CINEWORLD GROUP plc

Preliminary Results for the period ended 31 December 2021

Cineworld Group plc ("the Group"), a leading cinema operator in 10 countries including the United States and the United Kingdom with 751 sites and 9,189 screens globally, presents its Preliminary results for the full year ended 31 December 2021. These results are presented in US Dollars.

Cineworld has delivered a resilient performance in a very challenging market, strengthening its liquidity position and continuing to demonstrate tight control over its operating costs and cash usage. The Group is in a good position to benefit from the expected industry recovery.

Summary

- The Group's results for the year include a period of temporary closures from January to April/May 2021 due to COVID-19 restrictions and limited film slate
- Strong trading in Q4 supported by a strong film slate and pent-up demand for affordable out-of-home entertainment
- Group revenue of $1,804.9m (2020: $852.3m) and Group Adjusted EBITDA of $454.9m (2020: loss of $115.1m) for the period was severely impacted by COVID-19 related closures
- Raised over $424.9m of liquidity and received $203m under the United States CARES Act tax refund
- Net debt (ex. lease liabilities) increased by $492.7m from $4,344.5m to $4,837.2m, cash and restricted cash of $354.3m at December 2021 (2020: $336.7m)
- Ontario Superior Court awarded C$1.23 billion in damages to Cineplex. The Group strongly disagrees with this judgment and has appealed the decision. The Group does not expect damages to be payable whilst any appeal is ongoing. No liability has been recognised in respect of the judgment

Outlook

- Gradual recovery of admissions and demand since re-opening, supported by strong retail sales and premium formats
- January and February impacted by Omicron and lack of major movie releases but we anticipate strong trading starting March 2022 supported by a strong and full film slate
- Decisive action taken during the pandemic to ensure Cineworld emerges well positioned to benefit from the strong movie slate in 2022 and beyond

Key Financial Information

	Statutory Year ended 31 December 2021	Statutory Year ended 31 December 2020	2021 Reported results vs.2020
Admissions	95.3m	54.4m	75.2%
Revenue	$1,804.9m	$852.3m	111.8%
Adjusted EBITDA(1)	$454.9m	($115.1m)	495.2%
Adjusted EBITDAaL(2)	$54.4m	($313.7m)	117.3%
Loss before tax	($708.3m)	($3,007.9m)	
Adjusted loss before tax(1)	($822.8m)	($1,326.9m)	
Loss after tax	($565.8m)	($2,651.5m)	
Adjusted loss after tax(1)	($655.7m)	($913.2m)	
Basic EPS	(41.2c)	(193.2c)	
Diluted EPS	(41.2c)	(193.2c)	
Adjusted diluted EPS(1)	(47.8c)	(66.5c)	

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

(2) Adjusted EBITDAaL is defined as Adjusted EBITDA less payment of lease liabilities in the period.

Alicja Kornasiewicz, Chair of Cineworld Group plc, said:
"The COVID-19 pandemic dominated the financial year and provided an enormous challenge for our business, our people and our partners. I am very proud of how the business has met these challenges, delivering to the very best of our abilities for all our stakeholders. I would like to thank our people for their loyalty and support during the closure periods and their determination and efforts to reopen our cinemas. I look forward to continuing to work with the Board, the management team and all our employees, as we return to delivering sustainable growth as the market recovers, for the benefit of all our stakeholders."

Commenting on these results, Mooky Greidinger, Chief Executive Officer of Cineworld Group plc, said:
"Whilst our 2021 results still reflect the impacts of COVID-19, particularly at the start of the financial year, we are encouraged by the recent strong trading performance throughout the final quarter. It is clear that our customers remain loyal and have missed the big screen experience as well as the sociability of watching a movie with others. Our strong final quarter performance reflects the pent-up demand for affordable out-of-home entertainment and the record breaking film slate, including "Spider-Man: No Way Home", which showcased the importance of cinematic releases. The business is well positioned to execute its strategy and capitalise on the highly anticipated movie schedule, which includes Avatar, Top Gun Maverick, Jurassic World: Dominion, Minions: The Rise of Gru, Doctor Strange in the Multiverse of Madness, Thor: Love and Thunder, Black Panther: Wakanda Forever, Bullet Train, Spider-Man: Across the Spider-Verse, Pixar's Lightyear, Fantastic Beast, Elvis and many more. I want to thank everyone across our team who make it possible for our customers to experience the best place to watch a movie."

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:	17 March 2022
Time:	09:30am
Webcast link:	https://secure.emincote.com/client/cineworld/cineworld018/

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CHIEF EXECUTIVE OFFICER'S REVIEW

Whilst our cinemas were partially closed during the period under review, we were very excited to start reopening from 2nd April 2021 and finished opening across our territories by June. Looking at our performance since early June, it is clear that our customers have missed the big screen experience as well as the social event of watching a movie with others. In addition, our latest refurbishments and new cinemas are being embraced with great enthusiasm.

Our results still carry the effect of COVID-19 and related lack of product but we are encouraged by the upcoming line-up of big releases in 2022. This will include Avatar, Top Gun Maverick, Jurassic World: Dominion, Minions: The Rise of Gru, Doctor Strange in the Multiverse of Madness, Thor: Love and Thunder, Black Panther: Wakanda Forever, Bullet Train, Spider-Man: Across the Spider-Verse, Pixar's Lightyear, Fantastic Beast, Elvis and many more. Nonetheless, we will need to remain alert to any new COVID-related developments – currently, it appears that cases are slowly decreasing in our territories and we may be entering the endemic phase of this pandemic.

2021 performance

Our 2021 results reflect the recovery from the pandemic's impact on our business. Our revenue in 2021 increased by 111.8% to $1,804.9m as the pandemic continued to impact our revenues and, throughout the year, lockdowns and restrictions were imposed and relaxed across our markets.

Throughout 2021, we continued to minimise and control our expenses, including resizing the cost base and increasing levels of labour flexibility. These actions, along with continued contract renegotiations, focus on procurement, as well as general cost control, minimised our cash burn during the cinema closures and increased our margins in H2 2021. Adjusted EBITDA increased by 495.2% to $454.9m and margin was 25.2%.

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 cash flow generation and ensuring the business has sufficient liquidity. However, we also remain focused on our long-term objective of debt reduction through cash flow generation and cost optimisation. In 2021, we raised over $424.9m of liquidity and received $203m under the United States CARES Act tax refund. Our net debt (ex. lease liabilities) increased by $492.7m from $4,344.5m to $4,837.2m. Further details of our underlying and statutory earnings for the period are set out in the Financial Review on pages 5 to 11.

Strategy

Our strategy has always been focused on our customers, and we remain committed to giving them the best experience combined with the most COVID-safe environment. As for the cinematic experience itself, we continue to offer our customers big screens, stadium seating accompanied by the great technology of our special formats, IMAX, 4DX, Screen-X, SuperScreen, RPX and more, as well as upgrading to the use of laser projectors. These special formats provide our customer with an enhanced experience, incremental revenues for the group and are the first viewing to sell-out.

Across the business we closed 25 underperforming sites in the period, refurbished 7 cinemas and opened 10 new sites, which have been welcomed by our customers with great enthusiasm. Most of these projects were under construction prior to the onset of COVID-19, and the decision to continue with these projects during COVID-19 paid off. While our development plans slowed somewhat, we believe that we will be able to progress again soon and when appropriate to do so.

Industry fundamentals and respect for the theatrical window

The main topic in focus throughout the pandemic was the length of the theatrical window. In light of COVID-19, the studios tried various experiments which led to a shortening of the theatrical window and is dependent on the theatrical revenue potential of each movie. In 2022, we anticipate movies will be released with windows that are anywhere between 20 to 60 days and subject to each movie's potential. The influence of high-quality pirated copies of movies from PVOD day and date releases can also significantly affect a movie's total revenue not only in cinemas but also in ancillary markets.

As the most affordable out-of-home entertainment option, we believe that cinemas will continue to be the main driver of the industry, as they have been for so many decades despite the arrivals of new technologies, such as TV, Video, DVD and others.

Cineplex

On 6 July 2020 the Group confirmed that Cineplex had initiated proceedings against it in relation to its termination on 12 June 2020 of the Arrangement Agreement relating to its proposed acquisition of Cineplex (the "Acquisition"). The proceedings alleged that the Group breached its obligations under the Arrangement Agreement and/or duty of good faith and claimed damages of up to C$2.18 billion less the value of Cineplex shares retained by Cineplex shareholders.

The Group defended these proceedings on the basis that it had terminated the Arrangement Agreement because Cineplex breached a number of its covenants and counter-claimed against Cineplex for damages and losses suffered as a result of these breaches and the Acquisition not proceeding, including the Group's financing costs, advisory fees and other costs.

The Ontario Superior Court of Justice has now handed down its judgment. It granted Cineplex's claim, dismissed the Group's counter-claim and awarded Cineplex damages of C$1.23 billion for lost synergies to Cineplex and C$5.5 million for lost transaction costs. The Group strongly disagrees with this judgment and has appealed the decision. Cineplex has submitted a cross-appeal to Cineworld's own appeal.

The Group does not expect damages to be payable whilst any appeal is ongoing. No liability has been recognised in respect of the judgement.

Outlook

Trading since our cinemas reopened has been encouraging and increasingly improving, and our customers have been expressing their appreciation for our high quality offering and team. We expect this progress to continue as COVID-19 reduces in significance. The strong film slate gives us great confidence in our ability to continue to rebound strongly, with a clear focus on driving growth which will be underpinned by our team of great people.

Although the COVID-19 pandemic continues to impact our global operations, we are encouraged by our return to trading, the continued recovery seen across our industry and the return to profitability and cash flow generation in Q4 2021. The success of Spiderman - No Way Home which is now the 6th biggest movie of all time globally and 3rd biggest movie in the US while Omicron was emerging across the globe demonstrates the love and loyalty to the big screen. Having said that, we acknowledge the uncertainty and have highlighted certain matters with regard to them within our going concern statement in this document.

I would like to conclude by expressing my deep appreciation and gratitude to all the members of the Cineworld team as we continue our commitment to be THE BEST PLACE TO WATCH A MOVIE.

