Cineworld
Group plc

Preliminary Results

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Cineworld Group plc
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CINEWORLD GROUP plc

Preliminary Results for the year ended 31 December 2020

Cineworld Group plc ("the Group") presents its preliminary results for the year ended 31 December 2020. These results are presented in US Dollars.

Summary

- The COVID-19 global pandemic has significantly impacted the industry and the Group's results for the period, with all sites across the Group being temporarily closed from mid-March 2020
- All sites remain closed as at the date of these results, with re-opening in the US anticipated from 2 April 2021
- Group revenue of $852.3m (2019: $4,369.7m) and Group Adjusted EBITDA (loss of $115.1m) (2019: profit of $1,580.3m) for the period was severely impacted by these closures
- Management's main priorities have been the safety of customers and employees, liquidity, cash preservation and costs reduction
- Operating loss of ($2,257.7m) (2019: profit of $724.7m) which has been impacted by asset impairments of $1,344.5m
- Raised $810.8m additional liquidity during the period, including issuance of equity warrants
- Obtained Group leverage covenant waivers until June 2022 and are currently operating under a minimum liquidity covenant

Additional Liquidity Secured

- Announcement of a binding commitment from a group of institutional investors for a new $213m Convertible Bond due 2025
- In parallel, the Group announces that it will today publish and post (or otherwise make available) to shareholders a circular (the "Circular") containing a Notice of General Meeting convening a general meeting to seek shareholder approval of a resolution temporarily suspending the borrowing limit in Cineworld's Articles of Association.
- Together with the expected $200m US Cares Act Tax refund provides the Group with additional liquidity for reopening and any further closure periods

Outlook

- Anticipated cinema re-opening from 2 April in the US, 17 May in the UK and May 2021 in ROW supported by a strong pipeline of movies and current indication that government restrictions will be lifted
- Strong pent-up demand for affordable out-of-home entertainment anticipated post re-opening due to the COVID-19 pandemic as indicated by the theatrical industry performing well in re-opened markets such as China, Japan and Australia
- There can be no certainty as to the future impact of COVID-19 on the Group. Governments strengthening of restrictions on social gathering may lead to closure of cinemas or studios delaying movie releases. This would have a negative impact on the Group's financial performance and likely require the need to raise additional liquidity. The material uncertainties, as well as some one-off cash flow impacts on the Group are highlighted within the going concern statement in these results

Key Financial Information

	Statutory Year ended 31 December 2020 (under IFRS 16)	Statutory Year ended 31 December 2019 (under IFRS 16)	2020 Statutory results vs.2019	Year ended 31 December 2020 (under IAS 17)	Year ended 31 December 2019 (under IAS 17)
Admissions	54.4m	275.0m	(80.2%)	54.4m	275.0m
Revenue	$852.3m	$4,369.7m	(80.5%)	$852.3m	$4,369.7m
Adjusted EBITDA(1)	($115.1m)	$1,580.3m	(107.2%)	($651.6m)	$1,032.6m
(Loss) / profit before tax	($3,007.9m)	$212.3m			
Adjusted (loss) / profit before tax(1)	($1,326.9m)	$355.4m			
(Loss) / profit after tax	($2,651.5m)	$180.3m			
Adjusted (loss) / profit after tax(1)	($913.2m)	$293.0m			
Basic EPS	($193.2c)	13.1c			
Diluted EPS	($193.2c)	13.1c			
Adjusted diluted EPS(1)	($66.5c)	21.3c			

(1) Refer to Notes 2 and 5 for the full definition and reconciliation.

Alicja Kornasiewicz, Chair of Cineworld Group plc, said:

"The Group has demonstrated resilience through what has been a very difficult year and I am extremely proud of the commitment our colleagues have shown during these exceptional times. Despite the significant challenges that COVID-19 continues to present, we look forward to reopening cinemas worldwide and welcoming our guests."

Commenting on these results, Mooky Greidinger, Chief Executive Officer of Cineworld Group plc, said:

"For all of us across the world, this has been an incredibly challenging year. COVID-19 has created a huge amount of stress and uncertainty, both in business and in our personal lives. At Cineworld, I never imagined a time that we would see the closure of our entire cinema estate, nor that varying restrictions would remain in place for so long as we continue to navigate our way through this crisis. I am immensely proud and inspired by the response of our people to these very difficult circumstances. We have worked hard to strengthen the long-term prospects of the business and, looking forward, Cineworld enters 2021 confident about the next chapter in our development; not least the intention to reopen our cinemas starting April 2nd."

Cautionary note concerning forward looking statements

Certain statements in this announcement are forward looking and so involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future and therefore results and developments can differ materially from those anticipated. The forward looking statements reflect knowledge and information available at the date of preparation of this announcement and the Group undertakes no obligation to update these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.

Details for analyst presentation

The results presentation is accessible via a listen-only dial-in facility and the presentation slides can be viewed online. The appropriate details are stated below:

Date: 25 March 2021
Time: 09:30am
Webcast link: https://secure.emincote.com/client/cineworld/cineworld016/
Conference Call: https://secure.emincote.com/client/cineworld/cineworld016/vip_connect

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CHIEF EXECUTIVE OFFICER'S REVIEW

2020 was an extraordinarily difficult year for our sector. While short-term uncertainty remains, we have taken decisive actions to enable the Group to withstand the challenges presented, including raising $810.8m of new liquidity. We are well positioned to recover and reopen our cinemas when restrictions are eased and a pipeline of incredible content is in place. The rollout of the vaccine across our territories is clearly critical, with the US, UK reopening in April and May respectively, Israel hopefully close to reopening and we are convinced that the CEE market will be able to reopen soon too. I would like to thank the entire team at Cineworld for their loyalty, dedication and hard work during these hugely difficult times.

Looking ahead, we are excited about the next chapter in the Group's development and intend to reopen our cinemas starting April, 2nd subject to lifting of government restrictions. There is clear evidence that consumer demand for cinemas remains strong, and due to the long-term investment in our estate, which boasts high quality cinemas with the latest technology, we are well placed to leverage the market opportunities available to us over the medium to long term.

2020 Performance

The 2020 results were significantly impacted by the COVID-19 pandemic, with all our cinemas being temporarily closed for extensive periods from mid-March. During this time, our focus was on supporting our people, while also ensuring that our liquidity position was adequate and minimising cash burn.

Our high quality cinema estate is well placed to recover from the impact of the pandemic and take advantage of growth opportunities, underpinned by the four tenets of our strategy and culture: to give the best cinema experience to our customers; to be leaders in technology; to expand and enhance our estate; and to drive up value.

Our financial strategy continues to be focused on minimising cash burn and ensuring the business has sufficient liquidity throughout the closure period. However, we also remain focused on our long-term objective of debt reduction through cash flow generation and cost optimisation. In 2020, we raised over $800m of liquidity and accelerated our tax year closure to bring forward an expected tax refund of over $200m under the United States CARES Act, which we expect to receive by April 2021. Further details of our underlying and statutory earnings for the period are set out in the Financial Review on page 5.

Our COVID-19 response

In response to the closure of our cinemas in March, our focus was to minimise cash burn and to mitigate the effect of closures, whilst prioritising the welfare of our employees, customers and other stakeholders. Our efforts included:

- Raising $810.8m of liquidity
- Obtaining a Group leverage covenant waiver until June 2022, and currently operating under a minimum liquidity covenant
- Negotiations with our landlords for material abatements and long-term rent deferrals
- Discussions with all key suppliers to reduce costs and implement payment plans
- Accessing government grants and employment schemes to support our part-time, hourly paid cinema employees and head office staff

− Weekly review and approvals of invoices and payments

− Curtailing all unnecessary capital expenditure

− Suspension of Group dividends

− Regular interaction with industry institutes and associations including the National Association of Theatre Owners ("NATO"), the Global Cinema Federation ("GCF") and more

Most importantly, we would like to thank our teams for their perseverance through this challenging time. Through their fantastic efforts, when cinemas reopened for a short period during the summer, we provided our guests with a safe and enjoyable experience while ensuring we complied with safety and government guidelines.

Industry fundamentals and the respect for the theatrical window

Our industry has proved its resilience time and time again over many years, from the introduction of the first television to more recent innovations such as VHS, DVD, and now Video on Demand ("VOD"). These streaming services are going through a period of growth, highlighted by new entrants such as Netflix, Disney+, Apple TV+, HBO Max and more. However, we remain convinced that the cinema provides a clearly differentiated proposition to these at-home activities.

Seeing a blockbuster movie on the big screen compared to watching it at home on a TV or a mobile device is similar to how dining out at a restaurant and ordering a takeaway are very different consumer experiences. Against this backdrop, we believe that we offer excellent value in terms of an out-of-home experience. People do not naturally want to stay at home seven days a week, and cinema-going is a very affordable and attractive alternative.

While we have seen changes to the theatrical release window policy in our industry during 2020, our position remains unchanged. We see the window as an essential part of our business and most of our studio partners remain committed to it as big supporters of the theatrical business. The window has clearly proven its benefits for both studios and movie theatres. By playing new films in movie theatres for a set time period, the studios can generate significant extra revenue, while benefiting from the value it adds to the overall marketing of that movie. This in turn brings additional revenue as the film moves through subsequent distribution channels. More importantly, it enables consumers to see movies as they were intended to be seen - on the big screen - with the best picture and sound quality, which add to the overall viewing experience. While the window may therefore be slightly shorter moving forward, I believe it is clear that a window of theatrical exclusivity should remain once business gets back to normal.

Cineplex

In June 2020, Cineworld terminated the arrangement agreement with Cineplex Inc. ("Cineplex") due to breaches by Cineplex and, accordingly, this transaction will no longer proceed. Cineplex denies that it breached the arrangement agreement and has initiated proceedings against Cineworld to seek damages for the termination and what it describes as breaches by Cineworld. Cineworld denies that it breached the arrangement agreement and has submitted a defence to the Cineplex claim. Cineworld has itself filed a counterclaim against Cineplex for Cineworld's damages and losses suffered as a result of Cineplex's breaches and the termination of the arrangement agreement, including Cineworld's lost financing costs, advisory fees and other costs incurred.

Outlook

Following the second closure of cinemas in October and recent government restrictions, our estate of 767 cinemas currently remains closed. We continue to work to mitigate the effect of closures and minimise cash burn during this period, including continued furloughing of the majority of our employees, suspension of all new capex programmes, continuing discussions with landlords and the establishment of new payment plans with suppliers.

Looking forward, the outlook is more positive, with restrictions expected to ease in light of the vaccination programmes underway across our territories. Before COVID-19, the 2019 global box office reached an all-time record of $42.5bn, demonstrating the underlying strength of our industry around the world. Furthermore, the performance of the theatrical industry in countries which have broadly recovered from COVID-19 has been encouraging, in particular in China and Japan, where the industry has seen box office records. We believe that we can return to previous performance levels should the situation normalise, given that consumer demand remains strong - our guests want to go out and socialise, and we are confident they will do so as soon as they are permitted.

While uncertainty regarding the duration of the COVID-19 pandemic remains, the Group has assumed a base case scenario with cinemas reopening in May 2021. Under this scenario, the Group has sufficient headroom for 2021 and beyond, However, there are material uncertainties in respect of certain aspects of the forecast, details of which are included in Note 1 of the Financial Statements. In the event of a further delay to cinema reopenings, the Group expects to retain sufficient liquidity for a number of additional months but may require term loan lender support in order to deploy that liquidity.

Our roots go back 90 years in the cinema industry. Throughout our history, the industry has faced significant hurdles from time to time but has always come back fighting, still going from strength to strength. We remain extremely confident in the future of our sector, the high quality of the experience in our cinemas, and that we will continue to be **THE BEST PLACE TO WATCH A MOVIE.**

Moshe (Mooky) Greidinger
Chief Executive Officer
25 March 2021

CHIEF FINANCIAL OFFICER'S REVIEW

	Year ended 31 December 2020	Year ended 31 December 2019	**Movement**
Admissions	**54.4m**	275.0m	(80.2%)
	$m	$m	%
Box office	**448.6**	2,536.1	(82.3%)
Retail	**232.2**	1,240.3	(81.3%)
Other Income	**171.5**	593.3	(71.1%)
Total revenue	**852.3**	4,369.7	**(80.5%)**

Cineworld Group plc (the "Group") results are presented for the year ended 31 December 2020 and reflect the trading and financial position of the US, UK and Ireland ("UK&I") and the Rest of the World ("ROW") reporting segments. As widely reported, the industry has been severely impacted by the global COVID-19 pandemic, which had a significant adverse effect on the Group's results for the period. Although the Group is now looking to re-opening and recovery from the impact of the pandemic, material uncertainty around its ability to continue as a going concern remains (as set out in note 1).

Total admissions decreased by 80.2% year on year to 54.4m, reflecting closures required due to lockdown measures implemented to control the spread of COVID-19 and a lack of major film releases. Total revenue for the year ended 31 December 2020 was $852.3m, a decrease of 80.5% on the prior year.

The principal revenue stream for the Group is box office revenue, which made up 52.6% (2019: 58.0%) of total revenue. Box office revenue is a function of the number of admissions and the ticket price per admission, less sales tax. Admissions (one of the Group's Key Performance Indicators) depend on the number, timing and popularity of the movies the Group is able to show in its cinemas. In addition, the Group operates membership schemes which provide customers with access to screenings in exchange for subscriptions fees, and this revenue is reported within box office.

