are also looking for a fun and unique activity that provides a different feeling than watching a movie at home. The experience provided is the main way to attract customers for this business as it is different than other leisure activities from which a customer could choose. Technological advances can be another advantage for Marcus Corporation when it comes to providing the best movie experience available. In 2019, they decided to take advantage of luxurious seat options that are fully reclinable and accommodate extra legroom. As of December 31st, 2019, they offered Dream Lounger recliner seating in 76% of their theatres. Another technological advance Marcus Corporation has incorporated in their experience is the UltraScreen DLX and the Super Screen DLX which was introduced over 20 years ago. As of December 2019, 77% of their theatres included options to watch movies in a Dream Lounge auditorium.

Industry Challenges & Competition

This industry sector is focused on entertainment and leisure activity and therefore, personal income and leisure time available drives the demand for the business. Marcus Corporation, AMC Entertainment as well as other movie theatre businesses drive their profits through popular movie sales and high margins in foods and beverages. In this case, small companies could try competing against the bigger ones by offering specialized services (for example focus on one type if audience or provide better amenities). Both theatres analyzed in this paper reported that concession food and beverage options are a positive part of their revenues. They cite that although popcorn and soda are classic favorites, offering new options such as different snacks and alcoholic beverages or personalized food orders have generated a positive public response. The similarities between the businesses and the extra services they strive to offer are a great way to start looking at competition factors in this industry.

In the entertainment industry, there is intense competition from national, regional, and local operators. Another factor to be considered is that Marcus theatres and AMC theatres are usually located close to other competitor facilities. Earlier, it was mentioned that Marcus Corporation is the fourth largest movie theatre business in the country and AMC Entertainment is the first. The two major competitors in between them are Cinemark and Regal Cinemas. These movie companies also need to worry about other exhibition delivery system such as streaming services, video on demand, television, DVD, and digital downloads of movies. Plus, there is also the competition coming from less related entertainment industries that compete with them for the public's leisure time and income.

During the pandemic, for example, competitors such as streaming services gained a lot of customers due to the easiness of streaming movies at home and the prices that are a lot lower than going to a movie at the theatre. In times of crisis when customers might have lost jobs and sources of income, they might choose an entertainment option that is more affordable and easier to access than going to a movie. Another factor to consider is that if customers are making less income, they might be looking for opportunities to work more, which leaves them with less leisure time to go to a movie theatre.

Additionally for Marcus Corp, their hotel and resort segment of their business has to compete against other franchised hotels that are owned by companies like Hyatt, Marriott, Hilton, and again other regional / local hotels in the area. Besides. With the emerging popularity that services such as Airbnb have gained, they have more competitors, and the customers have more alternatives to choose from. Similar weaknesses presented in the movie theatre segment of the business can affect Marcus Corporation's Hotel segment when considering that if customers have less income or less leisure time, they will be less likely to take trips and stay in these hotels.

Marcus Corporation states in their 10K report that they believe that in both parts of their business, the price and quality of their product combined with location make for the principal factors of competition. (Marcus & Marcus, 2021). Marcus Theatres and AMC Entertainment seem to be well equipped to be strong competitors in the industry.

Industry Seasonality

When we consider seasonality of this industry aside from the COVID 19 pandemic, Marcus Corporation's business is the most impacted during the first quarter of the year when it is winter. Due to them owning many locations in both segments of their businesses in the northern part of the United States, there is less travel during those months which decreases their hotel and resort revenue. In addition, winter adverse conditions sometimes make it impossible for people to travel even to the movie theatre which also decreases their business.

Their most popular times for this industry are during summer months and also between R66hanksgiving and Christmas.

Industry Guidelines

The movie theatre business is subjected to federal, state, and local laws regulations that affect their business and therefore, there are many parts to this business that add regulations that a movie theatre company needs to abide by. For example, they need to comply with health and sanitation standards, equal employment, environmental rules, licensing for sale of food and / or alcoholic beverages, and of course, licensing to show the movies. There are also different forms of taxation at the federal, state, and local levels depending on where the company operates.

Every theatre property also must comply with Tittle III of Americans with Disabilities Act of 1990, which requires proper accommodation for individuals with disabilities to ensure that construction or alterations made to their locations are made to conform with accessibility guidelines. Lack of compliance can lead to fines, damage to private parties or additional capital expenditures to fix noncompliance. Many movie theatre employees are also covered by employee regulation which includes rules about minimum wage, overtime, and working conditions. Any changes on any of the regulations listed above could also impact the business so it is important to remain knowledgeable of regulations.

With today's importance of technology and ease to share information, the risk with technological systems is also increased to this business. It is essential to them that their technology system operates with efficiency at all times. Therefore, risks present in this industry include cyber-attack, human error, or power loss. As cyber threats continue to evolve, it is important for Marcus Corporation to continue to expand their resources to protect information and remediate information security vulnerability. In both segments of its business, Marcus Corporation has access to customers' personal information including credit cards, drivers licenses and other confidential information that they continually work hard to protect.

Threat of Substitution

A primary threat of substitution that Marcus Corporation has to face is direct competition, which includes theatres owned by other chains or local theatre companies that might cater a more specialized service to their local customers. When it comes to their hotel and resorts division, they also have high competition against franchised hotels such as Hyatt, Marriott, and Hilton. In both areas of their business, Marcus Corporation states that customer decision is more based on location than loyalty to the brand. Therefore, they strive to provide good prices to stay competitive and strive to provide the best quality and customer service. They believe to be well positioned in these factors against their competition. (Granados, 2021)

Another threat to the entertainment side of the business is other forms of leisure activities that customers can choose from, with emphasis in the emerging growth of streaming services and the option to stream movies at home. In 2020 specifically due to the COVID-19 pandemic, streaming subscriptions grew by 50% in the U.S. (Granados, 2021) The restrictions that came with the pandemic and theatres being closed for a long period of time could also have caused a shift in consumer behavior. Forbes reported "In a recent survey of 20,398 U.S. adults by What if Media Group, 20% of the respondents said they have no intention to return to the movie theatres once a COVID-19 vaccine is widely available, while another 10% said they are somewhat unlikely to return." This is now a new threat since consumers may prefer the new habit of watching movies at home and choose to not go to the theatres as often. Further, they may have upgraded their home theatre experience with plans to recoup these costs by viewing movies at home.

In order to keep the movie theatres profitable, it is essential that Marcus Corporation continues to invest in technology advancements and other resources that allow them to provide a unique experience to customers that goes beyond just showing a movie on a bigger screen.

Industry Growth & Outlook Potential

Marcus Theatres invested $59 million and $94 million in the fiscal years of 2018 and 2019 consecutively in capital expenditures, purchases of interest and acquisitions. Because of the impact that the COVID-19 pandemic had on their business, acquisitions and capital expenditures decreased significantly in 2020, totaling only $21 million. They are anticipated to continue to limit the expansion expenses from $15-25 million for the fiscal year of 2021. They plan on continuing to monitor their economic results to plan accordingly.

In their 2020 10K Report, Marcus Corporation also listed growth plans and strategies for the years to follow. They opened a new Movie Tavern in Wisconsin in the end of 2019 which came with eight auditoriums all equipped with Dream Lounge recliner seating and a full-service bar and food center. They are continuing to consider additional similar acquisitions for theatre locations in the future. In 2019, they also acquired all assets of Movie Tavern and rebranded it to the now called Movie Tavern by Marcus. This acquisition consisted of 208 screens at 22 locations in nine different states, increasing their total number of screens by 23%.

The COVID-19 pandemic led to bankruptcy of many movie operators, but Marcus Corporation continues to plan for a better future. Their investments planned for the next fiscal years include DreamLounger recliner additions, UltraScreen DLX and Super Screen DLX conversions, and the new concepts of signature cocktails and dining experiences. In the end of the 2020 fiscal year, they also reported a plan to continue to remodel and keep theatres fresh with capital expenditures totaling around $10-15 million. There are many other strategies already in place that Marcus Corporation plans to continue that will be discussed later under the Product & Service Offering section.

Market Conditions & COVID-19 Pandemic

The movie industry was highly affected by the COVID-19 pandemic and Marcus Corporation is aware of the impact that economic crisis may have on their business. Because they are a leisure and entertainment company, the services they provide are not considered essential. Therefore, from an economic standpoint, if customers are going through tough financial times, they will likely spend less money in the two business segments that Marcus corporation is involved in - movie theatres and hotels. Marcus has taken measures to preserve cash since the pandemic started. Some of these measures included temporarily suspending quarterly dividend payments as required by their credit agreement, discontinuing non-essential capital and operating expenses, temporarily laying off hourly theatre and hotel employees, reducing management staff salary levels, reducing salary of the chairman and president/ CFO by 50%, and reducing salaries of other executives.

Because Marcus Corporation provides services that encourage socializing and require people to be in close proximity, COVID 19 significantly impacted their business. Besides the limitations in capacity and the months that their businesses had to spend completely closed down, another issue that the theatre division encountered was that movie production was very difficult during the pandemic which limited the new movies they were able to show. Although 2021 started on a tough note, the market environment for Marcus Corporation has been improving. As life began to return to normal, many states lifted capacity restrictions, and mask requirements. With many people now vaccinated, theatres have seen a larger flow of customers and so did the hotels division. Besides, with the ability of movie producing companies to returning to making new films, more opportunity for showing block buster movies in their theatres again brings Marcus Corporation a brighter look into the future.

HISTORICAL FINANCIAL PERFORMANCE

Implementation of New Accounting Standards

Marcus Corporation's audit is provided by Deloitte & Touche LLP, and in the end of the 2020 fiscal years they issued an opinion that Marcus Corporation's financial statements were presented fairly in all material respects in conformity with the accounting principles generally accepted in the United States of America. During the period analyzed, Marcus Corporation made one change in accounting principle that was the method of accounting for leases in the year ended on December 26, 2019, due to the adoption of the Accounting Standards Update No. 2016- 02, Leases (Topic 842), using the modified retrospective method.

Marcus Corporation presents consolidated financial statements which include accounts of The Marcus Corporation and all its subsidiaries. The company has ownership of greater than 50% in joint venture that is considered a Variable Interest Entity and it is included in the company accounts. The investments that are 50% or less owned by the company, but in which the company exercises significant influence on but does not have control over, are accounted using the equity method. In order to present the consolidation statements, all intercompany accounts were eliminated.