Moshe (Mooky) Greidinger
Chief Executive Officer
17 March 2022

CHIEF FINANCIAL OFFICER'S REVIEW

	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2019
Admissions	**95.3m**	54.4m	275.0m
	$m	$m	$m
Box office	**955.7**	448.6	2,536.1
Retail	**552.3**	232.2	1,240.3
Other Income	**296.9**	171.5	593.3
Total revenue	**1,804.9**	852.3	4,369.7

Cineworld Group plc (the "Group") results are presented for the year ended 31 December 2021 and reflect the trading and financial position of the US, UK and Ireland ("UK&I") and the Rest of the World ("ROW") reporting segments. The impact of COVID-19 continued to affect the Group's operations and performance into 2021, however, the Group was successful in reopening its full estate and saw its most successful months since the outbreak of the pandemic in the fourth quarter of the year. The results presented reflect the period of closure in the first two quarters of the year, the reopening of cinemas during the summer and then the return to trading at levels approaching those seen prior to the pandemic in the fourth quarter, with the return of major film releases. Whilst the Group is now looking to continue its recovery with its full estate operating, the removal of restrictions imposed due to COVID-19 and a full film release schedule approaching, material uncertainty around its ability to continue as a going concern remains (as set out in Note 1 to the Financial Statements).

Total admissions increased by 75.2% year on year to 95.3m, reflecting the length of closures required due to COVID-19 in 2020 and 2021 respectively and film content available in each year. Total revenue for the year ended 31 December 2021 was $1,804.9m, an increase of 111.8% on the prior year.

The principal revenue stream for the Group is box office revenue, which made up 53.0% (2020: 52.6%) 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 30.6% (2020: 27.2%) of total revenue. Retail revenue across the Group is driven by admissions trends within each operating territory.

Other Income represents 16.4% (2020: 20.1%) 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.

United States

The results below show the Group's performance in the United States.

	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2019
Admissions	**56.2m**	30.1m	177.3m
	$m	$m	$m
Box office	**627.4**	280.3	1,859.6
Retail	**391.9**	161.1	953.9
Other Income	**201.0**	134.5	396.1
Total revenue	**1,220.3**	575.9	3,209.6

Box office

In the US, during 2021, cinemas remained temporarily closed until 2 April. The Group reopened 77 cinemas during April, an additional 423 cinemas during May, and 7 cinemas during June, representing 98% of the US circuit at the time. As of 31 December 2021, the Group operated 511 theatres in the US.

Box office revenue represented 51.4% (2020: 48.7%) of total revenue. Box office revenue increased by 123.8% from 2020 to 2021, driven by an 86.7% increase in admissions and 19.9% increase in average ticket price. The increase in admissions was due to the reopening of the Group's cinemas after the temporary closures for significant periods during 2020 and the first half of 2021, as well as the release of several major films in late 2021.

The total North American industry box office revenue for 2021 was 105.3% higher compared with 2020 (source: Comscore). The increase in box office revenue for the Group was inconsistent with the industry due primarily to differing periods of operation during 2020 and 2021 across the cinema operators. The top performing films during 2021 were "Spider-Man: No Way Home", "Shang-Chi and the Legend of the Ten Rings" and "Venom: Let there Be Carnage" which grossed $988.6m versus "Bad Boys for Life", "1917" and "Sonic the Hedgehog" which grossed $507.1m in 2020 (Source: Comscore). During 2021, seven new sites opened, and 23 sites were closed. These openings and closures did not have a significant impact on the results during 2021.

The average ticket price in the US increased by 19.9% to $11.16 (2020: $9.31). The increase in average ticket price was primarily a result of the increased availability and uptake of premium format content during 2021 compared with 2020.

During 2021, Regal reinstated its policy of expiring Regal Crown Club credits not redeemed within 12 months. The reinstatement of the policy, which had been suspended during the COVID-19 pandemic, led to the expiration of all unredeemed credits earned during the period from March 2019 through December 2020. The expiration of those unredeemed credits resulted in $12.1m in box office revenue in 2021.

Retail

Retail revenue represented 32.1% of total revenue (2020: 28.0%). Retail revenue increased as a result of the cinemas reopening during the year and growth in retail spend per person once open. Retail spend per person increased by 30.3% to $6.97 (2020: $5.35), driven by an increase in overall purchase frequency and a small concessions price increase in some US cinemas at the end of September 2021. The reinstatement of the Regal Crown Club credits expiration policy set out above resulted in $18.1m of retail revenue during the year.

Other Income

Other Income represented 16.5% of total revenue (2020: 23.4%). 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 increased by 49.4% due to the opening of cinemas. The impact of the cinemas closures throughout 2020 and 2021 on Other Income has not been as great as on Box Office and Retail revenue 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 and Ireland: Cineworld and Picturehouse.

	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2019
Admissions	**18.2m**	11.4m	48.2m
	$m	$m	$m
Box office	**210.0**	99.4	405.7
Retail	**90.1**	37.2	156.7
Other Income	**48.0**	17.3	86.0
Total revenue	**348.1**	153.9	648.4

Box office

Box office revenue represented 60.3% of total revenue (2020: 64.6%). Admissions increased by 59.6% and box office revenue increased by 111.3%. Admission and box office trends reflect the respective periods of closure of cinemas due to lockdown restrictions in 2020 and 2021 and the film content available in each year. All of the Group's cinemas were closed until 19 May, when the estate was reopened. Performance improved gradually following reopening, until a significant improvement with the release of the "No Time to Die" in October and "Spiderman: No Way Home" in December.

In the UK&I, the top three grossing movies were "No Time to Die", "Spider-Man: No Way Home" and "Dune", which grossed $266.0m (source: Comscore). This compares to the top three titles in 2020 which were "1917", "Sonic the Hedgehog" and "Tenet", which grossed $96.1m (source: Comscore).

The average ticket price achieved in the UK&I increased by 32.3% to $11.54 (2020: $8.72). This increase was largely driven by the types of releases during the period that cinemas were open during 2020.

Retail

Retail revenue represented 25.9% (2020: 24.2%) of total revenue. Retail revenue increased by 142.2% from the prior year, driven by longer operating periods, the strength of film content released compared with 2020 and a higher retail spend per person. Retail spend per person increased by 51.8% to $4.95 (2020: $3.26) driven by a greater proportion of customers purchasing retail goods.

Other Income

Other Income increased by 177.5% from 2020 and represented 13.8% (2020: 11.2%) of total revenue. Other Income includes all other revenue streams outside of box office and retail, mainly advertising, online booking fee revenue 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 2021	Year ended 31 December 2020	Year ended 31 December 2019
Admissions	**20.9m**	12.9m	49.5m

	$m	$m	$m
Box office	**118.3**	68.9	270.8
Retail	**70.3**	33.9	129.7
Other Income	**47.9**	19.7	111.2
Total revenue	**236.5**	122.5	511.7

Box office

Box office revenue represented 50.0% (2020: 56.2%) of total revenue. Admissions in the ROW increased by 62.0% and box office revenue increased 71.7% compared to the prior year. Admissions across all ROW territories increased significantly from the prior year due to the reopening of theatres in 2021 after prolonged closure periods during 2020 due to COVID-19.

The first ROW territory to reopen was Bulgaria in April 2021, followed by Israel, Romania, Slovakia and Poland in May and Hungary and Czech Republic in early June 2021. The average ticket price increased by 6.0% to $5.66 (2020: $5.34). The increase reflects the number of film releases available across the Group's premium offerings.

Retail

Retail revenue represented 29.7% of the total revenue (2020: 27.7%). Retail spend per person increased by 27.8% to $3.36 (2020: $2.63). The increase in retail spend per person resulted from an increase in purchase frequency.

Other Income

Other Income includes distribution, advertising and other revenues and represented 20.3% (2020: 16.1%) 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 2021.

Financial performance

	US	UK&I	ROW	Total Group	Year ended 31 December 2020 Total Group
		Year ended 31 December 2021			
	US	**UK&I**	**ROW**	**Total Group**	Total Group
Admissions	56.2m	18.2m	20.9m	**95.3m**	54.4m
	$m	**$m**	**$m**	**$m**	$m
Box office	627.4	210.0	118.3	**955.7**	448.6
Retail	391.9	90.1	70.3	**552.3**	232.2
Other Income	201.0	48.0	47.9	**296.9**	171.5
Total revenue	**1,220.3**	**348.1**	**236.5**	**1,804.9**	852.3
Adjusted EBITDA (as defined in Note 2)				**454.9**	(115.1)
Operating profit/(loss)				**15.8**	(2,257.7)
Finance income				**208.4**	69.6
Finance expenses				**(899.2)**	(786.8)
Net finance costs				**(690.8)**	(717.2)
Share of loss from joint ventures				**(33.3)**	(33.0)
Loss on ordinary activities before tax				**(708.3)**	(3,007.9)
Tax on loss on ordinary activities				**142.5**	356.4
Loss for the year attributable to equity holders of the Group				**(565.8)**	(2,651.5)

Adjusted EBITDA

Adjusted EBITDA has increased to a profit of $454.9m (2020: loss of $115.1m). This was mainly driven by the longer periods of operating in 2021 compared with 2020, which were caused by the impact of COVID-19 and restrictions on opening.

Adjusted EBITDA generated by the US, UK and ROW was $310.7m, $67.1m and $77.1m respectively for 2021, compared with negative $(87.2)m, negative $(35.0)m and $7.1m respectively for 2020. Decreases across all segments were driven by trading period in each year and the availability of film content.

Operating profit/(loss)

Due to the impact of COVID-19 the Group reported an operating profit of $15.8m compared with an operating loss of $2,257.7m in 2020, representing a improvement of $2,273.5m.

Certain material one-off items have been included within operating loss in 2021, most significantly the net impairment reversals described below. In addition to impairment reversals, within operating loss there are a number of non-recurring and non-trade-related items that have a net negative impact of $49.3m (2020: net negative impact $127.3m), including $2.1m relating to costs arising from the Group's response to COVID-19, $38.1m in transaction and reorganisation costs and $9.1m 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 $534.9m (2020: $643.3m). The charge is lower year on year due to impairment charges recognised since the outbreak of the pandemic 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 cost in the period. Where available the Group has also accessed business rates relief.

The impact of COVID-19 on the Group's forecast cash flows in 2020, 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 (NCM) amounting to a total net charge of $1,344.5m.

During 2021 uncertainty around the forecast cashflows from the Group's investment in NCM and reduction in its share price have resulted in a further impairment of $55.1m, bringing the total impairment of NCM since the outbreak of the pandemic to $92.1m.

Since the beginning of the pandemic the Group has amended the majority of its leases. When leases are amended, assets and liabilities are recalculated using the incremental borrowing rate applicable at the date of the amendment. Incremental borrowing rates are materially higher since the outbreak of the pandemic and therefore have the effect of reducing asset balances when amendments take place for the first time since the pandemic begun. Where asset balances are reduced in this way at cinema CGUs which have previously been impaired due to higher discount rate being applied to forecast cashflows, reversal of impairment charges recognised earlier in the pandemic can occur. The total reversal of impairment recognised in the year was $199.6m. In addition, further impairment charges of $17.4m were recognised in the year for CGUs at which forecast cashflows no longer support the carrying value of the assets.