The Group's second most significant revenue stream is from retail sales of food and drink for consumption within cinemas, which made up 27.2% (2019: 28.4%) of total revenue. Retail revenue across the Group is driven by admissions trends within each operating territory. Other Income represents 20.1% (2019: 13.6%) of total Group revenue.

Other Income is made up of all income other than box office and retail, predominantly revenue from advertisements shown on screen prior to film screenings and revenue from booking fees associated with the purchase of tickets online. The Group also generates distribution revenue in the UK and ROW, which is included within Other Income.

US

The results below show the Group's performance in the US.

	Year ended 31 December 2020	Year ended 31 December 2019	**Movement**
Admissions	**30.1m**	177.3m	(83.0%)
	$m	$m	%
Box office	**280.3**	1,859.6	(84.9%)
Retail	**161.1**	953.9	(83.1%)
Other Income	**134.5**	396.1	(66.0%)
Total revenue	**575.9**	3,209.6	**(82.1%)**

Box office

Box office revenue represented 48.7% (2019: 57.9%) of total revenue. Admissions and box office revenue decreased by 83.0% and 84.9% respectively. These results reflect the impact of the closure of cinemas for significant periods during the year and the lack of major film releases.

Regal announced the closure of all cinemas in the United States on 17 March 2020. This shutdown remained in place until cinemas began reopening on 21 August 2020. Many of the cinemas opened to reduced operating hours with library content and reduced ticket pricing to encourage patrons to return to the cinema. On 21 August, Regal initially opened 182 cinemas, reopened an additional 104 cinemas on 28 August, and 75 additional cinemas opened during September 2020. Some states, such as New York and California, remained closed for theatrical exhibition. The local restrictions in these key markets continued throughout the remainder of the year and, as a result, studios were reluctant to release major titles. Regal announced a second closure of the entire circuit effective 8 October 2020 and remained closed for the rest of the year.

The total North American industry box office revenue for the year was 80.7% lower compared with the prior year (source: Comscore). The top three movies in 2020 were "Bad Boys for Life", "1917" and "Sonic the Hedgehog", which in total grossed $507m. The top three movies in 2019 were "Avengers: Endgame", "The Lion King" and "Toy Story 4", which in total grossed $1.8bn. During the year, 20 sites were closed in the United States, and the net cash flow generated by these sites in the year ended 31 December 2019 was negative. These closures did not have a significant impact on performance during 2020.

The average ticket price achieved in the United States decreased by 11.2% to $9.31 (2019: $10.49). The decrease reflects the lack of premium film releases available across our premium offerings.

Retail

Retail revenue represented 28.0% of total revenue (2019: 29.7%). Retail revenue decreased as a result of the cinema closures during the year. Retail spend per person decreased by 0.5% to $5.35 (2019: $5.38).

Other Income

Other Income represented 23.4% of total revenue (2019: 12.3%). Other Income is made up of on-screen advertising revenue, corporate and theatre income and revenue from online booking fees charged on the purchase of tickets for screenings, which is driven by the demand for tickets and the propensity of customers to book tickets online. Screen advertising revenue is earned through the Group's agreements with National CineMedia ("NCM") and direct contracts with concession vendors and distributors. NCM operates on behalf of a number of United States exhibitors to sell advertising time prior to screenings. Advertising revenues are driven primarily by admissions levels and the value of advertising sold. Other Income also includes less significant elements related to the sale of gift cards and bulk ticket programmes and the hire of theatres for events. Other Income has decreased by 66.0% due to the impact of cinema closures. The impact on Other Income has not been as great due to certain contractual advertising revenues being recognised regardless of cinemas being closed.

UK & Ireland

The results below for the UK&I include the two cinema brands in the UK: Cineworld and Picturehouse.

	Year ended 31 December 2020	Year ended 31 December 2019	**Movement**
Admissions	**11.4m**	48.2m	(76.3%)
	$m	$m	%
Box office	**99.4**	405.7	(75.5%)
Retail	**37.2**	156.7	(76.3%)
Other Income	**17.3**	86.0	(79.9%)
Total revenue	**153.9**	648.4	**(76.3%)**

Box office

Box office revenue represented 64.6% of total revenue (2019: 62.6%). Admissions decreased by 76.3% and box office revenue decreased by 75.5%. Admission and box office trends reflect the closure of cinemas for significant parts of the year due to lockdown restrictions and a lack of major film releases. All of the Group's cinemas were closed on 17 March in response to the first wave of COVID-19. The estate was reopened on 31 July. However, the strength of the performance in the subsequent weeks and further delays to major film release dates resulted in the announcement of a further closure on 5 October. The entire UK estate remained closed for the rest of the year.

In the UK&I, the top three grossing movies were "1917", "Sonic the Hedgehog" and "Tenet", which grossed $96.1m (source: Comscore). This compares to the top three titles in 2019 which were "Avengers: Endgame", "The Lion King" and "Toy Story 4", which grossed $273.2m (source: Comscore).

The average ticket price achieved in the UK&I increased by 3.6% to $8.72 (2019: $8.42). This increase was largely driven by the types of releases during the period that cinemas were open during 2020.

Retail

Retail revenue represented 24.2% (2019: 24.2%) of total revenue. Retail revenue decreased by 76.3% from the prior year, driven by cinema closures during the year. Retail spend per person increased by 0.4% to $3.26 (2019: $3.25).

Other Income

Other Income decreased by 79.9% from 2019 and represented 11.2% (2019: 13.3%) of total revenue. Other Income includes all other revenue streams outside of box office and retail, mainly advertising, online booking fees and some distribution revenue through Picturehouse. Advertising revenue is primarily generated by on-screen adverts and is earned though our joint venture screen advertising business Digital Cinema Media Limited ("DCM"). DCM sells advertising time on screen on behalf of the UK cinema industry and advertising revenue is impacted by admissions trends and the value of advertising sold.

Rest of the World

The results below for the ROW include Poland, Romania, Hungary, the Czech Republic, Bulgaria, Slovakia and Israel.

	Year ended 31 December 2020	Year ended 31 December 2019	**movement**
Admissions	**12.9m**	49.5m	(73.9%)
	$m	$m	%
Box office	**68.9**	270.8	(74.6%)
Retail	**33.9**	129.7	(73.9%)
Other Income	**19.7**	111.2	(82.3%)
Total revenue	**122.5**	511.7	**(76.1%)**

Box Office

Box office revenue represented 56.2% (2019: 52.9%) of total revenue. Admissions in the ROW decreased by 73.9% and box office revenue decreased 74.6% compared to the prior year. Admission across all ROW territories decreased significantly from the prior year due to prolonged closure periods resulting from lockdown restrictions and delays to major film releases.

All ROW territories closed in March in response to lockdowns and measures taken in response to the first wave of COVID-19. The first territories to reopen were the Czech Republic and Slovakia in June. Poland, Hungary, Romania, and Bulgaria opened in July. Cinemas across all ROW territories closed again in November. Israel remained closed from March for the remainder of the year.

The average ticket price decreased by 2.4% to $5.34 (2019: $5.47). The decrease reflects the lack of premium film releases available across our premium offerings.

Retail

Retail revenue represented 27.7% of the total revenue (2019: 25.3%). Retail spend per person was $2.63 (2019: $2.62).

Other Income

Other Income includes distribution, advertising and other revenues and represents 16.1% (2019: 21.7%) of total revenue. Forum Film is the Group's distribution business for the ROW and distributes movies on behalf of certain major Hollywood studios as well as owning the distribution rights to certain independent films. Other Income and distribution revenue performed in line with admission trends generally in 2020.

Financial Performance

	Year ended 31 December 2020				Year ended 31 December 2019
	US	**UK&I**	**ROW**	**Total Group**	Total Group
Admissions	**30.1m**	**11.4m**	**12.9m**	**54.4m**	275.0m
	$m	$m	$m	**$m**	$m
Box office	280.3	99.4	68.9	**448.6**	2,536.1
Retail	161.1	37.2	33.9	**232.2**	1,240.3
Other Income	134.5	17.3	19.7	**171.5**	593.3
Total revenue	**575.9**	**153.9**	**122.5**	**852.3**	4,369.7
Adjusted EBITDA (as defined in Note 2)				**(115.1)**	1,580.3
Operating (Loss)/profit				**(2,257.7)**	724.7
Finance income				**69.6**	26.3
Finance expenses				**(786.8)**	(568.0)

Net finance costs	**(717.2)**	(541.7)
Share of (loss)/profit from joint ventures	**(33.0)**	29.3
(Loss)/profit on ordinary activities before tax	**(3,007.9)**	212.3
Tax on (loss)/profit on ordinary activities	**356.4**	(32.0)
(Loss)/profit for the year attributable to equity holders of the Group	**(2,651.5)**	180.3

Adjusted EBITDA

Adjusted EBITDA has decreased to a loss of $115.1m (2019: profit of $1,580.3m). This was mainly driven by the impact of the reduction in admissions caused by closures in response to the COVID-19 pandemic.

Adjusted EBITDA generated by the US, UK and ROW was negative ($87.2m), negative ($35.0m) and $7.1m respectively for 2020, compared with $1,197.1m, $192.2m and $191.0m in 2019. Decreases across all segments were driven by the loss of revenue caused by the COVID-19 pandemic.

From 1 January 2019, the Group has adopted IFRS 16 "Leases". Below, a reconciliation of the results on the basis of the previous standard, under IAS 17, to IFRS 16 is presented:

	Statutory Results $m	Impact of IFRS 16 $m	Pre IFRS 16 Results $m
Revenue	852.3	-	852.3
Cost of sales	(888.1)	(536.5)	(1,424.5)
Other operating income	2.3	-	2.3
Administrative expenses	(2,224.2)	348.7	(1,875.6)
Operating Profit	**(2,257.2)**	**(187.8)**	**(2,445.5)**
Adjusted EBITDA as defined in Note 2	**(115.1)**	**(536.5)**	**(651.6)**

Operating loss

Due to the impact of COVID-19 the Group reported an operating loss for the first time of $2,257.7m compared with an operating profit of $724.7m in 2019, representing a decrease of $2,982.4m.

Certain material one-off items have been included within operating profit in 2020, most significantly the impairment charges described below. In addition to impairment charges, within operating profit there are a number of non-recurring and non-trade-related items that have a net negative impact of $127.2m (2019: net negative impact $12.8m), including $19.9m relating to costs arising from the Group's response to the COVID-19 pandemic, $60.8m in transaction and reorganisation costs and $46.6m in refinancing costs. These items are excluded from Adjusted EBITDA and have been set out in detail in Note 2.

The total depreciation and amortisation charge (included in administrative expenses) in the year totalled $643.3m (2019: $729.8m). The charge is lower year on year due to impairment charges reducing the value of the Group's depreciable assets and amendments to leases during the year reducing a large number of right-of-use assets, with the reductions caused by a higher incremental borrowing rate applied to lease cash flows.

Where available, government support for companies to continue paying employees through the shutdown was accessed. In some cases, employees were paid directly. In others, the Group reclaimed amounts once paid to employees. In such instances, amounts received are shown reducing staff costs in the period. Where available the Group has also accessed business rates relief.

The impact of the COVID-19 pandemic on the Group's forecast cash flows, in addition to increased uncertainty in the market, a higher discount rate reflecting the increased cost of debt and changes to forecast cash flows, have resulted in the impairment of property, plant and equipment and right-of-use assets at cinema cash-generating units ("CGUs"), as well as goodwill in country level CGUs and the Group's investment in National Cinemedia Inc amounting to a total net charge of $1,344.5m (2019: $46.9m in respect of property, plant and equipment and right-of-use assets at cinema CGUs). These impairments are considered to be largely driven by the impact of the pandemic and are considered to be exceptional charges in the current period.

Leases

The impact of COVID-19 and the associated shutdown has resulted in the Group renegotiating over 450 leases by the Balance Sheet date and accessed government relief from payment of leases in certain countries. The Group has sought to agree the waiver and deferral of contractual rent under existing leases in order to manage cash flow during the shutdown and recovery from the impact of the virus. Payment of lease liabilities has decreased to $198.6m from $613.3m in 2019, reflecting negotiation with landlords and amendments agreed to date.

Amendments to leases, additions in the period, changes to discount rates applied in the calculation of lease balances, and cash flows in the period have resulted in total right-of-use assets of $2,306.4m (2019: $3,441.2m), with a depreciation charge of $348.7m (2019: $398.2m), with lease liabilities of $3,971.7m (2019: $4,197.5m) and an interest cost of $349.0m (2019: $304.2m). For leases amended during the year, higher incremental borrowing rates reflecting the Group's higher cost of debt and lower credit rating have been applied to cash flows, resulting in lower assets and liabilities and higher lease interest cost for these leases. With the impact of the virus continuing and discussions ongoing with a number of landlords, there will be significant further modification to leases subsequent to the year end.

Net finance costs

At 31 December 2019 the Group had USD term loans of $3.4bn and a Euro term loan of $215.4m, and a $462.5m revolving credit facility ("RCF") of which $95.0m had been drawn upon.