Auditor Opinions and Assessment of Objectiveness Internal Control

In order to analyze the quality of earnings, it is important to first understand that the companies were considered to have sufficient and appropriate internal controls for the fiscal year. As of the end of the fiscal year of 2020, the Marcus Corporation management team conducted an evaluation of the effectiveness of their internal control over financial reporting based on the internal control- integrated framework (2013) and concluded that it was effective as of December 31, 2020. Their auditors for 2020 also reached the same conclusion about their internal controls and issued an unqualified opinion about it. AMC Entertainment was also put through the same analysis and was audited by Ernst & Young LLP. It was also concluded in an unqualified opinion emitted that their financial statements were properly presented and that internal controls were appropriate.

Revenue Sources

Table 2 below was taken from the Marcus Theatre 10K report and it is a summary of the revenue in the years between 2018-2020 and how much each division of the theatre division contributed to it:

Table 2: Revenue Sources

The following table provides a further breakdown of the components of revenues for the Marcus Corporation theatre division for the last three fiscal years:

		Change F20 v. F19			Change F19 v. F18		
	F2020	Amt.	Pct.	F2019	Amt.	Pct.	F2018
Admissions Revenues	$ 64.8	$ (219.4)	-77.2%	$ 284.2	$ 37.8	15.3%	$ 246.4
Consession Revenues	56.7	-174.5	-75.5%	231.2	64.6	38.8%	166.6
Other Revenues	10.8	-30	-73.6%	40.8	8.3	25.4%	32.5
	132.3	-423.9	-76.2%	556.2	110.7	24.8%	445.5
Cost Reimbursements	0.3	-0.6	-63.1%	0.9	-0.4	-32.1%	1.3
Total Revenues	$ 132.6	$ (425.5)	-76.2%	$ 557.1	$ 110.3	24.7%	$ 446.8

The majority of revenue is driven by customer attending movies, paying for the admission costs, and spending money in concessions. One positive change in 2020 compared to 2019 is that the concession revenue per person went up by 6.8%. Marcus Corporation believes that this is due to a change in the concession product mix, the shorter line in concession stands that happened due to reduced attendance and customers using the website and mobile app to buy items ahead. Although there was one positive change in customer spending, the table showed that overall revenue in 2020 went down by 76.2% when compared to 2019. This significant change is related to the COVID-19 pandemic rules, limitations, and months of temporarily cease of operations.

Relevant Changes in Profitability in Most Recent Year

Most of Marcus Corporation revenue comes from the theatre division. In 2019, theatres were 67.9% of consolidated revenues and 88.4% of operating income. They contributed with 55.8% of the consolidated revenues and 73.5% of the operating income in 2020. Table 3 shows the changes in revenues over the years of 2018 to 2020:

Table 3: Change in Revenue

		Change F20 v. F19			Change F19 v. F18		
	F2020	Amt.	Pct.	F2019	Amt.	Pct.	F2018
Revenue	$ 132.60	$ (424.5)	-76.20%	$ 557.1	$ 110.3	24.7%	$ 446.8
Operating Income (loss)	$(121.40)	$ (198.3)	-257.90%	$ 76.9	$ (11.9)	13.4%	$ 88.8
Operating Margin	-91.6%			13.8%			19.9%

The revenue amount as shown decreased significantly from 2019 to 2020 due to the decrease in attendance as a result of the COVID-19 pandemic and theatres being closed for 5-plus months. During this closing period, the only additional revenue they had was from 5 parking lot cinemas opened during the second quarter, curbside popcorn sales, and other restaurant item take out sales from the restaurants and bars they own. The loss showed in 2020 represents the expenses that Marcus Corporation still had after closing all theatres temporarily and laying off most hourly staff as well as part of the corporate staff. Costs included are salary of management staff, remaining corporate staff (subjected to reduced pay), ongoing costs such as utilities and maintenance, rent, property taxes and depreciation. In the end of the third quarter, Marcus brought back some employees to meet reduced levels of initial new movie supply and customer demand in the newly reopened theatres. This also generated more costs of training and rehiring new employees and putting new operating protocols to follow COVID-19 guidelines. Lastly, rent continued to be an expense for Marcus Theatres, but they were able to negotiate deferred payments with some of their landlords. The lack of new movie productions, availability of new appealing movies and the months the theatres had to be closed due to the COVID-19 pandemic were all factors that made the economic environment in 2020 for Marcus Corporation and other movie theatre companies a very harsh one.

Although 2020 and 2021 were tough years for Marcus Corporation, they took the challenge of navigating through the pandemic as best as they could to finally get some positive results of this effort in third quarter of 2021. On November 3rd of 2021, Marcus Corporation reported the results of their third quarter of the year which ended on September 30th. When comparing the revenue in the end of the third quarter of 2021 with 2020, numbers went up by over $100,000. This also marked a good quarter for the company because their income statement finally showed a positive number with net income of $6,273,000 compared to an operating loss of $47,987,000 in the end of the third quarter in 2020. When we look at the beginning of 2021, the revenue showed for the first three quarters of the year was $289,196,000 compared to $200,984,000 in the first three quarters of 2020. Finally, adjusted EBTIDA was $5,830,000 for the first three quarters of 2021, which is a great improvement compared to the 2020 loss of $43,804,000 in the first three quarters.

Some highlight movies that drove a lot of customers to the theatres in the third quarter of 2021 included "Black Widow," "Shang-Chi and the Legend of the Ten Rings," "Jungle Cruise," "Free Guy," and "Space Jam: A New Legacy." Marcus Theatres also had an opportunity to keep the momentum going with other great releases in the last quarter of last year, including "Eternals," "Ghostbusters: Afterlife," "King Richard," "Encanto," "West Side Story," "Spider-Man: No Way Home," "Sing 2," "The Kings Man," and "The Matrix Resurrections." (Neis D. A., 2021).

HISTORICAL FINANCIAL STATEMENT ANALYSIS

Revenues and Income Comparison

Marcus Corporation suffered with the pandemic and struggled to be profitable in 2020. However, they were not the only ones who were impacted by the COVID-19 pandemic, as we see in the table below that shows the sales revenues and net income from Marcus Corporation and their competitor AMC Entertainment for the last 5 years:

Table 4: Revenue and Net Income

Marcus Theatres	2020	2019	2018	2017	2016
Revenue	$ 237,688	$ 820,863	$ 707,120	$ 653,552	$ 574,324
Net income	$ (124,843)	$ 42,017	$ 53,391	$ 64,996	$ 37,902

AMC Entertainmen	2020	2019	2018	2017	2016
Revenue	$ 1,242,400	$ 5,471,000	$ 5,460,800	$5,079,200	$3,235,846
Net income	$ (4,589,100)	$ (149,100)	$ 110,100	$ (487,200)	$ 111,667

In the financial statement disclosures for Marcus Corporation, it is disclosed that revenues and net earnings decreased due to the temporary closing of all theatres and hotels due to the pandemic restrictions and temporary closing of most of their facilities. AMC had similar results as Marcus Corporation in their business when comparing the profitability of 2019 to 2020. In the AMC Entertainment 10K management evaluation of financial results, there are a lot of similar disclosures that justify the decrease in revenue and income for going through the same problem as Marcus Corporation did. Even though they also have an international market, that segment was also highly affected by the global pandemic, and they had a similar pattern of significant decrease in revenue from 2019 to 2020.

Quality of Earnings: Main VS. Bench

In order to compare these companies' and the reliability in their financial statements, we can analyze both companies' quality of earnings ratio. This ratio is calculated by taking the net cash flow from operating activities and dividing that by net income as follows:

Table 5: Quality of Earnings Ratio

Marcus Corporation	2020	2019	2018
Net Cash Flow from Oper.	-68,554	141,479	137,389
Net Icome	-124843	42017	53391
Quality of Earnings Ratio	0.549	3.367	2.573

AMC Entertainment	2020	2019	2018
Net Cash Flow from Oper.	-1,129.50	579	523.2
Net Icome	-4589100	-149100	110100
Quality of Earnings Ratio	0.0002	-0.004	0.005

A larger quality of earnings ratio indicates the amount of earnings that actually come from the business operations themselves so the higher the ratio, the better quality of earnings. From calculating this ratio for both companies, Marcus Corporation has had much better quality of earnings in the last 3 reported years than AMC Entertainment. This can be justified by the larger inflow of cash that Marcus Corporation has compared to its competitor.

Table 6: Accounts Receivable/ Sales Revenue Ratio

Marcus Corporation	2020	2019	2018
Sales Revenues	$ 237,688	$ 820,863	$ 707,120
Accounts Receivable	$ 6,359	$ 29,465	$ 25,684
Accounts Rec./ Sales Rev.	0.027	0.036	0.036

AMC Entertainment	2020	2019	2018
Sales Revenues	$ 1,242,400	$ 5,471,000	$ 5,460,800
Accounts Receivable	$ 91,000	$ 254,200	$ 259,500
Accounts Rec./ Sales Rev.	0.073	0.046	0.048

When we compare the percentage of sales and accounts receivables standing in the end of fiscal year of 2020, we also see that Marcus corporation has less accounts receivables standing in the end of December than AMC Entertainment. As we can observe in Table 7, the average collection period for Marcus Theatres was a lot better in 2020 than it was for AMC Entertainment.

Relevant Ratios and Interpretations

Table 7: Activity Ratios:

Marcus Corporation	2020	2019	2018	2017
Accounts Receivable Turnover	12.553	29.175	26.466	30.860
Average Collection Period	29.077	12.511	13.791	11.828
Assets Turnover	0.182	0.699	0.705	0.678

AMC Entertainment	2020	2019	2018	2017
Accounts Receivable Turnover	7.198	21.300	20.568	20.938
Average Collection Period	50.708	17.136	17.746	17.432
Assets Turnover	0.104	0.472	0.566	0.551

Table 7 shows activity ratios and allows for comparison between Marcus Theatres with AMC Entertainment and their activity results for the last 4 years. The Accounts Receivable Turnover ratio measures if the company is collecting money owed by their customers. Marcus Corporation has a better turnover ratio for its accounts receivables than

AMC Entertainment and also has a shorter average collection period for all years reported. The yearly comparison also shows improvement for Marcus Corporation when we compare their turnover ratio improvement since 2016. This can be explained by the fact that AMC Entertainment has a bigger portion of their sales revenue on credit than Marcus Corporation does, which introduces additional risk to the company in making sales to customers who may not actually make payments. Additionally, due to the larger nature of the AMC Entertainment business and the larger number of facilities they operate compared to Marcus Corporation, there is more uncollectible accounts risk that comes from running those extra locations and having a much larger range of customers.