No impairment was recognised in respect of goodwill at country CGUs during the year. Impairment charges and reversals recognised during the year are considered to be largely driven by the impact of the pandemic and are therefore considered to be exceptional charges in the current period.

Leases

The impact of COVID-19 and the associated shutdowns resulted in the Group renegotiating the majority of its leases and accessing 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 increased to $400.5m from $198.6m in 2020, reflecting agreements reached with landlords and relative periods of opening during 2020 and 2021. Whilst this remains below pre-pandemic levels, monthly payment of lease liabilities in the fourth quarter was closer to levels observed prior to the pandemic.

Amendments to leases, additions in the year, changes to discount rates applied in the calculation of lease balances, impairment charges and reversals recognised, and cash flows in the year have resulted in total right-of-use assets of $2,234.1m (2020: $2,306.4m), with a depreciation charge of $260.9m (2020: $348.7m), with lease liabilities of $4,040.2m (2020: $3,971.7m) and an interest cost of $444.5m (2020: $349.0m). For leases amended for the first time since the outbreak of COVID-19 during the year, higher incremental borrowing rates reflecting the Group's higher costs of debt a lower credit rating have been applied to cash flows, resulting in lower assets and liabilities and higher lease interest cost for these leases.

Net finance costs

At 31 December 2020 the Group had USD 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.

In April 2021, the Group raised additional funding by issuing Convertible Bonds which are convertible into equity shares of Cineworld Group Plc. The bonds have a principal amount of $213.0m and were issued at a 1% original issuance discount with a 4 year maturity. The Convertible Bonds are denominated into units of $200,000 each and the investors have an option to convert each unit into ordinary shares of the Group at a conversion price of $1.762 (the 'Conversion Price') per unit. The Group recognised a separate derivative liability in respect of the conversion feature with an initial value of $27.8m. Directly attributable fees of $1.2m were incurred in connection with raising the facility. The initial carrying value of the amortised cost of debt component of the bonds was $181.9m. At 31 December 2021 the derivative liability was valued at $6.3m.

In July 2021, the Group agreed the terms of a further term loan facility of $200.0m with a maturity of May 2024 with existing lenders. Directly attributable fees of $11.6m were incurred in connection with raising the facility. Upon raising this additional term loan facility, the Group paid amendment fees totalling $46.5m in connection with the B1 term loan facility of $450.0m raised in November 2020, of which fees of $16.5m were directly apportioned to the initial term loans increasing their notional position. Amendments to the B1 term loan enabled the Group to remove certain covenants and cash flow restrictions that were in place.

In September 2021, the Group announced that it has reached agreement with dissenting shareholders of Regal Entertainment Group with respect to the payment of judgment of their claim. Under this agreement, the Group paid an initial cash settlement of $170.0m and $92.0m was placed into an escrow account to be available as additional liquidity under certain circumstances, with a corresponding term loan entered into for $92.0m.

In 2021 the Group secured a $11.9m loan with Arvest Bank for the Midwest City cinema in the US with a maturity of 2041.

At 31 December 2021 the Group had USD term loans outstanding totalling $4.1bn, a Euro term loan of $214.1m, a private placement loan of $251.8m, a convertible bond of $213.0m and a $462.5m RCF.

Net financing costs totalled $690.8m during the year (2020: $717.2m). Finance income of $208.4m (2020: $69.6m) included interest income of $3.1m (2020: $7.4m), $3.0m on the unwind of the discount on non-current assets (2020: $8.4m) and $0.8m in respect of the unwind of the discount on sub-lease assets (2020: $0.7m). Finance income also includes a gain of $167.7m on the movement of the fair value of financial derivatives (2020: $9.0m), this gain is driven by movements in the Group's share price affecting the valuation of the Group's warrants and convertible bond derivative liabilities, as well the impact of movements in the LIBOR on embedded derivatives in respect of interest rate floors on the Groups term loans. A gain of $33.2m relating to the gain on extinguishment on amending the extended RCF was recognised in 2020. During the year the Group's net investment hedge became ineffective and was de-designated, resulting in a credit of $11.6m being recycled to the Income Statement.

Foreign exchange gains of $22.2m (2020: $10.9m) were incurred in respect of monetary assets and non-USD denominated loans.

The finance expense of $899.2m (2020: $786.8m) has increased due to higher incremental borrowing rates being applied to lease liabilities that were amended during 2020 and 2021, driven upward by changes in the Group's credit rating. Lease liability interest for the year was $444.5m (2020: $349.0m).

Interest on bank loans and overdrafts in the period totalled $276.2m (2020: $166.3m), the increase is the result of additional lending facilities entered into in 2020 and 2021, described above. The other finance costs included: $61.3m (2020: $33.1m) of amortised prepaid finance costs, $47.6m (2020: $49.4m) in respect of the unwind of discount on deferred revenue and loss of $5.0m on the movement of the fair value of financial derivatives (2020: $55.4m). This included the movements on the fair value of the derivative liability in respect of the prepayment feature on one of the Group's term loans. In addition, $16.8m in respect of foreign exchange losses (2020: $11.8m) were incurred in the year.

Upon modifications being made to existing debt agreements during 2020, 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.

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.

During 2020 the Group terminated the swap resulting in a gain of $10.4m and a loss of $4.5m 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 during 2020 and $16.8m which was assessed to be in respect of debt issuance costs which had been capitalised and were amortised over the remainder of the year.

During 2020 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 2021, the net investment hedge became ineffective. This resulted in a $11.6m credit to the hedge reserve and charge to the income statement.

During the 2020 a hedge relationship between the Group's cross currency swaps and certain Euro denominated assets became ineffective and the hedge relationship ended. This resulted in $9.8m credit to the hedge reserve and charge to the income statement.

Taxation

The overall tax credit during the year was $142.5m, giving an effective tax rate of 20.1% (2020: 11.8%) on the loss before tax for the year.

The tax credit for 2020 included a current tax credit of $224.0m. This primarily relates to a carry back of 2020 US tax losses against profits of earlier periods under the Coronavirus Aid, Relief and Economic Security ("CARES") Act, resulting in a cash tax refund which was received in 2021.

The effective tax rate for the year is decreased by a partial de-recognition of the additional deferred tax assets arising in 2021.

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 it operates, 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 its 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 $565.8m, compared with a loss in the prior year of $2,651.5m. The decrease in the loss is the result of the impact of restrictions and closures due to COVID-19 during 2020 and 2021 respectively, as well as the knock-on impact on film releases. There have also been significant non-recurring charges and expenses in both years, with significant total non-cash impairment charges set out above, which significantly increased the loss in 2020.

Basic Deficit Per Share amounted to (41.2)¢ (2020: (193.2)¢). Eliminating the one-off, non-trade-related items totalling $116.1m, Adjusted diluted Deficit Per Share were (47.8)¢ (2020: (66.5)¢).

Statement of cash flows and statement of financial position

Overall, net assets have decreased by $571.3m to a net liability of $(345.0)m since 31 December 2020. Total assets decreased by $254.5m. This is driven by the loss for the year. The total liabilities have increased by $316.8m, primarily due to additional debt obtained in order to secure liquidity.

With the material loss of revenue driven by the outbreak of COVID-19 continuing throughout 2021, 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 generated in operating activities in the year was $555.1m (2020: cash used $227.6m). Net debt of $8.9bn at the year end is $0.6bn higher than the balance at 31 December 2020 primarily due to losses driven by the impact of COVID-19 and the additional financing raised during the year.

Cineplex

On 6 July 2020 the Group confirmed that Cineplex had initiated proceedings against it in relation to its termination on 12 June 2020 of the Arrangement Agreement relating to its proposed acquisition of Cineplex (the "Acquisition"). The proceedings alleged that the Group breached its obligations under the Arrangement Agreement and/or duty of good faith and claimed damages of up to C$2.18 billion less the value of Cineplex shares retained by Cineplex shareholders.

The Group defended these proceedings on the basis that it had terminated the Arrangement Agreement because Cineplex breached a number of its covenants and counter-claimed against Cineplex for damages and losses suffered as a result of these breaches and the Acquisition not proceeding, including the Group's financing costs, advisory fees and other costs.

The Ontario Superior Court of Justice has now handed down its judgment. It granted Cineplex's claim, dismissed the Group's counter-claim and awarded Cineplex damages of C$1.23 billion for lost synergies to Cineplex and C$5.5 million for lost transaction costs. The Group disagrees with this judgment and has appealed the decision. The Group does not expect damages to be payable whilst any appeal is ongoing. No liability has been recognised in respect of the judgement.

Dividends

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
17 March 2022

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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	**Year ended 31 December 2021 $m**	Year ended 31 December 2020 $m
Revenue	4	**1,804.9**	852.3
Cost of sales		**(1,263.2)**	(888.1)
Gross profit/(loss)		**541.7**	(35.8)
Other operating income		**15.4**	2.3
Administrative expenses		**(668.4)**	(879.7)
Net reversal of impairment/(impairment) of goodwill, property, plant and equipment, right-of-use assets and investments		**127.1**	(1,344.5)
Operating profit/(loss)		**15.8**	(2,257.7)
Adjusted EBITDA as defined in Note 2	2	**454.9**	(115.1)
Finance income	6	**208.4**	69.6
Finance expenses	6	**(899.2)**	(786.8)
Net finance costs		**(690.8)**	(717.2)
Share of loss from jointly controlled entities using equity accounting method net of tax		**(33.3)**	(33.0)
Loss before tax		**(708.3)**	(3,007.9)
Tax credit on loss	8	**142.5**	356.4
Loss for the year attributable to equity holders of the Group		**(565.8)**	(2,651.5)
Basic Deficit Per Share (cents)	*5*	***(41.2)***	*(193.2)*
Diluted Deficit Per Share (cents)	*5*	***(41.2)***	*(193.2)*

The Notes on pages 17 to 34 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Year ended 31 December 2021 $m	Year ended 31 December 2020 $m
Loss for the year attributable to equity holders of the Group	**(565.8)**	(2,651.5)
Items that will not subsequently be reclassified to profit or loss		
Change in fair value of financial assets at FVOCI	**7.6**	–
Deferred tax on change in fair value of financial assets at FVOCI	**(2.1)**	–
Items that will subsequently be reclassified to profit or loss		
Retranslation (loss)/gain of foreign currency denominated operations	**(6.1)**	3.5
De-designation of net investment hedge	**(11.6)**	9.8
Movement on net investment hedge	**-**	(19.8)
Income tax charge recognised within other comprehensive loss	**(0.2)**	(0.1)
Comprehensive loss for the year, net of income tax	**(12.4)**	(6.6)
Total comprehensive loss for the year attributable to equity holders of the Group	**(578.2)**	(2,658.1)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021

