Cineworld Group plc

The Best Place to Watch a Movie

ANNUAL REPORT AND ACCOUNTS 2021

2021 has been another challenging year for Cineworld. Despite COVID-19 causing doubts about the industry, our recovery only strengthens our belief in our business' future. There is a clear demand and desire among our customers to go out when there is great content and it is safe to do so. We offer a superior entertainment experience with the latest technology and this offer will be more important than ever when the crisis is over. We are proud of our journey and unwavering vision to be **The Best Place to Watch a Movie**.

Our Purpose

To provide our customers with a choice of how to watch a movie, in modern state-of-the-art cinemas with the latest technology and a variety of retail offerings, all underpinned by great customer service.

Our Vision

to be The Best Place to Watch a Movie

Our Values

Integrity, respect and fairness

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2021 HIGHLIGHTS

Sites
751
2020: 766

Screens
9,189
2020: 9,311

Admissions
95.3m
2020: 54.4m

Group Revenue
$1,804.9m
2020: $852.3m

Adjusted EBITDA[1]
$454.9m
2020: ($115.1m)

(Loss) After Tax
($565.8m)
2020: ($2,651.5m)

Adjusted (Loss) After Tax[2]
($655.7m)
2020: ($913.2m)

Diluted EPS
(41.2¢)
2020: (193.2¢)

Adjusted Diluted EPS[2]
(47.8¢)
2020: (66.5¢)

Dividend Per Share
–
2020: –

For more information visit:
www.cineworldplc.com

Footnotes:

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

(2) Refer to Notes 2 and 7 for the full definition and reconciliation.

Strong foundations for the future

"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 starting from April."

Alicja Kornasiewicz
Chair

This financial year was dominated by COVID-19 which 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.

The impact of the pandemic over the past two years has been well-documented, with our business subjected to mandatory closures and restrictions across the period which is reflected in our 2021 financial results. We are now focused on getting our cinemas back to pre-pandemic trading levels supported by a strong backlog of movies to be released. The Group finished the year in as strong a position as it could given current circumstances, although material uncertainty remains with regards to the Group's ability to continue as a going concern (as disclosed in Note 1 to the Financial Statements).

Our people and culture

It has been another challenging year for our colleagues across the Group and I am sincerely grateful for their ongoing contribution. We have a very strong team at Cineworld and this year has proven that despite the many challenges we have faced, we have outstanding talent to lead our business. I would like to thank all Cineworld's employees and management for their loyalty and support during the closure periods and their determination and efforts to reopen our cinemas starting from April.

Our people are our greatest asset, and this has never been more evident than during the period of the pandemic. The positivity, resilience, flexibility and care shown by our staff have set new standards, demonstrating the team culture which exists within the organisation. We support them with a strong values-based culture, ongoing training and development, and a solid foundation of responsible business governance, policies and programmes.

The Board and the Executive team, who lead the organisation, have also responded magnificently, dealing with the complex operational and financial challenges caused by the pandemic calmly and efficiently. Although the environment remains uncertain, we will continue to endeavour to support our people, with health, wellbeing and financial security being the most important aspects of that support.

Financial results

Our financial performance has been impacted by closure of cinemas from January to April/June. Since reopening, our performance has continued to improve and had a positive impact on the Group's performance in the second half of the financial year.

As a result, our revenue for the year increased by 111.8% to $1,804.9m and adjusted EBITDA was $454.9m. In addition, we continued our efforts to minimise cash burn during cinema closures and to protect our liquidity with $424.9m raised through new debt, a $203m US CARES Act tax refund received in May 2021 and our agreement with the Regal dissenting shareholders signed in September to partially postpone our $262m payment.

Whilst uncertainty and challenges still remain, we are encouraged by the demand that we have seen since reopening, supporting a return to profitability and cash generation in Q4 2021.

Details of our financial performance can be found on pages 30 to 35.

Corporate responsibility and sustainability

Despite these challenging times, managing our business in a sustainable manner remains a key element of our culture and strategy. Our customers benefit from our affordable, safe, out of home entertainment which allows access to a high quality, diverse and cultural offering that is essential to our communities.

Our ongoing engagement with employees has been vital during periods of closure and we have maintained a strong focus on our people's wellbeing. Through our open and inclusive culture, we aim to create an environment which allows our people to develop and thrive. We are proud of the training and development opportunities we offer and strive to provide progression opportunities to all of our people.

Separately, we are always looking for ways to minimise the impact of our operations on the environment, exercising tight control on energy and food waste, limiting the use of single-use plastic, and through refurbishments and installation of new energy initiatives.

We recognise that our people are critical to our ability to achieve our goals in a responsible and sustainable manner. We also have exceptional leaders and are proud of what we have achieved to date in gender diversity. Although there is more to do, as of year end we had 36.4% female representation on the Cineworld Group Board and 43.8% on the Senior Executive Team.

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

We were so pleased to see the increase in attendance in the second half of the year as a reflection of both pent-up demand, and also as a direct result of the time and investment which management has given to driving our customer offering and ensuring we offer a safe and fun environment where guests can enjoy amazing experiences. We continue to operate cautiously, aware that the risk of COVID-19 has not yet vanished, but continue to be pleasantly satisfied with the return to normal trading.

Alicja Kornasiewicz
Chair
17 March 2022

Section 172(1) statement

The Board actively considers the interests of the Group's employees and other stakeholders, including the impact of its activities on the community, environment, and the Group's reputation, when making decisions. In addition, while acting fairly between members and in good faith, the Board closely takes into account what is most likely to promote the success of the Group for its shareholders in the long term.

Read more about:

- how the views and interests of all our stakeholders were represented in the Boardroom, together with how we responded, on **pages 46 to 49**;
- the Group's strategy and business model on **pages 8 to 13**;
- how we manage risk on **pages 14 to 24**; and
- our approach to Corporate Governance on **pages 36 to 52**.

CHIEF EXECUTIVE OFFICER'S REVIEW

The Best Place to Watch a Movie

"We were delighted to reopen our cinemas starting from April and despite the challenges of COVID-19, the business has made good progress as we continue to see recovery across our business. I am immensely proud and inspired by the response of our people over the past year. We have worked hard to strengthen the long-term prospects of the business and, looking forward, Cineworld enters 2022 confident about the next chapter in our development"

Moshe (Mooky) Greidinger
Chief Executive Officer

Our strategy is to:

Provide the best cinema experience

Be technological leaders in the industry

Expand and enhance our estate

Drive value for shareholders

Read more **page 10**

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, described in more detail on pages 10 to 13.

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 30 to 35.

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 provides 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

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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

Addressing our biggest opportunities and challenges

	TECHNOLOGY AND INNOVATION	PROPERTY MARKET AND DEVELOPMENT	GDP AND THE ECONOMIC ENVIRONMENT
Market driver	**Developments in technology have brought new innovative audio and visual experiences to the cinema industry.**	**The rate of new cinema openings is often dependent on local market conditions. Planning laws, the economic environment and the ability of developers to finance their projects are factors which impact cinema location.**	**The cinema industry is dependent on the customer choosing to spend disposable income on watching a movie.**
The impact	Technology impacts the whole customer journey from booking tickets to purchasing concessions, as well as the audio and visual experience. The digitalisation of cinemas has resulted in both a greater range of films being offered and the showing of alternative content such as opera, live events, theatre and ballet.	Local market conditions and planning laws impact the rate and feasibility of new openings as well as which sites can be refurbished.	Value for money remains an important factor and cinema has tended to be one of the most affordable forms of entertainment in the wider leisure market in which the cinema industry competes. Historical trends and patterns show that cinema attendance is most closely related to the quality of the movies rather than the gross domestic product ("GDP") of a territory.
How our strategy is optimised to respond	Investment in technology is a key pillar of the Group's strategy – we want to be leaders in this field. The Group continues to invest in premium formats globally such as 4DX, ScreenX, IMAX and Premium Large Formats every year. We are also investing in next-generation laser projectors. The Group is also evolving its IT systems to provide customers with the ability to book tickets and pre-order concessions online more easily and through mobile applications. The Group is continually reviewing and analysing the latest technology available to ensure the right and safest technology is selected.	The Group has been successful managing our estate portfolio by closing 25 sites, in particular in the United States, and opening 10 new sites over the past year. The Group operates a predominantly leasehold estate. As the estate is generally older in the mature markets, refurbishment of the existing estate, in particular in the US and the UK, is a key focus for the Group.	The Group monitors local and national markets to ensure ticket and concession prices remain a competitively priced form of entertainment. The Group invests in both the estate and technology to ensure customers receive a premium experience during every visit while getting value for money.

MARKET MATURITY	COMPETING MEDIA AND LEISURE ACTIVITIES	CONSOLIDATION OF THE INDUSTRY	CINEMATIC WINDOW
Where a market is in the maturity phase this impacts the level and trend of cinema admissions per capita.	**Throughout the decades the cinema industry has always faced competition from other forms of media delivering content, for example streaming, premium video on demand ("PVOD"), DVD and Blu-ray.**	**The cinema industry globally has recently seen an increase in acquisition activity and consolidation within the market.**	**Ongoing changes in the cinematic window, the period between the release of a film in a cinema and on any other platform.**
The more mature markets such as the US, UK and Israel tend to be characterised by higher admissions per capita, higher average ticket prices and a lower population per screen ratio. Growth markets have the opposite characteristics and provide great expansion potential for the Group.	Although online streaming and PVOD at home are increasingly popular, in particular during 2020 and 2021 due to COVID-19 and cinema closures, an outing to the cinema provides a unique experience which cannot be replicated at home, especially with superior experiences offered by technologies such as IMAX, 4DX and ScreenX. A trip to the cinema is a social occasion and watching a movie on a large state-of-the-art screen with superb sound is attractive to all age groups. Visiting the cinema remains a convenient, affordable out-of-home activity, especially when compared with other leisure activities such as concerts and sporting events.	We continued to see M&A activity within the industry. In 2021 AMC acquired four former Pacific & Arclight locations, following the bankruptcy of Pacific cinema. In the United States, outside of the top three chains, the rest of the market is represented by smaller, independent cinema chains.	There are currently ongoing changes in the cinematic window. In view of the situation related to COVID-19, the studios entered into various experiments over the past two years. Cineworld has shown in our theatres releases with a window ranging for 0 days to 75+ days depending on the movie and studios. A material reduction in the cinematic window could potentially reduce cinema admissions but may provide the opportunity for more content to be shown in cinemas and fee structure to be amended.
The geographic spread of the Group provides diversification benefits and opportunities across both the more mature and growth markets. This includes the opportunity to open new sites as well as refurbish older sites, particularly in the more mature markets where the estate is generally older. We have started our extensive refurbishment programme in the United States with 14 sites already refurbished and more to be refurbished in the future. Due to COVID-19, our capex programme has been reduced until trading returns to normalised levels.	The Group understands the shift during 2020 and 2021 of certain movie releases from theatrical to PVOD is temporary and due to the cinema closures and COVID-19 situation in major markets such as the United States. In addition, the Group continues to invest in new technology to ensure a premium and differentiated experience while remaining an affordable activity for the whole family. We also offer a subscription programme in three of our territories which is a great value option for movie enthusiasts. Going to the cinema has also become more than just watching a movie, and that is why the Group has invested in its retail offerings across our estate such as Starbucks, Lavazza, alcohol bars, premium food and our VIP offering.	The Group's strategy includes identifying potential profitable opportunities to grow and expand the business. In 2021, the company acquired one theatre: Arclight Sherman Oaks. In 2020 the proposed acquisition of Cineplex was terminated.	Most of the major studios are committed to the cinematic window as it benefits both the film studios and the movie theatres financially. We expect in 2022, the window will stabilise to somewhere between 20 and 60 days, but subject to each movie's potential. PVOD day and date releases (the release of a film on multiple platforms at the same time) have been affected by high-quality pirated copies of movies which has affected a movie's total revenue. The Group continually monitors the status of this and engages with the distributors and studios to discuss the subject and preserve the theatrical experience, while adapting to changing consumer behaviour.

OUR BUSINESS MODEL

Delivering on our vision

OUR ASSETS

Our financial strength

We have taken steps to reinforce our financial position by adding significant liquidity during the year. Focus on cost and revenue initiatives enables us to minimise cash burn during cinema closure and generate healthy margins when operating while continuing to invest in our estate. This continued investment ensures that we are able to reach as many customers as possible with the high quality experience we believe in. We manage investment in our estate in conjunction with the maintenance of a financially secure business.

Our knowledge and know-how

The wealth of knowledge and know-how which has been built up across the Group over the past nine decades has enabled us to design and build the latest state-of-the art cinemas and operate them efficiently through optimal management structures. Investing in our people to ensure that we drive performance, innovation from a growing talent base. While we do not have control over the content, our close and long-standing relationships with the film distributors are fundamental to providing the best and most varied selection of movies for our customers at the right time.

Our estate and brands

The geographic spread of our business reduces exposure to volatility in individual markets. It also provides opportunities across both mature and growth markets. We have established brands in each of the territories in which we operate. We have focused on developing and optimising the estate through our refurbishment and construction programme which is at the heart of our strategy.

Our technology

We are technological leaders in the industry, offering our customers the latest audio and visual technology. We have seven different formats in which our customers can watch a movie: regular screens, 3D, 4DX, IMAX, ScreenX, Premium Large Format (Superscreen and RPX) and VIP auditoriums. We set our prices according to the format the customer chooses and type of movie.

WHAT WE DELIVER

Everything that we do is to deliver on our vision… to be "The Best Place to Watch a Movie"

REGAL cineworld

HOW WE CREATE VALUE

Customers

Customer experience

Operational excellence

Our offering

We create value through providing our customers with a choice of where and how to watch a movie along with a variety of concession products. The Group's knowledge and know-how ensures we achieve operational excellence across the estate while providing our customers with a superior experience every time they visit one of our cinemas.

OUR BUSINESS IS UNDERPINNED BY:

Regulation and responsible business

We are committed to ensuring that all of our teams comply with local and national industry laws and business regulations and strive to attain the highest levels of health and safety standards across the Group.

Following the FRC Climate Thematic Review 2020, the Group has considered the impact of climate change on its business model. During 2021 the impact of climate change is still considered an emerging risk for ongoing review by management and is also considered to represent a principle risk to the Group's operations and success, full details are set out on **page 21**.

THE VALUE WE CREATE

Customers
By delivering our vision to be "The Best Place to Watch a Movie", we are ensuring that our customers enjoy the experience, and will want to return to our cinemas again and again. As well as our estate and product offerings we believe that it is the "Tiny Noticeable Things" our people do and our customer-centred culture which make the difference.

Employment
Operating in ten countries, we create direct jobs and career opportunities for over 28,000 people. Through our open and inclusive culture, we aim to create an environment which allows our people to develop and thrive. The investment we make in our people, particularly through learning and development, and the way we operate is key to maintaining our happy and motivated workforce. We also create a number of indirect jobs – for example, through our construction and refurbishment programmes as well as security and cleaning.

Shareholders
We aim to deliver returns, long-term value and dividend growth to our shareholders. When cinemas are operating, this is achieved through driving revenues, increasing earnings, and re-investing in the business. When cinemas were closed, this was achieved by prudently managing our cash position and minimising costs.

Wider stakeholders
We give back to our communities through a range of activities and initiatives. This includes events run both at a national level and in our local communities. We partner with distributors to provide charity screenings, and arrange events for local schools and organisations.

Risk management
Maintaining and monitoring an effective system of risk management and internal control ensures that our business, people and assets are safeguarded and that material financial errors and irregularities are prevented or detected. The Group uses its KPIs to continually monitor its risk management effectiveness although no formal targets are set, they are reviewed by the board a regular basis.

Read more about on how we manage risk on **pages 14 to 24**

Governance
Our experienced and diverse Board and Committees provide effective governance and oversight to the whole Group.

Read more about our approach to Corporate Governance on **pages 36 to 52**

Provide the best cinema experience...

...to give our customers a choice of how to watch a movie, with a variety of retail offerings, all underpinned by the best customer service

Our people continue to be pivotal in delivering our vision to be "The Best Place to Watch a Movie". It's the "Tiny Noticeable Things" our people do which differentiate our customers' experience. Therefore, recruiting high quality employees and investing in their training is at the heart of our strategy.

Providing our customers with choice is key – this includes the movies they can watch, how they watch them, the type of venue they watch them in and a variety of retail offerings provided to cater for all demographics.

What we achieved

- Reopened our estate starting from April 2021
- Raised over $424.9m of liquidity to support the business during closure and re-opening
- 54% online booking penetration in the United States from 40% in 2019
- Continued enhancement of our online offering and app

Priorities for 2022

- Health and safety of employees and customers
- Sustain concession spending level and selected ticket price increase
- Continue to enhance online offering and number of tickets sold through our website and app

Measuring our progress

Admissions	Average ticket price $	Retail spend per person $
95.3m	$10.03	$5.80
2020: 54.4m	2020: $8.25	2020: $4.27

Risks

- COVID-19 government restrictions and limitation on operations
- Quality and availability of films and PVOD releases
- People planning and development
- Business continuity and crisis management
- Changes in customer preferences
- IT and website disruption

Read more **page 14**

Sustainability drivers

- Employee wellbeing and health and safety
- Customer satisfaction and brand loyalty
- Enhance tailored content depending on local demographic
- Promote and distribute smaller and locally produced movies
- Offer healthier retail and concession alternatives
- Energy efficient business processes and behaviours

Read more **page 25**

Be technological leaders...

...in the industry to offer the latest audio and visual technology

We want to be at the forefront of providing the latest technology to our customers. We continue to strengthen and deepen our partnerships and relationships with our technology partners.

What we achieved
- We are one of the largest operators of IMAX screens in the United States and across Europe
- The Group is the only provider of 4DX in the UK and an extensive provider in the United States and Europe
- By the year end we had installed a total of 2,039 laser projectors across the estate and they are nearly four times more energy efficient than older projectors

Priorities for 2022
- Continue our investment in providing a range of premium formats
- Rollout of laser projectors across the estate

Measuring our progress

Number of premium formats

132
IMAX screens
(2020: 134)

98
4DX screens
(2020: 88)

73
ScreenX
(2020: 57)

120
PLF
(2020: 125)

Risks
- Availability of content tailored for specific technology
- Change in technology
- Strength of relationship with technology partners
- Environment and sustainability

Read more **page 14**

Sustainability drivers
- Energy saving through rollout of laser projectors
- Ensure safety requirement of stakeholders
- Maintain long-term relationship with our technology partners

Read more **page 25**

Expand, enhance and optimise our estate...

...to provide consistent, sustainable, high quality, modern cinemas

When selecting new sites for development or sites for refurbishment, we consider the location, accessibility, competition, and other local economic factors. We also have a selective site closure programme when the lease terms have expired and it is not commercially beneficial or feasible to renew these leases.

What we achieved

- Opening of 10 new sites: seven in the United States, two in the UK and one in Romania
- Completed seven refurbishments; six in the United States; one in the UK
- Closure of 23 underperforming sites in the United States, one site in the UK and one site in Poland
- Emissions intensity ratio impacted by low revenue

Priorities for 2022

- Further optimise our estate through closure of loss making sites and selective site opening
- Reduce our environmental impact through refurbishments including installation of new energy initiatives

Measuring our progress

Number of new sites

10

2020: 2

Number of major refurbishments completed

7

2020: 9

Emissions intensity tonnes CO_2e per $1m revenue

102.1

2020: 302.4

Risks

- Quality of the cinemas
- State and maintenance of the theatres
- Opening and refurbishment dependent on planning laws and building permits

Read more **page 14**

Sustainability drivers

- Durability of refurbishment
- Collaboration with local authorities
- Energy efficient new builds

Read more **page 25**

Drive value for shareholders...

...by delivering our growth plans in an efficient, sustainable and effective way

To be able to reward our shareholders we remain focused on driving revenues, increasing earnings and prudently managing our cash position.

What we achieved
- Minimised cash burn during cinema closures and cash flow generation in Q4 2021
- Raised $424.9m during the year to support the business through the pandemic
- Deferred $92m to H1 2022 out of the $262m dissenting shareholder payment
- Continued focus on driving efficiencies across the Group
- Group financial covenant waiver through June 2022 and we are currently operating under a $100m minimum liquidity covenant

Priorities for 2022
- Cash flow generation from operations
- Commitment to reduce debt
- Employee engagement

Measuring our progress

Revenue $m	Adjusted EBITDA $m	Adjusted diluted EPS ¢	Net Debt (ex. lease liabilities) $m
$1,804.9m	$454.9m	(47.8¢)	$4,837.2m
2020: $852.3m	2020: ($115.1m)	2020: (66.5¢)	2020: $4,344.5m

Risks
- Retain strategic employees
- Deliver on strategic initiatives and performance
- Availability of film content in theatres
- Financial covenants

Read more **page 14**

Sustainability drivers
- Effective and proactive estate management
- Engagement with local communities and charities
- Employee support
- Reduction of food waste and single-use plastics

Read more **page 25**

Supporting growth through effective risk management

Principal risks and uncertainties

Operating as a cinema chain in ten different countries presents a number of risks and uncertainties that continue to be the focus of the Board's ongoing attention.

Risk management approach

The Group's approach to risk management and internal control is designed to manage risk at all levels. Where possible, the Group has implemented appropriate mitigation strategies to reduce the overall risk exposure in line with the Board's risk appetite, including the introduction of a new Environment Committee as set out in more details on page 44. For further details please see the Group approach to risk management set out on pages 50 to 52.

Principal risk assessment

The Board has undertaken a robust assessment of the principal risks facing the Group during the year, including those that would threaten its business model, future performance, solvency and liquidity. Emerging risks, including those related to climate change, are identified through the boards liaison with its Risk Committee as well as the Group's risk and assurance teams. The Board also leverages external thinking and research as considered necessary where specific risks are identified. Their potential impacts are presented to and monitored by the Board.

The time-frame horizon for consideration of the principal risks is aligned to the three-year period used when considering the future viability of the Group. For further details, please see the Group's Viability Statement on pages 23 and 24.

After the Board's review of existing risk, the Board believes the existing principal risks continue to reflect the Group's risk profile. The Board's review of emerging risks resulted in an additional risk being added to the principal risks list related to the effects and future impact of climate change to the Company.

The Board has evaluated the current and future impact of COVID-19 and we are taking measures to ensure we are prepared for all eventualities. We expect conditions to improve; however, if conditions do not improve, we have measures available to reduce the impact on our business including capital expenditured delay and further cost reduction.

Appetite

The Board undertook a formal review of risk appetite to ensure that the view it has established for each of the principal risks reflects its current perspective and willingness to accept risk in pursuit of the strategic objectives of the Group. For further details please see the Group approach to risk management set out on pages 50 to 52.

Viability

In addition, the Directors' viability assessment has taken into consideration the potential impact of the principal risks in the business model, future performance, solvency and liquidity over the period, including principal mitigating actions such as reducing capital expenditure. More details about the viability assessment may be found on pages 23 and 24.

PRINCIPAL RISKS

Risk	Strategic relevance	Trend	Owner
1. Technology and Data Control		↔	Deputy CEO
2. Availability and Performance of Film Content		↔	CCO
3. Provision of Next-Generation Cinemas		↔	CEO
4. Viewer Experience and Competition		↔	CCO
5. Revenue from Retail/Concession Offerings		↑	CCO
6. Cinema Operations		↔	CEO
7. Regulatory Breach		↔	CFO
8. Strategy and Performance		↔	Deputy CEO
9. Retention and Attraction		↔	Deputy CEO
10. Governance and Internal Control		↔	CFO
11. Major Incident		↔	CEO
12. Treasury Management		↔	CFO
13. Climate Change (TCFD)		↑	CCO

Key

- Provide the best cinema experience
- Be technological leaders in the industry
- Expand and enhance our estate
- Drive value for shareholders

PRINCIPAL RISKS AND UNCERTAINTIES

1

TECHNOLOGY AND DATA CONTROL

A critical system interruption or major IT security breach encountered.

Link to strategy

Risk owner
Deputy CEO

Impact
Any critical system interruption for a sustained period could have a significant impact on the Group's performance. In addition, any breach (cyber or otherwise) of data protection rules or security measures surrounding the storage of confidential and proprietary information (including movie content) could result in unauthorised access, loss or disclosure of this information. This could lead to claims, regulatory penalties, disruption of operations of the Group and ultimately reputational damage.

Mitigation activity
- The Group IT function monitors, manages and optimises our systems, including ensuring their resilience through regular back-ups and the implementation of security measures.
- External experts are employed where necessary to oversee and help manage major projects involving the upgrading or replacement of key systems.
- Under the direction of the Group Data Protection Officer there is a Data Privacy/Security Committee (supported by external professional advisers) that drives the programme of data protection across the Group.

Changes in the year
- Threat protection tools have been standardised across the Group.
- During the pandemic, IT environments have been scaled accordingly with no disruption to security patch cycles, vulnerability scans or account audits.
- Remote working capabilities have been hardened.
- Oversight of Group data initiatives have continued to ensure we remain compliant.

Opportunity
- Continuing the programme of investment in systems and ensuring our processes are robust will strengthen the day-to-day operations across the Group.

2

AVAILABILITY AND PERFORMANCE OF FILM CONTENT

Lack of access to high quality, diverse and well publicised movie product.

Link to strategy

Risk owner
CCO

Impact
Underpinning the overall success of the Group is the quality of the movie slate, the timeliness of release, the release window and the appeal of such movies to our customers. Where the movie studios do not produce sufficiently attractive movies, or movies underperform, this has a direct impact on cinema attendance and, therefore, box office revenue for the Group may decline.

Mitigation activity
- We work closely with distributors to acquaint ourselves, as early as possible, with the upcoming film slate in order to forecast likely movie performance.
- Although access to the latest movie slate is reliant on our relationship with the distributors, the Group's strategy is to show a wide range of movies over and above the traditional Hollywood blockbusters. This allows us to capitalise on specific local area demand for type and content of movies shown.
- While we have no control over the availability of film content, in order to reduce this risk, we are remaining active in industry associations and maintaining our studio relationships to ensure theatrical release remains priority for delayed and future releases.

Changes in the year
- As pandemic related restrictions have eased (e.g., social distancing requirements) across the group, there has been a marked improvement in the availability of high quality film content as compared with 2020.
- Studios are honouring longer theatrical windows and are moving away from day and date releases.

Opportunity
- Enhance tailored content depending on local demographic.
- Continue to grow event cinema business to satisfy customers' appetite for alternative content.
- There is a strong film slate for 2022 forward.

3

PROVISION OF NEXT-GENERATION CINEMAS

Maintaining/refurbishing existing sites and/or developing new sites fails to provide a circuit of next-generation cinemas.

Link to strategy

Risk owner
CEO

Impact
Ensuring our cinemas are of state-of-the-art design and have the latest cutting-edge cinema experience technology are both key for our strategy to provide "The Best Place to Watch a Movie". A deviation from this could have a direct impact on admissions and the financial health of the Group.