In June 2020, the Group agreed the terms for an extension of $110.8m on the RCF with a maturity of December 2020 and a new $250.0m secured private loan with a maturity of 2023 with private institutional investors.

In November 2020, the Group agreed the terms of a further facility of $450.0m with a group of existing term loan lenders. Alongside the new debt facility, the Group issued to participating lenders 153,539,786 equity warrants representing in aggregate 9.99% of the fully diluted ordinary share capital of the Company assuming full exercise of the warrants. The new debt facility also includes certain financial and operating covenants and entitles the lenders to appoint a Board observer. The Group further agreed the amendment of the previously agreed incremental RCF of $110.8m to a term loan with a maturity of May 2024. The amendment to this facility was considered to represent a discount to the fair market value of the debt at the time of the agreement and therefore resulted in a gain on extinguishment of debt of $33.2m, which has been recognised within finance income.

At 31 December 2020 the Group had United States term loans outstanding totalling $3.9bn, a Euro term loan of $233.8m, a private placement loan of $250.0m and a $462.5m RCF which was fully drawn.

Net financing costs totalled $717.2m during the period (2019: $541.7m). Finance income of $69.6m (2019: $26.3m) included interest income of $7.4m (2019: $4.5m), a gain of $9.0m on the movement of the fair value of financial derivatives (2019: $10.4m), $8.4m on the unwind of the discount on non-current assets (2019: $3.4m)

and $0.7m in respect of the unwind of the discount on sub-lease assets (2019: $0.7m). A gain of $33.2m relating to the gain on extinguishment on amending the extended RCF was also recognised in the year.

Foreign exchange gains of $10.9m (2019: $7.3m) were incurred in respect of monetary assets and non-USD denominated loans.

The Group had previously designated the Euro leg of three cross currency swaps held as a net investment hedge against the assets of certain Euro denominated subsidiaries. During the period the hedge relationship became ineffective and the hedge relationship ended. This resulted in $9.8m credit to the hedge reserve and charge to the income statement.

During the year the Group designated a net investment hedge relationship between the Group's Euro term loan and a portion of the carrying value of the Group investments in Euro denominated investments in order to mitigate the risk of reported foreign exchange movements in respect of these items.

In 2019 the Group entered into a contingent forward contract and a contingent swap contract in order to hedge certain cash flows expected to take place on completion of the proposed Cineplex combination. Due to the termination of the deal, the contingent elements of the derivatives were not met. The Group terminated the swap resulting in a gain of $4.5m and a loss of $10.4m on the deal contingent forward in line with the fair values reported at 31 December 2019. In addition, the forward contract was modified on termination, resulting in an additional loss of $10.2m and $16.8m which has been assessed to be in respect of debt issuance costs which have been capitalised and have been amortised over the remainder of the year.

The finance expense of $786.8m (2019: $568.0m) has increased due to higher incremental borrowing rates being applied to lease liabilities that were amended during the year, driven upward by changes in the Group's credit rating. Lease liability interest for the year was $349.0m (2019: $304.2m). A lower average LIBOR rate in 2020 compared with 2019, the timing to the Group's refinancing in 2019 and the new debt facilities during the year also had an impact on the overall finance expense.

Interest on bank loans and overdrafts in the period totalled $166.3m (2019: $167.3m) benefiting from reduction in the LIBOR level compared with the previous year. The other finance costs included: $33.1m (2019: $27.2m) of amortised prepaid finance costs, $49.4m (2019: $51.3m) in respect of the unwind of discount on deferred revenue and loss of $153.4m on the movement of the fair value of financial derivatives (2019: $8.1m). This included the movements on the fair value of the derivative liability in respect of the equity warrants issued in the year and two additional embedded derivatives recognised on the refinancing entered into in November. In addition, $11.8m in respect of foreign exchange losses (2019: $9.9m) were incurred in the year.

Upon modifications being made to existing debt agreements during the year, which implemented a 1% floor in LIBOR-linked interest rates applied to US dollar-denominated term loans, embedded derivative liabilities with a total value of $98.0m were identified. These derivatives were initially recognised as an exceptional finance cost, with subsequent movements of $5.6m being recorded within movement on financial derivatives during the year. Subsequent to the year end, it is expected that the underlying contracts relating to these Cineworld Group plc 30 Annual Report and Accounts 2020 derivatives will be further modified, resulting in their derecognition. $11.8m in respect of foreign exchange losses (2019: $9.9m) were incurred in the year.

Taxation

The overall tax credit during the year was $356.4m, giving an effective tax rate of 11.8% (2019: 15.1%) on the loss before tax for the year.

The tax credit includes a current tax credit of $224.0m. This primarily relates to a carry back of 2020 United States tax losses against profits of earlier periods under the Coronavirus Aid, Relief and Economic Security ("CARES") Act, resulting in a cash tax refund which we expect to receive in April 2021.

The effective tax rate for the year reflects one-off factors. The rate is increased by the carry back of 2020 tax losses against profits of earlier periods in which the United States Federal tax rate was 35% (2019: 21%). Cash tax repayments relating to these years will reflect the higher rate. The rate is decreased by a partial de-recognition of deferred tax assets.

Tax uncertainties and risks are increasing for all multinational groups which could affect the future tax rate. The Group takes a responsible attitude to tax, recognising that it affects all our stakeholders. The Group seeks at all times to comply with the law in each of the jurisdictions in which we operate, and to build open and transparent relationships with those jurisdictions' tax authorities. The Group's tax strategy is aligned with the commercial activities of the business, and within our overall governance structure the governance of tax and tax risk is given a high priority by the Board.

Earnings

The loss on ordinary activities after tax in the period was $2,651.5m, compared with a profit in the prior year of $180.3m. The decrease is the result of the loss of revenue due to closures and a lack of major film releases, both caused by the COVID-19 pandemic. There have also been significant non-recurring charges and expenses, including total non-cash impairment charges set out above, which significantly increase the loss in the year.

Basic Earnings Per Share amounted to (193.2)¢ (2019: 13.1¢). Eliminating the one-off, non-trade-related items totalling $1,738.3m, Adjusted diluted Earnings Per Share were (66.5)¢ (2019: 21.3¢).

Statement of cash flows and statement of financial position

Overall, net assets have decreased by $2,711.4m to $226.3m since 31 December 2019. Total assets decreased by $1,825.3m. This is predominantly driven by the impairment of property, plant and equipment and right-of-use assets at cinema CGUs and goodwill at country CGUs. The total liabilities have increased by $886.1m, primarily due to additional debt obtained in order to secure liquidity.

With the material loss of revenue following the outbreak of the COVID-19 pandemic, the Group agreed new sources of liquidity and entered lease negotiations as set out above. These measures are reflected in the Group statement of cash flows. Total net cash used in operating activities in the year was $227.6m (2019: cash generated $1,293.7m). Net debt of $8.3bn at the year end is $0.6bn higher than the balance at 31 December 2019 primarily due to losses driven by the impact of COVID-19 and the additional financing raised during the year.

Dividends

The interim dividend of 3.75 United States cents per ordinary share in respect of the third quarter of 2019 was paid to shareholders on 10 January 2020. The total cash consideration was $51.4m.

The distribution of dividends on our ordinary shares is subject to validation by the Board of Directors and must be in line with applicable law. The board of directors validates the amount of future dividends to be paid, taking into account the cash balance then available, the anticipated cash requirements, the overall financial situation, restrictions on loan agreements, future prospects for profits and cash flows, as well as other relevant factors. On 7 April 2020 the Board announced the suspension of the 2019 fourth quarter dividend of 4.25 cents per share to conserve cash for the Group.

Nisan Cohen
Chief Financial Officer
25 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Year ended 31 December 2020 $m	Year ended 31 December 2019 $m
Revenue	4	**852.3**	4,369.7
Cost of sales		**(888.1)**	(2,749.1)
Gross (loss) / profit		**(35.8)**	1,620.6
Other operating income		**2.3**	5.7
Administrative expenses		**(879.7)**	(854.7)
Net impairment of goodwill, property, plant and equipment, right-of-use assets and investments		**(1,344.5)**	(46.9)
Operating (loss) / profit		**(2,257.7)**	724.7
Adjusted EBITDA as defined in Note 2		**(115.1)**	1,580.3
Finance income	6	**69.6**	26.3
Finance expenses	6	**(786.8)**	(568.0)
Net finance costs		**(717.2)**	(541.7)
Share of (loss) / profit from jointly controlled entities using equity accounting method net of tax		**(33.0)**	29.3
(Loss) / profit before tax		**(3,007.9)**	212.3
Tax credit / (charge) on profit	8	**356.4**	(32.0)
(Loss) / profit for the year attributable to equity holders of the Group		**(2,651.5)**	180.3
Basic (Deficit) / Earnings Per Share (cents)	*5*	***(193.2)***	*13.1*
Diluted (Deficit) / Earnings Per Share (cents)	*5*	***(193.2)***	*13.1*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 31 December 2020 $m	Year ended 31 December 2019 $m
(Loss) / Profit for the year attributable to equity holders of the Group	**(2,651.5)**	180.3
Items that will not subsequently be reclassified to profit or loss		
Net change in fair value of equity investments	**-**	(7.5)
Items that will subsequently be reclassified to profit or loss		
Retranslation gain of foreign currency denominated operations	**3.5**	12.6
De-designation of net investment hedge	**9.8**	-
Movement of net investment hedge	**(19.8)**	22.2
Income tax (charge) recognised within other comprehensive income	**(0.1)**	(0.7)
Comprehensive (loss)/income for the year, net of income tax	**(6.6)**	26.6
Total comprehensive (loss)/income for the year attributable to equity holders of the Group	**(2,658.1)**	206.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

	Note	31 December 2020 $m	31 December 2019 $m
Non-current assets			
Property, plant and equipment		**1,788.2**	2,039.5
Right-of-use assets	9	**2,306.4**	3,441.2
Goodwill		**4,868.3**	5,492.1
Other intangible assets		**489.5**	515.6
Investment in equity-accounted investees		**215.1**	300.2
Financial assets at FVOCI		**10.0**	10.0
Deferred tax assets		**278.1**	138.8
Fair value of financial derivatives		**7.8**	-
Other receivables		**48.7**	64.6
Total non-current assets		**10,012.1**	12,002.0
Current assets			
Assets classified as held for sale		**2.9**	0.9
Inventories		**13.2**	33.2
Current taxes receivables		**206.6**	1.6
Trade and other receivables		**53.7**	261.8
Fair value of financial derivatives		**-**	10.4
Cash and cash equivalents		**336.7**	140.6

	Note	2020	2019
Total current assets		**613.1**	448.5
Total assets		**10,625.2**	12,450.5
Current liabilities			
Loans and borrowings	10	**(54.2)**	(133.9)
Fair value of financial derivatives		**-**	(4.5)
Fair value of warrants		**(97.2)**	-
Lease liabilities		**(596.6)**	(321.6)
Trade and other payables		**(596.3)**	(712.1)
Deferred revenue		**(270.9)**	(263.1)
Current taxes payable		**(40.6)**	(48.8)
Provisions	11	**(8.0)**	(6.4)
Total current liabilities		**(1,663.8)**	(1,490.4)
Non-current liabilities			
Loans and borrowings	10	**(4,608.5)**	(3,485.4)
Fair value of financial derivatives		**(130.1)**	(9.7)
Lease liabilities		**(3,375.1)**	(3,875.9)
Other payables		**(9.2)**	(12.4)
Deferred revenue		**(607.0)**	(635.0)
Provisions	11	**(1.1)**	(0.5)
Employee benefits		**(4.1)**	(3.5)
Total non-current liabilities		**(8,735.1)**	(8,022.4)
Total liabilities		**(10,398.9)**	(9,512.8)
Net Assets		**226.3**	2,937.7
Equity attributable to equity holders of the Group			
Share Capital		**20.1**	20.1
Share Premium		**513.8**	516.0
Foreign currency translation reserve		**(247.3)**	(250.8)
Hedging reserve		**11.6**	21.6
Fair value reserve		**(14.4)**	(14.4)
Retained earnings		**(57.5)**	2,645.2
Total Equity		**226.3**	2,937.7

These Financial Statements were approved by the Board of Directors on 25 March 2021 and were signed on its behalf by:

Nisan Cohen, Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital $m	Share premium $m	Merger reserve $m	Foreign currency translation reserve $m	Hedging reserve $m	Fair value reserve $m	Retained earnings $m	**Total $m**
1 January 2019	20.1	513.8	-	(263.4)	(0.6)	(6.9)	2,984.0	**3,247.0**
Profit for the year	-	-	-	-	-	-	180.3	**180.3**
Comprehensive income								
Items that will not subsequently be reclassified to profit or loss	-	-	-	-	-	-	-	**-**
Net change in fair value of equity investments	-	-	-	-	-	(7.5)	-	**(7.5)**
Items that will subsequently be reclassified to profit or loss	-	-	-	-	-	-	-	**-**
Movement on net investment hedge	-	-	-	-	22.2	-	-	**22.2**
Tax that will subsequently reclassified to profit or loss	-	-	-	-	-	-	(0.7)	**(0.7)**
Retranslation of foreign currency denominated operations	-	-	-	12.6	-	-	-	**12.6**
Total comprehensive loss	**-**	**-**	**-**	**12.6**	**22.2**	**(7.5)**	**179.6**	**206.9**
Contributions by and distributions to owners								
Dividends	-	-	-	-	-	-	(520.2)	**(520.2)**
Movements due to share-based compensation	-	-	-	-	-	-	1.8	**1.8**
Transfer of shares	-	2.2	-	-	-	-	-	**2.2**
31 December 2019	**20.1**	**516.0**	**-**	**(250.8)**	**21.6**	**(14.4)**	**2,645.2**	**2,937.7**
Loss for the year	-	-	-	-	-	-	(2,651.5)	**(2,651.5)**
Comprehensive income								
Items that will not subsequently be reclassified to profit or loss	-	-	-	-	-	-	-	**-**
Net change in fair value of equity investments	-	-	-	-	-	-	-	**-**
Items that will subsequently be reclassified to profit or loss	-	-	-	-	-	-	-	**-**
De-designation of net investment hedge	-	-	-	-	9.8	-	-	**9.8**
Movement on net investment hedge	-	-	-	-	(19.8)	-	-	**(19.8)**

Tax that will subsequently reclassified to profit or loss	-	-	-	-	-	-	(0.1)	**(0.1)**
Retranslation of foreign currency denominated operations	-	-	-	3.5	-	-	-	**3.5**
Total comprehensive loss	**-**	**-**	**-**	**3.5**	**(10.0)**	**-**	**(2,651.6)**	**(2,658.1)**
Contributions by and distributions to owners								
Dividends	-	-	-	-	-	-	(51.4)	**(51.4)**
Movements due to share-based compensation	-	-	-	-	-	-	(1.9)	**(1.9)**
Transfer of shares	-	(2.2)	-	-	-	-	2.2	**-**
31 December 2020	**20.1**	**513.8**	**-**	**(247.3)**	**11.6**	**(14.4)**	**(57.5)**	**226.3**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	**Year ended 31 December 2020 $m**	Year ended 31 December 2019 $m
Cash flow from operating activities			
(Loss)/profit for the year		(2,651.5)	180.3
Adjustments for:			
Finance income	6	(69.6)	(26.3)
Finance expense	6	786.8	568.0
Taxation	8	(356.4)	32.0
Share of profit of equity accounted investee		33.0	(29.3)
Operating (loss)/profit		**(2,257.7)**	**724.7**
Depreciation and amortisation		643.3	729.8
Share-based payments charge		(2.3)	4.9
Impairment and reversal of impairment of goodwill, property, plant and equipment and right-of-use assets		1,307.4	46.9
Impairment of investment		37.1	-
Decrease in trade and other receivables		214.4	37.9
Decrease in inventories		20.0	2.3
Decrease in trade, other payables and deferred income		(204.5)	(97.5)
Increase / (decrease) in provisions and employee benefit obligations		2.1	(35.0)
Loss/ (gain) on sale of assets		6.4	(12.2)
Cash (used) / generated from operations		**(233.8)**	**1,401.8**
Tax received/(paid)		6.2	(108.1)
Net cash flows from operating activities		**(227.6)**	**1,293.7**
Cash flows from investing activities			
Interest received		6.5	3.6
Income from net investment in sublease		1.0	1.2
Acquisition of property, plant and equipment		(290.0)	(455.6)
Investment in joint ventures		(0.3)	-
Investment in financial asset at FVOCI		-	(10.0)
Acquisition of distribution rights and other intangibles		(2.5)	(5.2)
Distributions received from equity accounted investees		17.8	42.6
Proceeds from sale and leaseback		-	542.4
Proceeds from sale of property, plant and equipment		3.2	22.0
Net cash flows from investing activities		**(264.3)**	**141.0**
Cash flows from financing activities			
Dividends paid to shareholders		(51.4)	(520.2)
Interest paid		(158.3)	(165.5)
Repayment of bank loans		(54.2)	(1,458.5)
Repayment of loans from equity accounted investees		-	(3.0)
Draw down of bank loans		1,207.8	1,130.3
Debt issuance costs paid		(73.2)	-
Repayment on termination of financial derivatives		(10.2)	-
Landlord contributions		13.5	28.4
Payment of lease liabilities*		(198.6)	(613.3)
Net cash flows from financing activities		**675.4**	**(1,601.8)**
Cash and cash equivalents at start of the period		140.6	316.3
Net movements in cash and cash equivalents		183.5	(167.1)
Exchange gain / (loss) on cash and cash equivalents		12.6	(8.6)
Cash and cash equivalents at the end of year		**336.7**	**140.6**

*Payment of lease liabilities includes $115.7m (2019: $304.2m) of interest payment and $82.9m (2019: $309.1m) of principal lease payments.

During the financial year $47.8m (2019: $nil) of government grants were received in cash

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (FORMING PART OF THE FINANCIAL STATEMENTS)

1. Accounting Policies

Basis of preparation

Cineworld Group plc (the 'Company') is a company Limited by shares, incorporated and domiciled in the UK.

This consolidated financial information for the year ended 31 December 2020 comprises the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in jointly controlled entities. The financial information presented has been prepared applying the accounting policies and presentation applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2020. These preliminary results do not constitute the Group's statutory accounts for the years ended 31 December 2020 and 31 December 2019. The statutory accounts for the year ended 31 December 2019 have been reported on by the Company's auditors and delivered to the Registrar of Companies. The statutory accounts for the year ended 31 December 2020, which have been approved by the Directors, will be sent to shareholders in April 2021 and delivered to the Registrar of Companies.

The auditor has reported on the Group's statutory accounts for the years ended 31 December 2020 and 2019. The reports were (i) unqualified, although included an emphasis of matter in respect of material uncertainty around going concern and (ii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The accounting policies set out below have been applied consistently to all years presented in these Group Financial Statements.

Going Concern

In assessing the appropriateness of applying the going concern basis in preparation of the consolidated and company financial statements the directors have considered the Group's liquidity and forecast cash flows under a range of potential scenarios, taking into account reasonably possible outcomes over a 15-month period from the date of approval of these financial statements. Given the global political and economic uncertainty driven by the continuing COVID-19 pandemic, and its specific impact on the cinema exhibition industry, the directors consider some volatility in performance and a certain amount of disruption to business likely over the coming months. Although the recent roll out of vaccination programs, and the positive announcements from both the US and UK on cinema openings, suggest significant potential for recovery over the coming 15 months, the directors consider the performance to be sensitive to the ability to reopen, the availability of film content available and the recovery profile of admissions.

The scenarios modelled consider the potential impact of lifting and continuation of COVID-19 restrictions affecting the cinema exhibition industry, the availability and timing of film content, consumer behaviour driven by COVID-19, the impact on contractual cash flows specific to the Group and its liquidity position, as well as future access to liquidity. These scenarios cover a range of potential outcomes primarily based on the speed of recovery of the cinema exhibition industry from the COVID-19 pandemic, as well as the potential for further impact in the future. Each of the scenarios are sensitive to forecast admissions levels and certain material cash flows.

For the forthcoming re-openings, in line with the re-openings from the first outbreak of COVID-19 in 2020, the Group will reimplement safety measures across all territories to ensure the safety of customers and employees. These include staggered film start times, social distancing measures in auditoriums and foyers, additional cleaning procedures, temperature checks and the wearing of face coverings in certain territories. Restrictions in place, and additional measures taken in order to ensure appropriate social distancing is maintained in all cinemas, constrain the potential capacity for attendance. However, the level of unused capacity available in theatres, operational changes made regarding film times and the choice of films shown should ensure that forecast revenues are still achievable despite such restrictions.

In May 2020, in order to provide additional liquidity, the Group agreed the terms for an extension of $110.8m on the revolving credit facility (RCF) and in June of 2020, a new $250.0m secured loan. In November 2020, the Group agreed the terms of a further facility of $450.0m and the amendment of the previously agreed incremental RCF of $110.8m to a term loan with a maturity of May 2024. The Group also successfully agreed the waiver of all existing financial covenants until the June 2022 testing point.

The new $450m facility includes certain new financial and operating covenants, which remain in place until the Group achieves admission levels consistent with 80% of comparable periods in 2019 for a period of three consecutive months. These covenants include minimum liquidity requirements, restrictions on cash disbursements for operations and capital expenditure and the prohibition of settlement of certain specific material liabilities. The Directors are confident that the Group can continue to operate and recover fully from the impact of the pandemic whilst complying with all obligations under its lending agreements.

Weighted base Case Scenario

The Group's weighted base case scenario assumes a gradual recovery from the current shutdown, with cinemas across all territories opening in May 2021 at 60% of comparable levels to 2019, returning to admissions levels of 90% of comparable periods in 2019 by the end of the year. Admissions are then forecast to remain on average 10% below 2019 levels throughout 2022 and 5% below through 2023. In addition to cinema performance, the Group's cash flows and liquidity are sensitive to the timing and level of rent payments. The Group has been successful in agreeing the waiver and deferral of significant rent payable under lease agreements through the current shutdown period, and beyond with the support of landlords. Rent payments have been modelled in line with actual modifications and the expectations of achievable deferrals over the coming 12-month period based on on-going discussions with the landlords. The Group has also taken into consideration mitigating actions available to it, these include stopping all non-essential capital expenditure for the coming 9 months which has been modelled under the weighted base case scenario. In addition, the Group has taken steps to reduce operational and administrative costs, in order to further preserve liquidity. Further steps would be taken to operate at a minimal costs basis should the directors consider it necessary. No further lockdowns or operating restrictions in winter 2021 are considered within this forecast

Under the weighted base case scenario, the Group maintains headroom against available cash and debt facilities throughout the going concern assessment period, including in May 2021 and the early months of reopening. Restrictions on operating and capital expenditure cash flows are complied with at all times. Financial covenants on the RCF, of 5.0x net leverage at the June 2022 testing point, would not be breached.

In addition, two significant matters arise in this period being a large one off tax cash receipt under the US CARES act which allows losses for 2020 to be offset against tax paid in earlier periods creating a cash tax refund of $202m, and the expected judgement on the Regal Dissenting Shareholders claim where the Dissenting Shareholders are claiming more than $202 million (excluding any interest payable).

The Group accelerated its tax year closure in order to bring forward the expected cash refund. Following professional advice and in line with government guidelines, the Directors are satisfied that the receipt in respect of the claim will occur by the end of April 2021.

The Group is currently prohibited from making payments in respect of the Dissenting Shareholder liability by the terms of $450 million loan, except for any payments made from the proceeds of an equity raise or from permitted subordinated debt in accordance with the $450 million loan agreement. A judgment in respect of the Dissenting Shareholder liability is expected to be received no later than 30 June 2021, and the Directors anticipate that judgment will be in line with the fair value of the original transaction plus interest. The Directors are satisfied, based on external legal advice, that the restriction on paying the dissenting shareholders under the $450 million loan is enforceable and that no payments in respect thereof are likely to arise in the going concern period that are in violation of the terms of the $450 million loan.

Severe but plausible downside scenario

Given the current uncertainty around the potential impact of disruption caused by COVID-19 in the forthcoming period and the challenges around forecasting the impact on the cinema industry, the Directors have considered the following severe but plausible downside scenarios to stress test the Group's financial forecasts:

1. In the event that the US CARES Act tax cash receipt of $202 million is not received before the end of April 2021 there would be a breach in the minimum liquidity covenant in April 2021 which would require a waiver from the lenders. Further, if both the tax receipt was not received, and cinemas were not to open, before the end of May 2021, then additional liquidity would be required in May 2021. As a mitigating action management has engaged advisors around the potential for raising additional unsecured liquidity. In parallel the Group is requesting consent of its shareholders to amend its articles of association to release it from its current

borrowing limits.

2. Modelling the same cash flow positions as the weighted base case but with; a) a slower recovery from the current wave of COVID-19 affecting all of the Group's territories to the extent that the forecast reopening of its cinemas is delayed until August 2021 and, b) that no rent abatements are achieved on leases yet to be renegotiated. The scenario forecasts no revenue until August 2021, at which point, admissions are forecast to be 60% of 2019 levels in August and increase to an average of 75% of 2019 levels for the remainder of 2021. Admissions are then forecast to remain at 80% of 2019 levels until 2023, 90% in 2024 and fully recover from 2025 onward.The modelling for this scenario indicates that the Group, in addition to breaching the covenants under its lending agreements in May 2021 and the leverage covenant in June 2022, would need additional liquidity in order to continue to operate from September 2021.

3. There remains uncertainty in the market around consumer confidence, the ability to visit cinemas in the short term and the scheduling of movies. This has been reflected in recent announcements by certain studios and the vaccination challenges being faced across Central Europe. If forecast admissions on films were to decline by a further 10% in 2021 this would result in a breach of the Rest of World covenant in December 2021 and the Group leverage covenant in June 2022. Further, if cinema openings were delayed until June 2021, or if admissions were only at 19% of 2019 levels in May 2021, then this would result in a breach of the minimum liquidity covenant in May 2021 and June 2021 respectively.

4. In addition, should an agreement not be reached with the Dissenting Shareholders there is a risk that they may wish to challenge any failure not to pay them in accordance with a judgement.