The asset turnover ratio shows us how efficiently a company is using its assets to produce revenue. Generally, a higher ratio means that the company is being more efficient, so when we compare this ratio, we once again see Marcus Corporation displaying better results. The large decrease in the turnover ratio in both companies from 2019 to 2020 can be explained by the effects that the COVID-19 pandemic had in the movie theatre industry.

Table 8: Liquidity and Solvency Ratios

Marcus Corporation	2020	2019	2018
Net Cash Flow from Oper.	-68,554	141,479	137,389
Net Icome	-124843	42017	53391
Quality of Earnings Ratio	0.549	3.367	2.573
AMC Entertainment	2020	2019	2018
Net Cash Flow from Oper.	-1,129.50	579	523.2
Net Icome	-4589100	-149100	110100
Quality of Earnings Ratio	0.0002	-0.004	0.005

We can also compare these two companies by looking at liquidity ratios. The current ratio measures the company's ability to pay for short term obligations. It is better to have a higher current ratio, table 8 shows an advantage for Marcus Corporation in the year of 2019 but better results for AMC Entertainment in the years prior. The debt-to-equity ratio is used to compare company's total liabilities to its total assets, and this ratio shows that AMC

Entertainment is using much higher leverage level than Marcus Corporation. This can also mean that AMC Entertainment stocks would present higher risk to shareholders.

The return on capital shows the amount of money a company makes that is above the average paid for its debt and equity capital. The reason why neither company displays a number for 2020 is because they both showed a loss and no income that year. The decrease for ROC for Marcus Corporation from 2018 to 2019 can be explained by the large purchase investments that the company made that year when they bought out new theatre locations. The times interest earned ratio shows the company's ability to meet debt obligations based on their current income. Marcus Corporation has much better results for this ratio as well, and the N/A result in 2020 is once again due to the loss that both companies had in that year. In terms of liquidity, Marcus Corporation shows overall better results than AMC Entertainment and I believe one big reason that causes this is due to Marcus Corporation owning most of their theatres locations which leads to less lease contract obligations than other theatre companies. Besides helping to reduce the amount of rent contract liabilities that Marcus Corporation needs to have, owning real estate also gives them the security of selling part of it if needed if one of their locations is not being as profitable as desired.

Table 9: Profitability Ratios

Marcus Corporation	**2020**	**2019**	**2018**	**2017**	**2016**
Operating Margin	-75.07%	8.31%	11.76%	11.83%	12.44%
Return on Assets	-9.22%	3.12%	5.38%	6.67%	4.52%
Return on Equity	-22.61%	6.85%	11.30%	15.58%	10.02%
Return on Invested Capital	-21.73%	7.82%	11%	10.46%	11.70%
Debt to Equity	1.51	1.19	1.02	1.29	1.33
AMC Entertainment	**2020**	**2019**	**2018**	**2017**	**2016**
Operating Margin	-330.22%	2.49%	4.85%	2.01%	6.60%
Return on Assets	-42.04%	-1.11%	0.56%	-4.94%	1.90%
Return on Equity	234.05%	-11.87%	3.18%	-20.27%	6.69%
Return on Invested Capital	-113.09%	2.24%	3.95%	1.41%	5.08%
Debt to Equity	-4.6	10.26	5.79	3.64	3.30

The movie theatre requires a lot of capital to enter and to maintain a good structure to offer customers a good experience. On the other hand, theatre companies cannot overcharge customers on movie tickets because there are many competitors in this industry that customers could pick from such as a rival movie theatre, choosing a different leisure option that is cheaper or even using a subscription service at home to watch movies. Therefore, even in profitable years we observe low rates of operating margin and return on asset because of the high costs of maintaining the business and the limitations of increasing price of services and concessions in order to stay competitive.

Due to the nature of the business, the operating margin ratio is a useful comparative measure for Marcus Corporation. This ratio measures how much profit the company made from sales after paying for the expenses that it takes to operate the business. The years of 2016-2019 showed higher ratios for Marcus Corporation which means more efficient operations to turn sales into profits. The year of 2020 shows negative results for both companies due to the loss results and the unavoidable expenses they had to continue to pay even when theatres were forced to be closed.

The return on asset ratio measures how profitable the company is in relation to its total assets. It is better to have a higher ROA because that indicates a company is making more profit for each dollar of assets they own. The return on equity is a financial ratio that indicates how profitable the company is in relation to its total equity. According to calculations, Marcus Corporation has had better outcomes in both profitability ratios in all years. Once again, the 2020 ratio shows negative numbers due to the loss these companies had because of the pandemic effects.

The return on invested capital is a calculation that helps access if the company is being efficient allocating their capital into profitable investments. The higher the ratio, the better allocation skills which once again shows that Marcus Corporation has been using its capital more efficiently in the last few years. Lastly, the debt-to-equity ratio is also better for

Marcus Corporation, meaning that it is presenting lower leverage which makes it a better investment.

Table 10: Historical Sales and Revenue Growth Comparison

Marcus Theatres	**2020**	**2019**	**2018**	**2017**	**2016**
Revenue	$ 237,688	$ 820,863	$ 707,120	$ 653,552	$ 574,324
Net income	$ (124,843)	$ 42,017	$ 53,391	$ 64,996	$ 37,902

AMC Entertainment	**2020**	**2019**	**2018**	**2017**	**2016**
Revenue	$ 1,242,400	$ 5,471,000	$ 5,460,800	$ 5,079,200	$ 3,235,846
Net income	$ (4,589,100)	$ (149,100)	$ 110,100	$ (487,200)	$ 111,667

	Change F20 vs. 19		**Change F19 vs. 18**		**Change F18 vs. 17**		**Change F17 vs. 16**	
Marcus Theatres	**Amount**	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
Revenues Growth	-583175	-71%	113743	16%	53568	8%	79228	12%
Net earnings	-166860	-397%	-11374	-21%	-11605	-18%	27094	42%

	Change F20 vs. 19		**Change F19 vs. 18**		**Change F18 vs. 17**		**Change F17 vs. 16**	
AMC Entertainment	**Amount**	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
Revenues Growth	-4228600	-77%	10200	0%	381600	8%	1843354	36%
Net Earnings	-4440000	2978%	-259200	-235%	597300	-123%	-598867	123%

As table 10 shows, revenues were growing a lot for Marcus Corporation from 2016 to 2019 by an average of 8.6% each year. The net income also increased from 2016 to 2017, to then decrease in 2018 and then again in 2019. Although the sales revenues in 2018 and 2019 increased, the decrease in net earnings during those years can be explained by the investments and acquisitions such as the purchase of the Movie Tavern movie theatres based in New Orleans that added 22 new locations to their movie theatre segment. This purchase and the associated new locations in the beginning of 2019 can also explain the increase in sales revenues. In addition, Marcus Corporation had been investing in new reclining chairs which also helps in differentiating their service provided and attracting more customers.

In 2020, there was a drastic decrease of 71% which was due to not being able to operate any segments of the business for so many months. During the course of normal business in the years being analyzed in this report, Marcus Corporation reported a higher sales and net income growth than AMC Entertainment which is a positive outlook for the company. AMC had 2 years before 2020 when they had a large amount of sales revenue but still had a loss in 2017 and 2019, whereas Marcus Corporation's sales and income were increasing at a good pace.

Marcus Corporation also had another advantage over AMC Entertainment which is most of their theatres operate in the Midwest region of the United States. During the COVID-19 pandemic, more populated states such as New York and California were affected earlier by the pandemic and were more regulated than other smaller states in the country. Besides, AMC had the biggest share of business in Los Angeles and New York City and because of the high restrictions in this area the loss of this business led to a big disadvantage for the company in 2020.

Fixed Asset Base Comparison

One of the core philosophies for Marcus Corporation is to maintain and protect a strong balance sheet. They believe to have entered the COVID-19 pandemic crisis in a strong financial position with debt-to-capitalization ratio of 0.26 in the end of 2019. Even with the struggles they dealt with during the pandemic, they ended 2020 with a ratio of 0.37 which is equal or lower to the same ratio they have had in seven of the last 10 fiscal year ends. (Marcus & Marcus, n.d.) There were many actions taken in order to enhance liquidity including temporarily suspending quarterly dividend payments as required by their credit agreement, temporarily laying off hourly theatre and hotel employees, reducing management staff salary levels, reducing salary of the chairman and president/ CFO by 50%, reducing salaries of other executives, and actively working with landlords to modify lease contracts.

Besides the measures taken by Marcus Corporation, in the fourth quarter of the fiscal year of 2020 a number of states decided to provide grants to businesses that were most impacted by the pandemic. As a result of this grants, Marcus received funds from seven different states totaling an award of $5.8 million to several theatres locations and $1.2 million to the hotel business division. This total of $7 million was reported as an offset to the income statement account called other operating expenses. Then in the first quarter of 2021, Marcus Corporation was awarded an additional $1.3 million from a different state. Some of their subsidiaries also qualified and received fund under the CARES Act Paycheck Protection Program totaling $13.5 million which allowed for the rehiring of many hotel associates and funding other qualifying expenses.

Because of the philosophy of maintaining a strong balance sheet, one big advantage that Marcus Corporation has is ownership of real estate, owning their hotels and also the majority of their theatres. This ownership helped them keep lease expense down and also the choice on how to operate their facilities during the pandemic which helped keep their costs lower. They also have surplus real estate that may be sold in the future period if a good opportunity arises.

For a fixed asset comparison, we can also look at the fixed asset turnover ratio which is calculated by dividing net sales to the fixed assets to measure how much profit the company is able to generate for each dollar of its fixed asset investments.

Table 11: Asset Turnover

Marcus Corporation	**2020**	**2019**	**2018**	**2017**	**2016**
Total Fixed Assets	$ 1,186,361	$ 1,279,922	$ 920,382	$ 941,076	$ 875,123
Net income	$ (124,843)	$ 42,017	$ 53,391	$ 64,996	$ 37,902
Fixed Asset Turnover	-10.5%	3.3%	5.8%	6.9%	4.3%

AMC Entertainment	**2020**	**2019**	**2018**	**2017**	**2016**
Total Fixed Assets	$ 9,789,400	$13,002,700	$ 8,714,500	$ 8,933,500	$ 7,958,198
Net income	$(4,589,100)	$ (149,100)	$ 110,100	$ (487,200)	$ 111,667
Fixed Asset Turnover	-46.9%	-1.1%	1.3%	-5.5%	1.4%

As the numbers above show, AMC Entertainment is a much larger business than Marcus Corporation if we solely look at the dollar amount of fixed assets that they own.