Mitigation activity
- We perform a site prioritisation analysis for the selection of refurbishments, new sites and/or closures.
- Project management expertise that allows the unique position of renovating without cinema closures.
- Ensuring access to the latest cutting-edge technology through our ability to secure agreements with key suppliers.
- Maintaining long-term working relationships with key contractors to ensure continued access to knowledge and experience.

Changes in the year
- There continues to be a very strong pipeline of Cinema openings and refurbishments planned in the UK and US.
- 7 new theatres opened in the US in 2021 and more are scheduled for 2022.
- 2 new cinemas opened in the UK in 2021 and more are scheduled for 2022.
- 1 new cinema opened in the ROW in 2021 and more are scheduled for 2022.
- There were also a number of refurbishments completed in 2021 with more scheduled for 2022.

For further details see the Chief Executive Officer's Review on pages 04 to 05.

Opportunity
- Further optimise our estate through closure of loss making sites and selective site opening.
- Continue long-term refurbishment programme in the US and UK.

4

↔

VIEWER EXPERIENCE AND COMPETITION

Failure to deal with competition effectively by not offering quality products and services that meet the needs of the customer and deliver an enhanced viewer experience.

Link to strategy

Risk owner
CCO

Impact
Although cinema admissions are predominantly driven by the quality and availability of films, ensuring that the Group continually enhances the viewer experience is crucial. Any decrease in the quality of the services we offer, from the ease of booking and the technology we use to a friendly farewell on departure, could result in loss of customers to competitors and/or other leisure/entertainment attractions.

Mitigation activity
- Our strategy is focused on continually improving the quality of services we offer to customers and making a visit to our cinemas a unique experience.
- This includes increasing the efficiency of online booking, cutting edge cinema design, removing clutter from the foyers, investing in technical innovation and premium offerings (ScreenX, 4DX and other large screen formats), upgrading seating options, further rollout of the VIP offering and improving retail offers.
- We also focus on our approach to customer interaction with the Group outside of the cinema environment.

Changes in the year
- Due to the global pandemic all cinemas were closed for a portion of the year.
- We are one of the largest operators of IMAX in the US and across Europe.
- The Group is the only provider of 4DX in the UK and an extensive provider in the US and Europe.

Opportunity
- Further expansion of concession offering in the US.
- Rollout of laser projectors across the estate.
- Continue our investment in providing a range of premium formats.

5

↑

REVENUE FROM RETAIL/CONCESSION OFFERINGS

Delivery of a retail/concession offering that does not meet the requirements and preferences of our customers.

Link to strategy

Risk owner
CCO

Impact
Retail/concession sales generally fluctuate in line with admissions and the genre of film on show. Therefore, if admissions were to fall, revenue from retail sales could decrease. Retail spend may also decrease due to changes in customer preferences, decreased disposable income or other economic and cultural factors. In addition, the cost of items such as energy and foodstuffs, as well as the introduction of the Soft Drinks Industry Levy, has a direct impact on price.

Mitigation activity
- Monitor various metrics, including spend per person, in order to understand and react quickly to changing customer needs.
- A key strategy for the Group is to maintain a strong relationship with the principal retail suppliers.
- We run targeted promotions and bring in different ranges of products to meet changing customer demand.
- We work closely with our drinks partners to mitigate the potential impact of the Soft Drinks Industry Levy by broadening our ranges of diet and sugar free options along with water and are trialling innovation with reformulated products while still providing consumer choice based on preferences.
- Brexit risk identification and mitigation planning to respond to any impact on our retail supply chain. We remain focused to ensure potential operational disruption is mitigated as effectively as possible.

Changes in the year
- Enhanced mobile applications to provide customers with the ability to book tickets and pre-order concessions online more easily and through mobile applications.
- Due to the global pandemic all cinemas were closed for a portion of the year resulting in lower revenue from retail and concession.

For further details see the Chief Executive Officer's Review on page 04 and 05 and Chief Financial Officer's Review on pages 30 to 35.

Opportunity
- Upon reopening there will be new Lavazza and B.Fresh locations opening for the first time.
- Continue to enhance online offerings and increase tickets and concessions sold through our mobile platforms.

6

↔

CINEMA OPERATIONS

Failure to maintain and operate well run and cost-effective cinemas.

Link to strategy

Risk owner
CEO

Impact
Operating cinemas well is pivotal to the overall success of the Group. The key is to ensure that cinema management understand the local market (film scheduling, pricing and retail offerings), effectively manage employees, maintain service standards and increased COVID-related health and safety requirements, and are able to react to incidents should they occur. A reduction in performance in any area can directly affect overall viewer experience, reputation of cinemas, and ultimately the Group's financial performance.

Mitigation activity
- Cinema management continually monitor their staffing requirements, making adjustments to scheduling based on customer demand, forecasts and film scheduling.
- On a monthly basis detailed operational and financial reviews are undertaken by cinema management to ensure performance matches expected targets.
- Ongoing evolution and updating of cinema operational processes and procedures.
- Monitoring health and safety requirements to ensure we have implemented sufficient health and safety measures.

Changes in the year
- Due to the global pandemic all cinemas were closed for a portion of the year.
- Health and safety guidelines were established to ensure safe operations during the pandemic.
- Evolved IT systems to provide customers with the ability to book tickets and pre-order concessions online more easily and through mobile applications.

For further details please see Responsible Business on pages 25 to 29.

Opportunity
- New cinemas were ready for business once reopening occurred.
- Continue to deploy operational best practices across the Group.

7 REGULATORY BREACH

A major statutory, regulatory or contractual compliance breach.

Link to strategy

Risk owner
CFO

Impact
The Group's business and operations are affected by regulations covering such matters as planning, the environment, health and safety (cinemas and construction sites), licensing, food and drink retailing, data protection and the minimum wage. Failure to ensure ongoing compliance with regulation/legislation could result in fines and/or suspension of activity.

Mitigation activity
- Management operate an ongoing cinema compliance programme, supplemented by independent compliance assurance reviews by external advisers where appropriate.
- Group support functions use a combination of ongoing staff development as well as updates from professional advisers to ensure management are aware of the latest regulations in key areas.
- Robust health and safety protocols have been implemented to ensure compliance with COVID-19 compliance requirements.

Changes in the year
- The global pandemic has sparked various compliance requirements that are fluid and vary by country, state and municipality.

For further details please see the Risk and Internal Control section pages 50 to 52.

Opportunity
- Continue to align the approach to health and safety audits across the Group.
- Continue data privacy compliance initiatives across the Group.
- Continue the evolution of our approach to compliance to ensure it is embedded in our day-to-day operations.

8 STRATEGY AND PERFORMANCE

The approach to setting, communicating, monitoring and executing a clear strategy fails to deliver long-term objectives.

Link to strategy

Risk owner
Deputy CEO

Impact
Although the overall strategy for the Group is not a complex one, it is key that this is executed.

Any diversion from this strategy could result in loss of market share to competitors, failure to capitalise on emerging market opportunities, reduction in potential revenue/profits and therefore loss in shareholder value.

Mitigation activity
- A structure is in place to support effective strategy development, as well as ongoing reporting and monitoring of business performance on a daily, weekly, monthly, quarterly and annual basis. Monitoring Senior Management performance against their agreed personal objectives is an ongoing exercise.
- There are various communication strategies (emails, meetings and conferences) used to ensure the strategic goals of the Group are clearly understood and executed by Senior Management.

Changes in the year
- Our performance was significantly impacted by COVID-19 with the closure of our cinemas globally during the first half of the year. During the period of closure, our focus was on supporting our people, ensuring that our financial position was robust and minimising cash burn at a time of great uncertainty. Once the cinemas reopened, the focus was to support cinema management with the resources needed to ensure Cineworld is the best place to watch a movie.

Opportunity
- The Group's strategy includes identifying potential profitable opportunities to grow and expand the business.
- Continual focus on and review of strategy ensures the Board is well placed to assess value adding opportunities as they arise.

Key

Provide the best cinema experience

Be technological leaders in the industry

Expand and enhance our estate

Drive value for shareholders

9

RETENTION AND ATTRACTION

←→

Failure to attract and retain Senior Management and/or other key personnel.

Link to strategy

Risk owner
Deputy CEO

Impact
The Group's performance and its ability to mitigate significant risks within its control depend on its employees and Senior Management teams. Therefore, reliance is placed on the Group's ability to recruit, develop and retain Senior Management and other key employees. If the Group loses key people, this could have an impact on its ability to deliver business objectives.

Mitigation activity
- To ensure the long-term success of the Group, it uses a variety of techniques to attract, retain and motivate its staff, with particular attention to those in key roles.
- These techniques include the regular review of remuneration packages, share incentive schemes, training, regular communication with staff and an annual performance review process.

Changes in the year
- The pandemic continued to impact the Group during the first half of 2021 with cinema closures and employee furloughs. As a result, there has been significant turnover of key personnel. The Company is successfully replacing these key roles with experienced professionals within and outside of the Group. It is important the Company remain competitive with the regional markets to retain and attract key personnel in the future.

For further details please see Responsible Business on pages 25 to 29.

Opportunity
- The growth of the Group has increased the opportunities for internal promotion and transfers.

10

GOVERNANCE AND INTERNAL CONTROL

←→

A critical internal control and/or governance failing occurs.

Link to strategy

Risk owner
CFO

Impact
Maintaining Corporate Governance standards and an effective and efficient risk management and internal control system, proportionate to the needs of the Group, is a key part of short and long-term success. Any failure and/or weakness in this area (financial and non-financial) could have an impact on the efficient and effective operations of the Group.

Mitigation activity
The Group uses various mechanisms to support the implementation and effectiveness of controls.

These include:
- implementation of the Group Risk Management Framework;
- ongoing self-assessment process for monitoring cinema compliance and financial control standards;
- regular consultation and advice from external advisers;
- a risk-based cinema compliance and financial control audit programme;
- the delivery of targeted risk-based internal audit reviews; and
- the use of technology for live forensic monitoring.

Changes in the year
- New Environment Committee established.

For further details please see Risk and Internal Control on pages 50 to 52.

Opportunity
- Continue to enhance the use of technology for embedding automated controls and providing ongoing live assurance.
- Increase internal audit resources focusing on improving Group compliance activities.

11

MAJOR INCIDENT

←→

Inability to respond to a major incident.

Link to strategy

Risk owner
CEO

Impact
Cinema attendance may be affected by political events, such as terrorist attacks on, or wars or threatened wars in territories in which we operate, health-related epidemics and random acts of violence, any one of which could cause people to avoid our cinemas or other public places where large crowds are in attendance. In addition, due to our concentration in certain markets, natural disasters such as hurricanes, earthquakes and severe storms in those markets could adversely affect our overall results of operations.

Mitigation activity
- We receive communications from relevant government authorities and law enforcement agencies which keep us informed and allow us, when needed, to monitor any potential impact external events could have on the security and safety of our cinema estate.
- Various security systems and/or personnel are in place across the Group.
- Should an incident occur at one of the Group's sites, business continuity and disaster recovery plans are in place to ensure that management can react appropriately.
- Appropriate insurance is in place to mitigate the financial consequences as a result of property damage.

Changes in the year
- During a portion of the year, the pandemic resulted in cinema closures, reduced seating capacity and film content and caused some reluctance to go into social environments.
- Once the cinemas resumed business, the availability of quality film content increased and there is a strong film slate scheduled for 2022.
- Health and safety procedures have been implemented in the cinemas to ensure compliance with jurisdictional COVID-19 compliance requirements.

Opportunity
- Enhanced US active shooter training to provide computer-based learning and annual certification.
- Continuous review of processes which can identify areas for operational improvement and improve overall safety at our sites.

12 TREASURY MANAGEMENT

←→

Ineffective treasury management slows down our ability to service our debt obligations and deliver against our planned strategic initiatives (e.g. refurbishment programmes).

Link to strategy

Risk owner
CFO

Impact
A key future strategy for the Group is ensuring it has the ability to use the cash generative nature of the business to reduce the net debt to Adjusted EBITDA ratio. Balancing this with the level of planned investment in strategic initiatives globally will be a continual focus for the Board.

Mitigation activity
- Integration of Regal and Cineworld treasury functions.
- Ongoing review of financial instruments being used.

Changes in the year
- Secured new debt of $424.9m throughout the year.
- Obtained a Group covenant waiver until June 2022 and are currently operating under a minimum liquidity covenant.
- Accelerated tax year closure brought forward a tax refund of over $203m to 2021.
- Judgement received in respect to Cineplex claim.

Opportunity
- Continue to monitor liquidity.
- Continue long-term objective of debt reduction through cash flow generation |and costs optimisation.

13 CLIMATE CHANGE (TCFD)

↑

Warming of the planet caused by greenhouse gas emissions poses serious risks to the global economy and will have an impact across many economic sectors.

Link to strategy

Risk owner
CFO

Impact
Transitioning to a lower carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaption requirements related to climate change.

Mitigation activity
- The Company is in the implementation stages of developing a governance strategy around climate related risks and opportunities. Potential impacts of climate-related risks and opportunities related to businesses, strategy and financial planning are being determined and mitigation and adaption strategies are being established.

Changes in the year
- The analysis of climate-related risk has been integrated into the Group's existing risk management framework. As such, the Company's Risk Management Committee has responsibility for monitoring and managing climate-related risks and opportunities.
- Following the climate-related analysis conducted in preparation for reporting against the recommendations of the Task Force on Climate-related Financial Disclosures, the Group has set a target to reduce its carbon emissions net zero by 2050.Continue long-term objective of debt reduction through cash flow generation and costs optimisation.

Opportunity
- Organisations that shift their energy usage toward lowemission energy sources could potentially save on annual energy costs.
- Organisations that innovate and develop new low emission products and services may improve their competitive position and capitalise on shifting consumer and producer preferences.

Key
- Provide the best cinema experience
- Be technological leaders in the industry
- Expand and enhance our estate
- Drive value for shareholders

Introduction

The Group's ambitions in respect of decarbonisation are reflected in its governance framework for climate-related risks and opportunities and the consideration of climate-related strategy and transition plans at Board and Committee level.

As required by Listing Rule 9.8.6R(8), the Company confirms that this Annual Report and Accounts includes climate-related financial disclosures consistent with the applicable recommendations and recommended disclosures set out by the Task Force on Climate-related Financial Disclosures. Following the climate-related analysis conducted in preparation for reporting against the recommendations of the Task Force on Climate-related Financial Disclosures, the Group has set a target to achieve net zero carbon emissions by 2050. This target includes Scope 1 and 2 emissions under the following categories:

Scope 1 – direct emissions, which are GHG emissions from the operation of directly owned or leased assets.

Scope 2 – indirect emissions from the purchase of energy or heating in activities controlled by the Group.

The Group does not currently quantify and disclose its Scope 3 emissions as sufficient information and analysis of its supply chain is not yet in place to do so. The Group will work to quantify its Scope 3 emissions (being indirect emissions that indirectly impact on the Group's activity, but are not caused by activities or assets under its control) with the intention of considering whether this category of emissions should also be brought within its target.

To support achieving the target of net zero carbon emissions by 2050, the Company has put in place the Cineworld Decarbonisation Strategy, against which progress will be measured annually. The strategy consists of people, technology and process change, which together make up an energy reduction strategy. With Scope 2 emissions representing the most significant emissions category for the Group, addressing energy usage is considered to be the foundation of the Group's strategy. The energy reduction strategy is built on consumption reduction though behavioural change and analysis of the use of energy across the Group. The most material energy source used in the Group's activities is electricity, which is the primary focus of the strategy in the short term.

The Cineworld Decarbonisation Strategy is aligned with the strategic priorities of the business.

Governance

Cineworld's governance around climate-related risks and opportunities

The analysis of climate-related risks has been integrated into the Group's existing risk management framework. As such, the Company's Risk Management Committee has primary responsibility for monitoring and managing climate-related risks and opportunities. Where applicable, the Risk Management Committee will consider climate-related issues when reviewing and guiding strategy, major plans of action, risk management policies, as well as when overseeing major capital expenditures, acquisitions, and divestitures.

Management and the Risk Management Committee will report to the Board on their ongoing assessment of climate-related risk on a regular basis and the advice of the Risk Management Committee will form part of the Group's considerations in addressing wider strategy decisions. Climate-related risks are not currently considered to have a material impact on the financial performance of the Group.

The Board's review of emerging risks resulted in an additional risk (relating to the effects and future impact of climate change to the Group) being added to the Principal Risks list. Details of this assessment and the Group's approach to management of the risk are set out on pages 14-19. The Risk Management Committee is chaired by the Chief Financial Officer, and members include the Group's Head of Risk and Assurance, the Group Financial Controller and the Company Secretary.

The Risk Management Committee reports to the Company's newly established Environment Committee with regard to climate-related risks and opportunities, which in turn reports to the Audit Committee and the Board. For more information on the newly established Environment Committee and reporting structures, please see page 37 of the Governance section.

This approach ensures that the individuals within the business with management control over our climate impacts and risk mitigation activities are involved in decision-making and action, and that key issues are escalated directly to the Environment Committee, and ultimately the Board.

The Risk Management Committee holds four meetings each year to review the Group's risk register and a review and assessment of climate-related risks and opportunities has been built into these review meetings. More information on the risk assessment processes in place for the Group may be found on pages 50 to 52.

The Group has retained external energy experts to advise on the area of climate risk, strategy and reporting.

The implementation of the Cineworld Decarbonisation Strategy, against which progress is to be measured on an annual basis, will facilitate the Board to monitor and oversee progress against the overarching target of net zero carbon emissions by 2050 by:

- Providing a framework of activities within which the Group's decarbonisation and risk mitigation steps can be considered; and
- Providing context for the Group's decarbonisation activities against developments in technology, regulation and other external factors.

Risk Management

Cineworld's processes for identifying and assessing climate-related risks

The Group's risk management framework is designed to identify, evaluate and mitigate the risks that the business faces at all levels.

Management, together with the Risk Management Committee, will continue to engage with employees to review current and emerging climate-related risks. Risk assessments have been undertaken with senior staff in the Group's major operating territories to identify all climate-related risks. Further assessments will be undertaken and the results considered by management in the context of the climate risk set out on page 21.

The relative significance of climate-related risks in relation to other risks is determined on the basis of the probability of each given risk materialising and the severity of the impact on the Group financially. Where considered necessary, management will engage external advisors to support the risk assessment process and consider the most appropriate response for the Group and the potential impact on performance and wider strategy. The underlying process aims to provide robust management information to enable conscious risk-based decision-making.

In addition to complying with existing regulatory requirements in relation to climate change, the Group is conscious of emerging regulatory requirements in this area, not least the commitment by the UK government to reduce GHG emissions to net zero by 2050, which directly informs the Group's headline target. The Group views such regulatory developments as integral to its overall Decarbonisation Strategy.

Cineworld's processes for managing climate-related risks

As part of the processes for managing risks and opportunities presented by climate change, issues are carefully managed and monitored within our operational structures.

All risks of the Group are recorded within the risk management system, which is held by the Group Risk and Assurance team, and the risk register is employed to manage all significant risks facing the business and ultimately used to decide how to mitigate, transfer, accept or control such risks. Risk registers are reviewed regularly by the Risk Management Committee and relevant teams across the business.

Climate-related risks are assessed and prioritised in terms of consequence and likelihood and, as described above, the Cineworld Decarbonisation Strategy has been developed as a result of the climate-related risk review. Given the nature of the Group's activities, energy efficiency and energy sources are considered to be the most pertinent risks to the Group in the short and medium term. The financial impact of these risks could be beneficial or detrimental to the Group's financial performance given the potential changes in energy use and pricing. The materiality of these risks (as with all other risks) is considered by reference to the potential impact on the Group's earnings each year.

Cineworld's integration of processes for identifying, assessing, and managing climate-related risks into its overall risk management structure

Climate-related risks have a high profile across the Group – they are fully integrated into the risk identification, assessment and management processes, which are organised and monitored by the Risk Management Committee, and overseen by the Environment Committee, the Audit Committee and the Board.

The aim of the risk management process is to enable us to proactively anticipate, prepare for, respond to and adapt to incremental changes and sudden disruptions, including those that are climate-related.

The same process for identifying and assessing the climate-related risks applies across the global business, but the management of the identified risks varies across the global portfolio.

Strategy

Climate-related risks and opportunities that Cineworld has identified over the short, medium, and long term

Our primary climate-related risks and opportunities include:

- Short term – greater impact from physical rather than transitional risk are expected. Severe storm weather has the potential to cause major disruption to our sites due to flooding, rainwater ingress, and/or unusual weather patterns of extreme cold or heat. Increased storm events also raise the risk of floods at our buildings due to rising external waters, such as from rivers and the sea. Our cinemas would be particularly affected by flooding should it occur, as water ingress would damage important and expensive electrical equipment.
- Short to medium term – providing cinematic screening is a relatively energy intensive business. Fluctuations in energy prices driven by rising carbon costs imposed on power generators, as well as through increasing taxation at the point of consumption, may impact the business.
- Long term – decarbonisation requires changing energy sources, such as moving to more expensive zero-carbon electricity tariffs, and replacing gas-fired heat sources with more expensive electrically generated heat.
- Short to long term – the Company has identified that its close control of energy consumption is an opportunity to reduce the operational costs of the cinemas, and to mitigate the rising costs of energy and the costs of adaption and transition.

The process used by the Group to determine which risks and opportunities could have a material financial impact is by modelling the marginal cost and revenue impact on the Group's results of achieving its targets and considering whether the modelled amounts would materially impact the short term forecasts of the Group.

Management will continue to assess these risks and time horizons. As the Group's assessment of climate-related risk develops, more specific time horizons for specific risks will be established, taking into consideration the useful life of our cinemas and the fact that climate-related issues often manifest themselves over the medium and longer terms.

Impact of climate-related risks and opportunities on Cineworld's business, strategy, and financial planning

In March 2022 the Board approved Cineworld's Decarbonisation Strategy designed to achieve net zero carbon emissions by 2050.

The Cineworld Decarbonisation Strategy consists of people, technology and process pillars, as set out above. A focus is the reduction in energy, in particular electricity usage, through developing behavioural change, investment in more environmental technologies where commercially viable, and more energy efficient processes. The Group's forecast financial performance is not considered to be materially impacted by the implementation of Cineworld's Decarbonisation Strategy. No impact on revenue is forecast, nor is the valuation of the Group's assets forecast to be affected by potential investment required in the long term. The Executive Directors, the Environment Committee, and ultimately the Board oversee the implementation and monitoring of the Cineworld Decarbonisation Strategy.

Climate-related physical risks, considered with reference to their potential impact on the financial performance of the Group as a whole, are being integrated into our business strategy through the mitigation activity flowing from the risk management processes monitored by the Risk Management Committee, and through the implementation of the Cineworld Decarbonisation Strategy.

The Group's global operational footprint means that there are varying risks and opportunities across the geographical regions, which reflect the acute and chronic climate-related risks in those areas. Information is being collated on the climate-related physical risks, to support an assessment of the value of the risks and the opportunities in the coming years.

As part of its impact assessment, the Company has conducted a gap analysis of the information that it needs to acquire in the future to help further address climate-related risks, such as quantification of its Scope 3 emissions. Financial impacts of the Cineworld Decarbonisation Strategy are being considered, and will be incorporated into financial planning.

Resilience of Cineworld's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

The focus of the Cineworld Decarbonisation Strategy is on ensuring that the Company plays its part in delivering the carbon reductions that are needed to mitigate the worst consequences of climate change. The net zero by 2050 target is in line with the IPCC scenario intended to keep global warming to below 1.5°C.

In terms of the resilience of Cineworld's Decarbonisation Strategy, the scenario analysis that has been undertaken so far, taking into account a 2°C or lower scenario, suggests that the Company's carbon reduction programme should serve to mitigate many of the 'transitional risks' associated with climate change (for example, increasing legislative, financial and reputational pressure on businesses to reduce carbon emissions).

The physical risks associated with climate change are focused on our cinemas, with the incremental changes and sudden disruptions from extreme weather (from flooding to excessive heating or cooling) being fully integrated into our risk identification, assessment and management processes.

As the experience and understanding in this area matures, the scenarios employed to test the resilience of Cineworld's Decarbonisation Strategy will shift to take a more systematic and quantitative approach. This will further enable teams to appraise the risks presented by the physical and transitional effects of climate change on business operations.

The annual review of performance will further provide the Group with decision-useful information against which its strategy may be modified.

Metrics and Targets

The metrics used by Cineworld to assess climate-related risks and opportunities in line with its strategy and risk management process

In order to assess risks and opportunities in line with Group strategy, the following metrics are tracked:

- Total Scope 1 and Scope 2 global carbon footprint against carbon targets globally, tracked by region using the GHG protocols. The Group is in the process of establishing processes to evaluate potential Scope 3 emissions. Future reporting on such emissions will be considered as the process develops.
- Carbon intensity against revenue, annually

Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks

Please see pages 80 to 82 for our latest carbon footprint figures. We have established 2019 as our baseline year for Scope 1 and Scope 2, and are working to establish our Scope 3 emissions.

Full details of the Group's risk assessment can be found on pages 50 to 52.

Targets used by Cineworld to manage climate-related risks and opportunities and performance against targets

In March 2022, the Board approved a decarbonisation strategy and associated target to achieve net zero carbon emissions by 2050.
The Environment Committee will continue to monitor electricity and gas usage, its GHG protocols and overall energy costs in assessing Cineworld's Decarbonisation Strategy and its effectiveness in supporting the Group achieving its target.

It is possible that achieving the headline target of net zero carbon emissions by 2050 will require Cineworld to set interim targets. The Company is still considering the most appropriate targets to support its headline target whilst it is in the process of developing its strategy. The Environment Committee has overall responsibility for formulating any interim targets, and will consider their effectiveness in supporting the overall strategy and success in meeting the net zero target in doing so.

Viability Statement

In accordance with Provision 31 of the 2018 UK Corporate Governance Code, the directors are required to assess the prospects of the Company, explain the period over which we have done so and state whether we have a reasonable expectation that the Company will be able to continue in operation and meet liabilities as they fall due over this period of assessment.

The Directors have determined that a three-year period from the date of approving the financial statements constitutes an appropriate period over which to provide its viability statement. Three years was determined based on the maturity period of the Group's financing facilities, the forecast recovery from COVID-19, the visibility of the future film slate, the Group's planned investment in its estate, investment in technology and relationships with the film distributors. Whilst three years is considered the most appropriate time horizon for assessing viability, the Board also has regard for longer term financial forecasts, key to this are industry level factors which are set out in the Group's business model on pages 08 to 09.

The Directors' viability assessment has taken into consideration the potential impacts of the principal risks in the business model, future performance, solvency and liquidity over the period, including principal mitigating actions such as reducing capital expenditure and additional sources of liquidity.