Conclusion

The Directors recognise the challenges facing the business and the uncertainty around the recovery of the cinema industry following the impact of COVID-19, and the potential risks that remain, which represent material uncertainties with respect to the Group's and company's ability to continue as a going concern. Having considered all known factors the Directors are comfortable that the weighted base case supports the going concern assumption.

However, whilst sufficient liquidity is considered to exist in the weighted base case, and waivers have been obtained in respect of covenants which are forecast to be breached, the uncertainty around the recovery profile and the availability of film content, the timing of the US CARES Act tax cash receipt, the payment restriction on the Dissenting Shareholder liability, as well as the lack of headroom in the severe but plausible scenario, indicate the existence of material uncertainties that may cast significant doubt upon the Group's and company's ability to continue to operate as a Going Concern. The Consolidated and company Financial Statements do not include the adjustments that would result if the Group or company were unable to continue as a going concern.

2. Alternative performance measures

The Group uses a number of Alternative Performance Measures ("APMs") in addition to those measures reported in accordance with IFRS. Such APMs are not defined terms under IFRS and are not intended to be a substitute for any IFRS measure. The Directors believe that the APMs are important when assessing the underlying financial and operating performance of the Group. The APMs improve the comparability of information between reporting periods by adjusting for factors such as fluctuations in foreign exchange rates, one-off items and the timing of acquisitions.

The APMs are used internally in the management of the Group's business performance, budgeting and forecasting, and for determining Executive Directors' remuneration and that of other management throughout the business. The APMs are also presented externally to meet investors' requirements for further clarity and transparency of the Group's financial performance. Where items of profits or costs are being excluded in an APM, these are included elsewhere in our reported financial information as they represent actual income or costs of the Group.

Other commentary within the Annual Report and Accounts (such as the Chief Financial Officer's Review on pages 5 to 12), should be referred to in order to fully appreciate all the factors that affect the business.

The Group's Alternative Performance Measures are set out below. Additional adjustments have been made in the current period to reflect exceptional items incurred due to the impact of the COVID-19 pandemic:

Adjusted EBITDA

Adjusted EBITDA is defined as operating (loss)/profit adjusted for (losses)/profits of jointly controlled entities using the equity accounting method net of tax and excess cash distributions, depreciation and amortisation, impairments of goodwill, property, plant and equipment, right-of-use assets and investments in the ordinary course of business, property-related charges and releases, business interruption costs, share-based payment charges and operating exceptional items. Exceptional items are charges and credits which are a non-recurring item that is outside the Group's normal course of business and material by size or nature. Adjustments have been made for specific costs associated with the impact of COVID-19 including stock write offs, additional cleaning costs, legal costs associated with employee furlough schemes, redundancy and refinancing.

The following items are adjusted for within the Group's Adjusted EBITDA APM as they are non-cash items: depreciation and amortisation, impairment of property, plant and equipment, right-of-use assets and investments in the ordinary course of business, property-related charges and releases, and share-based payment charges.

The net impact of share of profit of jointly controlled entities and the associated excess cash distributions from joint controlled entities are included within Adjusted EBITDA as these items are cash items outside of operating profit.

Adjusted (Loss)/Profit

Adjusted (loss)/profit before tax is defined as (loss)/profit before tax adjusted for amortisation of intangible asset created on acquisition, excess cash distributions from jointly controlled entities, impairments of goodwill, property, plant and equipment, right-of-use assets and investments in the ordinary course of business, property-related charges and releases, business interruption costs, share-based payment charges,movements on financial derivatives, exceptional operating items, foreign exchange translation gains and losses, de-designation of net investment hedge, exceptional financing items and exceptional tax items. Adjustments have been made for exceptional items associated with the impact of COVID-19 including stock write offs, additional cleaning costs, legal costs associated with employee furlough schemes, redundancy and refinancing.

Adjusted (loss)/profit after tax is arrived by applying an effective tax rate to the taxable adjustments and deducting the total from adjusted (loss)/profit.

The Adjusted EBITDA and Adjusted (Loss)/ Profit after tax reconciliation to statutory operating profit are presented as follows:

	Year ended 31 December 2020 $m	Year ended 31 December 2019 $m
Operating (loss)/profit	**(2,257.7)**	724.7
Depreciation and amortisation	**643.3**	729.8
Share of (loss)/profit of jointly controlled entity using equity accounting method net of tax	**(33.0)**	29.3
Excess cash distributions from jointly controlled entities	**56.4**	20.3
Impairment of goodwill, property, plant and equipment, right-of-use assets and investments in the ordinary course of business	**-**	46.9
Business interruption	**-**	6.3
Property-related charges and releases	**6.4**	5.3
Share-based payment charges	**(2.3)**	4.9
Operating exceptional items:		

- Net impairment of goodwill, property, plant and equipment, right-of-use assets and investments	**1,344.5**	-
- Transaction and reorganisation costs	**60.8**	17.1
- COVID-19 costs	**19.9**	-
- Cost of refinancing	**46.6**	-
- One-time write off of other current assets	**-**	13.2
- Gain on sale and leaseback transaction	**-**	(17.5)
Adjusted EBITDA	**(115.1)**	1,580.3
Depreciation and amortisation	**(643.3)**	(729.8)
Amortisation of intangibles created on acquisition	**25.7**	27.8
Net finance costs	**(717.2)**	(541.7)
Movement on financial derivatives	**46.4**	(2.2)
Foreign exchange translation gains and losses	**(9.3)**	5.9
Recycle of net investment hedge	**9.8**	-
Financing exceptional items:		
- Accelerated amortisation of capitalised finance fees	**-**	15.1
- Gain on extinguishment of debt	**(33.2)**	-
- Remeasurement loss on financial instrument	**98.0**	-
- Remeasurement of financial asset amortised cost	**11.3**	-
Adjusted (Loss)/ Profit before Tax	**(1,326.9)**	355.4
Tax benefit/(charge)	**356.4**	(32.0)
Tax impact of adjustments	**(225.4)**	(30.4)
De-recognition of deferred tax assets due to impact of COVID-19	**319.7**	-
Tax credit arising on capitalised foreign exchange loss	**(37.0)**	-
Adjusted (Loss)/Profit after Tax	**(913.2)**	293.0

Excess cash distributions from jointly controlled entities
The Group receives cash distributions over and above the level of profit recognised in equity accounting for its joint ventures, this is a recurring cash amount.

Net Impairment of goodwill, property, plant and equipment, right-of-use assets and investments
Goodwill
At 30 June 2020, the impact of Covid-19 on the operations of the Group was deemed as a triggering event and an impairment assessment was performed. As a result of this test, the Group impaired $342.1m in respect of the United Kingdom goodwill. Of this impairment $14.5m was in relation to the Picturehouse CGU.

A further impairment test was performed at 31 December 2020, which resulted in an additional impairment charge of $315.3m in respect of the United States goodwill ($242.3m), United Kingdom goodwill ($29.9m), Israel goodwill ($16.8m), Romania goodwill ($25.9m) and Bulgaria goodwill ($0.4m).

Property, plant and equipment, right-of-use assets
Total impairments recognised, across property, plant and equipment and right-of-use assets during the six month period to 31 December 2020 was a net charge of $36.6m. The total net impairment charge for the year ended 31 December 2020 was $649.2m (2019: $46.9m). Of this impairment charge $382.9m (2019: $18.8m) related to ROU assets (30 June 2020 charge $385.3m; 31 December 2020 $2.4m reversal) and $266.3m (2019: $28.1m) related to property, plant and equipment (30 June 2020 charge $227.3m; 31 December 2020 $39.0m charge).

Impairments recognised during 2020 were in relation to 239 sites in the US (2019: 49), 53 sites in the UK (2019: five) and 28 sites in the ROW (2019: one), whose recoverable amount (calculated by reference to its value in use) was less than carrying amount. The most significant factors causing impairment were the forecast continued impact of COVID-19 on operations and a higher discount rate, driven by the Group's higher cost of debt. The recoverable amount of these CGUs subsequent to impairment was $1,362.4m (2019: $198.6m).

Investments
A reduction in the present value of dividends forecast to be received from the Group's holding in National Cinemedia LLC ("NCM") whilst NCM recovers from the impact of the COVID-19 pandemic, resulted in an impairment being recognised during the year. The Group determined that the carrying amount exceeded the recoverable amount and as such, recorded an impairment charge of $37.1m to our investment in NCM for the year ended 31 December 2020.

Business interruption
In 2019 the Group incurred expenses of $6.3m in relation to sites which were closed or partially closed during the year for refurbishment or were under construction.

Property related charges and releases
The loss of $6.4m (2019: $5.3m) is being composed by the following:

- $12.3m gain as a result of remeasurement of right-of-use assets which were modified and due to the modification the asset was decreased by an amount in excess of its carrying value. The excess above carrying value was therefore recognised in the income statement.
- Disposal of 18 sites in US has resulted in $1.0m gain due to the de-recognition of the lease liabilities and right-of-use assets. Losses of $13.6m were incurred on property, plant and equipment disposed of at these sites.
- During the year, 6,416 digital projectors were transferred to the Group from its joint operation DCIP. At the date of transfer the assets had a net with a net book value of $117.6m. Following the transfer, the Group disposed of projector assets with a net book value of $5.8m. In addition, a $4.7m gain incurred connected to the termination of the master lease with DCIP.
- $5.0m in losses assets disposed at on sites under construction in the UK, which are no longer expected to go ahead, were also incurred.
- The loss of $5.3m during 2019 related to the closure of 16 theatres in the US and one in ROW.

Operating exceptional items

− The impact of the COVID-19 pandemic on the Group's forecasts cash flows. In addition to increased uncertainty in the market, a higher discount rate driven by the higher cost of debt, and changes to forecast cash flows have resulted in the impairment of property, plant and equipment, right-of-use assets and investments at cinema CGUs, as well as goodwill in country level CGUs amounting to a net total charge of $1,344.5m. These impairments are considered to be driven by the impact of the pandemic and are therefore considered to be exceptional charges.

− Transaction and reorganisation costs of $60.8m were incurred in 2020 of which $2.2m relates to reorganisation costs, $12.8m to costs incurred with the Cineplex transaction and receipt of a VAT refund of ($1.6m). Costs in connection with the dissenting shareholder liability which arose on the acquisition of Regal of $47.4m were incurred, which includes $41.7m in respect of interest on the outstanding liability. Transaction costs of $17.1m were recognised in 2019 of which $4.3m relates to the proposed Cineplex acquisition, $6.4m reorganisation costs and $6.4m in other legal costs.

− One-off costs of $19.9m associated with the impact of COVID-19 including stock write offs of $16.0m, additional cleaning expenses, redundancy and write offs of $3.9m.

− Legal and adviser costs, in addition to those capitalised as directly attributable to new debt instruments, of $46.6m were incurred in connection with the new debt facilities entered into during the year.

− In the year ended 31 December 2019 a one-off charge of $13.2m in respect of plastic cards acquired for resale as gift cards, that were no longer considered recoverable and should have been adjusted at the time of the purchase price allocation but was not material to restate the prior period.

− In the year ended 31 December 2019 a gain of $17.5m in relation to the two sale and leaseback transactions was recognised.

Accelerated amortisation of capitalised finance fees

These costs represent the accelerated amortisation of capitalised finance fees following the partial settlement of the Group's term loans during 2019.

Gain on extinguishment of debt

The Group amended a previously agreed incremental revolving credit facility of $110.8m to a term loan. The amendment to this facility was considered to represent a discount to the face value of the debt at the time of the agreement and therefore resulted in a gain on extinguishment of $33.2m, please refer to note 10 for further information.

Remeasurement loss on financial asset

During the year the Group reassessed the time frame over which its tax receivable asset from National Cinemedia LLC would be received, which resulted in a longer timeframe and the asset was remeasured. As such the Group wrote off $11.3m of the tax receivable asset asset during the year.

Movement on financial derivatives

In 2019 the group entered a contingent forward contract and a contingent swap contract in order to hedge certain cash flows expected to take place on completion of the proposed Cineplex combination. Due to the termination of the deal, the contingent elements of the derivatives were not met. The Group terminated the swap resulting in a gain of $4.5m and a loss of $10.4m on the deal contingent forward in line with the fair values reported at 31 December 2019. In addition, the forward contract was modified on termination, resulting in an additional loss of $10.2m and $16.8m which has been assessed to be in respect of debt issuance costs which were capitalised and fully amortised over the remainder of the year elsewhere within finance expenses.

During the year the Group recognised three derivative financial instruments in respect to its new financing arrangements. On term loan B1, the Group recognised detachable equity warrants, and the fair value movement for the year was a loss of $15.2m. Additionally, linked to term loan B1 is a call option, and the fair value movement during the year amounts to a gain of $4.5m. Term loan B2 includes an embedded derivative linked to the USD-LIBOR and the fair value movement for the year amounts to a loss of $0.1m.

In addition to the charge arising due to the termination of a hedge relationship set out below, there was a further movement on the fair value of the Group's cross currency swaps during the year. This movement totalled $13.9m and was recognised in the movement on financial derivatives. The movement was driven by interest rate and currency fluctuations, as well as being significantly affected by reductions in the Group's credit rating.