When analyzing financial statements presented, other assets in the long-term asset composition for Marcus Corporation include 67.37% of property plant and equipment and the other 32.63% is 8.47% accounted as other operating assets, 18.31% as other nonoperating asset and the other <1% left is between construction in progress and investment. Marcus further explains that these other assets include goodwill and investments. AMC Entertainment has similar long term asset composition, except for the fact that their long-term assets are also composed by operating lease right-of-use assets. Overall, in both vertical analyses, both companies show to have around 95% of their assets composed by fixed assets.

From the calculations above, Marcus Corporation is doing a better job of using those fixed assets to bring profits for the company in all 5 years analyzed. One factor that can explain this is that while Marcus owns and operates 89 movie theatres, AMC has 950 of them as of December 31st, 2020. It is challenging to operate the largest business in the industry specially in a year like 2020 when all these facilities were still generating expenses but were unable to generate any profit for a couple months of the year.

Capital Structure Comparison

Due to the nature of the business, both companies have high leverage. Because the movie theatre industry is highly competitive, it is important for companies to constantly invest in improvements. Theatres also want to be sure to always have a variety of movies available and contracts with the film making companies to be able to stay updated with what they are offering to customers. These high necessary expenses can explain the high leverage of this industry specially during the COVID-19 when there were unavoidable expenses that had to be taken care of even when they had to temporarily close their doors for over 5 months of the year.

When comparing the 2020 balance sheets, AMC Entertainment has 15.36% of current liabilities, 112.45% long term liabilities and a negative amount of total equity of 27.81%. Marcus Corporation reported 17.33% in current liabilities, 42.90% in long term liabilities and total equity of 39.76%. As discussed earlier, Marcus Corporation has a lower debt to equity ratio than AMC Entertainment does which is a positive sign for Marcus investors. The negative amount of equity for AMC Entertainment can be explained by the incurred loss of ($4,589,100) that offset that amount of shareholder equity of $13,675,800 that was previously reported in the end of 2019 and was used to cover the large number of expenses the company had while generating no profits in 2020.

Stock and Earnings per Share Comparison

Although both companies reported a significant decrease in their liquidity quality from 2019 to 2020, the managers for both reported that they have enough liquidity to satisfy obligations for at least the next 12 months and took several safety measures to preserve cash. Tables 12 and 13 include data reported in the Marcus Corporation 10K report and AMC Entertainment 10K report, respectively, in the year of 2020.

Table 12: Earnings Per Share Marcus Theatres

	Year Ended		
	Dec 31, 2020	**Dec 26, 2019**	**Dec 27, 2018**
Numerator:			
Net Earnings (loss) Attribulatable to the Marcus Corporation	$ (124,843)	$ 42,017	$ 53,391
Denominator			
Denominator for Basic EPS	31,042	30,656	28,105
Effective of Dilutive Employee Stock Option	-	496	608
Denominator for Diluted EPS	31,042	31,152	28,713
Net Earnings (loss) per Share- Diluted			
Common Stock	$ (4.13)	$ 1.44	$ 1.96
Class B Common Stock	$ (3.74)	$ 1.25	$ 1.75
Net Earnings (loss) per Share- Diluted			
Common Stock	$ (4.13)	$ 1.35	$ 1.86
Class B Common Stock	$ (3.74)	$ 1.24	$ 1.72

The number of shares reported for Marcus Corporation as of March 1,2021 was Common stock outstanding —23,512,769 and for Class B common stock outstanding—7,825,254.

Table 13: Earnings Per Share AMC Entertainment

	Year Ended		
(in millions)	**Dec 31, 2020**	**Dec 31, 2019**	**Dec 31, 2018**
Numerator:			
Net Earnings (loss) Attribulatable to AMC Entertainment Holdings, for basic EPS	$ (4,589)	$ (149)	$ 110
Calculation of Net Earnings for Diluted EPS:			
Marked-to-Market gain on Derivative Liab.	-	-	-66.4
Interest Expense for Convertible Notes due 2	-	-	9.7
Net Earnings (loss) Available for Diluted Earn	$ (4,589)	$ (149)	$ 53
Denominator (Shares in Thousands)			
Weighted Average Shares for Basic Earnings per Share	117,212	103,832	120,621
Common Equivalent Shares for RSUs and PS	-	-	29
Effective of Dilutive Employee Stock Option	-	-	9,455
Denominator for Diluted EPS	117,212	103,832	130,105
Basic Earnings (loss) per Common Share	$ (39.15)	$ (1.44)	$ 0.41

As of the end of 2020, the number of shares for AMC Entertainment of Class A common stock outstanding was 450,156,186 shares, and Shares of Class B common stock outstanding was 0 shares as of March 11, 2021.

Note that while Marcus corporation's report is in thousands scale, AMC Entertainment's report is in millions. Marcus uses two stock class methods; common stock and the convertible Class B of common stock which is reflected on an if-converted basis that is dilutive to conversion of this class of stock into Common Stock in periods that have net earnings. The holders of common stocks are entitled to cash dividends per share that is 110% of all dividends declared and paid on each share of Class B of common stock. For periods when the company reports a loss, common stock equivalents are excluded from computation of diluted loss per share.

In its 10K report, AMC Entertainment stated it has substantial amount ($,5411.6 million) of indebtedness and lease obligations ($96 million). A lot of the rental agreements were being negotiated with landlords and they have ceased to pay rent for some of their leases. Because of the huge need of cash to continue to pay for interest and debt, less funds are available for working capital, capital expenditures and other potential acquisitions.

From analyzing the 10K reports of both companies in 2020 it is noticeable that many strategies of freezing new investments and acquisitions for the recent future periods is a similar strategy both of them have employed in order to prevent indebtedness. Although there are similar strategies being put in place, it is noticeable that Marcus Corporation has a significantly lower number of debts compared to its equity than AMC Entertainment. When analyzing the earnings per share for each company, investors will once again see more advantage in investing in Marcus Corporation because in the last 2 years, Marcus has showed better net earnings per share.

Integration of qualitative and quantitative findings

There are many relationships between the qualitative and quantitative part of analyzing a business. When comparing Marcus Theatres with AMC Entertainment, I found several similarities in their product offering strategies, but the size of their businesses is clearly very different. Marcus Corporation has all of its facilities located in the Midwest and less populated areas whereas AMC has a more aggressive strategy that includes many more facilities in locations that are more populated and in the presence of more competitors. This more aggressive strategy makes AMC a risker investment as shown in the ratios that were presented. Another factor that I found to be a big differentiator in strategy that also affected the financial statements is the number of theatre facilities that are owned or leased by the two companies. Table 14 shows the number of theatre facilities owned vs. leased by AMC Entertainment and Marcus Theatres.

Table 14: Facilities Explanation

	Total Number of Facilities in Operation	Owned	Leased
Marcus Corporation	89	49	39
Percentage	100%	55.1%	43.8%
AMC Entertainment	880	55	825
Percentage	100%	6.25%	93.75%

Marcus Corporation values having more owned properties and it owns 55.1% of their theatre facilities, which is significantly more than AMC Entertainment with its 6.25%. Owning these facilities led Marcus to great advantage, especially during the COVID-19 pandemic. Whereas many other competitors had to try negotiating lease contracts and have high expenses during the year even without using any of those buildings, Marcus already owned most of its properties. This led to better leverage, better return on its assets, and better overall financial ratio results for them.

Opinion on The Future of The Company

After analyzing the financial statements for Marcus Corporation, it is clear that the company went through a very hard time in the year of 2020. In an article published in the investor section of their website in March 2022, Marcus Corporation disclosed that the 4th quarter of 2021 was a second consecutive quarter of profitability since the beginning of the pandemic. They reported operating income of $14.0 million during that period compared to a loss of $55.2 million that was reported in the 4th quarter of 2020. They had a net income of $6.4 million in that period compared to the $39.0 million loss reported in the last quarter of 2020. Although the full fiscal year still ended with a loss of $43.3 million it was a significant lower loss than the $124.8 million reported in 2020. (Neis D. A., 2022).

The increase in sales revenues and the positive income for the last two quarters of the year can be considered a positive start of recovering for Marcus Corporation after the pandemic. During the year of 2020, subscription services gained many customers while the movie theatres were closed which generated a threat of substitution to Marcus. Seeing the positive income that came from the number of people that were back at the theatres once they were able to after COVID-19 restrictions were lifted is a positive sign that the movie theatre experience continues to be unique and a preferred choice among many people.

Marcus Theatres also included in that article that if comparing admissions revenues with their competitors, it outperformed the industry by 5.6% points for the full fiscal year of 2021 according to data received from Comscore. (Neis D. A., 2022). The outperformance of the industry in admissions revenue can also be explained by the many actions that were taken by Marcus Corporation’s executive team. Although Marcus Corporation has expanded and grown so much since it began, the company has always been in the hands of the Marcus family. This family is so passionate about the movie theatre business and has worked on developing and improving Marcus Corporation since its first day of existence. The chairman of the board and the CEO / president of the company have been with the company for over 20 years and have led the company through tough times before. Marcus Corporation was actually founded during the middle of the Great Depression and evolved and grew during other times of crisis such as the 1973 Oil Crisis and the Great Recession. Knowing that the executive team has been part of the company since these other crises and that the company continued to thrive after them should also give Marcus's investors more confidence that the business is in good hands.

Marcus Corporation is a company based in the Midwest that has most of its facilities in the Midwest and other areas around it. This also brings them a large advantage against competitors that are mainly in more populated areas of the country because in many of the towns where Marcus Corporation has its Movie Facilities (for example Fargo, ND) there are no other chain competitors. This is a good strategy for a smaller company like Marcus Corporation because it limits competition and helps guide all local customers to their theatres. Lastly, as vaccination booster rates have grown, and more mask policies continue to be lifted there are high expectations of more new movies coming out again which will bring even more viewers back to the theatres.