For the purpose of assessing the Group's viability, the Directors identified that of the principal risks detailed on pages 14 to 19 the following are the most important to the assessment of the viability of the Group:

- availability and performance of film content,
- viewer experience and competition,
- major incident,
- treasury management.

Each of the above risks are considered to have remained consistent during 2021. The impact of COVID-19 continues to have a significant effect on the Group's financial position, with the availability of film content and the Group's liquidity both having been constrained by the impact of the interruption caused by a major external factor. Availability and performance of film content is expected to become a less significant issue as the impact of the pandemic reduces and the Group recovers.

The impact of COVID-19 has caused a significant level of uncertainty in cinema markets across the world, including all of those in which the Group operates. As set out in the Directors' Going Concern assessment in note 1 to the Financial Statements, the Group expects cinema attendance to return to levels observed in the year prior to the pandemic by the end of the viability assessment period. However, the directors acknowledge the uncertainty in the precise timing of the return to such levels and therefore have considered scenarios reflecting varying rates of recovery. Key factors driving the outcomes of such scenarios are focussed more on short term factors, due to the current stage of recovery across the Groups operating territories.

In assessing the viability of the Group, the Board has considered the sustainability of the Group's business model and the potential impact of changes to environmental factors which may potentially affect performance in the future. New considerations around risk governance and strategy in the context of the Group's compliance with the Taskforce on Climate Related Financial Disclosures (TCFD) are set out on pages 22 and 23. The Group has implemented governance structures to asses and monitor sustainability issues and carry out risk assessments identifying threats to operations and performance. As set out in the TCFD, no material impact on the Group's financial performance is considered to exist in the short term.

The Group has performed a weighted scenario analysis, set out in the Going Concern disclosure on page 99.
The Group's base case scenario assumes a gradual increase in admissions, with cinemas in the US performing at 85% of comparable levels to 2019 throughout 2022, with the UK and ROW performing at 90% and 95% respectively. Admissions across the Group are then forecast to return to 95% of comparable periods in 2019 during 2023. Admissions are then forecast to reach 2019 levels during 2024. This weighted base case, forecasts that the Group will maintain sufficient liquidity and headroom against key covenant metrics through its continued recovery from the pandemic in 2022 and 21 months beyond the Going Concern assessment period.

To assess the Group's viability, management performed scenario analysis considering key factors expected to drive uncertainty in the recovery profile. Based on the principal risks identified above, the scenario applied was:

- lower cinema attendance for two months during the first half of 2022, driven by a lack of content due to changes to the film slate, achieving only 50% of admissions levels. Then gradually recovering to the weighted base case assumptions by the end of December 2022.

Under this scenario assessment, the Group would still be able to continue to meet its day to day liabilities as they fall due over the three-year period. However, the Group would be in breach of financial covenants on its debt facilities in June 2022. Further implications of this scenario are set out in the going concern disclosure in note 1.

As set out in the Going Concern disclosure on page 99, a judgement against the Group awarding damages of C$1.23 billion for lost synergies to Cineplex and C$5.5 million for lost transaction costs was received in December 2021. The Group disagrees with this judgement and has appealed the decision. The Group does not expect damages to be payable whilst any appeal is ongoing. The directors have not factored any payment of damages in their assessment of the Group's viability. In the event that the Group loses its appeal and full damages are required to be paid within the viability period, the Group would be unable to meet this obligation.

The maturity of the Group's various debt agreements is set out on page 140. Of the instruments in place eight reach maturity within the viability period, representing $4.3bn in liabilities. The Group will therefore need to agree refinancing terms for these borrowings prior to them falling due.

Whilst the reviews performed do not consider all of the risks that the Group may face, the Directors consider that the scenario based assessment prepared of the Group's prospects is reasonable in the circumstances of the inherent uncertainty involved.

The Directors believe the risk management and internal control systems in place allow them to monitor the key variables that have the ability to impact the liquidity and the solvency of the Group and have a reasonable expectation that the Group will be able to continue to meet liabilities as they fall due over the coming three-year period. However, as described, there is a risk of covenant breach should the weighted base case scenario not be realised. In addition, if the continued recovery from COVID-19 is more interrupted or more prolonged than modelled in the Group's weighted base case, there is a possibility that the Group could be required to find additional sources of liquidity.

Continued focus on our key relationships in these exceptional times is a crucial priority for the Group

Introduction

The Group's key relationships are with our customers, our people, our commercial partners and our wider communities. How we behave and interact with each of these parties, including in these challenging times of COVID-19, reflects on our reputation, an asset that will underpin the successful delivery of our strategy.

Our ethics policies seek to guide the behaviour of our people by specifying principles which establish common values through which we do business.

We strive to ensure that we act in appropriate ways to maintain and enhance our reputation. The Group seeks to act with honesty and integrity in its dealings with customers, employees, shareholders, regulators, suppliers and our wider community.

Read more about how we engage with our key stakeholders on **pages 46 to 49**.

CINEMASAFE
YOUR SAFETY IS OUR FOCUS

Non-financial information statement

The Company has complied with the Non-Financial Reporting Directive contained in sections 414CA and 414CB of the Companies Act 2006.

Where to find related information:

Environmental	Employees	Social	Human rights	Anti-corruption and anti-bribery	Principal risks	Business model
See pages 29 and 80	See pages 27, 48 and 80	See pages 28 and 49	See page 27	See pages 27 and 52	See pages 14 and 19	See pages 08 and 09

Our customers

Our customers are key to our success. We believe that by listening and being responsive to our customer feedback, we can consistently deliver enhanced experiences, which help us continue to be the best place to watch a movie.

Our customer feedback programme is supported by the "Rant and Rave" engagement solution, which has proved to be an invaluable tool for channelling customer sentiment, empowering our teams to address feedback in real time.

We maintain and update health and safety protocols in all cinemas to ensure the welfare of our customers and employees. The "CinemaSafe" protocols, developed in the US, by leading epidemiologists and industry experts, including our own operational teams, are guidelines developed to ensure the health and safety of the movie-going public and our employees.

Our customers can feel confident in our commitment to their health and safety as they enjoy their favourite pastime. Through the implementation of the health and safety protocols, we also developed innovations to the movie-going experience, for example, through our mobile apps.

We focus on providing our customers with a wide variety of on-screen entertainment, showcasing the best film product from all the major studio and independent production houses, live theatrical, dance and musical events.

We are passionate about providing our customers with the most innovative cinematic experiences, with a range of immersive premium large formats offering the latest theatrical technology now available in many of our cinemas, including IMAX, 4DX, ScreenX, Superscreen, RPX (Regal Premium Experience) and VIP.

We embrace diversity all across our business this will be reflected in our people as well as in the content that we show in our cinemas, being created and including content of diversity.

Since reopening our cinemas in 2021, we have been focused on operational excellence and value propositions tailored to the attitudes towards cinema-going of various audiences. We have also encouraged the use of all extended subscriptions, vouchers, gift cards and loyalty credits across the Group, to drive attendance and customer satisfaction.

We have initiatives which aim to extend the relationship with our customers beyond a single visit. In the UK, US and Poland, we have the Unlimited membership service for a fixed monthly or annual subscription, enabling customers to watch as many films as they wish (with uplifts available for premium large formats). In addition to the Unlimited we have loyalty programs that are free to join and include millions members across all territories. Engaging our members with regular updates and extra benefits helped us continue the communication with our core subscriber bases in all three markets during the COVID-19 related closures in 2020 and 2021.

In the UK, we have introduced tiered pricing for Unlimited membership, to make it more affordable in most regions. In addition, we recently launched a partnership with restaurant discount scheme Tastecard, giving a significant additional benefit to widen the value of the scheme.

We have also improved our Unlimited programme in the US, by adding a 90-day membership option in addition to the annual option. Additionally, we have launched several promotional offers in the US, including "$60 off an annual subscription" and "First month free". All of these enhancements have be introduced to help grow the membership base.

In addition to Unlimited, members of the Regal Crown Club® in the US earn credits for each dollar spent at the Regal cinemas, and can then redeem such credits for movie tickets, concession items and movie memorabilia at the cinema, online or via the Regal mobile app.

We also have a number of other successful membership schemes across the Group's territories, which offer discounts and added value benefits, allowing us to interact frequently with each respective customer base.

The Group actively encourages our future cinema-going audience by specifically tailoring film schedules to attract families and younger customers. Where necessary, these performances are dubbed into the native language to ensure that all customers can enjoy the full cinema experience. Concessionary rates are offered for senior citizens and students at certain times of the day.

Flexibility around the continuously changing market environment enables us to maximise capacity and admissions.

Retail

As many of our customers still consider going to the cinema as a treat or special occasion, they expect traditional cinema snacks as part of their experience. We offer a range of products to our customers, and we work closely with our partners to provide healthier, low sugar or zero sugar alternatives where possible and in line with customer or legislative demands.

Access for all

The Group promotes a philosophy of access for all by offering accessible cinemas for the disabled, offering a wide range of movies, film formats and event cinema. Employees receive disability awareness training and specific advice on welcoming disabled customers.

Many of our cinemas offer audio-descriptive, autism-friendly and subtitled performances, and in some territories, the Group allows customers with disabilities to be accompanied by a carer, free of charge.

All new cinemas are designed to exceed current statutory requirements and provide buildings which are technically advanced, accessible and safe. When cinemas undergo major refurbishment, as part of an ongoing programme of improvements and renovations, the opportunity is taken to enhance access within cinemas where practicable to do so.

Anti-bribery and corruption

The Group has in place a range of governance-related policies, including Whistleblowing, Gifts and Hospitality, and Health and Safety. The Company has implemented these policies and procedures to ensure it is prepared, to the fullest extent possible, to prevent corrupt practices across our business relationships. The Group endeavours to conduct its business with integrity, aims to be a responsible employer, and adopts values and standards designed to help guide our staff in their conduct and business relationships.

Our people

Into 2021, the global pandemic remained hugely disruptive to our business, and many of our "usual" people plans which were postponed during 2020, remained postponed into 2021, for example the annual Staff Survey. However we continued adapting, leading up to reopening our venues in order to consistently support our people in the ever-changing landscape. Daily conference calls with the Executive Teams continued, and remain in place twice a week, in each territory.

Many other teams implemented this and continue to do so on a weekly basis to ensure a clear and quick flow of vital information, and that our teams remained engaged with what was happening in all areas of the business.

We continued ensuring our teams felt supported by providing signposting to our health and wellbeing support, and the use of our Employee Assistance Programme in the UK.

We regularly promote and encourage the use of Cinelearn, our online learning platform which can also be accessed remotely, as this has a wealth of varied resources such as helping with change, wellbeing, positive thinking, relaxation tips and much, much more.

Leading up to re-opening, Cinelearn was used to ensure all employees were correctly briefed and trained on relevant legislation, health and safety measures as well as operational refreshers. This online learning complimented in-person training done within cinemas.

As our venues re-opened, we continued to make full use of the flexi-furlough scheme in the UK which allowed us to ramp up to a full cohort as business steadily increased. As of December 2021, we had no staff on a furlough scheme (or similar) in the UK.

Furlough has been instrumental in allowing us to retain many of our people. We are pleased that their valuable knowledge, skills and talents have remained in the business to ensure continuity when cinemas reopened.

As throughout the Group our General Managers remain the heartbeat of our theatres. The US market was not aided by government backed furlough schemes, resulting in the difficult decision to either reduce General Managers' pay in half or furlough our General Managers entirely. For this valued group some government unemployment assistance was available to help in various states and the company continued to help our people through our previously established Regal Foundation Emergency Relief Fund.

Our General Managers came back to a different world in 2021 – more than just COVID-19 protocols. During closure many markets had dramatically changed and we found ourselves competing for a very small talent pool to build back from massive turnover across all positions.

Our District Managers reached deep into our leadership teams to promote successful talent as new opportunities for General Manager roles presented themselves.

We look forward to building on our people plans in 2022, in our continued pursuit to create "The Best Place to Work in the Movies".

Diversity and human rights

The Group is an equal opportunity employer and seeks to recruit, retain and promote staff on the basis of their qualifications, skills, aptitude and attitude. A wide range of applicants are encouraged to apply for all roles. In employment-related decisions; the business complies with all relevant legislation, including that which is specifically targeted at preventing discrimination, and such principles are embedded through the business by requisite policies.

Our commercial relationships

Having strong commercial relationships is also key to operating our business successfully.

With years of experience in the cinema industry, our teams have worked hard to develop strong working relationships with a range of film studios and distributors, both major and independent. We are constantly engaging with our distribution partners to ensure that the theatrical experience remains at the core of their businesses.

The Group is committed to protecting the intellectual property rights of films and event cinema. Policies and procedures are constantly reviewed and developed to ensure cinema management are able to effectively monitor and prevent film piracy. Night-vision technology is utilised and there is an increased vigilance around high profile titles which are particularly vulnerable. The Group will continue to work closely with relevant industry and law enforcement organisations in order to help reduce and prevent film piracy.

Building relationships with developers, landlords and local planners is vital for maintaining a robust pipeline of new sites to expand our estate, as well as being able to upgrade our existing facilities as a part of our extensive refurbishment programme.

These relationships have also helped us achieve deferrals and discounts on rent payments, which were much needed in this economic climate.

We continue to work with suppliers of innovative technology, demonstrated by the introduction of laser projectors across our cinemas, providing a superior customer experience while driving down energy costs. This, coupled with our continuing rollout of IMAX,4DX and ScreenX in all our markets, ensures that we continue to deliver on our customer promise of being the best place to watch a movie as well as maximising box office revenue.

Even during COVID-19, we have continued to support the development and rollout of innovative technology allowing us to schedule films, trailers and adverts remotely, maximising revenue and reducing operating costs. Since the reopening of cinemas in 2021, we have seen a proportionally higher uptake by our customers of these innovative experiences, with 4DX and ScreenX in particular giving a significant competitive advantage with key movies.

Strong relationships with our principal retail suppliers enable us to work together on promotions that help to drive retail sales. We seek to manage relationships with our suppliers fairly, and to work in accordance with our aspirations as set out in our ethical policies.

During the ongoing COVID-19 pandemic, our long-standing relationships with key suppliers have allowed us to achieve significant costs savings and support of our cash flow through payment plans, along with assisting the formulation of mitigating actions to support the management of supply chain challenges. Cost control and monitoring remain at the core of our commercial operations, resulting in the optimisation of processes and services, and change of some suppliers.

Our communities

Our work with charities, schools and community groups across all our territories is of paramount importance to us. We are proud to be involved with a wide range of activities, such as working with distributors on charity screenings, providing free shows for organisations and working closely with local schools.

In the US, the Regal Foundation supports the communities in which Regal operates by partnering with selected charities, including St. Jude Hospital for Children leaving us with St. Jude and Variety, dedicated to the assistance of persons affected by economic, social, physical or educational disadvantages. In addition, Cineworld proudly partners with a number of UK charities, including BBC Children in Need and the Film and TV Charity. The Picturehouse education team works closely with teachers, film festivals and partner organisations to deliver a diverse programme at Picturehouse cinemas across the UK, where screenings and events are specially curated for nursery, primary, secondary and Special Educational Needs (“SEN”) and Additional Support Needs (“ASN”) schools and for adult learners.

Our usual fundraising activities in 2021 have regrettably been impacted again by the pandemic-related cinema closures. However, we very much look forward to resuming our usual work with charities and in our communities in 2022.

Environment

We seek to comply with all relevant environmental legislation and to operate in an environmentally sensitive manner. The Board of Directors acknowledges the impact that the business has on the environment and seeks to mitigate it. Often changes which help to mitigate our environmental impact also reduce our operating costs.

Being a multisite business, the Group is conscious of its total energy consumption and amount of waste materials generated, and is actively working on reducing both. The Group's mandatory greenhouse gas report can be found in the Directors' Report on pages 80 and 82. In addition, the Company has reported under the Task Force on Climate-related Financial Disclosures framework, and more details may be found on page 20 to 22.

Our cinema websites enable e-tickets to be purchased and used, avoiding the need to print tickets. In new and refurbished cinemas, poster cases are now digital, reducing the need to deliver, install and ultimately throw away large paper posters. All of these efforts help to reduce our use of resources and, in turn, our carbon footprint.

Health and safety

Health and safety is of major importance to us when considering the day-to-day health, safety and welfare of our customers, employees and contractors.

Extensive health and safety measures have been implemented at our cinemas across the Group, in response to the challenges of COVID-19. We have been liaising with national and local governments to ensure that our cinemas provide a safe environment for all, so that customers, employees and contractors can feel confident that their return to our cinemas would be a relaxing and safe experience. In the US, "CinemaSafe" health and safety protocols were implemented, and in the UK we have liaised closely with the UK Cinema Association. For more information on safety measures in cinemas, see the section "Our customers" above.

All employees have received COVID-related training and all cinemas have been equipped with sanitising stations, customer flow signage and protective safety equipment for employees.

The Group seeks to maintain the highest standards in the effective management of our health and safety obligations and our duty of care to our customers and staff. Each year, cinemas in the Group are subject to health and safety assessments (including aspects of fire, food and occupational safety). Results are monitored and any significant issues are followed up by management teams, with the assistance of specialist external consultants where needed.

GENDER REPRESENTATION

Gender breakdown of the Board (1)

Male	7
Female	4
Total Board of Directors	**11**

Gender breakdown of Senior Managers (2)

Male	36
Female	28
Total Senior Managers	**64**

Gender breakdown of total employees (3)

Male	14,911
Female	10,775
Total employees	**25,686**

(1) Figures in the chart above are as at 31 December 2021.

(2) Figures include the Executive Committee, the Senior Management Team, and the Company Secretary, including direct reports.

(3) Data is based on the average headcount for 2021.

Building on a solid reopening

"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."

Nisan Cohen
Chief Financial Officer

	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

	Year ended 31 December 2021				Year ended 31 December 2020
	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, detail of amounts reclaimed are set out in note 8. 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 $1,344.4m.

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. Full details of impairment charges are disclosed in Notes 11, 12, 13, 14 and 20.

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 $251.8m 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 (49.1)¢ (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. No dividend has been declared in the current period, the Group continues to prioritise liquidity preservation during its recovery from the pandemic.

Nisan Cohen
Chief Financial Officer
17 March 2022

The strategic report from pages 1 to 35 was approved by the Board and signed on its behalf by:

Moshe Greidinger Chief Executive Officer 17 March 2022	**Israel Greidinger** Deputy Chief Executive Officer

CHAIR'S INTRODUCTION TO GOVERNANCE

Strong and effective governance to support the Group's strategy

"The Board provides clear, entrepreneurial and responsible leadership in order to promote the long term success of the Group."

Alicja Kornasiewicz
Chair

Dear shareholders

I am pleased to present the Corporate Governance Statement for 2021.

As a business, we continued to face considerable challenges in light of COVID-19 in 2021, including the continued closure of our cinema sites for a portion of the year.

In light of this, as with 2020, a key area of focus for the Board was the Company's COVID-19 response strategy, including the reopening of our sites from April.

Work to support the implementation of strategy included the development and oversight of plans to manage and mitigate the extensive and ever-evolving impact of the pandemic and, as ever, it has been of vital importance to ensure that sound governance principles underpin all our decisions and deliberations as a Board.

Regular update meetings have been held throughout 2021, to consider various operational and financial matters, and the Board has received detailed information from the Executive Management Team on the developing situation across all markets throughout the pandemic.

In addition, the Board has frequently reviewed information on cash flow and liquidity. In July 2021, we announced the securing of $200m of incremental loans, maturing in May 2024, together with covenant amendments on certain of the existing debt facilities. More details may be found on this significant work in the CFO's Review on pages 30 to 35.

Despite the challenging trading conditions, the business has continued to deliver strong operational and cash control, and our teams have given their utmost during periods where we have been able to open. I would like to thank them once again for their commitment and dedication.

The work of the Board has been supported through the year by the Committees. It has been another busy year for the Audit Committee, in crucial areas such as going concern, lease arrangements, impairments, and accounting for the new financing arrangements. The Committee also closely monitored risk, including emerging risk in the context of the evolving consequences of the pandemic. Specific work on climate change risk has also taken place, involving detailed risk assessment workshops across the business. More details of the activities of the Committee can be found in the Audit Committee Report on pages 56-60 and the Principal Risks and Uncertainties section on pages 14 to 19.

The Remuneration Committee conducted a full review of the Company's Remuneration Policy in 2021, to take account of the changes pursuant to the 2018 UK Corporate Governance Code (the "Code"). At the Annual General Meeting in May, proposals were made to update the Policy, including in respect of pension alignment, shareholding guidelines, holding periods, discretion, and malus and clawback.

The Committee also put in place a new Long-Term Incentive Plan ("LTIP") in early 2021, designed to support the Group's recovery by aligning the interests of the Executive Directors and other senior executives with the interests of shareholders.

While we acknowledge that some shareholders did not support our proposals, both the LTIP and the new Policy were approved by shareholders and, as a Board, we are grateful for this support. More information on the vital work of the Remuneration Committee, including details of the changes that were made to the Policy and the consultation processes and voting in connection with the LTIP and the new Policy, can be found in the Remuneration Report on pages 61 to 75.

Led by the Nomination Committee, there were some changes to the composition of our Board during the year. In March 2021, we were pleased to announce the appointment of Dr Ashley Steel, who became a Board member on 1 April. Ashley is a former Vice Chair and member of the UK and European boards of KPMG, with significant international, financial and commercial experience. Given Ashley's skills and expertise, she also became a member of the Audit and Remuneration Committees on joining.

Rick Senat, who had served as a Non-Executive Director of the Company since 2010, and Senior Independent Director, stepped down from the Board following the Company's 2021 AGM. Rick made an exceptional contribution to the Company, having been involved since the time of its inception, and we wish Rick every future success. Dean Moore took up the role of Senior Independent Director on 22 March 2021.

We also announced a new Environmental Committee of the Board, established on 13 January 2022. The Environment Committee is chaired by independent Non-Executive Director, Ashley Steel. Renana Teperberg (Chief Commercial Officer), Camela Galano (independent Non-Executive Director) and Scott Brooker (Company Secretary) are also members of the Committee. The purpose of the Environment Committee is to provide oversight, on behalf of the Board, in relation to the Group's environmental strategy and activities, which will include overseeing the Company's environmental reporting and disclosures. Full details of our Committee compositions may be found on page 43.

During the year, we undertook an internal evaluation of the composition and effectiveness of the Board, and I am pleased to report that it supported the view that the Board and its Committees are operating efficiently and productively. More details of the work of the Nomination Committee and of the Board evaluation can be found on pages 54 to 55. We also considered our purpose, values and strategy, and undertook a review of our corporate culture, assessing the extent to which our values have been embedded throughout the Group.

The Board was satisfied with the results of our review, which is described in more detail on page 55.

As previously reported, Dean Moore has been appointed as the Non-Executive Director to represent employees in the Boardroom, in line with the requirements of the Code. During 2021, a detailed schedule of employee forums and meetings was prepared by the Human Resources department, designed to garner information and insights around existing engagement methods and employee points of view on Company culture, diversity and inclusion, career opportunities, strategy and performance. Feedback regarding the programme has been positive and information and views expressed as part of the programme were presented to the Board by Dean, in order that they may be borne in mind by the Board in our ongoing decision-making activities.

In addition to this, HR teams across the Group continued to support our people in 2021, in particular leading up to the reopening of cinemas. Conference calls with the Executive Teams remain in place twice a week, in each territory, to ensure a clear and quick flow of vital information.

More details of the Group's people-related initiatives, the Employee Voice programme and employee engagement can be found on pages 27, 48 to 49 and 80.

Lastly, and pursuant to the Code requirements in relation to stakeholder engagement, together with the obligations arising under section 172 of the Companies Act 2006, we have taken time as a Board to focus on how we engage with our key stakeholders and how we consider their needs, concerns and expectations in Board discussions and decision-making. We have illustrated how the Directors have had regard to the matters set out in sections 172(1) (a) - (f) when discharging their duties by describing these in the context of our strategy for reopening the cinemas. Our case study on this can be found on page 47.

Alicja Kornasiewicz
Chair
17 March 2022

Board Statements

Requirement	Board statement
Compliance with the UK Corporate Governance Code Read more **page 42**	The principal governance rules applying to companies with a premium listing for the year covered by this statement are contained in the UK Corporate Governance Code published by the UK Financial Reporting Council ("FRC") in July 2018 (the "Code"), and a copy is available on its website www.frc.org.uk. For the year ended 31 December 2021, the Board considers that the Company was compliant with the Provisions of the Code, save in the following areas: Changes to Committee compositions announced on 22 March 2021, which took effect on 1 April 2021, strengthened the independence of the Committees, to ensure full Code compliance in this area, following a transitional period after the departure of Non-Executive Director Helen Weir in arch 2020 – please see page 54 and 60 for more details. (Relevant Code Provisions 17 and 32). The Company takes into account the pay and employment conditions of Cineworld's employees when setting executive pay, and there are a number of engagement mechanisms in place across the Group. The Employee Engagement Director is also the Remuneration Committee Chair and, during 2021, carried out several cinema site visits in the UK, to engage with employees, where their own pay and progression were among the subjects discussed. The Board has not explained to employees how executive pay and wider Company pay policy are aligned as recommended by the Code on the basis that the Directors' Remuneration Report seeks to do so, and our employees wherever they are based are free at any time to ask questions through the existing channels – please see page 27,48 and 80for more details on employee engagement. (Relevant Code Provision 41). The Remuneration Committee has resolved its policy on pension for Executive Directors and alignment with the pension arrangements to employees and, as set out in the Directors' Remuneration Policy, pension contributions for the CEO and Deputy CEO will be aligned from 1 January 2023. This alignment represents a reduction in the CEO and Deputy CEO's pension entitlement from the current contractual pension allowances – please see page 66 for more details. For 2021, therefore, the incumbent CEO and Deputy CEO's pensions were not aligned as recommended by the Code. Please see page 66 of the Directors' Remuneration Report for more details on pension policy. (Relevant Code Provision 38).
Going Concern Read more **pages 57 and 99 in Note 1**	The Directors consider that the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing these accounts. Thus they continue to adopt the going concern basis in preparing the annual financial statements, but have highlighted material uncertainties regarding the continued impact on the Group of COVID-19 and its forecast return to performance levels observed prior to the pandemic and the judgement received in respect of the Cineplex claim. For full details of the going concern assessment, please see page 99 in Note 1. The Directors have considered the business activities as set out on pages 30 to 35 and the principal risks and uncertainties on pages 14 to 19. The financial position of the Group, its cash flows, liquidity position and borrowing facilities, as well as the Group's objectives, policies and processes for managing capital, are described in Note 25 on page 155. Financial risk management objectives, details of financial instruments and hedging activities, and exposure to credit risk and liquidity risk are described in Note 26 to the financial statements.
Viability Read more **pages 23 and 24**	The Directors have assessed the viability of the Group over a three-year period, taking into account the Group's current position and the potential impact of the principal risks and uncertainties set out on pages 14 to 19. This assessment considered the established controls for the risks, and the available mitigating actions, as well as the uncertainty as to the Group's continued recovery from the impact of COVID-19. For full details of the Directors' assessment on the viability of the Group over the three-year period to 2024, please see pages 23 and 24.
Robust Assessment of Emerging and Principal Risks Read more **pages 14 to 19 and 51 to 52**	The Directors consider they have undertaken a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. Please refer to pages 14 to 19 for further information on the Company's principal risks and uncertainties, and their impact on the prospects of the Group.
Review of Internal Control and Risk Management Read more **pages 51 and 52**	The Directors have carried out a review of internal control and risk management. Please refer to pages 51 and 52 for further information.
Fair, Balanced and Understandable Read more **page 57**	The Directors consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. Please refer to page 57

BOARD OF DIRECTORS AT 31 DECEMBER 2021

Alicja Kornasiewicz
Non-Executive Chair

Independent on appointment

Committee memberships:
N

Tenure on Board:
6 years 7 months

Relevant skills, qualifications and experience:
Alicja Kornasiewicz joined the Board in May 2015 as an independent Non-Executive Director, and was appointed Chair of the Board on 13 May 2020. She is also Chair of the Nomination Committee.