	Note	**31 December 2021 $m**	31 December 2020 $m
Non-current assets			
Property, plant and equipment		**1,698.1**	1,788.2
Right-of-use assets	9	**2,234.1**	2,306.4
Goodwill		**4,837.1**	4,868.3
Other intangible assets		**464.6**	489.5
Investment in equity-accounted investees		**130.3**	215.1
Financial assets at FVOCI		**5.8**	10.0
Deferred tax assets		**415.9**	278.1
Fair value of financial derivatives		**2.8**	7.8
Other receivables		**48.8**	48.7
Total non-current assets		**9,837.5**	10,012.1
Current assets			
Assets classified as held for sale		**1.8**	2.9
Inventories		**24.3**	13.2
Current taxes receivables		**2.7**	206.6
Trade and other receivables		**142.1**	53.7
Restricted cash and cash equivalents		**8.0**	-
Cash and cash equivalents		**354.3**	336.7
Total current assets		**533.2**	613.1
Total assets		**10,370.7**	10,625.2
Current liabilities			
Loans and borrowings	10	**(169.5)**	(54.2)
Fair value of financial derivatives		**(50.8)**	(97.2)
Lease liabilities		**(547.9)**	(596.6)
Trade and other payables		**(526.2)**	(596.3)
Deferred revenue		**(226.9)**	(270.9)
Current taxes payable		**(35.3)**	(40.6)
Provisions	11	**(5.0)**	(8.0)
Total current liabilities		**(1,561.6)**	(1,663.8)
Non-current liabilities			
Loans and borrowings	10	**(5,020.1)**	(4,608.5)
Fair value of financial derivatives		**(37.1)**	(130.1)
Lease liabilities		**(3,492.3)**	(3,375.1)
Other payables		**(19.6)**	(9.2)
Deferred revenue		**(579.5)**	(607.0)
Provisions	11	**(1.0)**	(1.1)
Employee benefits		**(4.5)**	(4.1)
Total non-current liabilities		**(9,154.1)**	(8,735.1)
Total liabilities		**(10,715.7)**	(10,398.9)
Net (liabilities)/assets		**(345.0)**	226.3
Equity attributable to equity holders of the Group			
Share capital		**20.1**	20.1
Share premium		**513.8**	513.8
Foreign currency translation reserve		**(253.4)**	(247.3)
Hedging reserve		**-**	11.6
Fair value reserve		**(8.9)**	(14.4)
Retained earnings		**(616.6)**	(57.5)
Total equity		**(345.0)**	226.3

These Financial Statements on pages 12 to 34 were approved by the Board of Directors on 17 March 2022 and were signed on its behalf by
Nisan Cohen, Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital $m	Share premium $m	Foreign currency translation reserve $m	Hedging reserve $m	Fair value reserve $m	Retained earnings/(Accumulated losses) $m	Total $m
At 1 January 2020	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)
Other comprehensive income/(expense)							
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 be 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	–
At 31 December 2020	**20.1**	**513.8**	**(247.3)**	**11.6**	**(14.4)**	**(57.5)**	**226.3**
Loss for the year	–	–	–	–	–	(565.8)	(565.8)
Other comprehensive income/(expense)							
Items that will not subsequently be reclassified to profit or loss:							
Change in fair value of financial assets at FVOCI	–	–	–	–	7.6	–	7.6
Deferred tax on change in fair value of financial assets at FVOCI	–	–	–	–	(2.1)	–	(2.1)
Items that will subsequently be reclassified to profit or loss:							
De-designation of net investment hedge	–	–	–	(11.6)	–	–	(11.6)
Tax that will subsequently be reclassified to profit or loss	–	–	–	–	–	(0.2)	(0.2)
Retranslation of foreign currency denominated operations	–	–	(6.1)	–	–	–	(6.1)
Total comprehensive loss	**–**	**–**	**(6.1)**	**(11.6)**	**5.5**	**(566.0)**	**(578.2)**
Contributions by and distributions to owners							
Movements due to share-based compensation	–	–	–	–	–	6.9	6.9
At 31 December 2021	**20.1**	**513.8**	**(253.4)**	**-**	**(8.9)**	**(616.6)**	**(345.0)**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	**Year ended 31 December 2021 $m**	Year ended 31 December 2020 $m
Cash flows from operating activities			
Loss for the year		**(565.8)**	(2,651.5)
Adjustments for:			
Finance income	6	**(208.4)**	(69.6)
Finance expense	6	**899.2**	786.8
Taxation	8	**(142.5)**	(356.4)
Share of loss of equity accounted investee		**33.3**	33.0
Operating loss		**15.8**	(2,257.7)
Depreciation and amortisation		**534.9**	643.3
Share-based payments charge/(credit)		**6.9**	(2.3)
(Reversal of impairment)/impairment of property, plant and equipment, right-of-use assets and goodwill		**(182.2)**	1,307.4
Impairment of investment		**55.1**	37.1
(Gain)/Loss on sale of assets		**(32.8)**	6.4
(Increase)/decrease in trade and other receivables		**(87.6)**	214.4
(Increase)/decrease in inventories		**(11.6)**	20.0
Increase/(decrease) in trade, other payables and deferred income		**41.5**	(204.5)
Increase in provisions and employee benefit obligations		**14.0**	2.1
Cash generated from/(used in) operations		**354.0**	(233.8)
Tax received		**205.5**	6.2
Tax paid		**(4.4)**	-
Net cash flows from operating activities		**555.1**	(227.6)
Cash flows from investing activities			
Interest received		**3.0**	6.5
Income from net investment in sub-lease		**1.1**	1.0
Acquisition of property, plant and equipment		**(152.1)**	(290.0)
Investment in joint ventures		**(0.1)**	(0.3)
Acquisition of distribution rights and other intangibles		**(4.3)**	(2.5)
Acquisition of subsidiaries***	10	**(202.7)**	–
Proceeds from sale of property, plant and equipment		**21.3**	3.2
Distributions received from equity accounted investees		**–**	17.8
Distributions received from financial assets at FVOCI		**11.8**	–
Net cash flows from investing activities		**(322.0)**	(264.3)
Cash flows from financing activities			
Dividends paid to shareholders	7	**–**	(51.4)
Interest paid		**(227.3)**	(158.3)
Repayment of bank loans		**(55.5)**	(54.2)
Draw down of bank loans		**526.2**	1,207.8
Debt issuance costs paid		**(12.7)**	(73.2)
Exceptional finance cost		**(30.5)**	–
Repayment on termination of financial derivatives		**–**	(10.2)
Landlord contributions		**5.1**	13.5
Payment of lease liabilities*		**(400.5)**	(198.6)
Movement in restricted cash**		**(16.0)**	–
Net cash flows from financing activities		**(211.2)**	675.4
Cash and cash equivalents at the start of the year		**336.7**	140.6
Net movements in cash and cash equivalents		**21.9**	183.5
Exchange (loss)/gain on cash and cash equivalents		**(4.3)**	12.6
Cash and cash equivalents at the end of the year**		**354.3**	336.7

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

* Payment of lease liabilities includes $251.2m (2020: $115.7m) of interest payments and $149.3m (2020: $82.9m) of principal lease payments.
** During the year $16.0m of cash and cash equivalentts was restricted for settlement of interest on the convertible bond. $8.0m of this was paid during the year.
*** During the year the Group reached agreement with the Regal Dissenting Shareholders in respect of the Judgement awarded to them. This agreement settled the outstanding consideration due in respect of the Group's Acquisition of Regal Entertainment. Further details of amounts still outstanding to the Regal Dissenting Shareholders are set out in note 19. The total settlement amounted to $265.7m, of which $63.0m is included in the trade and other payables movement as it was previously charged to operating profit.

1. Accounting Policies

Basis of preparation

Cineworld Group plc (the "Company") is a company limited by shares, incorporated and domiciled in the UK. The Company's registered address is Eighth Floor, Vantage West, Great West Road, Brentford TW8 9AG. 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 2021 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 2021. These preliminary results do not constitute the Group's statutory accounts for the years ended 31 December 2021 and 31 December 2020. The statutory accounts for the year ended 31 December 2020 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 2021, which have been approved by the Directors, will be sent to shareholders in April 2022 and delivered to the Registrar of Companies.

The auditor has reported on the Group's statutory accounts for the years ended 31 December 2021 and 2020. 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.

Presentational currency

The financial results of the Group are presented in US dollars.

Going concern

In assessing the appropriateness of applying the going concern basis in the preparation of the consolidated 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 economic uncertainty driven by COVID-19 and its specific impact on the exhibition industry, the Directors consider some volatility in performance and a certain amount of disruption to business likely over the coming 12 months.

The scenarios modelled consider the speed of recovery from the impact of COVID-19 and its effect on the cinema exhibition industry, consumer behaviour, the availability and timing of film content, 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 strength and speed of the recovery from the COVID-19 outbreak and the return to pre-pandemic levels of activity, as well as the potential for further impact in the future. Each of the scenarios are sensitive to forecast admission levels over the coming 12-month period. In assessing the going concern basis the Directors have assumed the industry will return to levels of performance similar to those observed prior to the COVID-19 impact by the end of 2023, with continued gradual build up to those levels over a period of time.

Restrictions required by law across operating territories have reduced significantly since reopening and currently do not impact the Group's ability to operate at levels observed prior to the pandemic. The Group has implemented additional safety measures and operational changes where considered appropriate to ensure the safety of customers and employees.

The minimum liquidity covenant (which will not apply if the Group reaches 80% of admission levels for a 3-month comparable period in 2019), net leverage covenant on the revolving credit facility (RCF) and the net leverage covenant on the Rest of the World private placement loan (RoWPP) are the only remaining financial covenants with which the Group is required to comply. The Group is only required to comply with the RCF net leverage covenant when the facility is drawn down by greater than 35%. 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.

In addition, the RCF has a maturity of February 2023, at which point the group will either repay or refinance the facility.

Dissenting Shareholders

On 10 September 2021, the Group announced that it had reached agreement with the dissenting shareholders of Regal Entertainment Group (the "Regal Litigation Parties") with respect to the payment of judgment of their claim. Under this agreement, the Company paid $170 million of the Judgment to the dissenting shareholders and $92 million was placed into an escrow account to be available to Cineworld as additional liquidity under certain circumstances.