The stock price for Marcus Corporation decreased significantly in 2020 but it has been steadily increasing and recovering in the last 12 months. It is also important to consider that Marcus Corporation had recently acquired 22 new locations in 2019 and was only able to operate and profit from these new facilities for a little over a year before the pandemic started. With vaccination rates going up and COVID-19 cases going down in the USA, the operation of all the new locations will help increase sales revenues and attract more customers to the business. The year of 2022 is also bringing a very strong slate of movies such as "The Batman," "Morbious," "Fantastic Beasts: The Secrets of Dumbledore," "Doctor Strange in the Multiverse of Madness," "Downton Abbey: A New Era," "DC Super Pets," "Top Gun: Maverick, "Jurassic World: Dominion," and others. Considering the high expectations of improve in movie attendance and the already positive ending of 2021, I believe that the better financial results that 2022 should bring will help increasing the stock share values.

Appendix A: Summarized Historical Financial Statements Marcus Corporation

FinSAS Version 2003051213	Input				
Company:	Marcus Corp. (The) (NYS: MCS)				
Analyst:	Leticia Esteves Rodovalho				
Most Recent Year Available:	2020				
Years Available for:					
Income Statement (1-5)	5				
Balance Sheet (1-5)	5				
======================================	=========	=========	=========	=========	=========
INCOME STATEMENT	2020	2019	2018	2017	2016
--	----------------	----------------	----------------	----------------	----------------
Net Sales	237688	820863	707120	653552	574324
Less: Cost of Goods Sold	0	0	0	0	0
	----------------	----------------	----------------	----------------	----------------
Gross Profit	237688	820863	707120	653552	574324
Other Operating Revenue	0	0	0	0	0
Less: Operating Expenses	416110	752672	623931	576245	502851
	----------------	----------------	----------------	----------------	----------------
Operating Income	-178422	68191	83189	77307	71473
Less: Interest Expense	16275	11791	13079	12100	9176
(no capitalized interest)					
Other Income (Expenses)	-422	-542	-1777	-1124	-1221
Unusual or Infreq. Item;					
Gain (Loss)	856	-1149	-1342	3981	-844
Equity in Earnings of Assoc.;					
Profit (Loss)	-1539	-274	-399	46	301
	----------------	----------------	----------------	----------------	----------------
Income before Taxes	-195802	54435	66592	68110	60533
Less:Taxes Related to Operations	-70936	12320	13127	3625	22994
	----------------	----------------	----------------	----------------	----------------
N.I. before Min. Ern.	-124866	42115	53465	64485	37539
Minority Share of Earnings (Loss)	23	-98	-74	511	363
	----------------	----------------	----------------	----------------	----------------
N.I. before Nonrecurring Items	-124843	42017	53391	64996	37902
Oper. of Discontinued Segment;					
Income (Loss)	0	0	0	0	0
Disposal of Discont. Segment;					
Gain (Loss)	0	0	0	0	0
Extraordinary Item;					
Gain (Loss)	0	0	0	0	0
Cum. Effect of Acct Change;					
Gain (Loss)	0	0	0	0	0
	----------------	----------------	----------------	----------------	----------------
Net Income (Loss)	-124843	42017	53391	64996	37902
======================================	=========	=========	=========	=========	=========

BALANCE SHEET	2020	2019	2018	2017	2016
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ASSETS					
Current Assets:					
Cash	6745	20862	17114	16248	3239
Marketable Securities	0	0	0	0	0
Gross Receivables	7643	30227	26045	27391	14965
Less: Allowance for Bad Debts	1284	762	361	161	204
Net Trade Receivables	6359	29465	25684	27230	14761
Inventories	3434	5673	4138	0	0
Prepaid Expenses	0	0	0	0	0
Other Current Assets	51279	23264	22013	33243	18143
	---------------	---------------	---------------	---------------	---------------
Total Current Assets	67817	79264	68949	76721	36143
Long-Term Assets:					
Net Tangible (Fixed) Assets (other than construction in progress)	844968	919211	827530	854795	769500
Construction in Progress	3360	4043	12513	5269	19698
Intangible Assets	0	0	0	0	0
Investments	2084	3595	4069	4239	6096
Other Nonoperating Assets	229660	243855	–	–	–
Other Operating Assets	106289	109218	76270	76773	79829
	---------------	---------------	---------------	---------------	---------------
Total Long-Term Assets	1186361	1279922	920382	941076	875123
Total Assets	1254178	1359186	989331	1017797	911266
LIABILITIES AND EQUITY					
Current Liabilities:					
Accounts Payable	13158	49370	37452	51541	31206
Short Term Loans	87194	–	–	–	–
Current Maturity of L.t. Debt	32945	25816	15869	19586	18638
Other Current Liabilities	84095	99802	95935	88556	80829
	---------------	---------------	---------------	---------------	---------------
Total Current Liabilities	217392	174988	149256	159683	130673
Long-Term Liabilities:					
Long-term Debt	193036	206432	228863	289813	271343
Reserves	0	0	0	0	0
Deferred Liabilities	94733	103395	98885	94895	91497
Minority Interest	0	0	0	0	0
Redeemable Preferred	0	0	0	0	0
Other Long-term Liabilities	250294	252913	22208	28282	26106
	---------------	---------------	---------------	---------------	---------------
Total Long-term Liabilities	538063	562740	349956	412990	388946
Total Liabilities	755455	737728	499212	572673	519619
Shareholders' Equity:					
Preferred Equity	0	0	0	0	0
Common Equity-incl. Ret. Ern.	498723	621458	490119	445124	391647
	---------------	---------------	---------------	---------------	---------------
Total Equity	498723	621458	490119	445124	391647
Total Liabilities and Equity	1254178	1359186	989331	1017797	911266
====================================	=========	=========	=========	=========	=========

OTHER DATA	2020	2019	2018	2017	2016
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Capitalized Interest	0.0	0.0	0.0	0.0	0.0
Interest Portion of Rentals	0.0	0.0	0.0	0.0	0.0
Liquidation Value of Pref. Stock	0.0	0.0	0.0	0.0	0.0
Dividends on Redeemable Pref.	0.0	0.0	0.0	0.0	0.0
Dividends on Nonredeemable Pref.	0.0	0.0	0.0	0.0	0.0
Dividends per Common Share	0.000	0.000	0.000	0.000	0.000
Total Cash Dividends	0.0	0.0	0.0	0.0	0.0
Dil. Earn. per Sh. before Nonrec. Items	0.000	0.000	0.000	0.000	0.000
Market Price per Common Share	0.000	0.000	0.000	0.000	0.000
Tax Rate (0-1)	0.000	0.000	0.000	0.000	0.000
Common Shares Outstanding	0.0	0.0	0.0	0.0	0.0
Diluted Weighted Average Common Shares	0.0	0.0	0.0	0.0	0.0
Cash Flow from Operations	0.0	0.0	0.0	0.0	0.0
Option expense:					
Net income not including opt. exp.	0.0	0.0	0.0	0.0	0.0
Net income including opt. exp.	0.0	0.0	0.0	0.0	0.0

INCOME STATEMENT	2020	2019	2018	2017	2016
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Net Sales	100.00%	100.00%	100.00%	100.00%	100.00%
Less: Cost of Goods Sold	78.48%	59.86%	56.50%	54.69%	53.12%
	----------	----------	----------	----------	----------
Gross Profit	21.52%	40.14%	43.50%	45.31%	46.88%
Other Operating Revenue	0.00%	0.00%	0.00%	0.00%	0.00%
Less: Operating Expenses	86.20%	31.60%	31.74%	33.17%	34.02%
	----------	----------	----------	----------	----------
Operating Income	-64.68%	8.54%	11.76%	12.14%	12.86%
Less: Interest Expense	6.85%	1.44%	88.24%	87.86%	51.46%
(no capitalized interest)					
Other Income (Expenses)	0.41%	0.23%	0.28%	0.00%	0.00%
Unusual or Infreq. Item;					
Gain (Loss)	0.36%	-0.14%	-0.19%	0.64%	-0.16%
Equity in Earnings of Assoc.;					
Profit (Loss)	-0.65%	-0.03%	0.00%	0.00%	0.00%
	----------	----------	----------	----------	----------
Income before Taxes	-71.40%	7.16%	-76.38%	-75.08%	-38.75%
Less:Taxes Related to Operations	-29.85%	0.00%	0.00%	0.00%	0.00%
	----------	----------	----------	----------	----------
N.I. before Min. Ern.	-41.55%	7.16%	-76.38%	-75.08%	-38.75%
Minority Share of Earnings (Loss)	0.00%	0.00%	0.00%	0.00%	0.00%
	----------	----------	----------	----------	----------
N.I. before Nonrecurring Items	-41.55%	7.16%	-76.38%	-75.08%	-38.75%
Oper. of Discontinued Segment;					
Income (Loss)	0.00%	0.00%	0.00%	0.00%	0.00%
Disposal of Discont. Segment;					
Gain (Loss)	0.00%	0.00%	0.00%	0.00%	0.00%
Extraordinary Item;					
Gain (Loss)	0.00%	0.00%	0.00%	0.00%	0.00%
Cum. Effect of Acct Change;					
Gain (Loss)	0.00%	0.00%	0.00%	0.00%	0.00%
	----------	----------	----------	----------	----------
Net Income (Loss)	-41.55%	7.16%	-76.38%	-75.08%	-38.75%