Ms Kornasiewicz brings extensive Central and Eastern Europe financial, capital markets, business and political experience to the Board. Over the last 20 years she has held a number of executive and supervisory board positions. Inter alia, she was the Chief Executive Officer of Bank Pekao SA, and Head of Investment Banking for Emerging European countries at Unicredit Group.

Ms Kornasiewicz served as Secretary of State in the Polish Ministry of Treasury from 1997 to 2000 and was awarded the Knight's Cross of the Order of Polonia Restitua for her contribution to the country's economic development.

Ms Kornasiewicz is a long-time advocate for equal opportunities for women in business, acting as Chair of the Programme Board of the Women Business Leaders Foundation in Poland.

Ms Kornasiewicz holds a PhD in economics from Poznan University of Economics and graduated from Harvard Business School.

Principal external appointments:
Senior Adviser for Investment Banking Division at Morgan Stanley.

Moshe (Mooky) Greidinger
Chief Executive Officer

Independent: No

Committee memberships:
None

Tenure on Board:
7 years 10 months

Relevant skills, qualifications and experience:
Moshe Greidinger joined the Board in February 2014 as Chief Executive Officer. Prior to that he was Chief Executive Officer of Cinema City International ("CCI"). He joined Cinema City in 1976.

Since 1984, Mr Greidinger has held executive positions with Cinema City, has served as a Director and Deputy Managing Director of Israel Theatres Limited since 1983, and as Co-Chairman of the Cinema Owners Association in Israel since August 1996.

Mr Greidinger achieved the "Exhibitor of the Year Award" at ShoWest in Las Vegas in 2004, "International Exhibitor of the Year Award" at CineEurope, in Amsterdam in 2011, with special recognition for having developed new markets in Central and Eastern Europe, and the "Global Achievement in Exhibition Award" at CinemaCon in Las Vegas in April 2016.

Principal external appointments:
Director of Israel Theatres Limited; Co-Chairman of the Cinema Owners Association, Israel; Head of the Board of Trustees, the Hebrew Reali School of Haifa. He is a member of the National Association of Theatre Owners Global Cinema Federation ("NATO").

Israel Greidinger
Deputy Chief Executive Officer

Independent: No

Committee memberships:
None

Tenure on Board:
7 years 10 months

Relevant skills, qualifications and experience:
Israel Greidinger joined the Board in February 2014. He is the Deputy Chief Executive Officer of the Company.

From 1994 until 2014, he worked for Cinema City International ("CCI") and was appointed Chief Financial Officer of CCI in 1995. Mr Greidinger has also served as a Director of Israel Theatres Limited since 1994.

From 1985 to 1992, he was Managing Director of C.A.T.S. Limited (Computerised Automatic Ticket Sales), and from 1992 to 1994, he was President and Chief Executive Officer of Pacer C.A.T.S. Inc.

Principal external appointments:
Director of Israel Theatres Limited since 1994; Chairman of the Israeli Friends of Rambam Health Care Campus.

Nisan Cohen
Chief Financial Officer

Independent: No

Committee memberships:
None

Tenure on Board:
5 years

Relevant skills, qualifications and experience:
Nisan Cohen joined the Board in January 2017 as Chief Financial Officer, and before that had been part of the Cineworld Group for 16 years.

Previously, as Vice President of Finance, he led the integration of the finance teams in the Cineworld Group across nine countries after the Cinema City Combination in 2014. In 2018, Mr Cohen made a major contribution to the successful acquisition of Regal Entertainment Group, including leading the integration of the UK, ROW and US financial teams.

Principal external appointments:
Member of The Institute of Certified Public Accountants in Israel.

Committee membership key

N Nomination Committee
A Audit Committee
R Remuneration Committee
● Committee Chair

Renana Teperberg
Chief Commercial Officer

Independent: No

Committee memberships:
None

Tenure on Board:
3 years 6 months

Relevant skills, qualifications and experience:
Renana Teperberg was appointed to the Board in July 2018, and has been part of the Cineworld Group for over 20 years. Ms Teperberg first joined Cinema City International as a cashier in 1997, while studying for a BA in psychology at the Hebrew University of Jerusalem.

After progressing to General Manager, she moved to the Cinema City International Head Office where she subsequently became Head of Programming and Marketing.

Following the combination with Cineworld, she became Senior Vice President of Commercial and then Chief Commercial Officer in 2016. In 2018, Renana played a major role in the acquisition of Regal Entertainment Group.

Renana holds an executive MBA in business management from IDC Herzliya.

Principal external appointments:
Non-Executive Director of AC JV, LLC (Fathom Events), National Cinema Media, Inc. and Digital Cinema Media Limited.

Dr Ashley Steel
Non-Executive Director

Independent: Yes

Committee memberships:
A R

Tenure on Board:
8 months

Relevant skills, qualifications and experience:
Ashley Steel joined the Board in April 2021 and is a member of the Audit and Remuneration Committees.

Ashley is a former Vice Chair and member of the UK and European boards of KPMG, with significant international, financial and commercial experience. Having led the Global Transport, Leisure and Logistic practice at KPMG for 11 years, she developed a successful career advising FTSE and Fortune 500 boards on strategy.

Since retiring from KPMG in 2014, Ashley has undertaken a number of non-executive roles in the transport, technology and media sectors.

Ashley has a PhD in Management from Henley Business School.

Principal external appointments:
Non-Executive Director at Vistry Group PLC.

Scott S. Rosenblum
Non-Executive Director

Independent: No

Committee memberships:
None

Tenure on Board:
7 years 10 months

Relevant skills, qualifications and experience:
Scott S.Rosenblum joined the Board in February 2014 as a non-independent Non-Executive Director.

Prior to his appointment, he was a member of the Supervisory Board of Cinema City International ("CCI"), becoming its Chairman in 2011.

Mr Rosenblum is licensed as a lawyer and is admitted to the New York Bar Association. He is Counsel at the law firm of Kramer Levin Naftalis & Frankel LLP, New York, where he was Partner for nearly 30 years until 2020. Before that he was Managing Partner between 1994 and 2000 and a member of the Executive Committee until 2018. Mr Rosenblum was also Co-Chairman of the Corporate Department until 2020.

Mr Rosenblum is a graduate of Dartmouth College and the University of Pennsylvania Law School. He has extensive experience in areas of general corporate and securities law, corporate finance, corporate governance, mergers and acquisitions and joint ventures.

Principal external appointments:
Currently Counsel at Kramer Levin Naftalis & Frankel LLP (previously Partner from 1991 to 2020 and Co-Chairman of the Corporate Department from 2000 to 2020); Director and adviser to the boards of various public and private companies.

Dean Moore
Non-Executive Director and Senior Independent Director

Independent: Yes

Committee memberships:
R A

Tenure on Board:
5 years

Relevant skills, qualifications and experience:
Dean Moore joined the Board in January 2017 as an independent Non-Executive Director. He is Chair of the Remuneration Committee, and became Senior Independent Director on 22 March 2021.

Prior to Cineworld, Mr Moore worked as Chief Financial Officer of N Brown Group plc for 12 years from 2003 to 2015, before which he was Chief Financial Officer of T&S Stores plc until it was acquired by Tesco plc in early 2003.

From 1996 to 1999 he was Chief Financial Officer of Graham Group plc, and he has held a number of other senior finance positions. Mr Moore is a Chartered Accountant (ICAEW) and graduate of University of Aston (Business Management BSc).

Principal external appointments:
Non-Executive Director, Audit Committee Chair and Senior Independent Director of Volex Plc and Non-Executive Director of Dignity plc (currently acting as interim CFO).

Arni Samuelsson
Non-Executive Director

Independent: Yes

Committee memberships:
N

Tenure on Board:
7 years 10 months

Relevant skills, qualifications and experience:
Arni Samuelsson joined the Board in February 2014 as an independent Non-Executive Director. He is a member of the Nomination Committee.

He has over 40 years of cinema exhibition and film distribution experience, principally through SAMfélagið (Samfilm) – a cinema exhibitor and film distributor in Iceland, of which he has been joint owner and Chief Executive Officer since it was formed in 1975.

Mr Samuelsson has been Chief Executive Officer of Samfilm EHF (SAMfélagið's distribution arm) since 1975, and Chief Executive Officer of SAMcinema (SAMfélagið's cinema arm) since the same year. Prior to this, Mr Samuelsson was a Director and owner of Vikurbaer, a supermarket business in Keflavik, from 1972 until its sale in 1982.

Principal external appointments:
Chief Executive Officer of Samfilm EHF (SAMfélagið's distribution arm) since 1975, and Chief Executive Officer of SAMcinema (SAMfélagið's cinema arm) since 1975.

Camela Galano
Non-Executive Director

Independent: Yes

Committee memberships:
R N A

Tenure on Board:
3 years 6 months

Relevant skills, qualifications and experience:
Camela Galano was appointed to the Board as an independent Non-Executive Director in July 2018. She is a member of the Audit, Remuneration and Nomination Committees.

Camela began her career at New Line Cinema, progressing to the role of President of International Sales, Marketing & Distribution, where she oversaw the international distribution of innumerable titles, including the blockbuster trilogy "The Lord of the Rings".

Subsequently, Camela became the President of International Film Acquisitions for Warner Bros. Following her time at Warner Bros., she served as President of Relativity International, overseeing global sales, marketing and distribution management of Relativity's own titles, acquisitions and third party releases.

Ms Galano is a long-time member of the Academy of Motion Picture Arts and Sciences, and the British Academy of Film and Television Arts.

Principal external appointments:
Head of International at Studio8.

Damian Sanders
Non-Executive Director

Independent: Yes

Committee memberships:
A N

Tenure on Board:
1 year 5 months

Relevant skills, qualifications and experience:
Damian Sanders joined the Board in August 2020 as an independent Non-Executive Director. He is also a member of the Audit Committee.

Mr Sanders is an FCA qualified member of the Institute of Chartered Accountants in England & Wales, bringing extensive financial and commercial experience to the Board, including over 20 years' experience as a senior audit partner at Deloitte, acting as adviser and corporate governance specialist for a number of FTSE boards.

Principal external appointments:
Non-Executive Director of THG Holdings plc and Senior Independent Non-Executive Director of Victorian Plumbing Group plc.

Directors who left in the year

Rick Senat stepped down from the Board on 12 May 2021.

Committee changes since the year-end

A new Environment Committee of the Board was established on 13 January 2022, chaired by Ashley Steel. Renana Teperberg and Camela Galano are also members. Camela Galano stepped down as a member of the Company's Audit Committee at the same time as joining the Environment Committee.

Committee membership key

N Nomination Committee
A Audit Committee
R Remuneration Committee
● Committee Chair

Application of Code principles

The table below explains where to find further information on how the Company has applied the main principles of the UK Corporate Governance Code 2018 ("Code"). The information required to be disclosed by Disclosure Guidance and Transparency Rule 7.2.6 is set out in the Directors' Report on pages 78 to82 and is incorporated into this statement by reference.

1. Board leadership and Company purpose	
A. The Role of the Board	**Pages 43 and 45**
B. Purpose, Values and Strategy	**Pages 36 and 37**
C. Effective Controls and Risk Management	**Pages 51 and 52**
D. Stakeholder Engagement	**Pages 48 and 49**
E. Workforce Policies	**Pages 26 to 29, 55 and 80**
2. Division of responsibilities	
F. The Role of Chair	**Page 44**
G. Board Balance and Division of Responsibilities	**Pages 43 to 44 and 47**
H. The Role of the Non-Executive Directors	**Page 44**
I. Policies, Processes, Information, Time and Resources	**Pages 43 to 47**
3. Composition, succession and evaluation	
J. Succession Planning and Diversity	**Page 55**
K. Skills, Experience, Knowledge and Tenure on the Board	**Pages 54 to 55**
L. Board Evaluation	**Page 54**
4. Audit, risk and internal control	
M. Independence of the Internal and External Auditors, and the Integrity of Financial Statements	**Pages 57 to 60**
N. Fair, Balanced and Understandable	**Page 57**
O. Principal Risks and Internal Control	**Pages 14 to 19**
5. Remuneration	
P. Policies and Practices to Support Strategy and Promote Long-Term Sustainable Success	**Pages 61 to 75**
Q. Formal and Transparent Procedure for Developing Policy on Executive Remuneration	**Pages 61 to 75**
R. Independent Judgement and Discretion when Authorising Executive Remuneration	**Pages 61 to 75**

The role of the Board

The Group is ultimately controlled by the Board of Directors of the Company. The Board is responsible for the overall leadership of the Group and for determining its long-term objectives and commercial strategy to create and deliver strong and sustainable financial performance to enhance shareholder value. In fulfilling its role, the Board ensures that necessary financial and other resources are available to enable the Group's objectives to be met.

The basis on which the Board seeks to preserve value over the longer term and the strategy for delivering the objectives is set out in the Strategic Report on pages 1 to 35. The Board meets regularly in the year for its scheduled meetings and also for a strategy session. Ad hoc meetings of the Board take place as required. The meetings follow a formal agenda, which includes matters specifically reserved for decision by the Board. The Board also meets, as and when necessary, to discuss and approve, if appropriate, specific issues. All Directors receive notice of such meetings and are given the opportunity to comment on the issues being discussed if they are unable to attend the meeting.

A schedule of matters specifically reserved for decision by the Board has been agreed and adopted.

These matters include: setting Group strategy; approving an annual budget and medium-term forecasts; reviewing operational and financial performance; approving major acquisitions, divestments and capital expenditure; succession planning; approving appointments to the Board and of the Company Secretary and approving policies relating to Directors' remuneration and contracts.

The Board is supplied on a regular basis with detailed financial and operational information. Regular briefings by the Executive Management Team are given to the Board, to deepen the collective understanding of the business, leading in turn to more effective debate.

Division of responsibilities

The posts of Chair and Chief Executive Officer are separate. The division of responsibility between the Chair of the Board, Alicja Kornasiewicz, and the Chief Executive Officer, Moshe Greidinger, is clearly defined in writing. Further details of the respective responsibilities are set out on page 44.

Board Committees

In 2021, there were three Board-appointed Committees: an Audit Committee, a Nomination Committee and a Remuneration Committee, to which certain Board functions have been have been delegated. Each of these Committees has formal written terms of reference which clearly define its responsibilities.

The terms of reference of each of the Board's three Committees are available on the Company's website (www.cineworldplc.com/en/about-us/corporate-governance).

As described further on page 43, a new Environment Committee was established by the Board on 13 January 2022.

Governance framework

The Board
Implementation of the Group's long-term strategy

Audit Committee

The Committee assists the Board in discharging its responsibility with regard to financial reporting, the control environment, the work of the External and Internal Auditors, and the Risk and Assurance team.

Chair: **Damian Sanders**

Audit Committee Report **page 56**

Nomination Committee

The Committee is responsible for evaluating the balance of skills, knowledge and experience on the Board, the size, structure and composition of the Board, retirements, and appointments of additional and replacement Directors. It is also responsible for overseeing the development of a diverse pipeline for succession.

Chair: **Alicja Kornasiewicz**

Nomination Committee Report **page 53**

Remuneration Committee

The Committee makes recommendations to the Board for approval of the Group's broad policy for the remuneration of the Chair, the Executive Directors, the Company Secretary and Senior Management, and for the design of performance-related pay schemes and Long-Term Incentive Plans.

Chair: **Dean Moore**

Remuneration Committee Report **page 61**

Membership of the Audit, Nomination and Remuneration Committees

Membership of the Audit, Nomination and Remuneration Committees at the commencement of the financial year was as follows:

	Chair	Member	Member	Member
Audit Committee	Dean Moore(1)	Damian Sanders	Camela Galano	Rick Senat(5)
Nomination Committee	Alicja Kornasiewicz	Scott Rosenblum(6)	Arni Samuelsson	
Remuneration Committee	Dean Moore	Alicja Kornasiewicz	Camela Galano	

Following changes that took effect on 1 April 2021, membership of the Audit, Nomination and Remuneration Committees at the end of the financial year was as follows:

	Chair	Member	Member	Member
Audit Committee	Damian Sanders(3)	Dean Moore(1)	Camela Galano	Ashley Steel(4)
Nomination Committee	Alicja Kornasiewicz	Arni Samuelsson	Damian Sanders(3)	Camela Galano(2)
Remuneration Committee	Dean Moore(1)	Camela Galano	Ashley Steel(4)	

(1) Dean Moore stepped down as Chair of the Audit Committee on 1 April 2021, and remained as a member.

(2) Camela Galano was appointed as a member of the Nomination Committee on 1 April 2021.

(3) Damian Sanders became Chair of the Audit Committee, and a member of the Nomination Committee, on 1 April 2021.

(4) Ashley Steel joined the Board on 1 April 2021 and became a member of the Audit and Remuneration Committees at that time.

(5) Rick Senat stepped down from the Board on 12 May 2021.

(6) Scott Rosenblum stepped down from the Nomination Committee on 1 April 2021.

Changes to Committees following the year-end

A new Environment Committee of the Board was established on 13 January 2022. The Environment Committee is chaired by independent Non-Executive Director, Ashley Steel. Renana Teperberg (Chief Commercial Officer), Camela Galano (independent Non-Executive Director) and Scott Brooker (Company Secretary) are also members of the Committee. The aim of the Environment Committee is to provide oversight, on behalf of the Board, in relation to the Group's environmental strategy and activities, which will include overseeing the Company's environmental reporting and disclosures. Camela Galano stepped down as a member of the Company's Audit Committee at the same time as joining the Environment Committee.

Roles and responsibilities of the Directors

Role	Name	Responsibility
Chair	Alicja Kornasiewicz	The Chair, together with the Chief Executive Officer, leads the Board in determination of its strategy having regard to the Group's responsibilities to its shareholders, customers, employees and other stakeholders. She is responsible for organising the business of the Board, and ensuring that Directors receive accurate, timely and clear information. The Chair also facilitates constructive Board relations and the effective contribution of all the Non-Executive Directors and when appropriate, discusses matters with the Non-Executive Directors without the Executive Directors being present.
Chief Executive Officer	Moshe (Mooky) Greidinger	The Chief Executive Officer has direct charge of the Group on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Group. He holds regular meetings with his Executive Management Team.
Deputy Chief Executive Officer	Israel Greidinger	The Deputy CEO supports the CEO with the day-to-day management of the Group. He is responsible for developing the Group's business channels and for growing the Group's market share.
Chief Finance Officer	Nisan Cohen	The Chief Financial Officer provides strategic and financial guidance to ensure the Group's financial commitments are met. He also devises the financial and tax strategies of the Group in line with the agreed risk appetite and has lead responsibility for producing the Group's budget.
Chief Commercial Officer	Renana Teperberg	The Chief Commercial Officer is responsible for delivery of the Group's commercial strategy and has lead responsible for the Group's marketing activities and customer engagement initiatives
Non-Executive Directors	Camela Galano, Dean Moore, Scott S. Rosenblum, Arni Samuelsson, Damian Sanders, Ashley Steel	The Non-Executive Directors provide constructive challenge, strategic guidance, offer specialist advice, and hold management to account. They play a key role in reviewing strategic proposals, including major investments and financing transactions. The Non-Executive Directors meet during the year in the absence of the Executive Directors.
Senior Independent Director	Dean Moore	The Senior Independent Director is available to shareholders if they have concerns which contact through the normal channels of Chair, Chief Executive Officer, Deputy Chief Executive Officer or Chief Financial Officer has failed to resolve or for which contact is inappropriate.
Company Secretary	Scott Brooker from 1 March 2022, Nigel Kravitz for the interim period 28 January 2022 to 28 February 2022, and Fiona Smith until 27 January 2022	The Company Secretary is responsible for advising and supporting the Chair and the Board on Corporate Governance matters, ensuring Board procedures are followed and facilitating the good information flow within the Board and the Board-appointed Committees. He also acts as Secretary for all the Committees.

Attendance at meetings

Attendance at the scheduled Board and Committee meetings for 2021 is described below:

		Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of scheduled meetings in year		6	5	4	2
	Independent	**Attended**	**Attended**	**Attended**	**Attended**
Directors					
Alicja Kornasiewicz	Independent on appointment	6/6[(1)]	5/5[(2)]	4/4[(2)]	2/2[(1)]
Nisan Cohen	No	6/6	N/A	N/A	N/A
Camela Galano	Yes	6/6	3/3	4/4	1/1[(4)]
Israel Greidinger	No	6/6	N/A	N/A	N/A
Moshe Greidinger	No	6/6	N/A	N/A	N/A
Dean Moore	Yes	6/6	5/5	4/4[(1)]	N/A
Scott Rosenblum [(6)]	No	6/6	N/A	N/A	1/1[(6)]
Arni Samuelsson	Yes	6/6	N/A	N/A	2/2
Damian Sanders	Yes	6/6	5/5[(1)]	N/A	1/1[(4)]
Rick Senat	Yes	2/2[(5)]	2/2[(5)]	N/A	N/A
Renana Teperberg	No	6/6	N/A	N/A	N/A
Ashley Steel[(3)]	Yes	4/4	3/3	4/4	N/A

(1) Chair of Board/Board Committee.

(2) Committee meetings are attended by the Chair by invitation.

(3) Ashley Steel was appointed to the Board on 1 April 2021, and also became a member of the Audit and Remuneration Committees at that time. Between the date of Ashley's appointment and the year end, Ashley attended the maximum number of Board and Committee meetings possible.

(4) Damian Sanders and Camela Galano were appointed as a members of the Nomination Committee on 1 April 2021. Between that time and the year end, there was only one scheduled Committee meeting, so they attended the maximum number of meetings possible.

(5) Rick Senat stepped down from the Board at the AGM on 12 May 2021. Until that time, there had been two Board meetings and two Remuneration Committee meetings, so Rick attended the maximum number of meetings possible.

(6) Scott Rosenblum stepped down as a member of the Nomination Committee on 1 April 2021.

Directors and Directors' independence

At the start of the year, the Board was composed of eleven members, five of whom were considered independent. Ashley Steel joined the Board as an independent Non-Executive Director on 1 April 2021 and, on 12 May 2021, Rick Senat stepped down from the Board. At the end of the year, the Board was again composed of eleven members, five of whom are considered independent.

The Code recommends that at least half the board of directors (excluding the chair) should comprise non-executive directors determined by the Board to be independent. The Board considers that Camela Galano, Dean Moore, Arni Samuelsson, Damian Sanders, Rick Senat and Ashley Steel were, for the year (or the portion of the year for which they served as Non-Executive Directors), independent Non-Executive Directors.

The Board is satisfied that Dean Moore meets the requisite criteria to be considered independent, notwithstanding his previous interim employment within the Group, given the nature of the role he performed in the ten-month period from March 2016, where his mandate was to focus on the Chief Financial Officer succession planning process.

Prior to his stepping down in May 2021, Rick Senat had served on the Board since 2010. In respect of his time on the Board past his nine years of tenure, a rigorous review was undertaken as to whether Rick remained independent, and the Board was confident that Rick was able to demonstrate independent judgement in Board discussions, to provide effective challenge and exercise independence of thought, and was considered to be independent.

Scott Rosenblum is not viewed as independent because of his previous business dealings with the Greidinger family and its interests, and as he is the Global City Theatres B.V. appointee under the relationship agreement as described on page 77 of the Directors' Report.

The names of the Directors at the year end, together with their biographical details, are set out on pages 39 to 41. The terms and conditions of appointment of the Non-Executive Directors are set out in letters of appointment and are made available for inspection by any person at the Company's registered office during normal business hours, and will be available at the AGM. Further details of the letters of appointment of the Non-Executive Directors and the service contracts of the Executive Directors can be found in the Directors' Remuneration Policy which is set out in the Company's 2020 Annual Report and Accounts on pages 59 to 69.

The independent Non-Executive Directors bring an objective viewpoint and range of experience to the Group and ensure that no individual or group of individuals is able to dominate the Board's decision-making. They play a key role in reviewing proposals and providing constructive challenge generally and in particular in respect of strategy. They also ensure that appropriate standards are maintained. All the Non-Executive Directors have access to independent legal advice subject to consulting with the Board and following an agreed procedure.

Board evaluation

In accordance with the Code, the Company conducts an annual evaluation of Board and Board Committee performance, which is facilitated by an independent third party at least once every three years. For 2021, the performance of the Board and Committees was assessed using an internal process. Further details of the evaluation can be found in the Nomination Committee Report on page 54.

Election and re-election

The appointment and replacement of directors is governed by the Company's Articles of Association, the UK Corporate Governance Code (the "Code"), the Companies Act 2006 and related legislation. All Directors intending to continue in office seek election or re-election by shareholders at each AGM. The Articles of Association may be amended by a special resolution of the shareholders.

Biographical details of all the current Directors are set out on pages 39 to 41. In view of the performance evaluation, the Board is satisfied that each Director standing for election or re-election continues to show the necessary commitment and continues to be an effective member of the Board due to his or her skills, expertise and business acumen.

External commitments

The Chair and the Non-Executive Directors all perform a limited number of external roles, as set out in their biographies, but the Board is satisfied that these are not such as to interfere with the performance of their duties to the Group.

Stakeholder engagement

The Directors value contact with the Company's institutional and private investors. An Annual Report is sent to all new shareholders and is otherwise made available to shareholders via the Company's website unless they have specifically requested that a copy is sent to them. Presentations are given to shareholders and analysts following the announcement of the interim results and the preliminary announcement of the full year results. Trading updates are typically issued in advance of the full year results and the interim results. Separate announcements of all material events are made as necessary.