On 1 February 2022, Cineworld announced that it had initiated discussions with the Regal Litigation Parties in relation to a potential rescheduling of the Group's payment obligations under the unsecured facility agreement relating to the settlement reached with them in September 2021 (the "Unsecured Facility Agreement"). It was agreed that the remaining $79.3 million (plus interest and fees) owed under the facility would be paid to the Regal Litigation Parties in instalments with a final payment due on 30 June 2022, rather than the previously agreed date of 31 March 2022.

Cineplex

On 6 July 2020 the Group confirmed that Cineplex had initiated proceedings against it in relation to its termination on 12 June 2020 of the Arrangement Agreement relating to its proposed acquisition of Cineplex (the "Acquisition"). The proceedings alleged that the Group breached its obligations under the Arrangement Agreement and/or duty of good faith and claimed damages of up to C$2.18 billion less the value of Cineplex shares retained by Cineplex shareholders.

The Group defended these proceedings on the basis that it had terminated the Arrangement Agreement because Cineplex breached a number of its covenants and counter-claimed against Cineplex for damages and losses suffered as a result of these breaches and the Acquisition not proceeding, including the Group's financing costs, advisory fees and other costs.

The Ontario Superior Court of Justice has now handed down its judgment. It granted Cineplex's claim, dismissed the Group's counter-claim and awarded Cineplex damages of C$1.23 billion for lost synergies to Cineplex and C$5.5 million for lost transaction costs. The Group disagrees with this judgment and has appealed the decision. The Group does not expect damages to be payable whilst any appeal is ongoing, which is likely to take longer than the assessment out to 30 June 2023. No liability has been recognised in respect of the judgement on the basis that payment is not considered probable at this stage, and the directors have not factored any payment of damages within their assessment of whether it is appropriate to adopt the going concern basis for the Group as at 31 December 2021. It is the view of the Directors that the appeal process is unlikely to conclude within the going concern assessment period.

There is a material uncertainty around the Group's ability to successfully appeal the judgment and avoid the damages payment. Cineworld believes it has compelling arguments that the trial judge erred when assessing liability and damages and believes that it has a meritorious appeal. In the event that Cineworld is unsuccessful on appeal the group would not have sufficient liquidity to pay the existing level of damages awarded. It is also noted that Cineplex is an unsecured creditor.

Base Case Scenario

The Group's base case scenario assumes a continued recovery to pre-pandemic levels of admissions, with cinemas across all territories remaining open. In the US, admissions are forecast to return to levels representing 85% of comparable periods in 2019 during 2022, with corresponding levels for the UK and ROW at 90% and 95% respectively. Admissions are then forecast to remain on average 5% below 2019 levels throughout 2023 and to recover to 2019 levels in 2024. 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 further waiver and deferral of significant rent payable on a number of lease agreements with the support of landlords. Rent payments have been modelled in line with actual modifications and the expectations of achievable deferrals over the coming 15-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 six 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 2022 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. Financial covenants on the RCF would not be breached as the Group would have sufficient funds to pay down the facility such that the covenant is not applicable. It is noted however, that the ability to do this is sensitive to admission levels not being hit, any further film delays and any a material rent payment that has not been modelled. As such, there is considered to be a material uncertainty as to whether the Group will be able to pay down the RCF as at the June 2022 covenant testing date. In the event that it is not able to a covenant waiver for June 2022 would be required.

The minimum liquidity covenant would not be breached and the Group would achieve 80% of 2019 admission levels for a 3-month comparable period in August 2022. Sufficient liquidity would exist to repay the RCF when it matures in February 2023, however, to support working capital requirements of the Group, it would need to be refinanced.

Considering the liquidity implications of the scenario analysis and the uncertainty, the Board are assessing several options with regard to additional sources of liquidity including the increase of the RoWPP.

Severe but Plausibile Downside Scenario

Given the current uncertainty around the speed of recovery from the effects of 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.

- A lack of film content for two months in 2022, driven by changes to the film slate and uncertainty caused by a resurgence of COVID-19, with a gradual return to admission levels modelled under the weighted base case. Under this scenario the Group would achieve 50% of the admission levels modelled under the base case for two months, this represents admissions at 43% of 2019 levels during April and May of 2022. Then, averaging 70% of 2019 levels from July through to December 2022, admissions gradually return to the admissions levels modelled under the base case in January 2023 and beyond. No further lock down or additional operational restrictions are considered. Under this scenario the Group would breach its net leverage covenant in June 2022, it would also breach its minimum liquidity covenant in September 2022, and would not have sufficient liquidity to repay the RCF in February 2023. Sufficient liquidity to continue operating would remain up to the point at which the RCF matures.

Conclusion

The Directors are encouraged by the reopening of the business and the demand for cinema-going shown by customers in recent months. Recent steps in securing additional liquidity and relaxing restrictions on the business are also believed to represent significant progress towards a return to previous levels of stability. Having considered all known factors the Directors are comfortable that the weighted base case supports the going concern assumption. However, the Directors recognise the challenges facing the business and some uncertainty around the recovery of the cinema industry following the impact of COVID-19, and the potential risks that remain, which represent material uncertainties that may cast significant doubt upon the Group's ability to continue to operate as a going concern. Given the sensitivity to admission levels, and any changes in the current schedule of film releases, material uncertainties exist in respect of the ability to repay the RCF sufficiently by the end of June 2022 to avoid the net leverage covenant, and the ability to repay and refinance the RCF in February 2023.

Further there is a material uncertainty as to whether Cineworld is able to successfully appeal the Cineplex judgment against it, as sufficient liquidity does not exist to be able to pay the damages awarded.

In addition, the potential covenant breaches in the severe but plausible scenario along with the inability to repay the RCF in February 2023, indicate the existence of a material uncertainty that may cast significant doubt upon the Group's ability to continue to operate as a Going Concern. The consolidated financial statements do not include the adjustments that would result if the Group was 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 Chief Financial Officer's Review on pages 5 to 11, 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 and prior period to reflect one-off charges 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 and reversals of impairment of property, plant and equipment, right-of-use assets, goodwill 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, lease penalties, redundancy, refinancing and asset impairments and reversals of impairment driven by COVID-19.

The following items are adjusted for within the Group's Adjusted EBITDA APM as they are non-cash items: depreciation and amortisation, impairment of goodwill, 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 (loss)/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

Adjusted loss before tax is defined as loss before tax adjusted for amortisation of intangible asset created on acquisition, excess cash distributions from jointly controlled entities, impairments and reversals of impairment of property, plant and equipment, right-of-use assets, goodwill 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, lease penalties, redundancy, refinancing and asset impairments and reversals of impairment driven by COVID-19.

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

The Adjusted EBITDA and Adjusted Loss after tax reconciliation to statutory Operating Loss are presented as follows:

	Year ended 31 December 2021 $m	Year ended 31 December 2020 $m
Operating profit/(loss)	**15.8**	(2,257.7)
Depreciation and amortisation	**534.9**	643.3
Share of loss of jointly controlled entity using equity accounting method net of tax	**(33.3)**	(33.0)
Adjustment to reverse loss from jointly controlled entities and to reflect cash distributions received in the period	**33.3**	56.4
Pre-opening expenses	**1.7**	–
Property-related charges and releases	**(26.6)**	6.4
Share-based payment charges	**6.9**	(2.3)
Operating exceptional items:		
– Net (reversal of impairment)/impairment of property, plant and equipment, right-of-use assets, goodwill and investments	**(127.1)**	1,344.5
– Transaction and reorganisation costs	**38.1**	60.8
– COVID-19 costs	**2.1**	19.9
– Cost of refinancing	**9.1**	46.6
Adjusted EBITDA	**454.9**	**(115.1)**
Depreciation and amortisation	**(534.9)**	(643.3)
Amortisation of intangibles created on acquisition	**23.6**	25.7
Net finance costs	**(690.8)**	(717.2)
Movement on financial derivatives	**(162.7)**	46.4
Foreign exchange translation gains and losses	**29.0**	(9.3)
De-designation of net investment hedge	**11.6**	9.8
Financing exceptional items:		
– Amendment fees for refinancing	**46.5**	–
– Gain on extinguishment of debt	**–**	(33.2)
– Remeasurement loss on financial instrument	**–**	98.0
– Remeasurement of financial asset at amortised cost	**–**	11.3
Adjusted Loss before Tax	**(822.8)**	(1,326.9)
Tax credit on loss	**142.5**	356.4
Tax impact of adjustments	**24.6**	(225.4)
De-recognition of deferred tax assets due to impact of COVID-19	**–**	319.7
Tax credit for carry back of losses to previosu years	**–**	(37.0)
Adjusted Loss after Tax	**(655.7)**	(913.2)

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.

Property-related charges and releases
The net decrease to operating loss of $26.6m (2020: increase of $6.4m) is a result of the following:

– $21.3m gain as a result of remeasurement of right-of-use assets (2020: $12.3m) 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 10 sites in US and one site in the UK has resulted in $3.3m gain due to the de-recognition of the lease liabilities and right-of-use assets.

– Gain of $8.2m recognised on property, plant and equipment disposed of in the UK and UK,

– Loss of $6.2m recognised on lease penalties in the US and in the UK.

– In 2020, 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 recognised on property, plant and equipment disposed of at these sites.

– During 2020, 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 was recognised connected to the termination of the master lease with DCIP.

– In 2020, $5.0m in losses on assets which had been held at sites classified as under construction in the UK, but were disposed of during the year as the projects were no longer expected to go ahead, were also incurred.

Operating exceptional items
The following operating exceptional items were recognised during the year:

- During 2021 the impact of the pandemic has continued to affect the Group's forecast cash flows. A net reversal resulting from changes to right of use assets caused by amendments made during the year of $182.2m has been recognised. This is made up of impairment reversals of $199.6m caused by amendments to leases at a lower discount rate in the current period have resulted in reductions to right of use assets and property, plant and equipment within CGUs previously impaired due to the impact of COVID-19. In addition, changes to asset carrying values have resulted in additional impairment charges of $17.4m during the year.
- During the year forecast future dividend cash flows from the Group's investment in national Cinemedia Inc (NCM) were reduced significantly. The Group determined that the fair value indicated by the NCM share price, in excess of the value in use, represented the recoverable amount of the NCM asset. The Group therefore determined that the carrying amount exceeded the recoverable amount and, as such, recorded an impairment charge of $55.1m.
- During 2020 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 in the year ended 31 December 2020. These impairment charges and reversals are considered to be driven by the impact of the pandemic and are therefore considered to be exceptional charges.
- One off costs of $2.1m associated with the impact of COVID-19 including stock write-offs of $1.6m and $0.5m legal fees. During the prior year one-off costs of $19.9m associated with the impact of COVID-19 included stock write offs of $16.0m, additional cleaning expenses, redundancy and write offs of $3.9m.
- Transaction and reorganisation costs of $38.1m were incurred in 2021 of which $20.5m relates to dissenting shareholders legal case, $9.1m incurred with the Cineplex transaction, $7.7m relates to the settlement of a license claim in the US, $0.9m receipt of VAT refund, $1.3m redundancy costs and $0.4m relates to reorganisation costs. 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 $41.6m in respect of interest on the outstanding liability.
- Legal and adviser costs, in addition to those capitalised as directly attributable to new debt instruments, $9.1m was incurred in connection with new debt facilities entered into and amendments to existing debt facilities during the period. In 2020, legal and adviser costs, in addition to those capitalised as directly attributable to new debt instruments, $46.6m were incurred in connection with the new debt facilities entered into during the year 2020.