BALANCE SHEET	2020	2019	2018	2017	2016
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ASSETS					
Current Assets:					
Cash	0.54%	1.53%	1.73%	1.60%	0.36%
Marketable Securities	0.00%	0.00%	0.00%	0.00%	0.00%
Gross Receivables	0.61%	2.22%	2.63%	2.69%	1.64%
Less: Allowance for Bad Debts	0.10%	0.06%	0.04%	0.02%	0.02%
Net Trade Receivables	0.51%	2.17%	2.60%	2.68%	1.62%
Inventories	0.27%	0.42%	0.42%	0.00%	0.00%
Prepaid Expenses	0.00%	0.00%	0.00%	0.00%	0.00%
Other Current Assets	4.09%	1.71%	2.23%	3.27%	1.99%
	---------	---------	---------	---------	---------
Total Current Assets	5.41%	5.83%	6.97%	7.54%	3.97%
Long-Term Assets:					
Net Tangible (Fixed) Assets (other than construction in progress)	67.37%	67.63%	83.65%	83.98%	84.44%
Construction in Progress	0.27%	0.30%	1.26%	0.52%	2.16%
Intangible Assets	0.00%	0.00%	0.00%	0.00%	0.00%
Investments	0.17%	0.26%	0.41%	0.42%	0.67%
Other Nonoperating Assets	18.31%	17.94%	#VALUE!	#VALUE!	#VALUE!
Other Operating Assets	8.47%	8.04%	7.71%	7.54%	8.76%
	---------	---------	---------	---------	---------
Total Long-Term Assets	94.59%	94.17%	93.03%	92.46%	96.03%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%
LIABILITIES AND EQUITY					
Current Liabilities:					
Accounts Payable	1.05%	3.63%	3.79%	5.06%	3.42%
Short Term Loans	6.95%	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Current Maturity of L.t. Debt	2.63%	1.90%	1.60%	1.92%	2.05%
Other Current Liabilities	6.71%	7.34%	9.70%	8.70%	8.87%
	---------	---------	---------	---------	---------
Total Current Liabilities	17.33%	12.87%	15.09%	15.69%	14.34%
Long-Term Liabilities:					
Long-term Debt	15.39%	15.19%	23.13%	28.47%	29.78%
Reserves	0.00%	0.00%	0.00%	0.00%	0.00%
Deferred Liabilities	7.55%	7.61%	10.00%	9.32%	10.04%
Minority Interest	0.00%	0.00%	0.00%	0.00%	0.00%
Redeemable Preferred	0.00%	0.00%	0.00%	0.00%	0.00%
Other Long-term Liabilities	19.96%	18.61%	2.24%	2.78%	2.86%
	---------	---------	---------	---------	---------
Total Long-term Liabilities	42.90%	41.40%	35.37%	40.58%	42.68%
Total Liabilities	60.24%	54.28%	50.46%	56.27%	57.02%
Shareholders' Equity:					
Preferred Equity	0.00%	0.00%	0.00%	0.00%	0.00%
Common Equity-incl. Ret. Ern.	39.76%	45.72%	49.54%	43.73%	42.98%
	---------	---------	---------	---------	---------
Total Equity	39.76%	45.72%	49.54%	43.73%	42.98%
Total Liabilities and Equity	100.00%	100.00%	100.00%	100.00%	100.00%

INCOME STATEMENT	2020	2019	2018	2017	2016
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Net Sales	43.70%	150.93%	130.02%	114.50%	100.00%
Less: Cost of Goods Sold	64.58%	170.10%	138.30%	117.89%	100.00%
	------------	------------	------------	------------	------------
Gross Profit	20.06%	129.21%	120.64%	110.65%	100.00%
Other Operating Revenue	#N/A	#N/A	#N/A	#N/A	#N/A
Less: Operating Expenses	110.73%	140.20%	121.29%	111.63%	100.00%
	------------	------------	------------	------------	------------
Operating Income	-219.78%	100.16%	118.92%	108.06%	100.00%
Less: Interest Expense	5.82%	4.21%	222.95%	195.50%	100.00%
(no capitalized interest)					
Other Income (Expenses)	#N/A	#N/A	#N/A	#N/A	#N/A
Unusual or Infreq. Item;					
Gain (Loss)	-101.42%	136.14%	159.00%	-471.68%	100.00%
Equity in Earnings of Assoc.;					
Profit (Loss)	#N/A	#N/A	#N/A	#N/A	#N/A
	------------	------------	------------	------------	------------
Income before Taxes	80.53%	-27.89%	256.28%	221.85%	100.00%
Less:Taxes Related to Operations	#N/A	#N/A	#N/A	#N/A	#N/A
	------------	------------	------------	------------	------------
N.I. before Min. Ern.	46.86%	-27.89%	256.28%	221.85%	100.00%
Minority Share of Earnings (Loss)	#N/A	#N/A	#N/A	#N/A	#N/A
	------------	------------	------------	------------	------------
N.I. before Nonrecurring Items	46.86%	-27.89%	256.28%	221.85%	100.00%
Oper. of Discontinued Segment;					
Income (Loss)	#N/A	#N/A	#N/A	#N/A	#N/A
Disposal of Discont. Segment;					
Gain (Loss)	#N/A	#N/A	#N/A	#N/A	#N/A
Extraordinary Item;					
Gain (Loss)	#N/A	#N/A	#N/A	#N/A	#N/A
Cum. Effect of Acct Change;					
Gain (Loss)	#N/A	#N/A	#N/A	#N/A	#N/A
	------------	------------	------------	------------	------------
Net Income (Loss)	46.86%	-27.89%	256.28%	221.85%	100.00%

BALANCE SHEET	2020	2019	2018	2017	2016
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ASSETS					
Current Assets:					
Cash	208.24%	644.09%	528.37%	501.64%	100.00%
Marketable Securities	#N/A	#N/A	#N/A	#N/A	#N/A
Gross Receivables	51.07%	201.98%	174.04%	183.03%	100.00%
Less: Allowance for Bad Debts	629.41%	373.53%	176.96%	78.92%	100.00%
Net Trade Receivables	43.08%	199.61%	174.00%	184.47%	100.00%
Inventories	#N/A	#N/A	#N/A	#N/A	#N/A
Prepaid Expenses	#N/A	#N/A	#N/A	#N/A	#N/A
Other Current Assets	282.64%	128.23%	121.33%	183.23%	100.00%
	-------------	-------------	-------------	-------------	-------------
Total Current Assets	187.64%	219.31%	190.77%	212.27%	100.00%
Long-Term Assets:					
Net Tangible (Fixed) Assets (other than construction in progress)	109.81%	119.46%	107.54%	111.08%	100.00%
Construction in Progress	17.06%	20.52%	63.52%	26.75%	100.00%
Intangible Assets	#N/A	#N/A	#N/A	#N/A	#N/A
Investments	34.19%	58.97%	66.75%	69.54%	100.00%
Other Nonoperating Assets	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Other Operating Assets	133.15%	136.81%	95.54%	96.17%	100.00%
	-------------	-------------	-------------	-------------	-------------
Total Long-Term Assets	135.57%	146.26%	105.17%	107.54%	100.00%
Total Assets	137.63%	149.15%	108.57%	111.69%	100.00%
LIABILITIES AND EQUITY					
Current Liabilities:					
Accounts Payable	42.16%	158.21%	120.02%	165.16%	100.00%
Short Term Loans	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Current Maturity of L.t. Debt	176.76%	138.51%	85.14%	105.09%	100.00%
Other Current Liabilities	104.04%	123.47%	118.69%	109.56%	100.00%
	-------------	-------------	-------------	-------------	-------------
Total Current Liabilities	166.36%	133.91%	114.22%	122.20%	100.00%
Long-Term Liabilities:					
Long-term Debt	71.14%	76.08%	84.34%	106.81%	100.00%
Reserves	#N/A	#N/A	#N/A	#N/A	#N/A
Deferred Liabilities	103.54%	113.00%	108.07%	103.71%	100.00%
Minority Interest	#N/A	#N/A	#N/A	#N/A	#N/A
Redeemable Preferred	#N/A	#N/A	#N/A	#N/A	#N/A
Other Long-term Liabilities	958.76%	968.79%	85.07%	108.34%	100.00%
	-------------	-------------	-------------	-------------	-------------
Total Long-term Liabilities	138.34%	144.68%	89.98%	106.18%	100.00%
Total Liabilities	145.39%	141.97%	96.07%	110.21%	100.00%
Shareholders' Equity:					
Preferred Equity	#N/A	#N/A	#N/A	#N/A	#N/A
Common Equity-incl. Ret. Ern.	127.34%	158.68%	125.14%	113.65%	100.00%
	-------------	-------------	-------------	-------------	-------------
Total Equity	127.34%	158.68%	125.14%	113.65%	100.00%
Total Liabilities and Equity	137.63%	149.15%	108.57%	111.69%	100.00%

LIQUIDITY	2020	2019	2018	2017	2016
Days' Sales in Receivables					
Accounts Receivable Turnover					
A/R Turnover in Days					
Days' Sales in Inventory					
Inventory Turnover					
Inventory Turnover in Days					
Operating Cycle					
Working Capital	(149,575)	(95,724)	(80,307)	(82,962)	(94,530)
Current Ratio	0.31	0.45	0.46	0.48	0.28
Acid Test	0.06	0.29	0.29	0.27	0.14
Cash Ratio	0.03	0.12	0.11	0.10	0.02
Sales to Working Capital					
Cash Flow/Cur. Mat. of Debt & NP	0.00	#VALUE!	#VALUE!	#VALUE!	#VALUE!

LONG-TERM DEBT-PAYING ABILITY	2020	2019	2018	2017	2016
Times Interest Earned	#N/A	6.01	0.13	0.15	0.25
Fixed Charge Coverage	#N/A	6.01	0.13	0.15	0.25
Debt Ratio	60.24%	54.28%	50.46%	56.27%	57.02%
Debt/Equity	151.48%	118.71%	101.86%	128.65%	132.68%
Debt to Tangible Net Worth	151.48%	118.71%	101.86%	128.65%	132.68%
Cash Flow/Total Debt	0.00%	0.00%	0.00%	0.00%	0.00%

PROFITABILITY	2020	2019	2018	2017	2016
Net Profit Margin	#N/A	7.19%	#N/A	#N/A	#N/A
Total Asset Turnover					
Return on Assets					
Operating Income Margin	#N/A	8.54%	11.76%	12.14%	12.86%
Operating Asset Turnover					
Return on Operating Assets					
Sales to Fixed Assets					
Return on Investment					
Return on Total Equity					
Return on Common Equity					
Gross Profit Margin	21.52%	40.14%	43.50%	45.31%	46.88%

INVESTOR ANALYSIS	2020	2019	2018	2017	2016
Degree of Financial Leverage	#N/A	1.20	#N/A	#N/A	#N/A
Earnings per Share	0.00	0.00	0.00	0.00	0.00
Price/Earnings Ratio	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Percentage of Earnings Retained	#N/A	100.00%	#N/A	#N/A	#N/A
Dividend Payout	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Dividend Yield					
Book Value per Share	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Appendix B: Summarized Historical Financial Statements AMC Entertainment