Upon modifications being made to existing debt agreements during the year, which implemented a 1% floor in LIBOR-linked interest rates applied to US dollar-denominated term loans, embedded derivative liabilities with a total value of $103.6m were identified, of which $98.0m is recognised as a remeasurement loss on financial instrument and $5.6m as a fair value movement on derivative. Subsequent to the year end, it is expected that the underlying contracts relating to these derivatives will be further modified, resulting in their de-recognition.

In 2019 the Group has recognised gains or losses on three financial derivatives during the year. A gain of $10.4m and a loss of $4.5m have been recognised respectively on a contingent forward contract and contingent cross currency swap entered into to hedge certain expected transaction flows linked to the proposed acquisition of Cineplex. A further loss $3.7m was incurred on a short term forward contract entered into as part of the minor financing restructure.

Unwind of net investment hedge

The Group had previously designated the Euro leg of three cross currency swaps held as a net investment hedge against the assets of certain Euro denominated subsidiaries. During the period the hedge relationship became ineffective and the hedge relationship ended. This resulted in a $9.8m credit to the hedge reserve and charge to the income statement.

Foreign exchange translation gains and losses

Gains and losses arise due to movements on foreign exchange in respect of the Group's unhedged loans. These gains and losses are excluded from Adjusted Profit Before Tax. During the year the Group's Euro denominated term loan was designated as a net investment hedge.

Tax exceptional items

During the year the Group recognised a one off tax credit under the CARES Act in the US of $37.0m due to the carry back of losses against profits of earlier years with higher tax rates. In addition, the Group has de-recognised $319.7m in deferred tax assets due to reduction in the Group's forecast cash flows.

Net debt

Net Debt is defined as total liabilities from financing net of cash at bank and in hand. A reconciliation of movements in Net Debt is provided in Note 10.

3. Operating Segments

The Group has determined that it has two reporting operating segments: the US and the UK&I. The Group also reports a third segment, the ROW, which includes the cinema chain brands Cinema City in Central and Eastern Europe territories and Yes Planet and Rav-Chen in Israel. The ROW reporting segment includes Poland, Romania, Hungary, Czech Republic, Bulgaria, Slovakia and Israel. The results for the US include the three cinema chain brands; Regal, United Artists and Edwards theatres. UK&I includes two cinema chain brands, Cineworld and Picturehouse, which operate in the same territory with the same external regulatory environment and ultimately provide the same services and products. On this basis it is deemed appropriate that these two segments can be aggregated and reported as one reporting segment for the UK&I.

	US $m	UK&I $m	ROW $m	Total $m
Year ended 31 December 2020				
Total revenues	575.9	153.9	122.5	852.3

Adjusted EBITDA as defined in Note 2	(87.2)	(35.0)	7.1	(115.1)
Operating loss	(1,500.3)	(585.9)	(171.5)	(2,257.7)
Finance income	8.4	49.7	11.5	69.6
Finance expense	(462.1)	(269.4)	(55.3)	(786.8)
Depreciation and amortisation	481.6	90.7	71.0	643.3
Net impairment of property, plant and equipment and right-of-use assets, goodwill and investments	761.5	493.8	89.2	1,344.5
Share of loss from jointly controlled entities using equity accounting method net of tax	(32.7)	-	(0.3)	(33.0)
Loss before tax	**(1,986.6)**	**(805.6)**	**(215.6)**	**(3,007.9)**
Non-current asset additions - property, plant and equipment	231.8	41.1	9.8	282.7
Non-current asset additions - intangible assets	-	0.3	2.2	2.5
Investment in equity accounted investee	213.3	1.0	0.8	215.1
Total assets	**8,552.8**	**1,163.9**	**908.5**	**10,625.2**
Total liabilities	**8,403.9**	**1,377.2**	**617.8**	**10,398.9**
Year ended 31 December 2019				
Total revenues	3,209.6	648.4	511.7	4,369.7
Adjusted EBITDA as defined in Note 2	1,197.1	192.2	191.0	1,580.3
Operating profit	535.5	65.0	124.2	724.7
Finance income	(6.0)	(11.5)	(8.8)	(26.3)
Finance expense	448.7	96.5	22.8	568.0
Depreciation and amortisation	558.2	92.5	79.1	729.8
Impairment of property, plant and equipment and right-of-use assets	40.5	5.3	1.1	46.9
Share of profit / (loss) from jointly controlled entities using equity accounting method net of tax	29.6	-	(0.3)	29.3
Profit / (loss) before tax	**122.6**	**(5.0)**	**94.7**	**212.3**
Non-current asset additions - property, plant and equipment	328.8	120.4	34.4	483.6
Non-current asset additions - intangible assets	-	1.7	3.6	5.3
Investment in equity accounted investee	298.8	0.9	0.5	300.2
Total assets	**9,801.0**	**1,381.0**	**1,268.5**	**12,450.5**
Total liabilities	**7,999.4**	**1,134.1**	**379.3**	**9,512.8**

4. Revenue

The Group derives revenue from the transfer of goods at a point in time and services over time in the following territories:

Revenue by country	**Year ended 31 December 2020 $m**	Year ended 31 December 2019 $m
United States	**575.9**	3,209.6
United Kingdom & Ireland	**153.9**	648.4
Poland	**42.7**	153.8
Israel	**15.9**	113.2
Hungary	**22.0**	77.3
Romania	**16.0**	73.4
Czech Republic	**17.1**	58.4
Bulgaria	**4.8**	21.5
Slovakia	**4.0**	14.1
Total revenue	**852.3**	4,369.7

Revenue per operating segment can be broken down by product and service provided as follows:

United States

Revenue by product and service provided	**Year ended 31 December 2020 $m**	Year ended 31 December 2019 $m
Box office	**280.3**	1,859.6
Retail	**161.1**	953.9
Other	**134.5**	396.1
Total revenue	**575.9**	3,209.6
Timing of revenue recognition		
At a point in time	**474.0**	3,016.0
Over time	**101.9**	193.6

UK and Ireland

Revenue by product and service provided	Year ended 31 December 2020 $m	Year ended 31 December 2019 $m
Box office	**99.4**	405.7
Retail	**37.2**	156.7
Other	**17.3**	86.0
Total revenue	**153.9**	648.4
Timing of revenue recognition		
At a point in time	**152.6**	646.0
Over time	**1.3**	2.4

ROW

Revenue by product and service provided	Year ended 31 December 2020 $m	Year ended 31 December 2019 $m
Box office	**68.9**	270.8
Retail	**33.9**	129.7
Other	**19.7**	111.2
Total revenue	**122.5**	511.7
Timing of revenue recognition		
At a point in time	**116.5**	463.7
Over time	**6.0**	48.0

5. Earnings Per Share

Basic Earnings Per Share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, after excluding the weighted average number of non-vested ordinary shares.Diluted Earnings Per Share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares plus any dilutive non-vested/non-exercised ordinary shares. Adjusted Earnings Per Share is calculated dividing the adjusted profit after tax for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, after excluding the weighted average number of non-vested ordinary shares.

	Year ended 31 December 2020 $m	Year ended 31 December 2019 $m
Earnings attributable to ordinary shareholders	**(2,651.5)**	180.3
Adjustments:		
Amortisation of intangible assets(1)	**25.7**	27.8
Excess cash distributions from jointly controlled entities	**56.4**	20.3
Impairment of property, plant and equipment, right-of-use assets and investments in the ordinary course of business	**-**	46.9
Business interruption	**-**	6.3
Property related charges and releases	**6.4**	5.3
Share-based payment charges	**(2.3)**	4.9
Operating Exceptional items:		
- Net impairment of goodwill, property, plant and equipment, right-of-use assets and investments	**1,344.5**	-
- Transaction and reorganisation costs	**60.8**	17.1
- COVID-19 costs	**19.9**	-
- Refinancing costs	**46.6**	-
- One time write off of other current assets	**-**	13.2
- Gain on sale and leaseback transaction	**-**	(17.5)
Financing exceptional items:		
- Accelerated amortisation of capitalised finance fees	**-**	15.1
- Gain on extinguishment of debt	**(33.2)**	-
- Remeasurement of financial asset amortised cost	**11.3**	-
- Remeasurement loss on financial instrument	**98.0**	-
Movement on financial derivatives	**46.4**	(2.2)
Foreign exchange translation gains and losses(2)	**(9.3)**	5.9
Recycle of net investment hedge	**9.8**	-
Adjusted earnings	**(970.5)**	323.4
Tax effect of above items	**(225.4)**	(30.4)
Tax exceptional items:		
De-recognition of deferred tax assets due to impact of COVID-19	**319.7**	-

Tax credit arising on capitalised foreign exchange loss	**(37.0)**	-
Adjusted (loss) /profit after tax	**(913.2)**	293.0

	Year ended 31 December 2020 $m	Year ended 31 December 2019 $m
Weighted average number of shares in issue	**1,372.4**	1,371.6
Basic Earnings Per Share denominator	**1,372.4**	1,371.6
Dilutive options [3]	**-**	3.6
Diluted Earnings Per Share denominator	**1,372.4**	1,375.2
Shares in issue at year end	**1,372.8**	1,372.0

	Cents	Cents
Basic (deficit) / earnings per share	**(193.2)**	13.1
Diluted (deficit) / earnings per share	**(193.2)**	13.1
Adjusted basic (Deficit) / Earnings Per Share	**(66.5)**	21.4
Adjusted diluted (Deficit) / Earnings Per Share	**(66.5)**	21.3

(1) Amortisation of intangible assets includes amortisation of the fair value placed on brands, customer lists, distribution relationships, and advertising relationships as a result of the Cinema City and Regal business combination which totalled $25.7m (2019: $27.8m)). It does not include amortisation of purchased distribution rights.

(2) Net foreign exchange gains and losses included within earnings comprises $9.3m foreign exchange gain (2019: $5.9m loss) recognised on translation loans.

6. Finance Income and Expense

	Year ended 31 December 2020 $m	Year ended 31 December 2019 $m
Interest income	**7.4**	4.5
Foreign exchange gain	**10.9**	7.3
Unwind of discount on sub-lease assets	**0.7**	0.7
Gain on movement in the fair value of financial derivatives	**9.0**	10.4
Gain on extinguishment of debt	**33.2**	-
Unwind of discount on non-current receivables	**8.4**	3.4
Finance income	**69.6**	26.3
Interest expense on bank loans and overdrafts	**166.3**	167.3
Amortisation of financing costs	**33.1**	27.2
Lease liability interest	**349.0**	304.2
Unwind of discount of deferred revenue	**49.4**	51.3
Remeasurement of financial asset amortised cost	**11.3**	-
Remeasurement of net investment in sub-lease assets	**2.7**	-
Loss on movement in the fair value of financial derivatives	**55.4**	8.1
Remeasurement loss on financial instrument	**98.0**	-
Foreign exchange loss	**11.8**	9.9
De-designation of net investment hedge	**9.8**	-
Finance expense	**786.8**	568.0
Net finance costs	**(717.2)**	541.7

Recognised within comprehensive income

	Year ended 31 December 2020 $m	Year ended 31 December 2019 $m
Movement on net investment hedge	**(19.8)**	22.2
De-designation of net investment hedge	**9.8**	-
Retranslation gain/(loss) of foreign currency denominated operations	**3.5**	12.6

7. Dividends

The following dividends were recognised during the year:

	2020 $m	2019 $m
Special	**-**	278.1

Q1 Interim	**-**	51.4
Q2 Interim	**-**	51.4
Q3 Interim	**-**	-
Interim	**-**	-
Final (for the preceding year)	**51.4**	139.3
Total dividends	**51.4**	520.2

On 7 April 2020 the Board announced the suspension of the 2019 fourth quarter dividend of 4.25c per share to conserve cash for the Group.

Prior to the impact of the COVID-19 pandemic, the Board paid four interim dividends for each financial year. Payments in relation to the first three quarters of each year were equal to 25% of the full year dividend of the preceding year, with the final payment reflective of the Group's full year earnings performance and resulting in a full year dividend payment aligned with the Group's pay-out ratio.

In 2020, only the interim dividend of 3.75 US cents per ordinary share in respect of the third quarter of 2019 was paid to shareholders on 10 January 2020. The total cash consideration was $51.4m.

8. Taxation

Recognised in the Consolidated Statement of Profit or Loss

	Year ended 31 December 2020 $m	Year ended 31 December 2019 $m
Current tax expense		
Current year	**(220.9)**	102.1
Adjustments in respect of prior years	**(3.1)**	2.5
Total current tax (credit)/expense	**(224.0)**	104.6
Deferred tax expense		
Current year	**(138.0)**	(66.7)
Adjustments in respect of prior years	**8.9**	(6.8)
Adjustments from change in tax rates	**(3.3)**	0.9
Total tax (credit)/charge in the Statement of Profit or Loss	**(356.4)**	32.0

Reconciliation of effective tax rate

	Year ended 31 December 2020 $m	Year ended 31 December 2019 $m
(Loss)/profit before tax	**(3,007.9)**	212.3
Tax using the UK corporation tax rate of 19.0% (2019: 19.0%)	**(571.5)**	40.3
Differences in overseas tax rates	**(100.3)**	(10.6)
Permanently disallowed depreciation	**9.2**	2.0
Permanently disallowed exceptional costs	**2.4**	2.4
Impact of higher prior year US tax rate applied to loss carry backs	**(37.0)**	-
Impairment of goodwill on which no deferred tax asset is recognised	**124.7**	-
De-recognition of deferred tax assets	**319.7**	-
Tax effect of Fair Value adjustments	**(85.5)**	-
Other permanent differences	**(20.7)**	1.3
Adjustment in respect of prior years	**5.8**	(4.3)
Effect of change in statutory rate of deferred tax	**(3.2)**	0.9
Total tax (credit)/charge in the Statement of Profit or Loss	**(356.4)**	32.0

During the year there was a tax charge of $0.1m, recognised directly in the Statement of Comprehensive Income (2019: credit of $1.3m). This related to share remuneration schemes.