Amendment fees for refinancing
These costs represent the amendment fees paid in relation to the new B1 term loan secured in July 2021 of which $30.5m was paid in cash and $16.0m recognised as PIK, please refer to note 10 for further information.

Gain on extinguishment of debt
In 2020, 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 2020 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 during the year 2020.

Movement on financial derivatives
In 2020 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 2020 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. These derivatives were recognised as a cost within movement on financial derivatives in 2020.

In 2020 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.

During the year 2021, the movements on the instruments described above included a gain on the fair value movement of the detachable equity warrants of $58.2m, a gain on the fair value movement of the B2 LIBOR floor embedded derivative of $1.8m, a gain on the fair value movement of the US dollar denominated term loans LIBOR floor of $68.0m, a loss on the fair value movement of the B1 prepayment option of $5.0m and a gain in the revaluation of the cross currency swaps of $18.2m. These movements were recognised within net finance costs.

On 16 April 2021, the Group raised additional funding by issuing convertible bonds. The Group separately recognised a derivative liability in respect of the holder's option to convert the bonds into ordinary shares. The fair value movement on the derivative was $21.5m during the year

De-designation of net investment hedge
In 2020, 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.

On 30 June 2020 the Group designated the Euro denominated term loan and the assets of a Euro trading subsidiary as a net investment hedge. In January 2021, the net investment hedge became ineffective. This resulted in a $11.6m 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 Euro denominated term loan. These gains and losses are excluded from Adjusted Profit Before Tax.

Tax exceptional items
In 2020 the Group recognised a one-off tax credit under the CARES Act in the United States 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. In 2021 the Group did not recognise tax exceptional items.

Net debt
Net Debt is defined as total liabilities from financing, excluding embedded derivatives, 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 three reporting operating segments: the US; the UK&I and the ROW. The ROW operating segment 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, the Czech Republic, Bulgaria, Slovakia and Israel. The results for the United States 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 2021				
Total revenues	1,220.3	348.1	236.5	1,804.9
Adjusted EBITDA as defined in Note 2	310.7	67.1	77.1	454.9
Operating loss	(27.8)	20.6	23.0	15.8
Finance income	(33.9)	(170.0)	(4.5)	(208.4)
Finance expense	684.1	136.2	78.9	899.2
Depreciation and amortisation	391.9	75.5	67.5	534.9
Net reversal of impairment of property, plant and equipment and right-of-use assets, and investments	(81.2)	(35.3)	(10.6)	(127.1)
Share of loss from jointly controlled entities using equity accounting method net of tax	(33.2)	–	(0.1)	(33.3)
(Loss)/profit before tax	**(711.2)**	**54.4**	**(51.5)**	**(708.3)**
Non-current asset additions – property, plant and equipment	85.4	39.2	7.6	132.2
Non-current asset additions – intangible assets	–	0.9	3.7	4.6
Investment in equity accounted investee	128.4	1.0	0.9	130.3
Total assets	**8,300.7**	**1,171.9**	**898.1**	**10,370.7**
Total liabilities	**8,543.6**	**1,529.2**	**642.9**	**10,715.7**
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 profit	(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
Impairment of goodwill, property, plant and equipment and right-of-use assets and investments	761.5	493.8	89.2	1,344.5
Share of profit/(loss) from jointly controlled entities using equity accounting method net of tax	(32.7)	–	(0.3)	(33.0)
Loss before tax	**(1,986.7)**	**(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**

There were no (2020: none) revenues from transactions with other operating segments. All revenue is generated from external customers

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 2021 $m**	Year ended 31 December 2020 $m
United States	**1,220.3**	575.9
United Kingdom & Ireland	**348.1**	153.9
Poland	**69.7**	42.7
Israel	**60.9**	15.9
Hungary	**36.5**	22.0
Romania	**26.8**	16.0
Czech Republic	**28.0**	17.1
Bulgaria	**10.0**	4.8
Slovakia	**4.6**	4.0
Total revenue	**1,804.9**	852.3

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 2021 $m**	Year ended 31 December 2020 $m
Box office	**627.4**	280.3
Retail	**391.9**	161.1
Other	**201.0**	134.5
Total revenue	**1,220.3**	575.9
Timing of revenue recognition		
At a point in time	**1,092.3**	474.0
Over time	**128.0**	101.9

UK and Ireland

Revenue by product and service provided	**Year ended 31 December 2021 $m**	Year ended 31 December 2020 $m
Box office	**210.0**	99.4
Retail	**90.1**	37.2
Other	**48.0**	17.3
Total revenue	**348.1**	153.9
Timing of revenue recognition		
At a point in time	**348.1**	152.6
Over time	**-**	1.3

ROW

Revenue by product and service provided	**Year ended 31 December 2021 $m**	Year ended 31 December 2020 $m
Box office	**118.3**	68.9
Retail	**70.3**	33.9
Other	**47.9**	19.7
Total revenue	**236.5**	122.5
Timing of revenue recognition		
At a point in time	**217.8**	116.5
Over time	**18.7**	6.0

All revenue is generated from external customers except for the funding received from government support schemes in ROW during 2020 only, for an amount of $1.0m.

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. Where dilutive options are not considered likely to vest; no dilution is applied. Equity Warrants and the convertible bond are potential dilutive instruments for the dilute basic earnings per share in the future. These were not included in the calculation of diluted earnings per share because they are antidilutive for the periods presented. 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 2021 $m	Year ended 31 December 2020 $m
Loss attributable to ordinary shareholders	**(565.8)**	(2,651.5)
Adjustments:		
Amortisation of intangible assets(1)	**23.6**	25.7
Adjustment to reverse loss from jointly controlled entities and to reflect cash distributions received in the period	**33.3**	56.4
Pre-opening costs	**1.7**	–
Property-related charges and releases	**(26.6)**	6.4
Share-based payment charges	**6.9**	(2.3)
Operating exceptional items:		
– Net (reversal of impairment)/impairment of goodwill, property, plant and equipment, right-of-use assets and investments	**(127.1)**	1,344.5
– Transaction and reorganisation costs	**38.1**	60.8
– COVID-19 costs	**2.1**	19.9
– Refinancing costs	**9.1**	46.6
Financing exceptional items:		
– Amendment fees for refinancing costs	**46.5**	–
– 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	**(162.7)**	46.4
Foreign exchange translation gains and losses(2)	**29.0**	(9.3)
De-designation of net investment hedge	**11.6**	9.8
Adjusted loss	**(680.3)**	(970.5)
Tax effect of above items	**24.6**	(225.4)
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 after tax	**(655.7)**	(913.2)
Weighted average number of shares in issue	**1,373.0**	1,372.4
Basic Earnings Per Share denominator	**1,373.0**	1,372.4
Dilutive options	**–**	–
Diluted Earnings Per Share denominator	**1,373.0**	1,372.4
Shares in issue at year end	**1,373.0**	1,372.8

	Cents	Cents
Basic Deficit Per Share	**(41.2)**	(193.2)
Diluted Deficit Per Share	**(41.2)**	(193.2)
Adjusted Basic Deficit Per Share	**(47.8)**	(66.5)
Adjusted Diluted Deficit Per Share	**(47.8)**	(66.5)

(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 $23.6m (2020: $25.7m). It does not include amortisation of purchased distribution rights.

(2) Net foreign exchange gains and losses in 2021 included within earnings comprises $29.0m (2020: loss of $9.3m) foreign exchange gain recognised on translation loans Euro denominated loans held in US Dollar functional currency entities.

6. Finance Income and Expense

	Year ended 31 December 2021 $m	Year ended 31 December 2020 $m
Interest income	**3.1**	7.4
Foreign exchange gain	**22.2**	10.9
Unwind of discount on sub-lease assets	**0.8**	0.7
Gain on movement in the fair value of financial derivatives	**167.7**	9.0
Gain on extinguishment of debt	**–**	33.2
Unwind of discount on non-current receivables	**3.0**	8.4
De-designation of net investment hedge	**11.6**	–
Finance income	**208.4**	69.6
Interest expense on bank loans and overdrafts	**276.2**	166.3
Amortisation of financing costs	**61.3**	33.1
Lease liability interest	**444.5**	349.0
Unwind of discount of deferred revenue	**47.6**	49.4
Remeasurement of financial asset amortised cost	**1.3**	11.3
Remeasurement of net investment in sub-lease assets	**–**	2.7
Loss on movement in the fair value of financial derivatives	**5.0**	55.4
Remeasurement loss on financial instrument	**–**	98.0
Foreign exchange loss	**16.8**	11.8
De-designation of net investment hedge	**–**	9.8
Refinancing costs	**46.5**	–
Finance expense	**899.2**	786.8
Net finance costs	**(690.8)**	(717.2)

Recognised within comprehensive income

	Year ended 31 December 2021 $m	Year ended 31 December 2020 $m
Movement on net investment hedge	**–**	(19.8)
Change in fair value of financial assets at FVOCI	**7.6**	–
De-designation of net investment hedge	**(11.6)**	9.8
Retranslation (loss)/gain of foreign currency denominated operations	**(6.1)**	3.5

7. Dividends

The following dividends were recognised during the year:

	2021 $m	2020 $m
Special	**–**	–
Q1 Interim	**–**	–
Q2 Interim	**–**	–
Q3 Interim	**–**	–
Interim	**–**	–
Final (for the preceding year)	**–**	51.4
Total dividends	**–**	51.4

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.

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 the year are equal to 25% of the full year dividend of the prior 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.

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. No dividend has been declared in the current period, the Group continues to prioritise liquidity preservation during its recovery from the pandemic.