FinSAS Version 2003051213	Input				
Company:	AMC Theaters				
Analyst:	Leticia Esteves Rodovalho				
Most Recent Year Available:	2020				
Years Available for:					
Income Statement (1-5)	5				
Balance Sheet (1-5)	5				
=	=========	=========	=========	=========	=========
INCOME STATEMENT	2020	2019	2018	2017	2016
-	---------------	---------------	---------------	---------------	---------------
Net Sales	1242400	5471000	5460800	5079200	3235846
Less: Cost of Goods Sold	0	0	0	0	0
	---------------	---------------	---------------	---------------	---------------
Gross Profit	1242400	5471000	5460800	5079200	3235846
Other Operating Revenue	0	0	0	0	0
Less: Operating Expenses	5345100	5335000	5195800	4977400	3022988
	---------------	---------------	---------------	---------------	---------------
Operating Income	-4102700	136000	265000	101800	212858
Less: Interest Expense	316900	300400	300800	274000	121537
(no capitalized interest)					
Other Income (Expenses)	-68900	-53800	66600	1700	446
Unusual or Infreq. Item;					
Gain (Loss)	-10100	16000	6200	22600	10154
Equity in Earnings of Assoc.;					
Profit (Loss)	-30900	30600	86700	-185200	47718
	---------------	---------------	---------------	---------------	---------------
Income before Taxes	-4529500	-171600	123700	-333100	149639
Less:Taxes Related to Operations	59900	-22500	13600	154100	37972
	---------------	---------------	---------------	---------------	---------------
N.I. before Min. Ern.	-4589400	-149100	110100	-487200	111667
Minority Share of Earnings (Loss)	300	0	0	0	0
	---------------	---------------	---------------	---------------	---------------
N.I. before Nonrecurring Items	-4589100	-149100	110100	-487200	111667
Oper. of Discontinued Segment;					
Income (Loss)	0	0	0	0	0
Disposal of Discont. Segment;					
Gain (Loss)	0	0	0	0	0
Extraordinary Item;					
Gain (Loss)	0	0	0	0	0
Cum. Effect of Acct Change;					
Gain (Loss)	0	0	0	0	0
	---------------	---------------	---------------	---------------	---------------
Net Income (Loss)	-4589100	-149100	110100	-487200	111667

BALANCE SHEET	2020	2019	2018	2017	2016
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ASSETS					
Current Assets:					
Cash	308300	265000	313300	310000	207073
Marketable Securities					
Gross Receivables	91000	254200	259500	271500	213667
Less: Allowance for Bad Debts					
Net Trade Receivables	91000	254200	259500	271500	213667
Inventories	21300	37500	35200	34000	29041
Prepaid Expenses	33800	63400	99800	114100	93276
Other Current Assets	32600	53000	73500	142800	140586
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Total Current Assets	487000	673100	781300	872400	683643
Long-Term Assets:					
Net Tangible (Fixed) Assets (other than construction in progress)	2322500	2649200	3039600	3116500	3035859
Construction in Progress	0	0	0	0	0
Intangible Assets	2710500	4984400	5140800	5312200	4298102
Investments	32600	44800	47100	22600	13557
Other Nonoperating Assets	272300	528300	487000	482200	610680
Other Operating Assets	4451500	4796000	0	0	0
	----------------	----------------	----------------	----------------	----------------
Total Long-Term Assets	9789400	13002700	8714500	8933500	7958198
Total Assets	10276400	13675800	9495800	9805900	8641841
LIABILITIES AND EQUITY					
Current Liabilities:					
Accounts Payable	298800	543300	452600	569600	501761
Short Term Loans	0	0	0	0	0
Current Maturity of L.t. Debt	616500	616100	82200	87700	81243
Other Current Liabilities	663200	773800	793300	752100	606186
	----------------	----------------	----------------	----------------	----------------
Total Current Liabilities	1578500	1933200	1328100	1409400	1189190
Long-Term Liabilities:					
Long-term Debt	5695800	4733400	4707800	4220100	3745755
Reserves					
Deferred Liabilities	40500	46000	41600	49600	20962
Minority Interest	0	0	0	0	0
Redeemable Preferred	0	0	0	0	0
Other Long-term Liabilities	5819800	5749000	2020300	2013600	1675200
	----------------	----------------	----------------	----------------	----------------
Total Long-term Liabilities	11556100	10528400	6769700	6283300	5441917
Total Liabilities	13134600	12461600	8097800	7692700	6631107
Shareholders' Equity:					
Preferred Equity	0	0	0	0	0
Common Equity-incl. Ret. Ern.	########	1214200	1397600	2112400	2009654
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Total Equity	-2858200	1214200	1397600	2112400	2009654
Total Liabilities and Equity	10276400	13675800	9495400	9805100	8640761

OTHER DATA	2020	2019	2018	2017	2016
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Capitalized Interest	0.0	0.0	0.0	0.0	0.0
Interest Portion of Rentals	0.0	0.0	0.0	0.0	0.0
Liquidation Value of Pref. Stock	0.0	0.0	0.0	0.0	0.0
Dividends on Redeemable Pref.	0.0	0.0	0.0	0.0	0.0
Dividends on Nonredeemable Pref.	0.0	0.0	0.0	0.0	0.0
Dividends per Common Share	0.000	0.000	0.000	0.000	0.000
Total Cash Dividends	0.0	0.0	0.0	0.0	0.0
Dil. Earn. per Sh. before Nonrec. Items	0.000	0.000	0.000	0.000	0.000
Market Price per Common Share	0.000	0.000	0.000	0.000	0.000
Tax Rate (0-1)	0.000	0.000	0.000	0.000	0.000
Common Shares Outstanding	0.0	0.0	0.0	0.0	0.0
Diluted Weighted Average Common Shares	0.0	0.0	0.0	0.0	0.0
Cash Flow from Operations	0.0	0.0	0.0	0.0	0.0
Option expense:					
Net income not including opt. exp.	0.0	0.0	0.0	0.0	0.0
Net income including opt. exp.	0.0	0.0	0.0	0.0	0.0

INCOME STATEMENT	2020	2019	2018	2017	2016
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Net Sales	100.00%	100.00%	100.00%	100.00%	100.00%
Less: Cost of Goods Sold	0.00%	0.00%	0.00%	0.00%	0.00%
	----------	----------	----------	----------	----------
Gross Profit	100.00%	100.00%	100.00%	100.00%	100.00%
Other Operating Revenue	0.00%	0.00%	0.00%	0.00%	0.00%
Less: Operating Expenses	430.22%	97.51%	95.15%	98.00%	93.42%
	----------	----------	----------	----------	----------
Operating Income	-330.22%	2.49%	4.85%	2.00%	6.58%
Less: Interest Expense	25.51%	5.49%	5.51%	5.39%	3.76%
(no capitalized interest)					
Other Income (Expenses)	-5.55%	-0.98%	1.22%	0.03%	0.01%
Unusual or Infreq. Item;					
Gain (Loss)	-0.81%	0.29%	0.11%	0.44%	0.31%
Equity in Earnings of Assoc.;					
Profit (Loss)	-2.49%	0.56%	1.59%	-3.65%	1.47%
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Income before Taxes	-364.58%	-3.14%	2.27%	-6.56%	4.62%
Less:Taxes Related to Operations	4.82%	-0.41%	0.25%	3.03%	1.17%
	----------	----------	----------	----------	----------
N.I. before Min. Ern.	-369.40%	-2.73%	2.02%	-9.59%	3.45%
Minority Share of Earnings (Loss)	0.02%	0.00%	0.00%	0.00%	0.00%
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N.I. before Nonrecurring Items	-369.37%	-2.73%	2.02%	-9.59%	3.45%
Oper. of Discontinued Segment;					
Income (Loss)	0.00%	0.00%	0.00%	0.00%	0.00%
Disposal of Discont. Segment;					
Gain (Loss)	0.00%	0.00%	0.00%	0.00%	0.00%
Extraordinary Item;					
Gain (Loss)	0.00%	0.00%	0.00%	0.00%	0.00%
Cum. Effect of Acct Change;					
Gain (Loss)	0.00%	0.00%	0.00%	0.00%	0.00%
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Net Income (Loss)	-369.37%	-2.73%	2.02%	-9.59%	3.45%

BALANCE SHEET	2020	2019	2018	2017	2016
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ASSETS					
Current Assets:					
Cash	3.00%	1.94%	3.30%	3.16%	2.40%
Marketable Securities	0.00%	0.00%	0.00%	0.00%	0.00%
Gross Receivables	0.89%	1.86%	2.73%	2.77%	2.47%
Less: Allowance for Bad Debts	0.00%	0.00%	0.00%	0.00%	0.00%
Net Trade Receivables	0.89%	1.86%	2.73%	2.77%	2.47%
Inventories	0.21%	0.27%	0.37%	0.35%	0.34%
Prepaid Expenses	0.33%	0.46%	1.05%	1.16%	1.08%
Other Current Assets	0.32%	0.39%	#REF!	1.46%	1.63%
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Total Current Assets	4.74%	4.92%	8.23%	8.90%	7.91%
Long-Term Assets:					
Net Tangible (Fixed) Assets (other than construction in progress)	22.60%	19.37%	32.01%	31.78%	35.13%
Construction in Progress	0.00%	0.00%	0.00%	0.00%	0.00%
Intangible Assets	0.32%	36.45%	54.14%	54.17%	49.74%
Investments	#REF!	0.33%	0.50%	0.23%	0.16%
Other Nonoperating Assets	43.32%	#REF!	5.13%	4.92%	7.07%
Other Operating Assets	2.65%	3.86%	0.00%	0.00%	0.00%
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Total Long-Term Assets	95.26%	95.08%	91.77%	91.10%	92.09%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%
LIABILITIES AND EQUITY					
Current Liabilities:					
Accounts Payable	2.91%	3.97%	4.77%	5.81%	5.81%
Short Term Loans	0.00%	0.00%	0.00%	0.00%	0.00%
Current Maturity of L.t. Debt	6.00%	4.51%	0.87%	0.89%	0.94%
Other Current Liabilities	6.45%	5.66%	8.35%	7.67%	7.01%
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Total Current Liabilities	15.36%	14.14%	13.99%	14.37%	13.76%
Long-Term Liabilities:					
Long-term Debt	55.43%	34.61%	49.58%	43.04%	43.34%
Reserves	0.00%	0.00%	0.00%	0.00%	0.00%
Deferred Liabilities	0.39%	0.34%	0.44%	0.51%	0.24%
Minority Interest	0.00%	0.00%	0.00%	0.00%	0.00%
Redeemable Preferred	0.00%	0.00%	0.00%	0.00%	0.00%
Other Long-term Liabilities	56.63%	42.04%	21.28%	20.53%	19.38%
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Total Long-term Liabilities	112.45%	76.99%	71.29%	64.08%	62.97%
Total Liabilities	127.81%	91.12%	85.28%	78.45%	76.73%
Shareholders' Equity:					
Preferred Equity	0.00%	0.00%	0.00%	0.00%	0.00%
Common Equity-incl. Ret. Ern.	-27.81%	8.88%	14.72%	21.54%	23.25%
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Total Equity	-27.81%	8.88%	14.72%	21.54%	23.25%
Total Liabilities and Equity	100.00%	100.00%	100.00%	99.99%	99.99%