In addition to the CEO, Deputy CEO and CFO, who have regular contact with shareholders, the Chair and the Committee Chairs are available to meet with shareholders as and when required. Additionally, the CEO, Deputy CEO and CFO provide focal points for shareholders' enquiries and dialogue throughout the year. The whole Board is kept up to date at its regular meetings with the views of shareholders and analysts and it receives reports on changes in the Company's share register and market movements. The Board uses the AGM to communicate with private and institutional investors and welcomes their participation. The Chair aims to ensure that the Chairs of the Audit Committee, Remuneration Committee and Nomination Committee are available at the AGM to answer questions, and that all Directors attend. The Company's website (www.cineworldplc.com) provides an overview of the business. Major Group announcements are available on the website and new announcements are published without delay. All major announcements are approved by the Chair and Executive Directors and circulated to the Board prior to issue. The Group also has internal and external checks to guard against unauthorised release of information.

Directors' duties – compliance with s.172 of the Companies Act 2006

Section 172 of the Companies Act 2006 ("s.172") requires directors to promote the success of the company for the benefit of the members as a whole and in doing so have regard to the interests of stakeholders including customers, employees, suppliers, and the wider community in which it operates. The Board is focused on its responsibilities under s.172, and the impact of the business on key stakeholder groups is considered on a regular basis. During 2021, the Board spent time examining stakeholder engagement mechanisms and a summary of these is set out on pages 46 to 49. These mechanisms will continue to be reviewed to consider whether there are ways to enhance their effectiveness and improve on the programme of engagement activities that is already in place.

Board discussions and decision-making

How the Directors have had regard to the matters set out in sections 172(1)(a)-(f) when discharging their duties:

Case study: Cinema Re-opening Strategy

One key area of focus for the Board in 2021 was developing the Company's strategy for reopening the business following the closures brought about by COVID-19.

Key work involved the oversight of essential operational, people and financial plans to mitigate the pandemic's impact on the Company and its stakeholders while sites were closed, and to ensure the smooth opening of cinemas across the Group from April 2021.

During the planning stages for re-opening, the Board considered detailed updates from Management on the evolving situation, including developments in employee matters and return-to-work plans. With the health and safety of employees and customers at the heart of key decisions, the Board discussed and provided support in relation to operational aspects of reopening, maintaining oversight of the critical measures needed to provide a safe environment.

Such activities were supported by the Audit Committee and the Board, which received regular risk review reports and other updates from the Risk and Assurance team. New safety measures introduced included an updated booking system to ensure social distancing within and throughout cinemas, adapted daily movie schedules to manage queues and avoid the build-up of crowds, and enhanced hygiene and sanitation procedures across all sites.

Mindful of the Company's crucial relationships with suppliers, customers and others, the Board also received comprehensive updates that covered areas such as discussions with landlords, film studios and other major suppliers, as the business prepared to open its doors.

With the aim of promoting the long-term success of the Company, the Board also monitored costs and capital expenditure associated with the reopening of sites, and liquidity. A key decision in this area includes the securing in July 2021 of $200m of incremental loans, maturing in May 2024. Taking into account the importance of high standards of governance and business conduct, extensive advice was sought from professional advisers in respect of the Group's financing obtained in July 2021. More details may be found in the CFO's Review on pages 30 to 35.

The Board continues to preside over the ongoing strategy as the Company continues to address COVID-19 related impacts on its global operations.

Culture

The Board considered Company purpose, values and strategy in 2021, and undertook a review of corporate culture, assessing the extent to which Cineworld values have been embedded throughout the Group. The Board was satisfied with the results of the review, which involved consideration of several sources of cultural insight, including feedback from the Employee Voice programme (described in more detail in the Employee Voice section below), whistleblowing data, and updates from the CEO and HR teams in respect of employee matters. It is planned that the Group's employee engagement surveys, which were postponed for 2021, will resume in 2022, and the detailed results flowing from these surveys will be incorporated into future cultural reviews. The Board is conscious of the culture review undertaken and discussions with both executives and employees, the Board's decision making process has regard for consistency with and impact on the corporate culture.

Employee Voice

As part of Cineworld's commitment to compliance with the UK 2018 Corporate Governance Code, the Board appointed Dean Moore as the designated Non-Executive Director with responsibility for workforce engagement ("Employee Voice") with effect from 1 January 2020. Dean's role is to ensure that employee interests and feedback are incorporated into the Board's discussions as appropriate and his responsibilities include ensuring that the Board has effective methods of receiving feedback from employees.

During 2021, a detailed schedule of employee forums and meetings was prepared by the Human Resources department, designed to garner information and insights around existing engagement methods and employee points of view on Company culture, diversity and inclusion, career opportunities, strategy and performance. The schedule included site visits and tours by Dean and the HR team in the UK with Regional and General Managers at a selection of cinemas, followed by presentations from the General Managers, then face-to-face Q&A sessions with staff members, where cinema staff at all levels had the opportunity to present to Dean on their day-to-day activities, and to ask questions.

Feedback regarding the programme was positive and information and views expressed as part of the Q&A sessions were summarised for the Board and presented by Dean, in order that they may be borne in mind by the Board in its ongoing decision-making activities. Another schedule of visits is planned for 2022, to enable continued understanding and consideration of employee views in Board discussions.

In addition to the Employee Voice programme, the Board received regular updates from the CEO in relation to live employee issues. It is also planned for employee engagement surveys to be reintroduced across the Group in 2022, following a postponement in the regular schedule in light of global cinema closures due to the impact of COVID-19.

The Board will review the approach to workforce engagement annually in the light of any changing governance expectations and ongoing feedback. More information on the Group's people-related initiatives for the year may be found on page 26.

Customers

Our customers are key to our success. We focus on ensuring that they have a positive experience every time to increase the likelihood of repeat visits.

Engagement mechanisms

- Primarily through the voice of the customer programme "Rant and Rave"
- Customer contact
- Social media
- Unlimited membership and feedback
- Site visits

What do they care about most?

- Quality of cinema experience
- Customer service in cinema
- Innovation
- Booking efficiency and smart technology
- Sustainability

Shareholders

The Chief Executive Officer, Deputy Chief Executive Officer, and Chief Financial Officer provide focal points for shareholders' enquiries and dialogue throughout the year. The Board uses the AGM to communicate with private and institutional investors.

Engagement mechanisms

- Investor meetings
- Governance meetings with the Chair and Committee Chairs
- AGM
- Investor conference participation

What do they care about most?

- Strategy
- Strong leadership
- Strong returns

Employees

We are committed to our internal promotion philosophy and the development of talent through our "Be More" programmes.

Engagement mechanisms
- Employee engagement surveys across Group
- Site visits feedback
- Whistleblowing line
- Turnover data
- Gender and diversity information

What do they care about most?
- Being able to develop careers within the business
- Feeling involved
- Being listened to
- Being motivated
- Managers motivating and standing up for employees

Engaging with our stakeholders and responding to their needs

Suppliers

We continue to work hard at developing and maintaining good relationships with a range of film studios and distributors. Strong relationships with our principal retail suppliers enable us to work together on promotions that help drive retail sales.

Engagement mechanisms
- Supplier exhibitions
- Regular meetings
- Payment practice reporting and analysis
- Property relationships – developers, landlords and local planners
- Innovation – commercial relationships with suppliers of technology
- Retail – commercial relationships with suppliers of retail
- Industry body memberships

What do they care about most?
- Collaborative relationships
- Good communication

Wider community

Our usual work with charities, schools and community groups across all our territories is very important to us where we are involved with a wide range of activities including working with distributors on charity screenings, providing free shows for organisations and working closely with local schools.

Engagement mechanisms
- Social media
- Numerous local initiatives
- Dialogues with local businesses, schools, councils and charities
- Requests from charities received directly
- Partnership with charities
- Our apprenticeship programmes

What do they care about most?
- Jobs and local investment
- Active support for local charities and organisations

Audit

The Board is responsible for the preparation of the Annual Report and ensuring that the financial statements present a fair, balanced and understandable assessment of the Group's financial position and prospects. The detailed work to ensure this, and to substantiate the fair, balanced and understandable statement, is undertaken by the Audit Committee.

Risk and internal control

The Board has overall responsibility for establishing, monitoring and maintaining an effective system of risk management and internal control. These systems provide reasonable assurance that the Group's assets are safeguarded, and that material financial errors and irregularities are prevented or detected with a minimum delay. The Group approach is implemented using the principles of the Three Lines of Defence model, as illustrated in the diagram below.

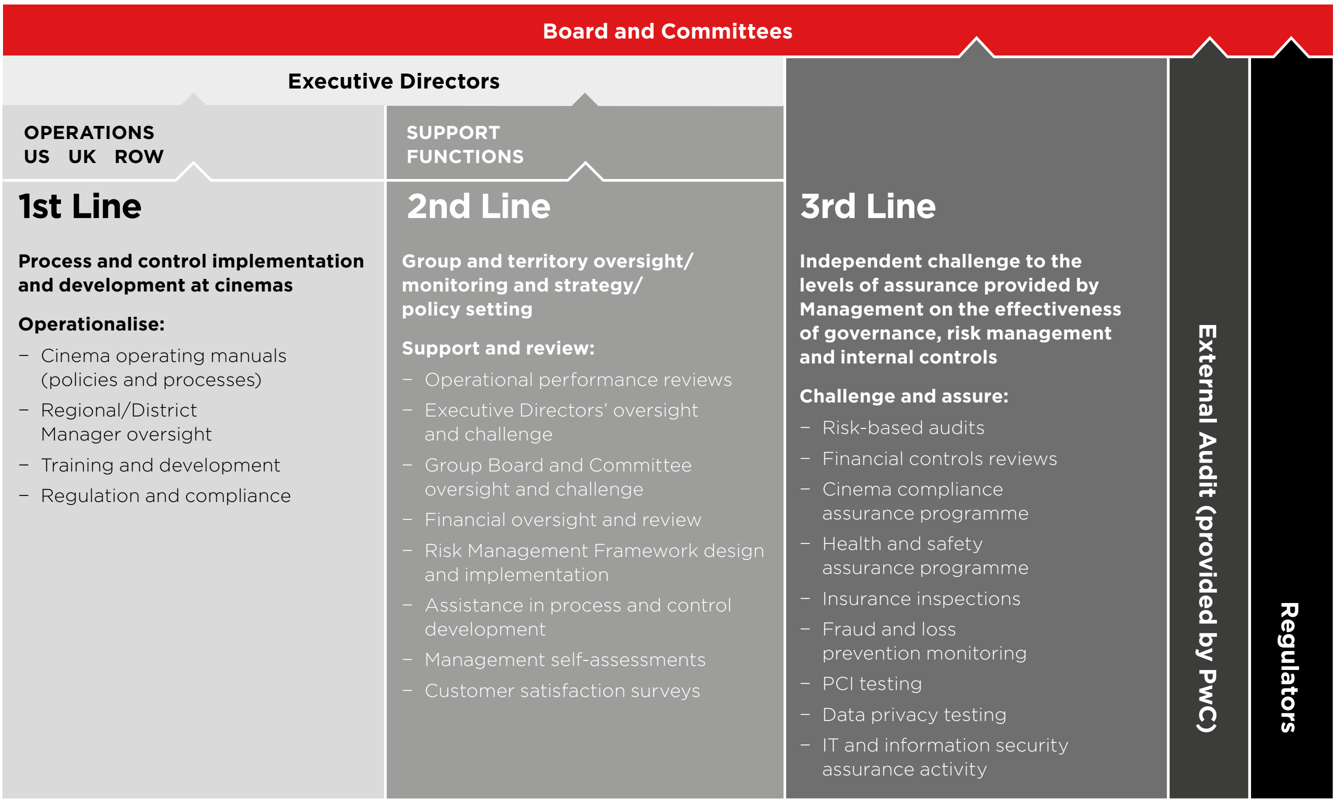
During the year, the Board has directly, and through delegated authority to the Executive Management Team and the Audit Committee, overseen and reviewed the performance and evolution of the approach to risk management and internal control. As part of this review process, a detailed report is prepared by the Head of Risk and Assurance and presented to the Audit Committee, which considers the details of the report and has the opportunity to ask questions. The Audit Committee in turn reports to the Board on the effectiveness review, and the findings arising thereunder.

The ongoing review and evaluation of risk management and internal control is undertaken by the Risk and Assurance team whose key responsibilities are:

- risk management;
- internal audit; and
- fraud detection and loss prevention.

The Board confirms that, in accordance with the Code:

- there is an ongoing and robust process for identifying, evaluating and managing the emerging and principal risks faced by the Group (for more details please see Principal Risks and Uncertainties on pages 14 to 19);
- the Company's systems of risk management and internal control have been in place for the year under review, and up to the date of approval of this Annual Report, are regularly reviewed by the Executive Directors and the Board, and are deemed to be effective with no significant weaknesses identified; and
- the systems comply with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.



Risk

The Board, supported by the Audit Committee and the Executive Management Team, has overall responsibility for implementing an effective risk management approach. The Group's approach is governed by its Risk Management Framework that sets out the policy, oversight structure, accountability and processes for the monitoring and reporting of risk within the Group, and facilitates the following objectives for risk management:

- to identify, measure, control and report on business risk that would potentially undermine the achievement of the Group strategic objectives, both strategically and operationally, through appropriate analysis and assessment criteria;
- to better allocate effort and resources for the management of key and emerging risks;
- to drive business improvements and improve intelligence for key decision-making; and
- to support and develop the Group's reputation as a well governed and trusted organisation.

The application of the key components of the Risk Management Framework have been as follows:

Oversight structure and accountability – The risk management oversight and accountability structure has ensured that risk consideration is from both a "top-down" and "bottom-up" perspective. The Group maintains a Principal Risk Register as well as operational risk registers for support functions, cinema operations and specific projects.

Ongoing process – At each level the risk assessment process is based on five key steps:

1. Risk identification (using cause and effect analysis)
2. Assessment of inherent risk severity
3. Identification of existing controls and assessment of effectiveness
4. Assessment of residual risk severity
5. Development and implementation of risk mitigation

Details of the Group's principal risks and how they are being managed or mitigated are provided on pages 14 to 19.

As part of this process, risk appetite is considered by the Board annually for each of the principal risks, allowing the Board to clearly set out the nature and extent of the risk the Group is willing to accept, and the level of investment in control in pursuit of the Group's strategic objectives.

Escalation, monitoring and reporting – A clear escalation policy is in place to ensure changes to risk exposure are notified up through the governance structure as required. Risk owners are identified for all risks and have the responsibility for ongoing monitoring of the effectiveness of current controls and the progress against the implementation of further mitigating actions.

There is a cycle of ongoing monitoring and reporting activities in place with risk information being presented to the Board and Audit Committee.

Culture – To support embedding the application of the Risk Management Framework into the culture and behaviours of the Group, ongoing training has been delivered by the Risk and Assurance team.

Internal control

While the Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness, it has delegated responsibility for the operation of the system of internal control to the Executive Management Team. The detailed review of internal control has been delegated to the Audit Committee. Senior Management within each part of the Group are responsible for internal control and risk management within their own area and for ensuring compliance with the Group's policies and procedures.

The Audit Committee has oversight of the programme of assurance activities to allow for its ongoing review of the effectiveness of internal control. The delivery of this assurance programme is undertaken by the Risk and Assurance team, which is supported by specialist advisers as required.

Details of the activities of the Audit Committee during 2021 are set out on page 57.

Internal audit – The internal audit plan is a combination of Group-wide risk-based reviews (providing assurance over the key controls relied upon for the principal risks), financial and information technology controls testing and additional specific reviews requested by Management. For 2021, the Company engaged RSM, under the direction of the Head of Risk and Assurance, to undertake the complete Company's internal audit plan. Certain aspects of the internal audit were rescheduled to a later date due to COVID-19.

Cinema compliance – The Cinema Compliance programme has operated across the Group with reviews being undertaken to understand the application of the key controls within the operational procedures in the areas of cash, retail, payroll/HR and operations. This programme was halted as a result of the cinema closures in 2020 and 2021, although the internal self certification process continued throughout. Cinema compliance reviews will resume in 2022, the results of which will be reviewed and considered by the Audit Committee.

Each cinema in the Group has been risk assessed based on operational and management information to determine which cinemas would be included in the audit programme for the year.

Quarterly management reporting of key themes and trends helps support the Group to make continued improvements.

In addition to the programme of on-site reviews conducted by the Risk and Assurance team, an annual self-assessment audit is undertaken by each cinema in the Group.

Fraud detection and loss prevention – To support the Group in fraud detection and loss prevention, ongoing analysis of our key data sources is undertaken to identify any irregular transaction activity that could indicate instances of fraud, loss or failure of procedural compliance.

External audit – The External Auditors provides a supplementary, independent and autonomous perspective on those areas of the internal control system which it assesses in the course of its work. Its findings are reported to the Audit Committee.

Operational controls – The Executive Directors, on a day-to-day basis, are involved in reviewing the key operations of the business through their interaction with their Senior Management teams across the Group and their discussions on operational performance and delivery.

Financial control – The Group has internal control and risk management procedures in relation to the Group's financial reporting processes and the preparation of its Consolidated Financial Statements. Procedures are in place at the entity, country and Group level, with finance teams and management responsible for the reporting and control at each level of the process. More complex areas of reporting are addressed at the group level with senior management input and oversight. These procedures ensure the maintenance of records which accurately and fairly reflect transactions, to enable the preparation of financial statements in accordance with International Financial Reporting Standards or FRS 101, as appropriate, with reasonable assurance, and that require reported data to be reviewed and reconciled, with appropriate monitoring internally and by the Audit Committee.

Ongoing financial performance is monitored through reporting to the Executive Directors and the Board.

Capital investment and all revenue expenditure are regulated by a budgetary process and authorisation levels, with post-investment and period end reviews as required. A comprehensive budgeting system allows managers to submit detailed budgets which are reviewed and amended by the Executive Directors prior to submission to the Board for approval.

As a result of the General Data Protection Regulation ("GDPR"), additional assurance activities have been undertaken that focused on reviewing the maturity of the Group in the application of the regulation.

In line with requirements under the Payment Card Industry Data Security Standard, an independent security assessor provides reports on compliance (where applicable).

Policies and procedures – The Group has in place a range of governance-related policies which are regularly reviewed and communicated to employees. These include Gifts and Hospitality, Anti-Fraud and Bribery, and Health and Safety. In addition, the Group has in place whistleblowing policies so that the workforce may raise concerns in confidence. Whistleblowing data is routinely reviewed by the Board and follow up actions are considered. For more details of the Group's policies see page 27.

REPORT OF THE NOMINATION COMMITTEE FOR 2021

Chair	Alicja Kornasiewicz
Committee members	Camela Galano Arni Samuelsson Damian Sanders
The Company Secretary acts as Secretary to the Committee	

Dear shareholders

I am delighted pleased to present the report of the Nomination Committee for 2021.

Work in relation to Board and Committee composition continued in the early part of the year.

In March 2021, after a rigorous recruitment process supported by external search agency Russell Reynolds Associates, we were delighted to also announce the appointment of Dr Ashley Steel, as an independent Non-Executive Director, with effect from 1 April.

Ashley is a former Vice Chair and member of the UK and European boards of KPMG, with significant international, financial and commercial experience. Given Ashley's skills and expertise, it was also recommended that she become a member of the Audit and Remuneration Committees.

At the same time, we announced some further changes to the Board and Committee compositions. Rick Senat, who had been a Non-Executive Director of the Company since 2010, stepped down from the Board at the conclusion of the Company's 2021 AGM.
Dean Moore took up the role of Senior Independent Director in Rick's place on 22 March 2021. The composition of the Nomination Committee itself was refreshed, with independent Non-Executive Directors Camela Galano and Damian Sanders joining, and Scott Rosenblum standing down.

We also announced a new Environment Committee of the Board, established on 13 January 2022. The Environment Committee is chaired by Ashley Steel. Renana Teperberg (Chief Commercial Officer), Camela Galano (independent Non-Executive Director) and Scott Brooker (Company Secretary) are also members of the Committee.

The purpose of the Environment Committee is to provide oversight, on behalf of the Board, in relation to the Group's environmental strategy and activities, which will include overseeing the Company's environmental reporting and disclosures. We believe that the appointment of this new Committee will serve to enhance the existing governance framework around environmental issues and the work of the Board in this area.

Camela Galano stepped down as a member of the Company's Audit Committee at the same time as joining the Environment Committee.

Full details of our Committee compositions may be found on page 43 and 54.

For the 2021 financial year, we opted for an internal evaluation of the composition and effectiveness of the Board and its Committees. I am pleased to report that the internal evaluation found the Board and its Committees to be operating efficiently and productively. More details of the work of the Nomination Committee and the outcomes of our Board evaluation can be found on page 54.

Other activities of the Committee included discussions on diversity and succession planning, and consideration of how we can best support and encourage the development of talent at Senior Manager level.

Details regarding the gender balance of our employees and of the Executive Management Team can be found on page 29.

Regarding the gender balance on our Board, I would like to note that there are currently four female Board members, out of eleven, representing an increase in female representation against the prior year. Following the publication of the FTSE Women Leaders Review in February 2022, we were ranked in the Top Ten in relation to the FTSE 250 Rankings 2021 Women on Boards and Leadership, and second in the Travel and Leisure sector.

Lastly, in respect of the ethnic diversity of our Board, we have met the target set in the February 2020 update report from The Parker Review. More details of our approach in relation to diversity may be found on page 27.

Alicja Kornasiewicz
Chair of the Nomination Committee

Gender breakdown of the Board(1)

Male	7
Female	4
Total Board of Directors	**11**

Balance of the Board(1)

Chair	1
Executive Directors	4
Non-Executive Directors	6

Length of tenure of Non-Executive Directors(1)

0-2 years	2
3-6 years	3
7+ years	2

(1) As at 31 December 2021.

Nomination Committee composition

At the start of the year, the Committee comprised three Non-Executive Directors, being Alicja Kornasiewicz (Chair), Scott Rosenblum and Arni Samuelsson.

While Arni Samuelsson is considered to be independent, Scott Rosenblum is not. In addition, as Alicja Kornasiewicz is Chair of the Company, she was not considered independent under the Provisions of the Code for the purposes of the Committee composition.

However, due to the importance of the work of the Nomination Committee in 2021, particularly in relation to the recruitment of an additional Non-Executive Director, it was beneficial for Alicja to perform the role of Committee Chair, alongside continuing members Scott Rosenblum and Arni Samuelsson.

Following the conclusion of the Committee's work in respect of Ashley Steel's nomination, on 1 April 2021, Scott Rosenblum stepped down from the Committee, and Damian Sanders and Camela Galano (both independent Non-Executive Directors) joined as members, ensuring compliance with the composition requirements under the Code. The period of non-compliance in the financial year was 1 January 2021 to 31 March 2021.

At the end of the year, the Committee therefore comprised Alicja Kornasiewicz (Chair), Camela Galano, Arni Samuelsson and Damian Sanders.

The role, responsibilities and activities of the Nomination Committee

The Committee assists the Board in discharging its responsibilities relating to the composition of the Board. It is responsible for evaluating the balance of skills, knowledge and experience on the Board, its size and structure, and retirements and appointments of additional and replacement Directors. In addition, the independence of Directors and the development of the talent pool of the business are also areas of responsibility, and the Committee makes appropriate recommendations to the Board on all such matters. It is also responsible for ensuring that Directors have sufficient time to discharge their duties on appointment, and thereafter, with such matters being specifically addressed in the letters of appointment of the Non-Executive Directors. Prior approval is sought before a Director accepts an external appointment. The terms of reference of the Committee are available on the Company's website (www.cineworldplc.com/en/about-us/corporate-governance).

The Committee met during the year to deal with a variety of key tasks, including the recruitment of an additional independent Non-Executive Director – a successful project that led to the appointment of Ashley Steel.

During the year the Committee also reviewed its own performance, reviewed the structure of the Board and the three Committees, and discussed succession and diversity issues.

Board evaluation

Towards the end of the year, a performance evaluation was carried out in respect of the Board, the Audit, Remuneration and Nomination Committees, and each individual Director, including the Chair. As an external facilitator had been engaged for the 2019 performance evaluation, the Board decided to carry out the exercise without external assistance in 2021. The process adopted involved the completion of assessment questionnaires by each of the Directors and Committee members. The results were then collated by the Company Secretary, and a summary presented to the relevant Committee and the Board. The process was constructive and confirmed that overall the Board and Committee processes were working appropriately. A few matters were identified where Directors felt that more time should be allocated, including a focus on succession planning and additional training and development opportunities.

Follow up actions flowing from the evaluation were discussed and agreed upon, so that the recommendations of the evaluation could be incorporated into the Board agenda for the coming year. As part of its work, the Nomination Committee takes into account the outcomes of the evaluation process when considering and assessing the composition of the Board.

Skills, experience and knowledge

All Directors have a good understanding of the markets, territories, regulatory and risk management frameworks within which the Group operates, as well as the technology it uses.

The biographies of the Directors, as set out on pages 39 to 41, highlight the skills and experience each Director brings to the Board. The Nomination Committee monitors the length of tenure and the skills and experience of the Non-Executive Directors to assist in succession planning. The Committee is confident that the Board has the necessary mix of skills and experience to contribute to the Company's strategic objectives.

Tenure

The tenure of each of the Directors is set out in their biographies on pages 39 to 41, and summarised on page 55.

Succession planning and the pipeline of talent

To find the most suitable candidates for the Board, the Nomination Committee considers the skills, experience and attributes required to create a diverse Board which is capable of driving the Company forward successfully in fulfilment of its purpose and strategic goals. The Committee also considers succession planning on a regular basis, and the initiatives that are in place to develop the talent pipeline at a senior level across the business. Initiatives that were reviewed by the Committee in relation to development of talent at a senior level included advanced coaching schemes, management conferences, training on leadership, sessions on wellbeing, resilience and mental health awareness, and access to mentoring schemes. More information on the development initiatives for Senior Management can be found on pages 25 to 29 of the Responsible Business section.

Policy on diversity and inclusion

While the Committee considers diversity to be important when reviewing the composition of the Board and possible new appointees, it believes that the single most important factor is to identify, recruit and retain the people it considers, on merit, to be the best candidates for each particular role.

These principles are reflected in the Diversity Policy that has been established by the Committee. It is not currently in favour of setting specific targets for Board representation to be achieved by particular dates. As part of the process of recruiting new Directors, it has agreed that candidates from a wide variety of backgrounds, including different ethnic backgrounds, should be considered and, where reasonably possible, shortlists should comprise candidates of different genders.

Diversity extends beyond the Boardroom and the Committee is supportive of management's efforts to build a diverse organisation and maintain a diverse talent pipeline.

For more information about the Group's approach to diversity, please see the "Employees" section of the Directors' Report on page 80 and the "Diversity and human rights" section of Responsible Business on page 27.

Recruitment process for Board Directors

It was announced on 22 March 2021 that Ashley Steel had been appointed to the Board as an independent Non-Executive Director, with effect from 1 April 2021.

With regard to the appointment of Ashley, external search consultancy Russell Reynolds Associates was appointed to assist with the search process. A full brief was drawn up for the role, which included the request for experience in the field of remuneration.