8. Taxation

Recognised in the Consolidated Statement of Profit or Loss

	Year ended 31 December 2021 $m	Year ended 31 December 2020 $m
Current tax credit		
Current year	**(1.5)**	(220.9)
Adjustments in respect of prior years	**–**	(3.1)
Total current tax credit	**(1.5)**	(224.0)
Deferred tax (credit)/expense		
Current year	**(103.1)**	(138.0)
Adjustments in respect of prior years	**(15.3)**	8.9
Adjustments from change in tax rates	**(22.6)**	(3.3)
Total tax credit in the Statement of Profit or Loss	**(142.5)**	(356.4)

Reconciliation of effective tax rate

	Year ended 31 December 2021 $m	Year ended 31 December 2020 $m
Loss before tax	**(708.3)**	(3,007.9)
Tax using the UK corporation tax rate of 19.0% (2020: 19.0%)	**(134.6)**	(571.5)
Differences in overseas tax rates	**(52.0)**	(100.3)
Permanently disallowed depreciation	**1.6**	9.2
Permanently disallowed exceptional costs	**1.3**	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	**84.6**	319.7
Tax effect of Fair Value adjustments	**–**	(85.5)
Other permanent differences	**(5.5)**	(20.7)
Adjustment in respect of prior years	**(15.3)**	5.8
Effect of change in statutory rate of deferred tax	**(22.6)**	(3.2)
Total tax credit in the Statement of Profit or Loss	**(142.5)**	(356.4)

During the year there was a tax charge of $0.2m, recognised directly in the Statement of Comprehensive Income (2020: $0.1m). This related to share remuneration schemes. A $203.0m US CARES Act tax refund was received in May 2021.

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.

An increase in the UK corporation tax rate from 19% to 25% was substantively enacted on 24 May 2021. The increased rate will apply from 1 April 2023. UK deferred tax asset and liabilities have been revalued at the increased rate to the extent they are expected to reverse after 1 April 2023.

At 31 December 2021 the Group had unrecognised deferred tax assets relating to the following temporary differences:

− US tax interest of $1,049.2m with no expiry date (2020: $797.7m);

− US deferred revenue of $383.1m (2020: $239.4m);

− UK tax losses of $122.4m with no expiry date (2020: $137.6m);

− UK deferred rent deductions of $45.9m (2020: $67.2m);

− Israeli tax losses of $nil with no expiry date (2020: $20.0m);

− Israeli deferred rent deductions of $nil (2020: $16.4m);

− Bulgarian tax losses of $nil with no expiry date (2020: $3.1m);

− Bulgarian deferred rent deductions of $nil (2020: $2.8m);

− Slovakian deferred rent deductions of $nil (2020: $5.1m);

− Hungarian tax losses of $136.2m with no expiry date (2020: $143.9m); and

− UK capital losses of $10.2m with no expiry date (2020: $9.8m).

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 2020	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**
Additions	86.7	–	–	**86.7**
Modifications	(9.0)	–	–	**(9.0)**
Depreciation of right-of-use assets	(260.4)	(0.3)	(0.2)	**(260.9)**
Disposals	(5.1)	–	–	**(5.1)**
Impairments	(13.7)	–	–	**(13.7)**
Reversal of Impairments	141.4	–	–	**141.4**
Effects of movement in foreign exchange	(11.7)	–	–	**(11.7)**
31 December 2021	2,234.0	0.1	–	**2,234.1**
Lease liabilities				
Balance at 1 January 2020	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**
Additions	91.9	–	–	**91.9**
Modifications	(34.9)	–	–	**(34.9)**
Interest expense related to lease liabilities	444.5	–	–	**444.5**
Disposals	(8.5)	–	–	**(8.5)**
Effects of movements in foreign exchange	(24.0)	–	–	**(24.0)**
Repayment of lease liabilities (including interest)	(400.2)	(0.2)	(0.1)	**(400.5)**
31 December 2021	4,040.1	0.1	–	**4,040.2**
Current	**547.8**	**0.1**	**–**	**547.9**
Non-current	**3,492.3**	**–**	**–**	**3,492.3**

In response to COVID-19, the IASB announced, considered and issued a COVID-19 specific amendment 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.

Despite the scale and impact of the changes to leases during the period and the volatility in key inputs to their calculation and their potential materiality of the impact on the financial statements as whole, the Group's significant judgments in respect of the matters set out below are unchanged. The Group's accounting policy with respect to leases is also unchanged.

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 IFRS 16 has been followed.

In line with the approach on transition to IFRS 16, the Group has used an incremental borrowing rate (“IBR”) 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 IBR 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. In 2020, the IBRs applied to property leases for the COVID-19 amendments ranged between 5.9% and 16.8% for modifications between March and September and ranged between 17.9% and 26.4% for modifications between October and December. In 2021, the IBRs varied primarily due to changes in the credit risk and market debt pricing.

The IBR applied to amended leases during the period, depending on the territory and remaining lease term, ranged between:

January 2021	19.8% – 26.5%
February 2021	19.8% – 26.2%
March 2021	19.8% – 26.9%
1-15 April 2021 (1)	19.7 % – 28.1%
16-30 April 2021 (1)	8.9% – 17.3%
May 2021	8.9% – 14.0%
June 2021	8.4% – 18.3%
July 2021	7.5% – 14.4%
August 2021	8.6% – 15.1%
September 2021	9.3% – 15.2%
October 2021	9.1% – 18.0%
November 2021	9.0% – 17.9%
December 2021	10.8% – 18.1%

(1) The Group issued convertible bond issued on 16 April. As a result, the credit risk applied in calculating IBRs has reduced,resulting in lower overall IBR results.

During the first three months of the year, the IBRs were similar to the period in Q4 2020. The relatively high IBRs are the most significant factor behind the decrease in right of use assets and lease liabilities during the first 3 months of the year. However, subsequent to 16 April 2021, leases that were amended could have had an increase in the right of use asset and lease liability due to the lower IBRs in Q2 2021.

Due to the number of renegotiated lease agreements in the period, the Group has recognised a large number of lease modifications and expects further modifications in 2022.

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 $21.3m (2020: $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 and size of amendments made are such that judgements taken were significant. These judgements included the following:

− 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; the 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 IBRs, 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 leases met the criteria for amendment based on the changes to the cash flows, and length and conditions of the original leases.

Impairments and disposals

During the year ended 31 December 2021, the Group recognised impairment charges of $13.7m on right-of-use assets and $141.4m reversal of impairments. The reversal relates to 168 cinema CGUs.

During the year ended 31 December 2020, the Group recognised impairment charges of $519.1m on right-of-use assets and $136.2m reversal of impairments. The reversal related to 102 cinema CGUs.

During the year ended 31 December 2021, the disposals relate to 10 sites in the US Segment that were closed and 1 site in the UK&I segment, resulting in a $3.3m gain.

During the year ended 31 December 2020, the disposals relate to 18 sites in the US segment that were closed, resulting in a $1.0m gain.

Consolidated Statement of Profit or Loss

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

	Year ended 31 December 2021 $m	Year ended 31 December 2020 $m
Depreciation charge of right-of-use assets	**260.9**	348.7
– Land and buildings	**260.4**	347.2
– Other	**0.5**	1.5
Sub-lease income	**(3.6)**	(2.3)
Impairment of right-of-use assets	**13.7**	519.1
Reversal of Impairment of right-of-use assets	**(141.4)**	(136.2)
Expenses relating to short-term leases (included in cost of goods sold and administrative expenses)	**–**	1.3
Expenses relating to variable lease payments not included in lease liabilities (included in cost of sales)	**14.4**	3.5
Charge to operating profit	**144.0**	734.1
Interest expense (included in finance costs)	**444.5**	349.0
Charge to profit before taxation for leases	**588.5**	1,083.1

The total cash outflow for leases in 2021 was $400.5m (2020: $198.6m).

Commitments for short-term leases at 31 December 2021 was $Nil (2020: $Nil).

Sensitivity

In 2021, 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 $1.4m (2020: $0.4m).

As outlined in the Groups accouting policies, in tis financial statements 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 $612.2m (2020: $249.6m) increasing future cash flows by $2,279.6m (2020: $1,703.9m).

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 $3.6m was recognised during the current financial year (2020: $2.3m).

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

	31 December 2021 $m	31 December 2020 $m
Within 1 year	**5.4**	5.5
Between 1 and 2 years	**3.0**	4.1
Between 2 and 3 years	**2.9**	2.9
Between 3 and 4 years	**2.6**	2.4
Between 4 and 5 years	**2.0**	1.8
Later than 5 years	**11.9**	11.9

10. Loans and Borrowings

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

	31 December 2021 $m	31 December 2020 $m
Non-current liabilities		
Secured bank and private placement loans, less issue costs of debt to be amortised	**4,833.8**	4,608.5
Unsecured bank and private placement loans, less issue costs of debt to be amortised	**186.3**	–
Total non-current liabilities	**5,020.1**	4,608.5
Current liabilities		
Secured bank and private placement loans, less issue costs of debt to be amortised	**50.5**	32.4
Unsecured bank and private placement loans, less issue costs of debt to be amortised	**98.7**	–
Overdraft	**20.3**	21.8
Total current liabilities	**169.5**	54.2

The terms and conditions of outstanding loans were as follows:

				31 December 2021		31 December 2020	
	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	**2,672.6**	**2,649.5**	2,692.7	2,658.2
Initial Euro term loan	EUR	Eurocurrency Base Rate (1) plus applicable margin (2)	2025	**214.1**	**212.2**	233.8	230.9
Incremental US Dollar term loan	USD	Eurocurrency Base Rate (1) plus applicable margin (2)	2026	**636.9**	**631.5**	643.5	635.2
Incremental B1 term loan	USD	Eurocurrency Base Rate plus 8.25% margin (1)	2024	**200.0**	**193.0**	–	–
B1 term loan	USD	7.0% plus 8.25% PIK	2024	**523.0**	**407.8**	480.8	342.4
B2 term loan	USD	Eurocurrency Base Rate plus 5.0% margin (1)	2024	**110.8**	**79.5**	110.8	69.4
Private placement loan	USD and EUR	11.0%	2023	**251.8**	**240.6**	263.3	246.2
Convertible Bonds	USD	7.5%	2025	**213.0**	**189.8**		
Revolving credit facility	USD	Eurocurrency Base Rate (1) plus applicable margin (2)	2023	**456.7**	**451.9**	456.8	451.6
Regal Dissenting Shareholders	USD	4.0% to 11%	2022	**95.8**	**95.6**	–	–
Midwest City	USD	Base rate plus 3.0%	2041	**11.9**	**11.9**	–	–
Secured bank loan – DCIP	USD	4.17%	2021	**–**	**–**	0.4	0.4
Israeli government loan	NIS	Base rate plus 2.0%	2025	**6.5**	**6.0**	6.6	6.6
Total interest-bearing liabilities				**5,393.1**	**5,169.3**	4,888.7	4,640.9

(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 1.00% floor (2020: 1.00% 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. RCF and Term loans are 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 annum.