Factors that may affect future tax charges
The Group expects that the tax rate in the future will be affected by the geographical split of profits and the different tax rates that will apply to those profits.

The UK Budget on 3 March 2021 announced an increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The effect of the rate increase is not reflected in the financial statements as it was not substantively enacted at the balance sheet date. If the rate increase had been substantively enacted at the balance sheet date an additional $19.4m UK deferred tax asset would be recognised, resulting in an increase of $19.4m in the tax credit for the period.

No deferred tax liability has been recognised on $236.8m of taxable temporary differences related to investments, as the Group can control the timing of the reversal and it is probable that no reversal will happen in the foreseeable future.

At 31 December 2020 the Group had unrecognised deferred tax assets relating to the following temporary differences:

- US tax losses of $797.7m with no expiry date (2019: $44.6m in 2019 with expiry dates between 2020 and 2032);
- US deferred revenue of $239.4m (2019: nil);
- UK tax losses of $137.6m with no expiry date (2019: nil);
- UK deferred rent deductions of $67.2m (2019: nil);
- Israeli tax losses of $20.0m with no expiry date (2019: nil);
- Israeli deferred rent deductions of $16.4m (2019: nil);
- Bulgarian tax losses of $3.1m with no expiry date (2019: nil);
- Bulgarian deferred rent deductions of $2.8m (2019: nil);

- Slovakian deferred rent deductions of $5.1m (2019: nil);
- Hungarian tax losses of $143.9m with no expiry date (2019: nil);and
- UK capital losses of $9.8m with no expiry date (2019: $9.5m).

On 25 April 2019 the European Commission released its decision which concluded that for years to 31 December 2018 the UK Controlled Foreign Company legislation represents recoverable State Aid in some circumstances. There remains uncertainty surrounding the quantum of any additional tax exposure which is subject to ongoing discussion with HM Revenue & Customs. Following a review of the potential application of the decision to Controlled Foreign Company claims to 31 December 2018 the Group has recognised a provision of $0.9m against potential exposures. The maximum potential exposure is $11.1m..

9. Leases

The Consolidated Statement of Financial Position shows the following amounts relating to leases:

	Land and buildings $m	Plant and machinery $m	Other $m	Total $m
Right-of-use assets				
Balance at 1 January 2019	2,937.4	1.5	2.2	**2,941.1**
Additions	897.1	-	0.1	**897.2**
Depreciation of Right-of-use assets	(396.5)	(0.5)	(1.2)	**(398.2)**
Disposals	(0.8)	-	-	**(0.8)**
Impairments	(18.8)	-	-	**(18.8)**
Effects of movement in foreign exchange	20.7	-	-	**20.7**
31 December 2019	**3,439.1**	**1.0**	**1.1**	**3,441.2**
Additions	44.6	-	-	**44.6**
Modifications	(435.3)	-	-	**(435.3)**
Depreciation of Right-of-use assets	(347.2)	(0.5)	(1.0)	**(348.7)**
Disposals	(20.7)	-	-	**(20.7)**
Impairments	(519.1)	-	-	**(519.1)**
Reversal of impairments	136.2	-	-	**136.2**
Effects of movement in foreign exchange	8.2	(0.1)	0.1	**8.2**
31 December 2020	**2,305.8**	**0.4**	**0.2**	**2,306.4**
Lease liabilities				
1 January 2019	**3,494.1**	**0.5**	**2.2**	**3,496.8**
Additions	982.3	-	0.1	**982.4**
Interest expense related to lease liabilities	304.0	0,1	0.1	**304.2**
Disposals	(1.3)	-	-	**(1.3)**
Effects of movement in foreign exchange	28.7	-	-	**28.7**
Repayment of lease liabilities (including interest)	(611.9)	(0.2)	(1.2)	**(613.3)**
31 December 2019	**4,195.9**	**0.4**	**1.2**	**4,197.5**
Additions	52.8	-	-	**52.8**
Modifications	(447.5)	-	-	**(447.5)**
Interest expense related to lease liabilities	348.9	0.1	-	**349.0**
Disposals	(21.7)	-	-	**(21.7)**
Effects of movements in foreign exchange	40.2	-	-	**40.2**
Repayment of lease liabilities (including interest)	(197.3)	(0.2)	(1.1)	**(198.6)**
31 December 2020	**3,971.3**	**0.3**	**0.1**	**3,971.7**
Current	596.2	0.3	0.1	**596.6**
Non-current	3,375.1	-	-	**3,375.1**

In response to COVID-19, the IASB announced, considered and issued a COVID-19 specific amendments to IFRS 16 on 28 May 2020.

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. The exemption applies to COVID-19-related rent concessions that reduce Lease payments due on or before 30 June 2021. The Group elected not to apply the exemption.

Modification and Discount Rates

Due to the negotiations held with landlords, the amended leases have changed in substance either from a consideration or term perspective. Thus, the modification treatment per IFRS16 has been followed.

In line with the approach on transition to IFRS 16, the Group has used an incremental borrowing rate and made a corresponding adjustment to the right-of-use asset. The amendments did not result in the identification of a separate lease.

On transition, the incremental borrowing rates applied to property leases ranged between 2.6% and 11.7%. The asset specific incremental borrowing rate applied to each lease was determined by taking into account the risk-free rate, adjusted for factors such as the credit rating linked to the life of the underlying lease agreement. These rates are intended to be long term in nature and calculated on inception of each lease. The incremental borrowing rates applied to property leases for the COVID-19 amendments ranged between 5.9%-16.8% for modifications between March and September and ranged between 17.9%-26.4% for modifications between October and December.

Due to the number of renegotiated agreements in the period, the Group amended a large number of its leases and expects further modifications in 2021.

During the year, there were lease modifications that would have required a reduction to the right of use asset in excess of the carrying amount at the date of modification. For these leases, the asset carrying values were reduced to $nil with the excess gain credited to the consolidated statement of profit or loss. Where

these leases were previously impaired, this is first presented as an impairment reversal (up to the amount of impairment reversal permitted by IFRSs) with any remaining gain presented as a lease modification gain within property related releases and charges as part of administrative expenses.

The consolidated statement of profit or loss includes within administrative expenses a lease modification gain of $12.3m. The impairment reversal is part of net impairments of goodwill, property, plant and equipment, right-of-use assets and investments in the consolidated statement of profit or loss.

The number of size of amendments made are such that judgement taken were significant. These judgments included:

− Where a lease includes the option for the Group to extend the lease term, beyond the non-cancellable period, the Group makes a judgement as to whether it is reasonably certain that the option will be taken. This will take into account the length of time remaining before the option is exercisable; current and future trading forecast as to the ongoing profitability of the site; and the level and type of planned future capital investment. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Therefore, potential future cash outflows have not been included in the lease liability where it is not reasonably certain the extension periods will be taken or that the leases will be extended on similar terms (or not terminated).

− The discount rate applied. The Group elected to apply an average discount rate over periods with consistent relevant characteristics rather than applying the rate at the specific date of the amendment. Given the judgement required around the date of amendment and the uncertainty affecting incremental borrowing rates, using such a rate is considered to be appropriate.

− The date of the amendment. Judgement was required to determine when the terms of each amendment were formally agreed, which in some cases was considered to have occurred prior to the date of signing the agreement.

− All renegotiated leases were treated as modification under IFRS 16, management has taken the judgement that all renegotiated lease met the criteria for amendment based on the changes to the cashflows, length and conditions of the original leases.

Impairments and Disposals

The Group recognised impairment of $519.1m of right-of-use assets.

The Group also recognised $136.2m reversal of impairments. The reversals relate to 102 sites.

The disposals refer to 18 sites in the US Segment that were closed, resulting in a $1m gain.

The Consolidated Statement of Profit or Loss shows the following amounts relating to leases:

	Year ended 31 December 2020 $m	**Year ended 31 December 2019 $m**
Depreciation charge of right-of-use assets	**348.7**	398.2
- Land and buildings	**347.2**	396.5
- Other	**1.5**	1.7
Sublease income	**(2.3)**	(5.7)
Impairment of right-of-use assets	**519.1**	18.8
Reversal of Impairment of right-of-use assets	**(136.2)**	-
Expenses relating to short-term leases (included in cost of goods sold and administrative expenses)	**1.3**	13.2
Expenses relating to variable lease payments not included in lease liabilities (included in cost of sales)	**3.5**	19.9
Charge to operating profit	**734.1**	**444.4**
Interest expense (included in finance costs)	349.0	304.2
Charge to profit before taxation for leases	**1,083.1**	**748.6**

The total cash outflow for leases in 2020 was $198.6m (2019: $613.3m).

Commitments for short-term leases at 31 December 2020 was $nil (2019: $1.2m).

Sensitivity

In 2020, for sites which are subject to variable lease payments, a 10% increase in sales across all sites in the Group with such variable lease contracts would increase total lease payments by approximately $0.4m (2019: $1.9m).

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Should the next available option for all leases be taken the impact on the lease liability and right of use asset would be an increase of $249.6m (2019: $524.2m) increasing future cash flows by $1,703.9m (2019: 1,014.4m).

No leases contain a residual value guarantee clause.

Some cinema sites are sub-leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease.

Sub-lease income of $2.3m was recognised during the current financial year (2019: $5.7m).

Minimum lease payments receivable on sub-leases are as follows:

	31 December 2020 $m	31 December 2019 $m
Within 1 year	**5.5**	5.0
Between 1 and 2 years	**4.1**	4.7
Between 2 and 3 years	**2.9**	3.9
Between 3 and 4 years	**2.4**	2.7
Between 4 and 5 years	**1.8**	2.4
Later than 5 years	**11.9**	10.5

Sale and leaseback

On 15 May 2019 the Group announced the signing and completion of a sale and leaseback transaction relating to 18 US-based multiscreen cinemas totalling 255 screens. On 13 June 2019, the Group announced the signing and completion of the second sale and leaseback transaction relating to a further 17 US-based multi-screen cinemas totalling 251 screens. The transactions are consistent with the Group's existing business model of operating a predominantly leasehold estate and long-term strategy of crystallising value for its shareholders. The properties had a book value of $462.0m at the sale date and the total sales proceeds from the two transactions were $556.3m. This resulted in a gain of $17.5m recognised within the Consolidated Statement of Profit or Loss as per the table below:

	31 December 2019 $m
Sales proceeds	556.3
Assets disposed of	(462.0)
Cost to sell	(13.9)
Gain prior to right-of-use assets adjustment	80.4
Adjustment for right-of-use asset retained under IFRS 16	(62.9)
Gain on disposal	17.5

The Group has not been involved in any sale and leaseback transaction during 2020.

10. Loans and Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings.

	31 December 2020 $m	31 December 2019 $m
Non-current liabilities		
Secured bank and private placement loans, less issue costs of debt to be amortised	**4,608.5**	3,485.4
Total non-current liabilities	**4,608.5**	3,485.4
Current liabilities		
Secured bank and private placement loans, less issue costs of debt to be amortised	**32.4**	131.4
Overdraft	**21.8**	2.5
Total current liabilities	**54.2**	133.9

The terms and conditions of outstanding loans were as follows:

				31 December 2020		31 December 2019	
	Currency	Nominal interest rate	Year of maturity	**Face value $m**	**Carrying amount $m**	Face value $m	Carrying amount $m
Initial US Dollar Term Loan	USD	Eurocurrency Base Rate(1) plus applicable margin(2)	2025	**2,692.7**	**2,658.2**	2,716.8	2,672.1
Initial Euro Term Loan	EUR	Eurocurrency Base Rate(1) plus applicable margin(2)	2025	**233.8**	**230.9**	215.4	212.2
Incremental US Dollar Term Loan	USD	Eurocurrency Base Rate(1) plus applicable margin(2)	2026	**643.5**	**635.2**	648.4	642.3
B1 Term Loan	USD	7.0% plus 8.25% PIK	2024	**480.8**	**342.4**	-	-
B2 Term Loan	USD	Eurocurrency Base Rate(1) plus 5.0% margin	2024	**110.8**	**69.4**	-	-
Private placement loan	USD and EUR	11.0%	2023	**263.3**	**246.2**	-	-
Revolving credit facility	USD	Eurocurrency Base Rate(1) plus applicable margin(2)	2023	**456.8**	**451.6**	95.0	90.2
Secured bank loan - DCIP	USD	4.17%	2021	**0.4**	**0.4**	-	-
Israeli government loan	NIS	Base rate plus 2%	2026	**6.6**	**6.6**	-	-
Total interest-bearing liabilities				**4,888.7**	**4,640.9**	**3,675.6**	**3,616.8**

(1) The rate of interest in the case of any Eurocurrency Rate Loan denominated in Dollars is the rate per annum equal to the London interbank offered rate administered by ICE Benchmark Administration Limited, subject to a 1% floor (2019: zero floor). The rate of interest in the case of any Eurocurrency Rate Loan denominated in Euro is the rate per annum equal to the euro interbank offered rate administered by the European Money Markets Institute, subject to a zero floor. B2 Term loan is subject to a LIBOR floor of 1.00%.