Following an initial consideration of potential candidates, a shortlist was prepared and, following interviews carried out by members of the Nomination Committee, the Chief Executive Officer and the Deputy Chief Executive Officer, and the Chair of the Audit and Remuneration Committees, the Committee recommended to the Board that Ashley should be appointed as an independent Non–Executive Director and a member of the Audit and Remuneration Committees. The Board agreed with this recommendation.

Russell Reynolds Associates, the external search consultancy used for this search, has no connections with the Group or any of its Directors and was chosen on the basis of discussions and a review process undertaken by the Nomination Committee.

REPORT OF THE AUDIT COMMITTEE FOR 2021

Chair	Damian Sanders
Committee members	Dean Moore Ashley Steel
The Company Secretary acts as Secretary to the Committee	

Dear shareholders

I am pleased to present the Audit Committee Report for the year to 31 December 2021, my first since taking up the role of Chair of the Committee on 1 April 2021. I would like to thank former Committee members Rick Senat and Camela Galano, who stepped down from the Committee on 1 April 2021 and 13 January 2022 respectively. I would also like to thank Dean Moore for his previous work as Committee Chair, and to welcome Ashley Steel, who joined as a member of the Committee on 1 April 2021, bringing substantial business, risk and financial experience.

Details of the activities undertaken by the Committee during the period are set out below. Such activities assist us in discharging our responsibilities in relation to the Committee's oversight and monitoring of the robustness and integrity of financial reporting, and in gaining assurance on the effectiveness of the risk management and internal control system in place at Cineworld.

As with the prior year, the impact of COVID-19 has continued to have a significant bearing on the work of the Committee, in key areas such as going concern, viability, lease arrangements, impairment, and accounting for the new financing arrangements that were announced in July 2021.

As part of this work, the Committee has considered significant judgements and assumptions in these areas of focus and monitored the work of Management and the ongoing discussions with the Auditors. More details of our formal position on these issues is set out on pages 56 to 60.

In addition, in 2021 we continued our work on the essential oversight of internal control and risk management systems, which included a comprehensive review of the effectiveness of our internal audit systems and controls, in accordance with the requirements of the Code.

Discussions on emerging risk continued throughout the period, and a new climate-related risk has been added to our principal risk register. Information on our principal risks and uncertainties and how we consider these risks in the context of our wider strategic objectives, can be found on pages 14 to 19.

Damian Sanders
Chair of the Audit Committee

Composition

At the start of the year, the Committee comprised four independent Non-Executive Directors, being Dean Moore (Chair), Camela Galano, Damian Sanders, and Rick Senat. On 22 March 2021, it was announced that Damian Sanders would become Chair of the Committee, Ashley Steel would be appointed as a member, and Rick Senat would step down from the Committee with effect from 1 April 2021. Dean Moore would continue as a member.

Therefore, at the year end, the Committee comprised four independent Non-Executive Directors, being Damian Sanders (Chair), Camela Galano, Dean Moore and Ashley Steel.

On 13 January 2022, it was announced that Camela Galano would step down from the Committee, and so at the date of this report, the Committee comprises three independent Non-Executive Directors.

Both Dean and Damian are qualified accountants, and are considered by the Board to have recent and relevant financial experience. The Committee as a whole is considered to have competence relevant to the sector in which the Company operates.

The Chair, the Chief Executive Officer, the Deputy Chief Executive Officer, the Chief Financial Officer, other Directors and senior executives, the Head of Risk and Assurance, the Internal Auditor and the External Auditors may be invited to attend meetings, but are not members.

The role, responsibilities and activities of the Audit Committee

The Committee has a clear set of responsibilities that are set out in its terms of reference, which are available on the Company's website (www.cineworldplc.com/en/about-us/corporate-governance). The Committee assists the Board in discharging its responsibilities with regard to financial reporting, the integrity of financial statements, the control environment, the work of the External and Internal Auditors, and the Risk and Assurance team, including:

- monitoring the financial reporting process;
- reviewing the integrity of the Annual and Interim Reports, including reviewing significant financial judgements therein;
- reviewing the Group's risk assessment process, the output of that assessment and the associated risk management systems;
- reviewing the effectiveness of the Group's internal controls;
- considering the scope of the Internal and External Auditors' activities, and the work of the Risk and Assurance team, their reports and their effectiveness;
- reviewing and monitoring the extent of the non-audit work undertaken by the External Auditors; and
- advising on the appointment of the External Auditors.

The ultimate responsibility for reviewing and approving the Annual and Interim Reports remains with the Board.

What the Committee did in 2021

The Committee met for five scheduled meetings in the year, during which time it:

- monitored the financial reporting process and reviewed the interim and annual financial statements (including the preliminary announcement) with particular reference to the impact of COVID-19 related closures, accounting policies, principal risks and uncertainties, together with significant estimates and financial reporting judgements and the disclosures made therein;
- considered and agreed the reporting timetable;
- considered the interim results and the Annual Report and Accounts in the context of the requirement that they are fair, balanced and understandable;
- received and discussed (in the absence of management, where appropriate) reports from the External Auditors in respect of its review of the interim results, the internal audit plan for the year and the results of the annual audit. These reports included the scope for the interim review and annual audit, the approach to be adopted by the External Auditors to evaluate and conclude on key areas of the audit, its assessment of materiality, the terms of engagement and raising awareness of the likely impact of future changes to regulation and accounting standards;
- monitored the performance of the Risk and Assurance team, and reviewed the effectiveness of the Group's internal financial controls together with its broader internal control and Risk Management Framework, to ensure consistent and appropriate financial controls across the Group;
- reviewed the accounting papers provided by management in relation to key accounting topics;
- monitored the implementation of the Group's internal audit plan for 2021;
- reviewed the results of non-financial audits and where applicable agreed enhancements to procedures and reviewed remedial actions;
- oversaw the Group's relations with the External Auditors, determined its independence and monitored the effectiveness of the audit process;
- discussed the requirements for a longer-term Viability Statement and the related assessment work to enable the Board to make such a statement; and
- reviewed the Committee's terms of reference and carried out a performance evaluation as required by the Code. The results of the evaluation confirmed that the Committee is performing satisfactorily and providing strong support to the Board.

Fair, balanced and understandable

During the year, the Committee considered the interim results and the Annual Report and Accounts in the context of the requirement that they are fair, balanced, and understandable by reviewing papers prepared by management with regard to this principle. This included reviewing the documents to ensure that the description of the business agrees with the Committee's own understanding, the risks reflect the issues that concern the Group, the discussion of performance properly reflects the relevant period, and there is a clear link between all the areas of disclosure.

Going concern

COVID-19 and the resultant closures in response to it continued to have a significant impact on the Group's financial resources and forecasts throughout 2021 and will do so going forward. The cinema industry has been materially negatively impacted through 2021 with the Group experiencing closures across all territories.

The Committee challenges the Group's application of the going concern basis and its viability at each reporting date. During 2021, continuing uncertainty around the cinema market as well as economies generally has contributed to the continuing elevated detail and consideration being applied in those making challenges.

The Group took several steps in securing additional liquidity in response to the challenges presented by the pandemic and to ensure financial stability going forward. These included the receipt of the US CARES Act tax rebate, raising $213m though the issue of a convertible bond and an additional $200m through an incremental term loan.

Management prepared scenario analysis based on the parameters of the liquidity position at the year end and facilities in place, covenants in place on new debt arrangements agreed in the year, the forecast recovery of cinemas to pre-pandemic levels of trading as well as certain key cash flows.

Management also gave consideration to the Group's ability to successfully appeal the judgement received in respect of the claim from Cineplex and its implications for the Groups financial position.

The Committee considered the scenario analysis and challenged Management's key assumptions and mitigating actions. Key assumptions recovery remain uncertain. Details of the scenario analysis and the specific uncertainties are provided in note 1 to the Financial Statements.

Having considered both weighted and severe but plausible scenarios in detail, the Committee recognised the material uncertainties that remain around the Group's ability to continue as a going concern, as set out by Management, and consider details with regard to these uncertainties disclosed in note 1 to the financial statements to be appropriate. On this basis, the Committee recommended to the Board that the going concern assumption should continue to be adopted.

Viability

Part of the Committee's work in the year has been to discuss and consider the requirement under the Code for a longer-term Viability Statement, and the related assessment work needed in order to enable the Directors to make such a statement. The Directors' Viability Statement, together with details of the assessment work, is set out on pages 23 and 24 (with a summary on page 38, "Board Statements").

Significant issues considered in relation to the financial statements

During the year the Committee, Management and the External Auditor considered and concluded what the significant risks and issues were in relation to the financial statements and how these would be addressed. In relation to the 2021 Group financial statements, significant risks have been identified which are outlined as follows:

Valuation of property, plant and equipment and right of use assets

As detailed in Note 12 to the financial statements, there is an inherent risk that elements of the value of Group's right of use and property, plant and equipment assets may prove to be irrecoverable, due to fluctuations in the performance of cinemas or one-off events. Given the number of factors involved in forecasting the performance of cinema sites operated by the Group, in multiple countries, this results in an element of judgement being applied to the valuation of an individual cash generating unit ("CGU"), predominantly at cinema site level. At each Balance Sheet date, Management prepares an assessment which estimates the value in use of the CGUs to which the tangible fixed assets are allocated. Where individual sites' cash flows are not considered independent from one another, mainly due to strategic or managerial decisions being made across more than one site, they may be combined into a single CGU. The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount rate applied. Following impairment charges caused by the pandemic, affected by the level of right of use assets held at CGUs where no lease amendment had been applied since the outbreak of the pandemic, there is also a risk that CGUs are valued below the recoverable amount and reversal of impairment is required.

The main assumptions over growth rates, the impact of one-off events, expected cost increases and discount rates are updated to reflect Management's best estimate. The impact of COVID-19, its impact on the Group's forecast revenue and the Group's credit rating resulted in material one off reductions in value in CGUs in each territory. There has been no material change to forecasts or discount rates applied for CGU impairment testing since the 2021 assessment.

When considering the appropriateness of the discount rate, Management assess the territory specific discount rates, and ensure that they are updated for current market information and the Group's current leverage. The assessment for the current year included consideration of the deterioration in the Group's credit rating and changes to its cost of debt due to new issuances in the year.

At the year-end Management prepared their valuation models for the Committee's consideration, together with their proposed site impairments, and drew the Committee's attention to any specific judgements taken within the models. Management confirmed to the Committee that they have applied a consistent Group-wide methodology in the preparation of the valuation models. This included applying reduction in forecast cash flows at a CGU level, implied by the weighted scenario forecast analysis carried out for the Group's Going Concern assessment.

In considering potential reversals of impairment, Management confirmed that they had only recognised a reversal when driven by changes to the right of use asset held at a CGU, caused by a lease amendment signed during the period. All other model parameters for reversals of impairment were consistent with those applied in assessing impairment charges at December 2020.

The committee reviewed the methodology and assumption applied by Management in reaching their impairment assessments. A key assumptions addressed were the forecast return to pre pandemic levels of trading, which were assessed for consistency with the Groups wider forecast recovery.

The Committee satisfied itself that the approach was appropriate, the assumptions reasonable and the impairments proposed were complete and accurate. The Committee also satisfied itself through enquiry of Management and review of the Board papers that all significant events which may have impacted on the valuation of PPE and right of use assets had been appropriately captured in Management's assumptions and reflected in the valuation models and that appropriate disclosures, including in relation to sensitivities, had been included in the financial statements.

Valuation of investments

As detailed in Note 13 to the financial statements, the continued impact of COVID-19 resulted in an increased risk to the valuation of the Groups investment in National Cinemedia LLC (NCM). This risk was driven by changes to the forecast profitability of NCM, reductions in its forecast distributions and a material reduction in its share price. The forecast cash flows arising from the investment in the form of distributions require judgement and result in sensitivity in the valuation of NCM. Management's value in use assessment was based on forecast cash flows, which were applied through using NCM own forecast cash flows and use of the weighted scenario forecasts considered in the Group's Going Concern assessment. A WACC was derived using relevant external market data and considering the Group's credit worthiness at the date of the assessment. Management's fair value less cost to sell assessment was determined by reference to the traded share price in NCM Inc (as set out in note 13) at 31 December2021. The Committee has considered information supplied by Management and satisfied itself that the approach and methodology applied by Management was appropriate.

Accounting for new financing arrangements

During the year the Group entered new financing agreements. The nature and complexity of certain features of these arrangements are such that their treatment and valuation represent a greater risk than other agreements the Group has historically been party to. These agreements included the issue of a convertible bond with certain embedded derivative financial instruments. Each component of the new arrangement, their contractual terms and interaction with other contracts in place and the appropriate treatment under IFRS 9: Financial Instruments were considered by Management. Detailed disclosures in respect of these treatments and valuations and their impact on the financial statements are set out in note 26.

Having considered documentation and analysis presented to it, the Committee satisfied itself that Management obtained appropriate professional advice in addressing these contractual arrangements and correctly recognised them in the financial statements.

IFRS 16: Leases

As detailed in note 20, on adoption of IFRS 16 "Leases" leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group in the Consolidated Statement of Financial Position. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Both principal and finance cost elements of lease payments are recognised within financing cash flows within the Consolidated Statement of Cash Flows.

The depreciation charge recognised on the right-of-use assets is being charged to administration expenses in the Group's Statement of Profit and Loss.

The impact of COVID-19 resulted in a large number of lease agreements in the period being renegotiated. The number and nature of amendments made are such that judgements taken were significant. These judgments included the lease term, discount rate applied, the date amendments took place and the treatment of amendment as modifications under IFRS 16. Based on the Committee's enquiries of Management and review of accounting papers, the Committee has satisfied itself that:

- The details and timing of amendments to leases during the year, including the calculation of deferred and waived rent, have been applied correctly in accordance with IFRS 16;
- The judgement applied by Management in assessing whether a lease option period should be included in the lease liability has been carefully considered, taking into account the facts and circumstances around the lease and the historic decisions taken over lease options and the decision making process prior to executing a lease option; and
- The discount rates used to discount the lease payments have been provided by an independent professional services firm and the rates have been calculated for portfolios of leases with similar characteristics, as permitted under IFRS 16, with lease term and asset-specific adjustments and reflecting the Group's current cost of borrowing and credit rating.

Recoverability of deferred tax assets

The Group recognises deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, unused tax losses and unused tax credits. Disclosures in respect to of deferred tax assets and liabilities are set out in notes 10 and 16. COVID-19 and its effect on the Group's taxable profits over a forecast five-year period have resulted in greater uncertainty over the recognition of deferred tax assets. In particular, judgement exists around the recognition of deferred tax assets in respect of losses incurred and whether sufficient taxable profits will be generated to utilise them in future periods. Management have applied their scenario weighted forecasting and relevant tax regulations in assessing whether assets should be recognised in each territory. The Committee have considered calculation and forecast prepared by Management and are satisfied that appropriate judgements have been made in respect of the recoverability of deferred tax assets in the financial statements.

Cineplex

Management made an assessment of the Group's ability to successfully appeal the Judgement received in respect of the Cineplex claim. Management concluded that it is currently not probable that damages will be payable and no liability was recognised in the Financial Statements.

Given the uncertainty in respect of the appeal process, Management disclosed a contingent liability in respect of the judgement, details of which are set out on page 162.

The committee challenged the process undertaken by Management in reaching its assessment of whether the appeal would be successful. It further challenged management on the implications for the Group should the appeal not be successful.

Having considered the information available and the appeal process, the Committee satisfied itself that the contingent liability accurately reflects the risk with regard to the judgement.

External Audit

The Committee reviews the appointment of the External Auditors each year before the cycle of audit commences and in deciding whether to renew the appointment takes note of the quality of the service received, the proposed fees and the Auditors' independence. Management and all members of the Committee are consulted during the process. Further details of these processes are set out below.

Audit tender

PwC was appointed as External Auditors to the Company following an audit tender process carried out in 2019.

The Company will continue to comply with the relevant tendering and auditors rotation requirements applicable under UK regulations, which require the next external audit tender to occur by 2029. In addition, the External Auditors will be required to rotate the audit partner responsible for the Group audit every five years and, as a result, the current lead audit partner, Christopher Richmond, will be required to change in 2024. The Committee continues to review the auditors appointment and the need to tender the audit.

The Company considers it has complied with the Competition and Markets Authority's Statutory Audit Services Order.

Independence and Effectiveness

During the year, the Committee evaluated the performance and objectivity of PwC and reviewed its independence and effectiveness as External Auditor in relation to the prior year accounts. The effectiveness of the 2020 audit was assessed by reference to the following:

- the effectiveness of the lead audit engagement partner, including the support provided to the Committee;
- the planning and scope of the audit including identification of areas of audit risk and communication of any changes to the plan, and changes in perceived audit risks;
- the quality of communication with the Committee, including the regular reports on accounting matters, governance and control;
- the competence with which the External Auditors handled key accounting and audit judgements and communication of those to management and the Committee;
- PwC's reputation and standing, including its independence and objectivity and its internal quality procedures; and
- the quality of the formal report to shareholders.

Further, at the conclusion of each year's audit, the Committee discusses the performance of the External Auditors with the Executive Directors and relevant senior finance managers considering areas such as the quality of the audit team, business understanding, audit approach and management. Where appropriate, actions are agreed against points raised and subsequently monitored for progress. There were no significant findings from the evaluation this year.

After taking into account all of the above factors, the Committee concluded that PwC, as External Auditors had been effective. In addition, the Committee is satisfied that it has sufficient oversight of the External Auditors and its independence and objectivity is not compromised due to the safeguards in place.

Independence of the Auditors

The External Auditors are required to periodically assess whether, in its professional opinion, it is independent and confirm this to the Committee. PwC has provided this confirmation.

Non-Audit services

The Committee considers the independence of the External Auditors on an ongoing basis and has established policies to consider the appropriateness or otherwise of appointing the External Auditors to perform non-audit services, in light of the regulation set out in the EU Audit Directive and Audit Regulation 2014 (the "Regulations") and the Financial Reporting Council ("FRC") Revised Ethical Standard 2019. In particular, all non-audit work and the associated fees need to be approved by the Committee.

The only non-audit services subject to Audit Committee approval provided by PwC to the Group during 2021 related to its review of the Group's interim statement and provision of Viewpoint, PwC's technical library, resulting in a fee of $330,000 and $1,600 respectively. The Committee is satisfied that the above work was best undertaken by the External Auditors and that its objectivity and independence as Auditors have not been impaired by reason of this further work. The ratio of audit fees to non-audit fees is 10 to 1, an analysis of audit and non-audit fees may be found in Note 6 to the financial statements.

Insurance

It is not practical or possible to insure against every risk to the fullest extent. The Group has in place an insurance programme to help protect it against certain insurable risks. The portfolio of insurance policies is kept under regular review with the Company's insurance broker to ensure that the policies are appropriate to the Group's activities and exposures, taking into account cost, and the likelihood and magnitude of the risks involved.

REMUNERATION COMMITTEE

Remuneration Committee composition

At the start of the year, the Company's Remuneration Committee comprised three Non-Executive Directors, namely Dean Moore (Chair), Alicja Kornasiewicz and Camela Galano.

Ashley Steel was appointed to the Board as an independent Non-Executive Director on 1 April 2021, and joined the Committee at the same time, in place of Alicja Kornasiewicz. Therefore, at the end of the year, the Committee comprised three independent Non-Executive Directors, namely Dean Moore (Chair), Camela Galano and Ashley Steel.

As Alicja Kornasiewicz is Chair of the Company, she was not considered independent under the Provisions of the Code for the purposes of the Committee composition. However, it was considered beneficial for continuity purposes for Alicja to remain as a Committee member after stepping down from the role of Committee Chair in 2020, while the search for an additional Non-Executive Director to join the Committee progressed.

As Ashley is an independent Non-Executive Director, the Committee's composition on her appointment on 1 April 2021 was fully compliant with the Code requirements, following the period of transition. The period of non-compliance in the financial years was 1 January 2021 to 31 March 2021.

The Committee met for four scheduled meetings in the year. More details on the work of the Committee are set out in the Directors' Remuneration Report on pages 61 to 75.

The Company Secretary acts as Secretary to the Remuneration Committee.

Roles and responsibilities

The activities of the Committee are covered in the Directors' Remuneration Report on pages 61 to 75, and are incorporated into this Corporate Governance Statement by reference.

The Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Group's policy on executive remuneration, determining the individual remuneration and benefits package of each of the Executive Directors, and monitoring and approving the remuneration of Senior Management below Board level.

The Committee appointed FIT Consultants as external adviser in December 2020 and took advice from them during the year.

The Committee is comfortable that the engagement partners and team of the external adviser do not have connections with the Company or Directors of the Company that may impair their independence. On appointment as adviser, the Committee reviewed the potential for conflicts of interest and judged that there were no conflicts or potential conflicts arising. The Company receives advice in relation to the Remuneration Policy and its implementation in respect of the Chair, Executive Directors, Company Secretary and Senior Management.

The terms of engagement with FIT Consultants are available on request from the Company Secretary.

The Chief Executive Officer is consulted on the remuneration packages of the other senior executives and attends discussions by invitation except when his own position is being discussed. The Committee does not deal with the fees paid to the Non-Executive Directors. The report of the Remuneration Committee is set out on pages 61 to 75.

The terms of reference of the Committee are available on the Company's website (www.cineworldplc.com/en/about-us/corporate-governance).

We have continued to focus on the strategic business priorities in exceptional times

"It has been another intensive period for the Committee, with the COVID-19 global pandemic continuing to have a significant impact on Cineworld in 2021... Decisions by the Committee in relation to executive remuneration outcomes have been taken within the context of this exceptionally challenging backdrop"

Dean Moore
Chair of the Remuneration Committee

Annual Statement
Dear shareholders

This report describes the key decisions the Remuneration Committee (the "Committee") made in 2021, how the Directors were paid, and sets out the Remuneration Committee's planned approach to pay in 2022.

It has been another intensive period for the Committee. In the early part of 2021, the new one-off Long-Term Incentive Plan (the "2021 LTIP") was approved by shareholders. The Committee decided that, as the Company was facing such unusual challenges as a result of COVID-19, a new and non-standard approach to remuneration was required.

The Committee engaged extensively with our largest shareholders as part of the design process and we took into account the feedback we received. The stretching share price targets mean that vesting of the shares will take place only in circumstances where significant transformational work in the business has been achieved, and where shareholders have also received substantial returns. The plan is simple, but reaching the targets will not be easy.

The plan was approved at a General Meeting ("GM") in January 2021. Further details on the targets and the awards made under the 2021 LTIP may be found on pages 68.

Following on from the 2021 LTIP, and ahead of the 2021 Annual General Meeting ("AGM"), the Committee embarked on a thorough review of the Directors' Remuneration Policy (the "Policy"), taking into account shareholders' views and emerging governance practice.

Our review led us to make some governance-related changes to the Policy, including in relation to pension alignment, shareholding guidelines, malus and clawback, and holding periods for LTIPs, which were included in the further revised Policy that was approved by shareholders at the AGM on 12 May 2021.

Feedback that we have received on the governance-related changes has been positive.

We acknowledge that some shareholders were not able to support the adoption of the 2021 LTIP at the GM, and this was also reflected in voting for the Directors' Remuneration Report and Policy, despite our positive governance-related updates. More details on the voting outcomes at the AGM may be found on page 71. We have, since the AGM in May, engaged further with shareholders to continue our dialogue on remuneration matters and deepen our understanding of the views of shareholders. As a Committee we are grateful for the feedback and insights that we have received as part of this process and for the support we received from our shareholders.

The impact of COVID-19 on business performance in 2021

COVID-19 has continued to have an impact on Cineworld in 2021, with cinemas remaining closed across the Group for a portion of the year, and a large number of staff on furlough schemes.

Despite this, we reopened our cinemas and welcomed back our customers in the summer of 2021, and it was gratifying to see positive trading in the months of key movie releases, including the much anticipated James Bond movie, "No Time to Die" and "Spider-Man: No Way Home". Total revenue for the Group for 2021 was $1,804.9m (2020: $852.3m on a statutory basis) and Adjusted EBITDA was $454.9m (2020: $115.1m).

More details of the impact of COVID-19 on the business are set out in the Chief Financial Officer's Review on page 30 to 35. All the decisions taken by the Committee in relation to executive remuneration outcomes have been within the context of this exceptional and challenging backdrop.

Key decisions during the year

In light of the impact of the pandemic, and due to the period of cinema closures during the year, the Committee decided that salaries and other benefits for the Executive Directors would not be increased in 2021.

As reported last year, the Executive and Non-Executive Directors volunteered to defer 100% of their salary and fees, in each case for a period of time in 2020, to preserve cash. These amounts are currently being repaid to Directors in instalments over a six-month period, having remained outstanding for over a year. More details are set out in the Salary section on page 66.

Pension contributions remained unchanged in the year, but, as we said in 2021, the newly adopted Policy makes clear that Executive Director allowances are being aligned with the employer contribution offered to other employees based in the countries in which they are resident, from 1 January 2023. The CFO and CCO's pension arrangements are already aligned.

Aligning pension for the CEO and Deputy CEO from 1 January 2023 will represent a reduction of 5% of salary compared with their current contractually agreed levels.

As stated in the 2020 Directors Remuneration Report, the Committee reviewed the budget and associated bonus targets as cinemas reopened.

In line with the Policy and performance during the year, the Executive Directors have earned bonuses at maximum for their outstanding performance in 2021.

The outcomes were based on a matrix of Group Adjusted EBITDAaL (as defined in Note 2 to the Financial Statements) performance against budget and the achievement of stretching individual objectives.

2021 was an extremely challenging year for the business and for the cinema industry. Through the early part of the year cinemas remained closed across all territories with the continued impact of COVID-19 and associated restrictions. The lack of revenue and restrictions in place around the Group's debt meant that the Group was operating under severely constrained cash flow and operational conditions, during the early part of the year. As the business reopened challenges continued; there were operational restrictions applied in a number of countries and regions, there was discussion in the market around industry wide issues such as the release window and there was not a full slate of content available for a significant period of time. Towards the end of the year, content returned and restrictions were reduced. However, volatility remained with major film titles being moved from November.

Despite this volatility and uncertainty, Management achieved over 110% of target EBITDAaL in the period from reopening though to the year end, a target which reflected the film slate available for the period was materially exceeded. The business prepared and executed a successful reopening, built on the back of liquidity raising which facilitated a return of staff and customers to fully operational cinemas.

The Committee acknowledges these achievements and that the bonus has been earned. The Committee is also conscious of the stage at which the Group is at in its recovery from COVID-19 and the continuing challenges it faces. Accordingly, the Committee has used its discretion in determining that any bonus above that payable for the 100% target EBITDA performance will, for all employees who participate in the annual bonus plan, be deferred. This would not otherwise have been the case for the Chief Financial Officer and the Chief Commercial Officer.