INCOME STATEMENT	2020	2019	2018	2017	2016
Net Sales	38.39%	169.07%	168.76%	156.97%	100.00%
Less: Cost of Goods Sold	#N/A	#N/A	#N/A	#N/A	#N/A
Gross Profit	38.39%	169.07%	168.76%	156.97%	100.00%
Other Operating Revenue	#N/A	#N/A	#N/A	#N/A	#N/A
Less: Operating Expenses	176.82%	176.48%	171.88%	164.65%	100.00%
Operating Income	-1927.44%	63.89%	124.50%	47.83%	100.00%
Less: Interest Expense	260.74%	247.17%	247.50%	225.45%	100.00%
(no capitalized interest)					
Other Income (Expenses)	-15448.4%	-12062.8%	14932.7%	381.17%	100.00%
Unusual or Infreq. Item;					
Gain (Loss)	-99.47%	157.57%	61.06%	222.57%	100.00%
Equity in Earnings of Assoc.;					
Profit (Loss)	-64.76%	64.13%	181.69%	-388.11%	100.00%
Income before Taxes	-3026.95%	-114.68%	82.67%	-222.60%	100.00%
Less:Taxes Related to Operations	157.75%	-59.25%	35.82%	405.83%	100.00%
N.I. before Min. Ern.	-4109.90%	-133.52%	98.60%	-436.30%	100.00%
Minority Share of Earnings (Loss)	#N/A	#N/A	#N/A	#N/A	#N/A
N.I. before Nonrecurring Items	-4109.63%	-133.52%	98.60%	-436.30%	100.00%
Oper. of Discontinued Segment;					
Income (Loss)	#N/A	#N/A	#N/A	#N/A	#N/A
Disposal of Discont. Segment;					
Gain (Loss)	#N/A	#N/A	#N/A	#N/A	#N/A
Extraordinary Item;					
Gain (Loss)	#N/A	#N/A	#N/A	#N/A	#N/A
Cum. Effect of Acct Change;					
Gain (Loss)	#N/A	#N/A	#N/A	#N/A	#N/A
Net Income (Loss)	-4109.63%	-133.52%	98.60%	-436.30%	100.00%

BALANCE SHEET	2020	2019	2018	2017	2016
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ASSETS					
Current Assets:					
Cash	148.88%	127.97%	151.30%	149.71%	100.00%
Marketable Securities	#N/A	#N/A	#N/A	#N/A	#N/A
Gross Receivables	42.59%	118.97%	121.45%	127.07%	100.00%
Less: Allowance for Bad Debts	#N/A	#N/A	#N/A	#N/A	#N/A
Net Trade Receivables	42.59%	118.97%	121.45%	127.07%	100.00%
Inventories	73.34%	129.13%	121.21%	117.08%	100.00%
Prepaid Expenses	36.24%	67.97%	106.99%	122.33%	100.00%
Other Current Assets	23.19%	37.70%	#REF!	101.57%	100.00%
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Total Current Assets	71.24%	98.46%	114.28%	127.61%	100.00%
Long-Term Assets:					
Net Tangible (Fixed) Assets (other than construction in progress)	76.50%	87.26%	100.12%	102.66%	100.00%
Construction in Progress	#N/A	#N/A	#N/A	#N/A	#N/A
Intangible Assets	0.76%	115.97%	119.61%	123.59%	100.00%
Investments	#REF!	330.46%	347.42%	166.70%	100.00%
Other Nonoperating Assets	728.94%	#REF!	79.75%	78.96%	100.00%
Other Operating Assets	#N/A	#N/A	#N/A	#N/A	#N/A
	-------------	-------------	-------------	-------------	-------------
Total Long-Term Assets	123.01%	163.39%	109.50%	112.26%	100.00%
Total Assets	118.91%	158.25%	109.88%	113.47%	100.00%
LIABILITIES AND EQUITY					
Current Liabilities:					
Accounts Payable	59.55%	108.28%	90.20%	113.52%	100.00%
Short Term Loans	#N/A	#N/A	#N/A	#N/A	#N/A
Current Maturity of L.t. Debt	758.83%	758.34%	101.18%	107.95%	100.00%
Other Current Liabilities	109.41%	127.65%	130.87%	124.07%	100.00%
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Total Current Liabilities	132.74%	162.56%	111.68%	118.52%	100.00%
Long-Term Liabilities:					
Long-term Debt	152.06%	126.37%	125.68%	112.66%	100.00%
Reserves	#N/A	#N/A	#N/A	#N/A	#N/A
Deferred Liabilities	193.21%	219.44%	198.45%	236.62%	100.00%
Minority Interest	#N/A	#N/A	#N/A	#N/A	#N/A
Redeemable Preferred	#N/A	#N/A	#N/A	#N/A	#N/A
Other Long-term Liabilities	347.41%	343.18%	120.60%	120.20%	100.00%
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Total Long-term Liabilities	212.35%	193.47%	124.40%	115.46%	100.00%
Total Liabilities	198.08%	187.93%	122.12%	116.01%	100.00%
Shareholders' Equity:					
Preferred Equity	#N/A	#N/A	#N/A	#N/A	#N/A
Common Equity-incl. Ret. Ern.	-142.22%	60.42%	69.54%	105.11%	100.00%
	-------------	-------------	-------------	-------------	-------------
Total Equity	-142.22%	60.42%	69.54%	105.11%	100.00%
Total Liabilities and Equity	118.93%	158.27%	109.89%	113.47%	100.00%

LIQUIDITY	2020	2019	2018	2017	2016
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Days' Sales in Receivables					
Accounts Receivable Turnover					
A/R Turnover in Days					
Days' Sales in Inventory					
Inventory Turnover					
Inventory Turnover in Days					
Operating Cycle					
Working Capital	(1,091,500)	(1,260,100)	(546,800)	(537,000)	(505,547)
Current Ratio	0.31	0.35	0.59	0.62	0.57
Acid Test	0.25	0.27	0.43	0.41	0.35
Cash Ratio	0.20	0.14	0.24	0.22	0.17
Sales to Working Capital					
Cash Flow/Cur. Mat. of Debt & NP	0.00	0.00	0.00	0.00	0.00
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LONG-TERM DEBT-PAYING ABILITY	2020	2019	2018	2017	2016
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Times Interest Earned	#N/A	0.33	1.12	0.46	1.84
Fixed Charge Coverage	#N/A	0.33	1.12	0.46	1.84
Debt Ratio	127.81%	91.12%	85.28%	78.45%	76.73%
Debt/Equity	-459.54%	1026.32%	579.41%	364.17%	329.96%
Debt to Tangible Net Worth	-454.36%	-330.53%	-216.33%	-240.41%	-289.76%
Cash Flow/Total Debt	0.00%	0.00%	0.00%	0.00%	0.00%

PROFITABILITY	2020	2019	2018	2017	2016
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Net Profit Margin	#N/A	#N/A	0.43%	#N/A	1.98%
Total Asset Turnover					
Return on Assets					
Operating Income Margin	#N/A	2.49%	4.85%	2.00%	6.58%
Operating Asset Turnover					
Return on Operating Assets					
Sales to Fixed Assets					
Return on Investment					
Return on Total Equity					
Return on Common Equity					
Gross Profit Margin	100.00%	100.00%	100.00%	100.00%	100.00%

INVESTOR ANALYSIS	2020	2019	2018	2017	2016
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Degree of Financial Leverage	#N/A	#N/A	9.13	#N/A	2.19
Earnings per Share	0.00	0.00	0.00	0.00	0.00
Price/Earnings Ratio	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Percentage of Earnings Retained	#N/A	#N/A	100.00%	#N/A	100.00%
Dividend Payout	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Dividend Yield					
Book Value per Share	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Materiality of Options					
Oper. Cash Flow per Share					
Oper. Cash Flow/Cash Dividends					
Year-end Market Price					
LIQUIDITY	2020	2019	2018	2017	2016
-	-	-	-	-	-
Days' Sales in Receivables	27	17	17	20	24
* Accounts Receivable Turnover	14	22	21	19	15
* A/R Turnover in Days	27	17	17	20	24
Days' Sales in Inventory	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
* Inventory Turnover	0	0	0	0	0
* Inventory Turnover in Days	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
* Operating Cycle	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Working Capital	-1091500	-1260100	-546800	-537000	-505547
Current Ratio	0	0	1	1	1
Acid Test	0	0	0	0	0
Cash Ratio	0	0	0	0	0
* Sales to Working Capital	-1	-4	-10	-9	-6
Cash Flow/Cur. Mat. of Debt & NP	0	0	0	0	0

LONG-TERM DEBT-PAYING ABILITY	2020	2019	2018	2017	2016
-	-	-	-	-	-
Times Interest Earned	#N/A	0	1	0	2
Fixed Charge Coverage	#N/A	0	1	0	2
Debt Ratio	1	1	1	1	1
Debt/Equity	-5	10	6	4	3
Debt to Tangible Net Worth	-5	-3	-2	-2	-3
Cash Flow/Total Debt	0	0	0	0	0

PROFITABILITY	2020	2019	2018	2017	2016
-	-	-	-	-	-
Net Profit Margin	#N/A	#N/A	0	#N/A	0
* Total Asset Turnover	0	0	1	1	0
* Return on Assets	#N/A	#N/A	0	#N/A	0
Operating Income Margin	#N/A	0	0	0	0
* Operating Asset Turnover	0	#REF!	1	1	1
* Return on Operating Assets	#N/A	#REF!	0	0	0
* Sales to Fixed Assets	1	2	2	2	1
* Return on Investment	#N/A	0	0	#N/A	0
* Return on Total Equity	#N/A	#N/A	0	#N/A	0
* Return on Common Equity	#N/A	#N/A	0	#N/A	0
Gross Profit Margin	1	1	1	1	1
-	-	-	-	-	-

INVESTOR ANALYSIS	2020	2019	2018	2017	2016
-	-	-	-	-	-
Degree of Financial Leverage	#N/A	#N/A	9	#N/A	2
Earnings per Share	0	0	0	0	0
Price/Earnings Ratio	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Percentage of Earnings Retained	#N/A	#N/A	1	#N/A	1
Dividend Payout	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Dividend Yield	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Book Value per Share	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Materiality of Options	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Oper. Cash Flow per Share	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Oper. Cash Flow/Cash Dividends	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Year-end Market Price	0	0	0	0	0

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