(2) The margin applicable to each tranche of Term Loans and to drawings under the Revolving Credit Facility is calculated according to the first lien net leverage ratio of Crown UK Holdco Limited and its subsidiaries. The applicable margin on Eurocurrency Rate Loans is as follows:

Initial US Dollar Term Loan - 2.50% per annum where the first lien net leverage ratio is greater than or equal to 3.50:1.00 and otherwise 2.25%. per annum;

Initial Euro Term Loan - 2.625% per annum where the first lien net leverage ratio is greater than or equal to 3.50:1.00 and otherwise 2.375%. per annum;

Incremental US Dollar Term Loan - 2.75%. per annum where the first lien net leverage ratio is greater than or equal to 3.50:1.00, 2.25% per annum where the first lien net leverage ratio is less than or equal to 3.00:1.00 and otherwise 2.50% per annum; and

Revolving Credit Facility drawings - 3.00% per annum where the first lien net leverage ratio is greater than or equal to 3.50:1.00, 2.50%. per annum where the first lien net leverage ratio is less than 3.00:1.00 and otherwise 2.75 per cent. per annum.

On 30 June 2020 the Group secured a $250.0m private placement debt facility with a maturity of 30 June 2023. The $250.0m debt facility consisted of a €122.9m and $112.5m loan. An original issue discount of €4.9m and $4.5m was incurred on draw down respectively alongside borrowing costs of $9.3m which were capitalised against this facility.

On 28 May 2020 the Group further increased its RCF limit by $110.8m to $573.3m. On 23 November 2020, the Group converted the incremental RCF of $110.8m into a term loan facility (B2 term loan) with a maturity of May 2024. The amendment to this facility was considered to represent a discount to the face value of the debt at the time of the agreement and therefore resulted in a gain on extinguishment of $33.2m, which has been recognised within finance income. The new amended facility has been secured with the same collateral as for the new debt facility, bringing lenders in second line on these assets. The remaining RCF of $462.5m was fully utilised as of December 2020.

On 23 November 2020, the Group secured a new debt facility of $450.0m with a majority group of existing term loan lenders with a maturity of 24 May 2024. Alongside the new debt facility, the Group issued to participating TLB lenders 153,539,786 equity warrants representing in aggregate 9.99% of the fully diluted ordinary share capital of the Company assuming full exercise of the warrants. Each of the equity warrants that were issued alongside the new debt facility are exercisable into one ordinary share of the Company at an exercise price of 41.49 pence per share with the proceeds of such exercise being retained by the Company. The warrants are exercisable at any time over the next five years. The exercise price represents a 10% discount to the closing share price on 20 November 2020. The detachable equity warrants include an antidilution provision, meaning that the number of shares to be issued on exercise of the warrants is not fixed.

The separate initial recognition of the equity warrants issued in connection with the new facility as a derivative liability of $80.2m, the recognition of a derivative asset in respect of a prepayment option within the new agreement of $3.3m and fees directly incurred in connection with obtaining the facility of $36.0m resulted in an initial carrying value of $337.1. The Group also incurred upfront fees of $27.0m on issuance of this debt on draw down which were capitalised against this facility. The new debt facility has been secured with specific assets in the US as collateral. At year end the separate recognition of the equity warrants are valued at $97.2m and the embedded derivative asset in respect of a prepayment option within the new agreement valued at $7.8m.

During the year the Israeli government granted a loan of NIS 24m ($6.9m) with a maturity of 2026. There are no conditions attached to the loan.
During the year the Group drew $0.4m on the DCIP secured bank loan.

Loans and Borrowings covenants

Revolving credit facility
The RCF is subject to a springing covenant when utilisation is above 35.0%. The covenant requires the Company to maintain a leverage ratio below 5.0x. In 2020, the Company secured a covenant waiver on the RCF until June 2022 testing date.

Private placement loan
The following financial covenants are attached to the private placement debt facility raised in June 2020. These financial covenants are calculated only on those entities within the ROW operating segment:
− Springing liquidity covenant: Minimum $30m, tested monthly from closing provided that if on a test date falling after 30 June 2021, net leverage is less than 2.0x, the minimum liquidity covenant shall not be required to be tested on that test date.
− Net leverage: 5.0x, tested semi-annually from 31 December 2021, on a 12 month rolling basis.

B1/B2 term loan
The B1 and B2 term loan facilities are subject to financial and liquidity covenants. Until cinema reopening until the group reaches 80% of admission levels for a 3 month comparable period in 2019, it is subject to minimum liquidity covenants and restrictions on operating and capital cash disbursements. The minimum liquidity covenant ranges between $66.9m and $297.1m during 2021. The agreement also entitles the lenders to appoint a board observer.

Analysis of net debt

	Bank loans $m	Loan note $m	Lease liabilities $m	Derivatives $m	Bank overdraft $m	Total financing activity liabilities $m	Cash at bank and in hand $m	Net debt $m
1 January 2019	**(3,946.2)**	**(3.0)**	**(3,496.8)**	**0.2**	**-**	**(7,445.8)**	**316.3**	**(7,129.5)**
Cash flows	330.7	3.0	613.3	-	(2.5)	944.5	(167.1)	777.4
Non-cash movement	(27.2)	-	(1,285.3)	(4.0)	-	(1,316.5)	-	(1,316.5)
Effect of movement in foreign exchange rates	25.9	-	(28.7)	-	-	(2.8)	(8.6)	(11.4)
At 31 December 2019	**(3,616.8)**	**-**	**(4,197.5)**	**(3.8)**	**(2.5)**	**(7,820.6)**	**140.6**	**(7,680.0)**
Cash flows	(1,062.1)	-	198.6	10.2	(18.3)	(871.6)	183.5	(688.1)
Non-cash movement	71.3	-	67.4	(24.9)	-	113.8	-	113.8
Effect of movement in foreign exchange rates	(33.3)	-	(40.2)	-	(1.0)	(74.5)	12.6	(61.9)
At 31 December 2020	**(4,640.9)**	**-**	**(3,971.7)**	**(18.5)**	**(21.8)**	**(8,652.9)**	**336.7**	**(8,316.2)**

Net debt as defined in note 2, excludes a embedded derivative of $103.6m (2019: $nil) and equity warrants of $73.2m (2019: $nil).

In the Analysis of Net Debt table above, cash flows from bank loans includes the full cash proceeds of the new financing arranged in the year.
In accordance with IFRS 9, $80.2m of the transaction price was allocated to the equity warrants, which has been recognised within non cash movements in bank loans above. A non-cash fair value movement of $17.0m was recognised on the equity warrants between initial recognition and year end.

Non-cash movements on bank loans also includes $0.6m attributed to the initial fair value of embedded derivatives with an equal and opposite non-cash movement in the derivatives column.

In addition, the non-cash movements of $71.3m (2019: $27.2m) within bank loans includes the amortisation of debt issuance costs, accrued interest, accrued debt issuance costs and discounting on draw down of term and Israeli government loan.

The non-cash movement of $67.4m (2019: $1,285.3m) within lease liabilities relates to the following: the interest expense related to lease liabilities of $349.0m (2019: $304.2m), the impact of entering into new leases $52.8m (2019: $982.4m), modifications of existing leases of $447.5m (2019: $nil), and disposal of leases during the year of $21.7m (2019: $1.3m).

11. Provisions

	Provisions for contracts with suppliers $m	Other provisions $m	Total provisions $m
Balance at 31 December 2019	**2.4**	**4.5**	**6.9**
Provisions made	-	2.7	2.7
Provisions utilised	-	(0.5)	(0.5)
Provisions released to profit or loss during the year	-	-	-
Balance at 31 December 2020	**2.4**	**6.7**	**9.1**

Current	2.4	5.6	8.0
Non-current	-	1.1	1.1
Total	**2.4**	**6.7**	**9.1**

Provisions for contracts with suppliers relate to claims from suppliers against contractual obligations. These provisions were assessed by applying the expected payments based on settlement of historic claims, and legal claims which have been assessed based on legal advice received.

Other provisions relate to legal, sales tax and unclaimed property amounts. A provision in respect of royalty claims in the ROW segment was made during the year and based on legal advice is not expected to be used within the next two years.

12. Related Parties

Transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The transactions between the Group and its joint ventures and associates are disclosed below.

For the purposes of IAS 24, Related Party Disclosures, executives below the level of the Company's Board are not regarded as related parties.

Remuneration paid to directors during the year, who are the key management personnel of the Group, is set out in the aggregate in the Directors' Remuneration report section of the Group's Annual Report.

The compensation of the Directors is as follows:

Year ended 31 December 2020	**Salary and fees including bonus $'000**	**Pension contributions $'000**	**Total $'000**
Total compensation for Directors	**2,747.0**	**281.1**	**3,028.1**

Year ended 31 December 2019	Salary and fees including bonus $'000	Pension contributions $'000	Total $'000
Total compensation for Directors	7,451.1	363.4	7,814.5

Other related party transactions

Digital Cinema Media Limited ("DCM") is a joint venture between the Group and Odeon Cinemas Holdings Limited set up on 10 July 2008. Revenue receivable from DCM in the year ended 31 December 2020 totalled $5.3m (2019: $24.9m) and as at 31 December 2020 no amounts were due from DCM in respect of receivables (2019: $3.8m). In addition, the Group has a working capital loan outstanding from DCM of $0.7m (2019: $0.6m).

NCM is a joint venture between AMC Entertainment Holdings Inc, Cinemark Holdings Inc and the Group. As at 31 December 2020 $0.2m (2019: $1.4m) was due to NCM in respect of trade payables and $1.0m (2019: $6.3m) was due from NCM in respect of trade receivables.

Revenue receivable from NCM in the year ended 31 December 2020 totalled $83.7m (2019: $97.8m).

Fathom AC JV is a joint venture between AMC Entertainment Holdings Inc, Cinemark Holdings Inc and NCM. There were no transactions during the year. As at 31 December 2020 $0.2m (2019: $0.9m) was due to Fathom AC in respect of trade payables.

Revenue receivable from Black Shrauber Limited in the year ended 31 December 2020 totalled $0.1m (2019: $0.1m). There were no amounts due to or from Black Shrauber Limited at 31 December 2020.

DCIP is a joint venture between Regal, AMC and Cinemark. On November 1, 2020, the master lease agreement was terminated and all digital projectors were distributed to the founding members. In connection with the termination of the Master Lease agreement, Regal is required to pay a termination fee which is effectively the monthly obligation (i.e. rent payments) until the revised cost recoupment date in October 2021. The termination fee payable at 31 December 2020 was $4.9m.

Global City Holdings N.V. ('GCH'), is a company in which Moshe Greidinger and Israel Greidinger, Directors of the Group, have a controlling interest. During the year, the Group made lease payments of $6.1m (2019: $10.4m) to companies under the control of GCH. At 31 December $59.6m (2019: $57.5m) in lease liabilities were included within the Group's Statement of Financial Position. The Group had amounts payable of $0.2m (2019: $1.7m) by companies under the control of GCH.

No related party transactions other than compensation have occurred during both the current or prior financial years with Key management personnel.

All related party transactions were made on terms equivalent to those that prevail in an arm's length transaction.

14. Contingent Liability

Following Cineworld's termination on 12 June 2020 of the Arrangement Agreement relating to its proposed acquisition of Cineplex Inc. ("Cineplex"), Cineplex initiated proceedings against Cineworld. The proceedings allege that Cineworld breached its obligations under the Arrangement Agreement and/or duty of good faith and honest contractual performance. Cineworld is defending its position and has made a counter claim against Cineplex.

The proceedings allege that Cineworld breached its obligations under the Arrangement Agreement and/or duty of good faith and honest contractual performance and claim damages of up to C$2.18 billion less the value of Cineplex shares retained by Cineplex shareholders. As previously announced, the directors are of the view that Cineworld did not breach these (or any) obligations or duties and the Group is vigorously defending this claim. In any event, Cineworld believes that Cineplex's claim, if successful, would be limited to its costs and expenses incurred in relation to the Acquisition and would not be assessed by reference to the consideration that was payable under the Acquisition

The Group terminated the Arrangement Agreement because Cineplex breached a number of its covenants under the Arrangement Agreement and could not meet certain conditions necessary for closing. Cineplex did not remedy its breaches when given the opportunity to do so. As of the date of these financial statements, the Directors are of the view that no material liability will arise in respect of this claim.

15. Annual Report and Accounts and Annual General Meeting

The 2020 Annual Report and Accounts and Notice of the General Meeting will be posted to shareholders and published on the Group's website at www.cineworldplc.com in April. The Annual General Meeting is to be held on 25 May 2021.

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