Although not required by the Directors' Remuneration Policy, deferred amounts will only be paid when the Remuneration Committee considers that it is appropriate to do so. The payment of the deferred amount will be entirely at the discretion of the Committee, factors that the Committee will take into consideration in applying its discretion are the performance of the business, its liquidity position, the continued trajectory of the business in recovering from the impact of COVID-19 and the performance of management. The Committee would like to see the Group continue to build on its achievements in 2021. Payment of the deferred element of 2021 bonuses is also contingent on employees remaining in employment until such time as the Committee decides that payment should be made.

The deferred bonus will be subject to malus and clawback provisions and will only vest when, and to the extent that, the Remuneration Committee considers it appropriate (but no sooner than would otherwise have been required by the Directors' Remuneration Policy). This approach to annual bonus outturns has been applied to all participants in the 2021 annual bonus scheme.

For the CEO and Deputy CEO, deferred amounts will be into shares in line with the Directors' Remuneration Policy. For the CFO and CCO, the deferred portion of the annual bonus will be in cash. In line with the Policy and the treatment of other employees in the annual bonus plan, these deferrals will also be subject to Remuneration Committee discretion and will not be paid (or the shares awarded in the case of the CEO and Deputy CEO) if the Committee does not consider it appropriate to do so as set out above.

Despite the severely impacted business performance in 2021, the Committee is of the view that these bonus payments are the right outcome and proportionate, in light of the exceptional achievements and contribution of the Management team in the face of the effects of COVID-19.

No bonus was paid in respect of the financial year 2020 and the LTIP awards for the Executive Directors made in 2018 and 2019 lapsed in full.

The Committee is mindful that the share price has underperformed throughout the year and that employees have been furloughed. At the same time, it is also aware that Cineworld has been faced with the most extraordinary challenges and, despite this, has delivered extraordinary financial results which will in time deliver value for shareholders. More details on the factors taken into account are set out in the Bonus section on page 67.

As was the case with LTIP awards for Executive Directors due to vest in 2021, LTIP awards which were due to vest in May 2022 will also lapse in full, as the EPS performance target was not met. No further long-term incentive awards will be granted to Executive Directors in 2022 or 2023, due to the grant that was made under the new 2021 LTIP, as referenced above.

The 2021 policy operated in line with the Committee's intentions, however, given the changeable nature of the current business environment, both in our industry and beyond, certain changes are being made to further develop the Remuneration policy in line with the Group's strategy.

Implementation of Policy in 2022

Further details of the Committee's planned approach to remuneration in 2022 is included in the Policy table summary that starts on page 74. In summary, the Remuneration Committee intends to implement the Directors' Remuneration Policy for the financial year 2022 as follows:

The Committee has made some important and responsible decisions on base salaries and decided that salaries for the CFO and CCO will be increased by 15% effective from 1 January 2022, reflecting significant progression and development in the roles over an extremely challenging period. The CFO and CCO have been critical to the business since their appointments, particularly over the past two years and the external pressures facing the business. They will continue to be critical to the successful execution of the strategy and turnaround plans for the business. In the view of the Committee, although the UK market is the benchmark against which investors and the Remuneration Committee compare their pay, they are both vulnerable to offers from US competitors and the Remuneration Committee has a duty to seek to reduce significant flight risk. The Committee also took into account the replacement cost of recruiting a CFO and CCO of the same calibre and the premium that would be required.

The Committee also decided to increase the salary for the Deputy CEO by 10%, to reflect his value to the business and to maintain an appropriate differential to the salaries of the CFO and CCO.

These are the first increases for three years and on an annualised basis are the equivalent of 4.77% for the CFO and CCO and 3.23% respectively for the Deputy CEO. The average increase for UK employees from 1 January 2022 is 5.92% and in the US 3.71% – see page 71.

No increase has been applied to the CEO's salary, even given his deep industry knowledge enormous, his importance to the group and the highly competitive and international talent market in which we operate. While Cineworld's main competitors are large US companies, the Committee is cognisant of the shareholder experience and appreciates that UK-listed companies remain the primary reference point for benchmarking CEO pay.

In line with the approach to pension in the Policy, pension arrangements will remain unchanged for the CEO and Deputy CEO in 2022 but will align with the employer contribution offered to other employees in Israel from 1 January 2023. This represents a 5% of salary reduction in their current entitlement. The CFO and CCO's pension arrangements are already aligned with employees in Israel.

The maximum annual bonus opportunity will be 150% of salary for the CEO and Deputy CEO and 100% of salary for the CFO and CCO. For 2022, the bonus will be based on a combination of performance against the agreed budgeted financial measures and personal performance levels. The weighting of these measures is circa 70% financial performance and 30% personal performance. Bonus targets are not disclosed on the grounds of commercial sensitivity but will be disclosed on a retrospective basis in the next Annual Report as in prior years.

Bonus payments will be subject to the Remuneration Committee's discretion to apply "malus" and, following payment, the Committee will retain the discretion to "claw back" bonuses in the case of misconduct or misstatement of financial results.

Awards were granted under the 2021 LTIP in February 2021. No long-term incentive awards are expected to be granted to Executive Directors in 2022.

Consideration of wider workforce remuneration

During 2021, the Committee reviewed remuneration practices across the Group. This informed decision making on the remuneration of the Executive Directors and Senior Managers, and ensures that remuneration practices across the Group are aligned to the long-term strategy of the organisation.

Although employees were on furlough during the year, they also returned to work when then government restrictions were lifted. Therefore as part of the review, the Committee reviewed and approved base pay increases awarded to the wider workforce, reviewed pension contribution levels, reviewed annual bonus and LTIP awards, and analysed the Gender Pay Gap results. Overall the Committee observed a well balanced and structured approach to remuneration.

Engagement with the wider workforce

Engagement with employees is an ongoing focus with a range of formal and informal channels available for employees to share ideas and concerns with members of the Cineworld Board.

For 2021, the requirements in the UK Corporate Governance Code in respect of workforce engagement were addressed using a number of existing and enhanced tools. I have been appointed as the Non-Executive Director to represent employees in the Boardroom. As part of my role, in the latter part of 2021, I took part in employee forums and meetings across a number of our UK sites, so that I could gather information and insights around employee points of view on Company culture, diversity and inclusion, career opportunities, strategy and performance. I very much appreciate the contributions of those employees who attended our Q&A sessions, and the support of our HR teams. More details on our activities in this area may be found on page 48.

Employee engagement surveys are expected to be reintroduced across the Group in 2022, following a postponement in the regular schedule in light of global cinema closures due to the impact of COVID-19.

This report

This report has been prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2008 (as updated), the UKLA Listing Rules and the 2018 Corporate Governance Code. It is split into three parts:

- My Annual Statement as Chair of the Remuneration Committee, including a summary of key decisions made by the Committee in 2021;
- The Annual Report on Remuneration, which sets out payments made to the Directors and details the link between Company performance and remuneration for the 2021 financial year. The Annual Report on Remuneration, together with this Annual Statement, is subject to an advisory shareholder vote at the AGM on 12 May 2022; and
- An "At a Glance" section which provides a summary of the key elements of the Policy, and how the Remuneration Committee intends to implement the Policy in 2022.

Considerations in the decision-making process

Clarity	The Remuneration Committee considers clarity to be key to maintaining the integrity of incentive schemes. Targets for both the annual bonus and long-term incentives are set by the Remuneration Committee and these targets are not amended or overridden in all but the most exceptional circumstances. The Remuneration Committee did not apply discretion to override performance targets under the annual bonus or long-term incentive awards granted in 2019, which were due to vest in 2022.
Simplicity	For 2022, the Remuneration Committee has set performance measures and targets for the annual bonus which have been clearly communicated to the Executive Directors. There will be no further awards under the long-term incentive plans for Executive Directors in 2022.
Risk	The Remuneration Committee considers various risks associated with pay, including reputational risk, behavioural risk and retention risk. These often competing considerations were particularly relevant in considering annual bonus and long-term incentive outturns for 2021 and in the decision not to apply discretion to override formulaic outturns. The decisions on basis salary increases from 1 January 2022 also took account of operational risk to Cineworld if it failed to retain key talent. Annual bonus targets were met in full in 2021 after two very difficult years for the business and the share price has under-performed. The Committee has given priority to the talent risk mitigation over the potential for reputational risk by rewarding performance albeit an element of bonus will be deferred and will vest or be paid contingent on the Remuneration Committee's review and agreement. '
Predictability	The performance-related elements of remuneration are capped and the financial elements of the annual bonus are formulaic. There will be no further awards under the long-term incentive plans for Executive Directors in 2022.
Proportionality	The Remuneration Committee considered the outturns under the annual bonus and the 2019 long-term incentive awards to be in line with the Company's performance and gains to shareholders in the challenging external environment.
Alignment to culture	Pay for performance is key to Cineworld's remuneration strategy. Our philosophy on pay is to drive long-term value creation and our Directors' Remuneration Policy directly aligns our Executive Directors' pay to this aim.

Activities over the year

The Remuneration Committee met for four scheduled meetings in 2021, and for additional ad hoc meetings as required. At the scheduled meetings, the activities of the Committees were as follows:

	January 2021	March 2021	May 2021	November 2021
Overall remuneration				
Considering the remuneration arrangements across the Group	✓	✓	✓	✓
Annual bonus				
Deciding the targets for the annual bonus scheme		✓	✓	
Determining bonus payments to be awarded, including for the wider workforce		✓		
LTIP				
Making awards under the 2017 Long-Term Incentive Plan		✓		
Approving vesting of awards under the 2017 Long-Term Incentive Plan		✓		
Governance				
Reviewing the 2020 AGM voting figures and considering the views of shareholders			✓	
Reviewing and update other Committee terms of reference				✓
Committee evaluation				✓
Review of Directors' Remuneration Report	✓	✓		
Agreeing Forward-Looking Agenda				✓
Review of Gender Pay reporting outcomes	✓			

The Committee has always aimed to be clear and transparent in matters of remuneration, and we hope that this report continues this approach. Should you have any queries or comments on this report, or more generally in relation to the Company's remuneration, then please do not hesitate to contact me via the Company Secretary.

I would like to thank my fellow Committee members for their work in the year, including our new member, Ashley Steel, who joined the Committee on 1 April 2021, she brings substantial experience in the field of remuneration.

I hope that you find this report informative, and I look forward to your continued support at the Company's AGM.

Dean Moore
Chair of the Remuneration Committee
17 March 2022

Annual Report on Remuneration

Remuneration for 2021

This section covers the reporting period from 1 January 2021 to 31 December 2021 and provides details of the implementation of the Company's Remuneration Policy during the period.

Single Total Figure Table (audited information)

The table below gives a single figure for the total remuneration and breakdown for each Executive and Non-Executive Director in respect of the 2021 financial year. Comparative figures for the 2020 financial year have also been provided.

	Financial year	Base salary and fees £000	Benefits £000	Annual bonus[2] £000	LTIP[3] £000	Pension £000	Total fixed pay £000	Total variable pay £000	Total[4] £000
Executive Directors									
Moshe Greidinger	2021	646	55	646	–	129	830	646	1,476
	2020[10]	646[10]	55	–	–	129[10]	830[10]	–	830[10]
Israel Greidinger	2021	518	69	518	–	104	691	518	1,209
	2020[10]	518[10]	67	–	–	104[10]	689[10]	–	689[10]
Nisan Cohen	2021	405	–	296	–	60	465	296	761
	2020	405	1	–	–	60	466	–	466[10]
Renana Teperberg	2021	405	–	296	–	60	465[10]	296	761
	2020	400	–	–	–	60	460	–	460[10]
Non-Executive Directors									
Alicja Kornasiewicz[5]	2021	225	–	–	–	–	225	–	225
	2020	193	–	–	–	–	193	–	193
Arni Samuelsson	2021	58	–	–	–	–	58	–	58
	2020	58	–	–	–	–	–	–	–
Ashley Steel[6]	2021	43	–	–	–	–	43	–	43
	2020	–	–	–	–	–	–	–	–
Camela Galano	2021	58	–	–	–	–	58	–	58
	2020	58	–	–	–	–	58	–	58
Damian Sanders[7]	2021	72	–	–	–	–	72	–	72
	2020	24	–	–	–	–	24	–	24
Dean Moore[8]	2021	100	–	–	–	–	100	–	100
	2020	100	–	–	–	–	100	–	100
Rick Senat[9]	2021	23	–	–	–	–	23	–	23
	2020	71	–	–	–	–	71	–	71
Scott Rosenblum	2021	58	–	–	–	–	58	–	58
	2020	58	–	–	–	–	58	–	58

(1) See page 66 for details of the benefits provided to the Executive Directors.

(2) The portion of annual bonus above that payable for target EBITDAaL performance will, for all employees who participate in the annual bonus plan, be deferred. In the case of the CEO and Deputy CEO, the deferral will be into shares for at least two years. These shares will be subject to malus and clawback provisions and will only be delivered when, and to the extent that, the Remuneration Committee considers it appropriate (but no sooner than would otherwise have been required by the Directors' Remuneration Policy). For the CFO and CCO, the deferral will be in cash, which will only be payable when the Remuneration Committee considers it appropriate. These shares will be subject to malus and clawback provisions and will only be delivered when, and to the extent that, the Remuneration Committee considers it appropriate (but no sooner than would otherwise have been required by the Directors' Remuneration Policy). The deferral for the CFO and CCO and the additional restriction on delivery is stricter than the deferral requirements under the Directors' Remuneration Policy.

(3) As the performance targets were not met, no options for Executive Directors will vest in 2022.

(4) 2020 figures include amounts in respect of salary, fees, pension and benefits that were deferred for payment at a later date. See page 66 for details.

(5) Alicja Kornasiewicz was appointed Chair of the Board and Chair of the Nomination Committee on 13 May 2020 and stepped down from her position as Chair of the Remuneration Committee on the same date.

(6) Ashley Steel was appointed to the Board on 1 April 2021. Figures in respect of Ashley's 2021 remuneration reflect the portion of the year for which Ashley was a Director.

(7) Damian Sanders was appointed to the Board on 1 August 2020. Figures in respect of Damian's 2020 remuneration reflect the portion of the year for which Damian was a Director. Damian was appointed as Audit Committee Chair on 1 April 2021.

(8) Dean Moore was appointed as Remuneration Committee Chair on 13 May 2020 and as the NED designated to lead on employee matters with effect from 1 January 2020. He was appointed as Senior Independent Director on 22 March 2021 and stepped down as Audit Committee Chair on 1 April 2021.

(9) Rick Senat stepped down as Chair of the Nomination Committee on 13 May 2020 and from the Board on 12 May 2021. Figures in respect of Rick's 2021 remuneration reflect the portion of the year for which Rick was a Director.

(10) Payments made during 2020 in respect of these items were in line with the amounts reported in the 2020 Annual Report. During the 2021, it was identified that salary and pension payments to the CEO and Deputy CEO during the period 2016 to 2020 were incorrectly paid below the policy approved by the Remuneration Committee. Payments of £86,689 and £92,288 respectively were made in order to bring these amount in line with the Remuneration Committee's intentions. Amounts presented in the table for salary and pension, for both the CEO and Deputy CEO, for 2020 have been increased by £3,000 and £36,000 respectively to reflect the correction amounts due in respect of 2020 that were paid during 2021.

Base salary and pension (audited information)

The base salaries of the Executive Directors are usually reviewed on an annual basis. The Committee compares the Group's remuneration packages for its Executive Directors and employees with those for Directors and employees of similar seniority in companies whose activities are broadly comparable with those of the Group. It also takes into account the progress made by the Group, contractual considerations, and salary increases across the rest of the Group.

In 2021, there were no salary increases for the Executive Directors.

Salary levels as at the end of the financial period were:

Moshe Greidinger	£645,750
Israel Greidinger	£517,625
Nisan Cohen	£404,875
Renana Teperberg	£404,875

Part of Moshe Greidinger's, Israel Greidinger's, and Nisan Cohen's salaries are paid in Israel to enable social security and government healthcare deductions to be made.

As at 31 December 2021, a total of £1,568,092 was owed to the Executive Directors in respect of deferred salary and pension payments from 2020 and 2021.

Executive Directors are invited to participate in a Group Personal Pension Plan, which is a money purchase plan, or alternatively may receive a pension allowance in cash. The Executive Directors have elected not to participate in this scheme and instead receive a cash pension allowance.

For 2021 the cash pension allowance entitlement was up to 20% of salary for the CEO and Deputy CEO, and up to 14.8% of salary for the CFO and CCO.

As set out in footnote 10 to the single figure table, during the year it was identified that pension payments to the CEO and Deputy CEO during the period 2016 to 2020 were below the policy approved by the remuneration committee. Payments of £86,689 and £92,288 respectively were made in order to bring these amount in line with the Remuneration Committee's intentions.

Company pension contributions/allowances for the period were:

	£000
Moshe Greidinger	£129
Israel Greidinger	£104
Nisan Cohen	£60
Renana Teperberg	£60

Other taxable benefits (audited information)

Benefits in kind for Executive Directors comprised the provision of a company car or car allowance, private mileage, life insurance, permanent health insurance and private medical cover.

Benefit	Moshe Greidinger	Israel Greidinger	Nisan Cohen	Renana Teperberg
Car/car allowance	£14,000	£14,000	–	–
Permanent health insurance/private medical cover	–	£3,116	–	–
Life assurance	£1,164	£11,965	–	–
Disturbance allowance	£40,000	£40,000	–	–

Israel Greidinger and Moshe Greidinger both received a disturbance allowance of £40,000 for the period as, under the terms of their employment contracts, they are required to spend a sufficient and proportionate amount of time at different locations across the Group.

Annual bonus (audited information)

Annual bonus opportunity for the Executive Directors in the year was a maximum of 150% of base salary for the CEO and Deputy CEO and 100% of base salary for the CFO and CCO.

As described in the 2021 Directors' Remuneration Report, the annual bonus for the year was determined by a matrix of Adjusted EBITDAaL compared to budget, and the achievement of specified individual objectives.

As in previous years, the Committee decided that a bonus would payable only if a minimum of 90% of budgeted Adjusted EBITDAaL was achieved. All this element would be payable if 110% of budgeted Adjusted EBITDAaL and exceptional personal performance against objectives is achieved. The final EBITDAaL targets were set once the cinemas reopened in June 2021 in the second half of the year. The strategic targets were set for the full year.

The choice of these measures reflects the Committee's belief that incentive compensation should be tied both to the overall performance of the Group and to those areas that the relevant individual has clear accountability for.

The weighting between the Group's financial performance and personal performance for this element of the annual bonus was circa 70%:30%.

The Committee retains the absolute discretion to apply "malus" and "clawback" by reducing or withholding annual bonus payments from the formulaic outcome based on Adjusted EBITDAaL performance (for example, in the event of misconduct or misstatement of financial results).

The EBITDAaL performance target condition of 110% was achieved in full. Recognising the challenging conditions that the business has faced this year, the Remuneration Committee has determined that any bonus above that payable for the 100% target EBITDAaL performance will be deferred in shares for all employees who participate in the annual bonus plan. In the case of the Executive Directors, the Directors' Remuneration Policy requires that any bonus earned in excess of 100% of salary will be deferred into shares. One third of the bonus earned by the CEO and Deputy CEO will therefore be deferred as required by the Policy and, owing to the Committee's decision, 26.9% of the bonuses earned by the CFO and the CCO will be deferred into shares in cash. The deferred bonus will be subject to malus and clawback provisions and will be delivered when, and to the extent that the Remuneration Committee determines that it is appropriate (but no sooner than would otherwise have been required by the Directors' Remuneration Policy.

Personal Objectives

The individual performance element for the CEO was tailored to the crisis situation created by the pandemic in a business with 26,000 employees in 7 markets. The goals were (i) ensuring effective communication to all senior teams, across all territories, while cinemas remain closed due to COVID-19 and (ii) during the phase of re-opening, the CEO was charged with ensuring teams were fully engaged to deliver the necessary operational and business plans. Other objectives included maintaining strong supplier relationships throughout the period of COVID-related closures, and after reopening.

For the Deputy CEO, the objectives included maintaining good working relations with lenders, including banks, and work in relation to financing. The Deputy CEO led crucial work in relation to the Group's IT and cyber security systems and, together with the CFO, the reduction of Group debt. Other objectives related to communications with major shareholders while cinemas were closed and once reopened.

The CCO's objectives included supporting the CEO in the implementation of commercial strategy across the Group, including in respect of major suppliers, and ensuring that strong relationships in the face of the challenges of COVID-19. The CCO also led Cineworld's communications with film and marketing teams across the Group, and the work of the HR function in an environment in which many employees were furloughed.

Objectives for the CFO included communications with lenders and the financing for the Group. The CFO also managed the extensive in 2021 was engagement with investors and lenders. Further objectives related to the leadership of the Group-wide finance function to ensure that robust, efficient and appropriate financial controls and systems are maintained, and reporting financial information to key stakeholders.

The Committee took time to reflect on the quality of performance delivered as well as the outcomes taking account of the shareholder experience and indeed the experience of a range of stakeholders. In the light of the quality of the work and skill exhibited by each of the Executive Directors the Remuneration Committee decided that the individual objectives had been achieved in full.

In making this assessment, the Committee considered a number of factors, including the performance of the business, its liquidity position, the continued trajectory of the business in recovering from the impact of COVID-19 and the performance of management.

As part of the assessment process, the Committee, in conjunction with the Chair, determined the performance ratings for the CEO and Deputy CEO and the Committee took recommendations from the Board, the CEO and Deputy CEO in respect of the CCO and CFO respectively.

2021 annual bonus outcome

The table below shows the 2021 annual bonus targets and performance achieved against them.

	Adjusted EBITDAaL performance	Threshold bonus opportunity (£000)	Maximum bonus opportunity (£000)	Bonus Paid				
				% of maximum	% of salary	Paid in cash (£000)	Deferred in shares (£000)	Deferred in cash (£000)
Moshe Greidinger	110% of adjusted EBITDAaL achieved	194	969	100%	150%	646	323	–
Israel Greidinger		155	777	100%	150%	518	259	–
Nisan Cohen		81	405	100%	100%	296	–	109
Renana Teperberg		81	405	100%	100%	296	–	109

The Cineworld Group 2017 Long Term Incentive Plan ("2017 LTIP") (audited information)
Awards vesting following the end of the performance period ending 31 December 2021

Awards under the 2017 LTIP made in May 2019 were due to vest on 21 May 2022.

As set out in note 7 to the financial statements, the Group reported negative Adjusted Diluted EPS for the year. As a result, the minimum threshold for vesting was not met, and so none of the awards granted in 2019 to the Executive Directors will vest.

The performance condition that applied to these awards is summarised below:

EPS growth performance	Vesting level
Less than 8% p.a.	Nil
8% p.a.	25%
15% p.a.	100%
Between 8% and 15% p.a.	Straight–line basis

Awards made in the year (audited information)

Awards were made to the Executive Directors under the 2021 LTIP on 8 February 2021 which will vest after three years, subject to the achievement of applicable performance targets. A further two-year post-vesting holding period will apply on any vesting shares. Awards were granted over 1.25% of the issued share capital to each of Moshe Greidinger and Israel Greidinger and 0.4% of the issued share capital to each of Nisan Cohen and Renana Teperberg. Details of the awards are set out below. Awards are subject to continued employment and the achievement of the performance conditions as set out below.

Details of awards made on 8 February 2021 are set out below:

Name of Director	Number of shares awarded	Exercise price	Vesting date
Moshe Greidinger	17,163,000	£Nil	8 February 2024
Israel Greidinger	17,163,000	£Nil	8 February 2024
Nisan Cohen	5,492,000	£Nil	8 February 2024
Renana Teperberg	5,492,000	£Nil	8 February 2024

Awards will vest subject to the share price targets set out below:

Target share price (1)	Vesting(2)
£1.30	(Threshold) 25%
£1.50	50%
£1.70	75%
£1.90	(Maximum) 100%

(1) Target share price means the average share price over a three-month period ending on the last business day of the performance period.

(2) Where the average share price (calculated over a three-month period ending on the last business day of the performance period) is between one of the targets above, awards will vest on a straight-line basis between 25% and 100%.

The aggregate value of shares delivered to any one participant under the new plan cannot exceed the GBP figure calculated by multiplying the number of shares subject to an award at the date of grant by £3.80. Any award that exceeds this limit will be reduced accordingly, and the award will lapse as to the balance on the vesting date.

The number and value of share options under the LTIP which were awarded to the Executive Directors during the period are set out on page 73 of this report.

The Chair's and the Non-Executive Directors' fees

The table below sets out the fees payable to Non-Executive Directors:

Position held	Fees as at 31 December 2021
Chair	£215,000 p.a.
Senior Independent Director	£10,000 p.a.
Non-Executive Director (base fee)	£57,500 p.a.
Audit Committee Chair	£20,000 p.a.
Remuneration Committee Chair	£20,000 p.a.
Nomination Committee Chair	£10,000 p.a.
Environment Committee Chair	£10,000 p.a.
Employee Representative	£10,000 p.a.
Committee Member	£Nil

The Chair and the other Non-Executive Directors do not receive any share options, bonuses or other performance-related payments, nor do they receive any pension entitlement or other benefits apart from expenses in relation to travel costs to attend Cineworld Board meetings, including related sustenance and accommodation.

Loss of office payments (audited information)

There were no loss of office payments during the financial year.

Payments to past Directors (audited information)

There were no payments made to past Directors in 2021 required to be disclosed.

External appointments

None of the Executive Directors receive any fees in relation to external non-executive roles (as set out in their biographies on pages 39 to 41).

Directors' shareholdings at 31 December 2021 (audited information)

The interests of Directors and their connected persons in ordinary shares as at 31 December 2021, including any interests in shares and share options provisionally granted under the PSP, 2017 LTIP or 2021 LTIP, are presented below:

	Ordinary shares at 31 December 2021	Ordinary shares at 15 March 2022	Share options subject to performance conditions at 31 December 2021(1)	Share options subject to performance conditions at 15 March 2022
Executive Directors				
Moshe Greidinger	277,033,678(2)	277,033,678(2)	19,256,747(1)	19,256,747(1)
Israel Greidinger	276,620,443(2)	276,620,443(2)	18,841,320(1)	18,841,320(1)
Nisan Cohen	99,549	99,549	6,476,559(1)	6,476,559(1)
Renana Teperberg	143,814	143,814	6,476,559(1)	6,476,559(1)
Non-Executive Directors			–	–
Alicja Kornasiewicz	135,000	135,000	–	–
Arni Samuelsson	9,500	9,500	–	–
Ashley Steel	31,042	31,042	–	–
Camela Galano	10,000	10,000	–	–
Damian Sanders	57,942	57,942	–	–
Dean Moore	15,000	15,000	–	–
Rick Senat	699,862(3)	699,862(3)	–	–
Scott Rosenblum	100,000	100,000	–	–

(1) Relates to unvested awards made in 2019 and 2020 under the 2017 LTIP and awards made under the 2021 LTIP. The vesting date of the 2019 awards described above is not until 21 May 2022.