Private Placement loan

On 30 June 2020 the Group secured a $250.0m private placement debt facility with a maturity of 31 December 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.

B2 Term Loan

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 debt of $33.2m, which has been recognised within finance income. The new amended facility has been secured with the same collateral as 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 and 2021.

B1 Term Loan

On 23 November 2020, the Group secured a new debt facility of $450.0m (B1 term loan) with 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 153,477,195 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 from inception date. 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.

On 23 November 2020, the Group recognised in connection to equity warrants a $80.2m derivative liability, a $3.3m derivative asset in respect of a prepayment option and fees of $36.0m incurred in connection with obtaining the facility. The initial carrying value of the B1 term loan on issuance date was $337.1m. The Group also incurred upfront fees of $27.0m on issuance, which were capitalised against this facility.

At 31 December 2021, the equity warrants are valued at $39.0m (2020: $97.2m) and the embedded derivative asset in respect of a prepayment option within the new agreement valued at $2.8m (2020: $7.8m).

The B1 and B2 term loans are secured against specific assets in the US and is senior to the other facilities.

Convertible Bond

On 16 April 2021, the Group raised additional funding by issuing Convertible Bonds which are convertible into equity shares of Cineworld Group Plc. The bonds have principal amount of $213.0m and were issued at a 1% original issuance discount with a 4-year maturity. The Convertible Bonds are denominated into units of $200,000 each and the Investors have an option to convert each unit into ordinary shares of the Group at a conversion price of $1.762 (the ‘Conversion Price’) per unit. The Group recognised a separate derivative liability in respect to the conversion feature with an initial value of $27.8m. Directly attributable fees of $1.2m were incurred in connection with raising the facility. The initial carrying value of the amortised cost debt component of the bonds was $181.9m. At 31 December 2021, the derivative liability was valued at $6.3m.

Incremental B1 Term loan

On 29 July 2021, the Group secured $200m of incremental loans from a group of existing lenders with a maturity of 23 May 2024. Directly attributable fees of $11.6m were incurred in connection with raising the facility. Upon raising this additional term loan facility, the Group paid amendment fees totalling $46.5m in connection with the B1 term loan facility of $450.0m raised in November 2020, of which fees of $16.5m were directly apportioned to the initial term loans increasing their notional position. The initial carrying value of the amortised cost B1 Term loan debt was $188.4m.

Regal Dissenting Shareholders

On 10 September 2021, the Group announced that it has reached agreement with dissenting shareholders of Regal Entertainment Group with respect to the payment of judgment of their claim. Under this agreement, the Group paid an initial cash settlement of $170.0m and $92.0m was placed into an escrow account to be available as additional liquidity under certain circumstances, with a corresponding term loan entered into for $92.0m. The Group paid an upfront fee of $1.0m and a base cash fee of $2.7m to Shareholders. On 8 October 2021 and 14 December 2021 the Group drew down $45.0m and $47.0m respectively from the escrow account. At year end, cash balance remaining on the escrow account is nil.

Other loans

In 2021 the Group secured a $11.9m loan with Arvest Bank for the Midwest City cinema in the US with a maturity of 1 July 2041.

In 2020 the Israeli government granted a loan of NIS 24.0m ($6.9m) with a maturity of 2025. There are no conditions attached to the loan. In 2020 the Group drew $0.4m on the DCIP secured bank loan.

In 2021 the entire DCIP secured bank loan was forgiven.

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 net leverage of 5.0x, tested semi-annually on a 12 months rolling basis. 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 liquidity of $30.0m, 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 the group reaches 80% of admission levels for a 3-month comparable period in 2019, it is subject to a minimum liquidity covenant. The agreement also entitles the lenders to appoint a board observer.

On 30 July 2021, the Group agreed amendments on certain covenants and restrictions under its B1 and B2 term loan agreements, including the removal of the operating and capital cash disbursements covenants described above. The minimum liquidity covenant has been amended to $100m until the group reaches 80% of comparable 2019 admissions levels for a period of 3 consecutive months.

Analysis of Net Debt

	Bank loans $m	Convertible bond $m	Lease liabilities $m	Derivatives $m	Bank overdraft $m	Total financing activity liabilities $m	Restricted cash $m	Cash at bank and in hand $m	**Net Debt $m**
1 January 2020	(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)**
Cash flows	(248.8)	(209.7)	400.5	3.0	0.5	(54.5)	8.0	21.9	**(24.6)**
Non-cash movement	(118.9)	19.9	(493.0)	5.6	–	(586.4)	–	–	**(586.4)**
Effect of movement in foreign exchange rates	29.1	–	24.0	–	1.0	54.1	–	(4.3)	**49.8**
At 31 December 2021	**(4,979.5)**	**(189.8)**	**(4,040.2)**	**(9.9)**	**(20.3)**	**(9,239.7)**	**8.0**	**354.3**	**(8,877.4)**

Net debt as defined in note 2, which included dissenting shareholders' term loan, excludes an embedded derivative of $36.1m (2020: $103.6m) which was a non cash movement in the year and equity warrants of $39.0m (2020: $97.2m) explained further below.

Cash flows from bank loans, loan notes and bank overdraft in the current year of $458.0m (2020: $1,080.4m) are made up of the following:

	31 December 2021 $m	31 December 2020 $m
Repayment of bank loans and overdrafts	**55.5**	54.2
Draw down of bank loans	**(526.2)**	(1,207.8)
Debt issuance costs paid	**12.7**	73.2
Total cash flows	**(458.0)**	(1,080.4)

In the Analysis of Net Debt table above, cash flows from convertible bond includes the full cash proceeds issued on 16 April 2021. In accordance with IFRS 9, a non-cash movement of $27.8m of the conversion feature was allocated to derivative liability in the year. In addition, a non-cash movement of ($7.9m) within convertible bond includes the amortisation and accrued interest.

In 2020, cash flows from bank loans includes the full cash proceeds of the new financing arranged in the prior year. In accordance with IFRS 9, $80.2m of the transaction price was allocated to the equity warrants in prior year, 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 of 2020.

In 2020, 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 $118.9m (2020: $71.3m) within bank loans includes PIK, 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 $493.0m (2020: $67.4m) within lease liabilities relates to the following: the interest expense related to lease liabilities of $444.5m (2020: $349.0m), the impact of entering into new leases $91.9m (2020: $52.8m), modifications of existing leases of ($34.9m) (2020: ($447.5m)), and disposal of leases during the year of ($8.5m) (2020: ($21.7m)).

11. Provisions

	Provisions for contracts with suppliers $m	**Other provisions $m**	**Total provisions $m**
Balance at 31 December 2020	**2.4**	**6.7**	**9.1**
Provisions made	2.6	–	2.6
Provisions utilised	–	(5.7)	(5.7)
Balance at 31 December 2021	**5.0**	**1.0**	**6.0**
Current	5.0	–	5.0
Non-current	–	1.0	1.0
Total	5.0	1.0	6.0

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. During the year, a further provision was made based on the management assessment on contracts in place during the year and expected claims against those contracts.

Other provisions relate to legal, sales tax and unclaimed property amounts. A provision of $3.8m, recognised on acquisition of Regal, was utilised on settlement of the dissenting shareholder claim during the year. A provision in respect of royalty claims in the ROW segment was made in prior year, of which $1.9m was utilised during the year. Based on legal advice, the remaining provision is not expected to be used within the next year.

12. Contingent Liabilities

On 6 July 2020 the Group confirmed that Cineplex had initiated proceedings against it in relation to its termination on 12 June 2020 of the Arrangement Agreement relating to its proposed acquisition of Cineplex (the "Acquisition"). The proceedings alleged that the Group breached its obligations under the Arrangement Agreement and/or duty of good faith and claimed damages of up to C$2.18 billion less the value of Cineplex shares retained by Cineplex shareholders.

The Group defended these proceedings on the basis that it had terminated the Arrangement Agreement because Cineplex breached a number of its covenants and counter-claimed against Cineplex for damages and losses suffered as a result of these breaches and the Acquisition not proceeding, including the Group's financing costs, advisory fees and other costs.

The Ontario Superior Court of Justice has now handed down its judgement. It granted Cineplex's claim, dismissed the Group's counter-claim and awarded Cineplex damages of C$1.23 billion for lost synergies to Cineplex and C$5.5 million for lost transaction costs. The Group disagrees with this judgement and has appealed the decision on the basis of both liability and damages. There is no requirement to settle the existing judgement on damages whilst any appeal is ongoing. No liability has been recognised in respect of the judgement as based on external advice, management has concluded that it is currently not probable that damages will be payable.

In the event that the appeals process is not successful, it would not be possible to determine an appropriate settlement range as Cineplex is an unsecured creditor, and sufficient liquidity would not be available.

The Group is also exposed to certain other claims in its ROW operating segment, including in respect of royalty and exclusivity agreements. The Group does not believe that there is any merit in these claims and does not expect any outflow will occur as a result of them.

13. 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.

The compensation of the Directors is as follows:

	Salary and fees including bonus $'000	Pension contributions $'000	Total $'000
Year ended 31 December 2021			
Total compensation for Directors	**4,491.0**	**353.0**	**4,844.0**
Year ended 31 December 2020			
Total compensation for Directors	2,747.0	281.1	3,028.1

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. Revenues from DCM in the year ended 31 December 2021 totalled $8.4m (2020: $5.3m) and as at 31 December 2021, $3.0m were due from DCM in respect of receivables (2020: nil). In addition, the Group has a working capital loan outstanding from DCM of $0.7m (2020: $0.7m).

NCM is a joint venture between AMC Entertainment Holdings Inc, Cinemark Holdings Inc and the Group. As at 31 December 2021 $10.1m (2020: $0.2m) was due to NCM in respect of trade payables and $3.8m (2020: $1.0m) was due from NCM in respect of trade receivables. Revenue received from NCM in the year ended 31 December 2021 totalled $91.1m (2020: $83.7m).

AC JV is a joint venture between AMC Entertainment Holdings Inc, Cinemark Holdings Inc and NCM. As at 31 December 2021 $2.6m (2020: $0.2m) was due to Fathom AC in respect of trade payables.

Revenue received from Black Shrauber Limited in the year ended 31 December 2021 was nil (2020: $0.1m).

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 $9.1m (2020: $6.1m) to companies under the control of GCH. At 31 December 2021 $57.1m (2020: $59.6m) in lease liabilities were included within the Group's Statement of Financial Position. The Group had amounts payable of $13.6m (2020: $0.2m) 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. Annual Report and Accounts and Annual General Meeting

The 2021 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 12 May 2022.