(2) At 31 December 2020, Global City Holdings B.V. ("GCH") held 274,720,505 shares with a further 1,000,000 shares held by Global City Theatres B.V., a wholly owned subsidiary of GCH. Shares in GCH are held in trust for the benefit of the children of Moshe Greidinger and Israel Greidinger.

(3) Rick stepped down from the Board on 12 May 2021. The levels of shareholding shown are as at this date.

There are currently no vested but unexercised share options in respect of the Executive Directors and there were no other changes in share interests of any of the Directors after the year end.

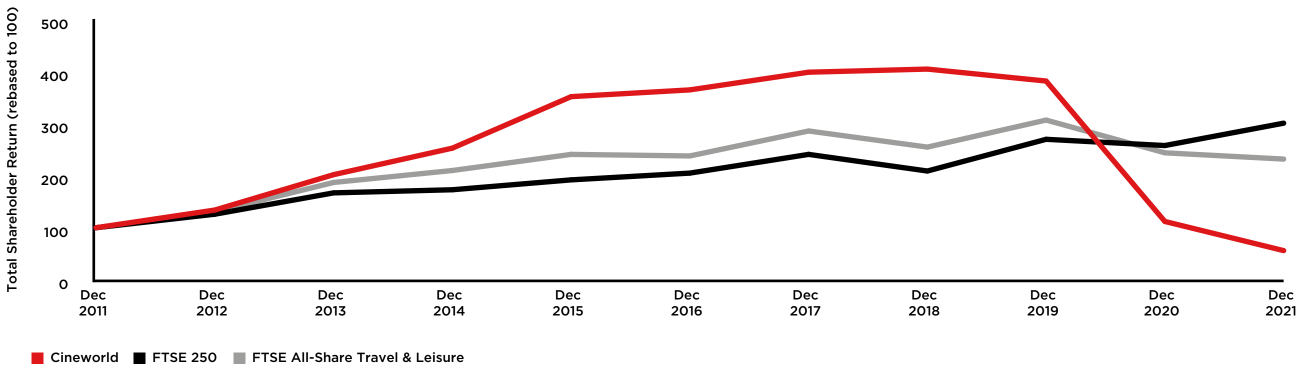
As described in the current Policy, each Executive Director is expected to build up, over a period of time, a holding in shares equal to 200% of their base salary.

Executive Directors	Shareholding guidelines (% of 2021 salary)	Shares owned outright (at 31 December 2020)	Shares owned outright (at 31 December 2021)	Current shareholding (% of salary as at 31 December 2021)	Guidelines met
Moshe Greidinger	200%	1,313,173	1,313,173	65%	Building
Israel Greidinger	200%	899,938	899,938	56%	Building
Nisan Cohen	200%	99,549	99,549	8%	Building
Renana Teperberg	200%	143,814	143,814	11%	Building

In prior years, the shareholdings of Moshe Greidinger and Israel Greidinger have been sufficient to exceed the shareholding guidelines (which were previously set at 150% of salary). However, the extreme share price movements of 2020 and 2021 have meant that the guideline was not met at the end of 2020 or 2021. The share price used for the purposes of this calculation was the share price at the 2021 year end.

Ten-year Total Shareholder Return performance and CEO pay

The graph below compares the Company's Total Shareholder Return performance against the FTSE 250 and FTSE All-Share Travel & Leisure indices over the past ten financial years. The Remuneration Committee believes these to be the most appropriate comparators as Cineworld is a member of both indices.



Financial year	CEO single figure of total remuneration £000[1]	Bonus as proportion of maximum opportunity	LTIP vesting as proportion of maximum opportunity
2021	£1,476	100%	0%
2020	£830	0%	0%
2019	£2,109	54%	100%
2018	£2,756	91%	100%
2017	£2,346	79%	100%
2016	£2,973[2]	79%	100%
2015	£1,213	87%	–[3]
2014	£1,440	76%	100%
2013	£1,326	41%	81%
2012	£1,258	60%	99%

(1) Up to 2013 these figures solely relate to Stephen Wiener who was CEO up to and including 27 February 2014. For 2014, it represents a combination of two months of Stephen Wiener and ten months of Moshe Greidinger who both held the office of CEO during 2014.

(2) The increase in the CEO single figure between 2015 and 2016 primarily relates to the first vesting of a PSP award to the CEO since appointment. The value of this award vesting increased due to the significant increase in the Company's share price over the vesting period.

(3) Moshe Greidinger, CEO, did not have an LTIP which vested in this year. For those who did, the proportion was 100%.

Percentage increase in Directors' remuneration

The percentage changes in the value of salary, non-pension benefits and bonus between 2019 and 2020 and between 2020 and 2021 for the Directors and employees generally are set out in the table below:

	2019 to 2020			2020 to 2021		
	Base salary and fees	Non-pension benefits	Annual bonus	Base salary and fees	Non-pension benefits	Annual bonus
Employees[1]:	0%	0%	(100%)	0%	0%	100%
Executive Directors:						
Moshe Greidinger	0%	(4.21%)	(100%)	0%	0%	100%
Israel Greidinger	0%	(20.95%)	(100%)	0%	3%	100%
Nisan Cohen	0%	100%	(100%)	0%	(100%)	100%
Renana Teperberg	0%	(100%)	(100%)	0%	0%	100%
Non-Executive Directors:						
Alicja Kornasiewicz	49.6%[3]	–	–	16.6%	–	–
Arni Samuelsson	0%	–	–	0%	–	–
Ashley Steel[2]	–	–	–	–	–	–
Camela Galano	0%	–	–	0%	–	–
Damian Sanders	0%	–	–	200%[4]	–	–
Dean Moore	28.2%[3]	–	–	0%	–	–
Rick Senat	(9.0%)[3]	–	–	(67.6%)	–	–
Scott Rosenblum	0%	–	–	0%	–	–

(1) The figures reflect increases for UK- and US-based salaried employees excluding the Senior Management group and employees employed on an hourly rate basis. This group has been selected as being reflective of the jurisdictions in which the CEO spends a significant amount of his time, as there are too few employees of Cineworld Group Plc to provide and appropriate comparison.

(2) Ashley Steel was appointed to the Board on 1 April 2021.

(3) Alicja Kornasiewicz's fees increased with effect from 13 May 2020 on her appointment as Chair of the Company. Rick Senat's fees decreased with effect from 13 May 2020 when he stepped down as Chair of the Nomination Committee. Dean Moore's fees increased with effect from 1 January 2020 in relation to his role as Employee Representative, and again on 13 May 2020 following his appointment as Chair of the Remuneration Committee.

(4) Damian Sanders' fees increased with effect from 1 April 2021 when he became Audit Committee Chair, taking over from Dean Moore.

Relative importance of spend on pay

The table below shows figures for people costs, shareholder dividends and tax paid, which are a number of other significant distributions of turnover that the Committee considered to be relevant in order to provide context to the relative importance of pay spend:

	2021	2020	% change
Directors' remuneration costs[1]	£4.8m	£3.0m	60%
Staff and employee costs	$314.3m	$244.1m	29%
Corporation tax received	$201.8m	$6.2m	3,155%
Dividends paid	$nil	$51.4m	(100)%
Accumulated losses	$(616.6)m	$(57.5)m	972%

Figures in the table above are set out in USD to align with the figures as stated in the financial statements, except for the Directors' remuneration figures, which are set out in sterling to align with the figures contained in the Single Total Figure Table on page 65.

Shareholder voting results from 2021 AGM

The Directors' Annual Report on Remuneration was subject to a shareholder vote at the AGM on 12 May 2021, the results of which were as follows:

	Remuneration Report		Remuneration Policy	
	Number of votes	% of votes cast	Number of votes	% of votes cast
For	637,282,593	74.30%	637,896,279	73.69%
Against	220,451,920	25.70%	227,749,799	26.31%
Total votes cast	857,734,513	–	865,646,078	–
Votes withheld[1]	24,960,147	–	17,048,582	–

(1) A vote withheld is not counted as a vote in law.

The Remuneration Committee engaged extensively with shareholders in 2021 on the 2021 Long-Term Incentive Plan. The governance-related updates which were included in the current Directors' Remuneration Policy were positively noted, but a number of shareholders did not feel able to support the Remuneration Report or Policy due to the inclusion of the 2021 LTIP awards which were granted in February 2021. Some Shareholders were unhappy about the change of control provisions as well as the level of awards. The Committee is grateful that the majority of Shareholders supported the resolutions and will continue to engage on remuneration.

CEO to UK employee pay ratio

The table below presents the Company's CEO to UK worker pay ratio. The ratios compare the unadjusted single total figure of remuneration of the CEO with the equivalent figures for the lower quartile (P 25), median quartile (P 50) and upper quartile (P 75) of all UK employees of the Group. The reporting will build up over time to show a rolling ten-year period.

As was the case in 2020, a significant number of Cineworld's UK employees were furloughed at 5 April 2021 (the snapshot date for our Gender Pay Gap report) and so the Remuneration Committee did not believe Option B would result in a representative sample of Cineworld's employees. Instead, the calculation methodology used reflects Option C, adding back furloughed employees into the Gender Pay Gap reporting sample on a full-time equivalent basis. This option builds upon data analysed within our Gender Pay Gap report as at 5 April 2021, with employees at the three quartiles identified from this analysis and their respective single figure values calculated. This is the same approach as was adopted last year and was chosen as it represents the most consistent approach with 2019. To ensure the identified employees were representative, the total remuneration for a group of individuals above and below the identified employee at each quartile within the Gender Pay Gap analysis was also reviewed.

Year	Method	P 25 pay ratio	P 50 pay ratio	P 75 pay ratio
2021	Option C(1)	89: 1	84: 1	76: 1
2020	Option C(1)	47: 1	45: 1	41: 1
2019	Option B	95: 1	91: 1	80: 1

(1) Option C is considered to be the most consistent methodology to that used in 2019.

In order to calculate the base salary component for the representative employees, the hourly rate of pay was used to arrive at a full-time equivalent rate. Note that the pension rate available to the majority of the UK workforce (4%) was applied to the full-time equivalent base salary rate for each representative employee. The base salary and total pay and benefits for each of the representative employees are presented in the table below. No element of pay was omitted from the calculation.

Component	P 25 pay ratio	P 50 pay ratio	P 75 pay ratio
Base salary	£15,990	£16,809	£18,720
Total pay and benefits	£16,630	£17,481	£19,469

The Committee has reviewed the ratios and pay data for the individuals identified at each of the relevant quartiles and believes they are a fair reflection of the Company's wider pay, reward and progression policies of the UK workforce.

The pay ratio results reflect the impact of the vesting of annual and long-term incentives which make up a higher proportion of the Chief Executive Officer's total remuneration than is the case for the majority of our employees; the lower ratios in 2020 than in 2019 are primarily driven by the lack of annual bonus or long-term incentive being paid in the year. The Remuneration Committee is satisfied that the ratios shown reflect the pay policy for the Executive Directors and the wider Group.

It should be noted that the calculation is based solely on the UK workforce and hence the ratios will not be representative of the Group as a whole. The UK workforce accounts for approximately 16.5% of the Group's total headcount and a proportion of the Senior Management Team are based outside the UK. Employees have been included on a full-time equivalent basis, excluding the impact of furlough. This was considered by the Remuneration Committee to be the most consistent basis for calculating the CEO pay ratio in order to allow for year-on-year comparison.

Cineworld has a range of policies and practices to ensure that employees are fairly rewarded for the work they undertake. These include offering a valued total reward package that includes an all-employee bonus scheme that allows employees to share in the success of the Group.

We also operate a robust approach to salary management that is underpinned by market benchmarking to ensure we offer competitive and fair rates of pay across all the different markets in which we operate.

The Company takes into account the pay and employment conditions of Cineworld's employees when setting executive pay. Cineworld has a number of engagement mechanisms in place. The Employee Engagement Director is also the Remuneration Committee Chair and, during 2021, carried out several site visits in the UK as cinemas had started to reopen to engage with employees where their own pay and progression were among the subjects discussed. More details may be found on page 48.

The Board has not explained to employees how executive pay and wider Company pay policy are aligned as recommended by the Code on the basis that the Directors' Remuneration Report seeks to do so and our employees, wherever they are based, are free at any time to ask questions and to challenge the Board on its decisions through the existing channels.

Share and Share Option Awards granted and vesting during the year (audited information)

Awards or grants were made under the Company's Share and Share Option Schemes as follows:

Cineworld Group Performance Share Plan, 2017 Long Term Incentive Plan and 2021 Long Term Incentive Plan (audited information)

Details of awards made and vesting during the period are set out below. All figures have been adjusted for the February 2018 rights issue where applicable:

Name of Director	At 1 January 2021	Awarded during year(1)	Vested during year	Exercised during year	Lapsed during year	At 31 December 2021	Exercise price	Market value at date of exercise	Exercise period(2)	Result
Moshe Greidinger	2,580,985	17,163,000	–	–	487,238	19,256,747	£Nil	–	6 months	–
Israel Greidinger	2,068,884	17,163,000	–	–	390,564	18,841,320	£Nil	–	6 months	–
Nisan Cohen	1,213,677	5,492,000	–	–	229,118	6,476,559	£Nil	–	6 months	–
Renana Teperberg	1,213,677	5,492,000	–	–	229,118	6,476,559	£Nil	–	6 months	–

(1) Mid-market closing price of a Cineworld Group plc share on 8 February 2021 was £0.7422. The face value of the awards to Moshe Greidinger and Israel Greidinger were £12,738,379 and to Nisan Cohen and Renana Teperberg were £4,076,162. All awards were granted as nil cost options. Threshold vesting is 25% of maximum.

(2) Subject to satisfaction of the relevant performance conditions.

Details of the awards for Executive Directors that were due to vest in May 2022 (audited information):

Name of Director	Date awarded	Number awarded	Vesting date	Number vesting	Number lapsing	Exercise price	Exercise period
Moshe Greidinger	21 May 2019	421,686	21 May 2022	–	421,686	£Nil	6 months from vesting
Israel Greidinger	21 May 2019	338,018	21 May 2022	–	338,018	£Nil	6 months from vesting
Nisan Cohen	21 May 2019	198,293	21 May 2022	–	198,293	£Nil	6 months from vesting
Renana Teperberg	21 May 2019	198,293	21 May 2022	–	198,293	£Nil	6 months from vesting

Cineworld Group Company Share Option Plan ("CSOP")

No Director was granted an option during the period and no options vested during the period under the CSOP.

No Director, past or present, holds a CSOP option which will vest in the 2022 financial year.

Cineworld Group Sharesave Scheme

No Directors currently participate in any Company Sharesave Scheme.

The Remuneration Committee's advisers

FIT Remuneration Consultants LLP ("FIT") continued to advise the Remuneration Committee in 2021, having been appointed in December 2020. As members of the Remuneration Consultants Group, FIT operates under the voluntary Code of Conduct in relation to executive remuneration consulting in the UK. The Committee is satisfied that the advice received was objective and independent. FIT has no other connection with the Company or any of its individual Directors, and does not provide any other services to the Company. Fees payable to FIT for advice to the Remuneration Committee in 2021 were £58,738 plus VAT, these were charged on a fixed fee basis.

The Committee also received assistance from the Chair of the Company (Alicja Kornasiewicz), the Chief Executive Officer (Moshe Greidinger), the Deputy Chief Executive Officer (Israel Greidinger), the Chief Financial Officer (Nisan Cohen), the Head of Human Resources, US (Jackie McClure), the former Senior Vice President of Human Resources (Tara Rooney) and the Company Secretary (Fiona Smith), although they did not participate in discussions relating to the setting of their own remuneration. The Committee also consulted with the Chief Executive Officer and received recommendations from him in respect of changes to remuneration packages for Senior Management.

Directors' service contracts

All Directors' service contracts and letters of appointment are available for inspection at the Company's registered office. All Executive Directors have a notice period of 12 months. The Non-Executive Directors of the Company do not have service contracts but are appointed by letters of appointment, with each independent Non-Executive Director's term of office running for a maximum three-year period.

Incorporation by reference

The sections "The Remuneration Committee and its Role" and "The Remuneration Committee advisers" also form part of the Corporate Governance Statement, and are incorporated into that statement by reference.

Summary of Directors' Remuneration Policy and Implementation of Policy in 2022

Our Directors' Remuneration Policy, as approved by shareholders at the AGM on 12 May 2021 is available in the 2020 Directors' Remuneration Report and is available on the Cineworld Group website: www.cineworldplc.com. The Remuneration Policy has operated as intended in terms of Company performance and quantum for 2021. The table below provides a summary of the key elements of the Policy and how the Remuneration Committee intends to implement the Policy in 2022.

Element	Summary of Policy	Operation in 2022
Base salary	Executive Directors' salary levels are agreed on joining and thereafter reviewed annually, generally on 1 July each year. Salaries may be adjusted and any increase will ordinarily be (in percentage terms) in line with those across the Group, in aggregate, allowing for location. Percentage increases beyond those granted to the wider workforce may be awarded in certain circumstances.	No change for the CEO for 2022. The Deputy CEO's salary will increase by 10% to £569,388. The CFO and CCO's salaries will increase by 15% to £465,606.
Pension	Monthly employer contribution up to 20% of basic salary or in the form of a cash pension allowance. Executive Directors will receive a pension contribution (or cash allowance) in line with the rate offered to the majority of employees in their country of residence, with all incumbent Executive Directors aligned from 1 January 2023.	No change for 2022.
Other benefits	Benefits in kind for Executive Directors include but are not limited to the provision of a company car or car allowance, private mileage, life insurance, permanent health insurance, private medical cover and a disturbance allowance.	No change for 2022.
Annual bonus	Maximum opportunity for Executive Directors of 150% of salary. The bonus will be paid in cash save for any bonus earned above 100% of salary which will be deferred into shares for a period of two years. The Remuneration Committee retains the discretion to override formulaic outturns under the annual bonus, if these are not considered to be appropriate in the context of wider Group performance. Malus and clawback provisions apply.	The maximum annual bonus opportunity will be 150% of salary for the CEO and Deputy CEO and 100% of salary for the CFO and CCO. For 2022, the bonus will be based on a combination of performance against the agreed budgeted financial measures and personal performance levels. The weighting of these measures is c.70% financial performance and 30% personal performance. Bonus targets are not disclosed on the grounds of commercial sensitivity, but the 2022 targets will disclosed on a retrospective basis as in prior years.
2017 LTIP	Maximum opportunity for Executive Directors of 200% of base salary. No awards under the 2017 LTIP will be made in 2021, 2022 or 2023 to Executive Directors who participate in the 2021 LTIP. Annual awards of conditional shares or nil cost options are made to Executive Directors and members of the Senior Management Team at the discretion of the Committee. Awards may vest after three years, subject to continuing employment and the achievement of stretching three-year EPS growth performance conditions. An additional two-year post-vesting holding period applies to all grants made under this plan from 2019 onwards. The Remuneration Committee retains the discretion to override formulaic outturns under the 2017 LTIP, if these are not considered to be appropriate in the context of wider Group performance. Malus and clawback provisions apply.	No awards to be granted in 2022 under the 2017 LTIP to existing Executive Directors.

Element	Summary of Policy	Operation in 2022
2021 LTIP	Maximum opportunity for each of Moshe Greidinger and Israel Greidinger is an award over 1.25% of the issued share capital, and for each of Nisan Cohen and Renana Teperberg an award over 0.4% of the issued share capital. Awards of nil cost options (or such other form of award as may be granted to participants in overseas jurisdictions in order to comply with local requirements) may be made to the Executive Directors and other senior executives at the discretion of the Committee. Awards may vest after three years, subject to continuing employment and the achievement of absolute share price targets. If the performance conditions are achieved, awards will be subject to a two-year post-vesting holding period. The rules of the 2021 LTIP provide that the aggregate value of shares delivered under the 2021 LTIP to any one participant cannot exceed the GBP figure calculated by multiplying the number of shares subject to an award at the date of grant by £3.80. Any award that exceeds this limit will be reduced accordingly, and the award will lapse as to the balance on the vesting date. Malus and clawback provisions apply.	No awards to be granted in 2022 under the 2021 LTIP to existing Executive Directors.

By order of the Board.

Dean Moore
Chair of the Remuneration Committee
17 March 2022

The Directors present their Annual Report and the audited Consolidated Financial Statements for the year ended 31 December 2021. The comparative period is the year ended 31 December 2020.

Management Report

This Directors' Report, together with the Strategic Report on pages 1 to 35, form the Management Report for the purposes of rule 4.1.8R of the Disclosure Guidance and Transparency Rules.

Information contained elsewhere in the Annual Report

Information required to be part of this Directors' Report and certain other information can be found elsewhere in the Annual Report as indicated in the table below, and is incorporated into this report by reference.

Information	Location in Annual Report
Audit tendering	Page 59
Corporate Governance Statement	Pages 36 to 60
Diversity, human rights and Our people	Pages 25 to 29 (Responsible Business)
Directors' biographies	Pages 39 to 41
Financial instruments: Information on the Group's financial risk management objectives and policies, and its exposure to credit risk, liquidity risk, interest rate risk and foreign currency risk	Note 26, Page 156
Going Concern Statement	Pages 38, 59 and 99 to 112 – Note 1
Key Performance Indicators	Pages 10 to 13
An indication of likely future developments in the business affecting the Company	Pages 1 to 35 (Strategic Report)
Statement of Directors' responsibilities in respect of the Annual Report and Financial Statements	Page 83
Task Force on Climate-related Financial Disclosures	Page 20 to 22
Viability Statement	Pages 23 and 24

Forward-looking statements

Certain statements in this Annual Report are forward-looking and so involve risk and uncertainty because they relate to events, and depend on circumstances, that will occur in the future. 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 Annual Report, and the Group undertakes no obligation to update these forward-looking statements. Nothing in this Annual Report should be construed as a profit forecast.

Results and dividends

The results for the Group for the year ended 31 December 2021 are presented under International Financial Reporting Standards ("IFRSs") and applicable law. However, the Company has elected to prepare its financial statements in accordance with UK Accounting Standards, including FRS 101 "Reduced Disclosure Framework". The Group results for the year are set out in the Consolidated Statement of Profit or Loss on page 94.

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 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. Dividends are currently still suspended.

Events affecting the Company since the year end

None.

Financial risk management

The Board regularly reviews the financial requirements of the Group and the risks associated therewith. Full details are set out in Note 26 to the financial statements, and are incorporated into this Directors' Report by reference.

Funding and liquidity

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 30 to 35. In addition, Note 26 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk. Such sections are incorporated into this Directors' Report by reference.

International operations

At the year end, the Group had operations in the UK, US, Jersey, Ireland, Poland, Israel, Hungary, Czech Republic, Bulgaria, Romania and Slovakia.

Substantial shareholdings

At 31 December 2021, the Group had been notified, pursuant to the Disclosure Guidance and Transparency Rules, of the following interests in the voting rights of the Company. Notifications confirming a party's interest has gone below the threshold notification level have not been included:

Shareholder	Voting rights	% of total voting rights(1)	Nature of holding
Global City Holdings B.V.(2)	275,720,505	20.08%	Direct and Indirect
Jangho Group Company Ltd	189,334,278	13.79%	Direct
Polaris Capital Management LLC	107,602,793	7.84%	Direct
Aggregate of Standard Life Aberdeen Plc (affiliated investment management entities)	68,425,390	4.98%	Direct and Indirect
Aviva plc and its subsidiaries	67,027,369	4.88%	Direct and Indirect

(1) Percentages are stated as at the time of notification. The total number of voting rights at 31 December 2021 was 1,372,995,448.

(2) At 31 December 2021, Global City Holdings B.V. ("GCH") held 274,720,505 shares with a further 1,000,000 shares held by Global City Theatres B.V., a wholly owned subsidiary of GCH. Shares in GCH are held in trust for the benefit of the children of Moshe Greidinger and Israel Greidinger.

As at 15 March 2022, being the latest practicable date, the Company had been notified of the following updated positions:

Shareholder	Voting rights	% of total voting rights(1)	Nature of holding
Polaris Capital Management LLC	116,448,611	8.48%	Direct

(1) Percentages are stated as at the time of notification.

Major shareholder voting arrangements

Global City Theatres B.V. ("GCT") is interested in aggregate in 20.08% of the rights to vote at general meetings of the Company. The Company and GCT entered into a relationship agreement dated 5 December 2017 to regulate the relationship between them. This agreement replaced the agreement between Global City Holdings and the Company of 10 January 2014 and is on the same terms as the previous relationship agreement. Under the relationship agreement, the parties acknowledge that the Group is capable of carrying on business independently, and that all arrangements between the Company and GCT will be on arm's length terms. The relationship agreement contains a requirement (where reasonably practical) to consult with and consider the reasonable views of the Chair or Senior Independent Director of the Company prior to a disposal of ordinary shares in the Company.

Share capital and control

The Company has only one class of share capital formed of ordinary shares. All shares forming part of the ordinary share capital have the same rights and each carries one vote. Details of the share capital, and changes in it over the year, are shown in Note 25 to the financial statements.

The holders of ordinary shares are entitled to receive Company reports and accounts, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights.

There are no restrictions on transfers of, or limitations on the holding of, ordinary shares and there is also no requirement of any prior approval of any transfers other than (i) those which may be applicable from time to time under existing laws or regulations or (ii) if a person with an interest in 0.25% of the issued share capital held in certificated form has been served with a disclosure notice and fails to respond with the required information concerning interests in that share capital.

No ordinary shares carry any special rights with regard to control of the Company. Except as stated in the paragraph directly above and the Major Shareholder Voting Arrangements section above, there are no restrictions on voting rights attaching to the ordinary shares and the Company is not aware of any known agreements between shareholders that restrict the transfer of voting rights attached to ordinary shares. No treasury shares are held by the Company and no shares are held by any trustee in connection with any share scheme operated by the Group.

Articles of Association

The Company's Articles of Association ("Articles"), together with English law, define the Board's powers. Changes to the Articles must be approved by shareholders in accordance with the Articles themselves and legislation in force at the relevant time. The last changes were approved by shareholders at the AGM held on 16 May 2018.

Change of control

There are no significant agreements which take effect, alter or terminate in the event of a change of control of the Company except that (i) under its current banking arrangements, a change of control may trigger a right for lenders to require early repayment of all sums outstanding, and (ii) provisions in the Company's share schemes may cause options or awards granted to employees to vest on a change of control.

No Director or employee is contractually entitled to compensation for loss of office or employment as a result of change in control; however, as described above, options or awards granted to employees may vest on a change of control.

Issue of new shares and authority to purchase shares

At the AGM held on 12 May 2021, shareholders gave authority for the allotment of shares up to an aggregate nominal value of £4,575,991.63 subject to certain conditions. This authority will expire at the 2022 AGM of the Company or on 11 August 2022, whichever is earlier.

Between 1 January 2021 and 31 December 2021, a total of 197,959 shares were issued. Further details of the shares issued in this period are set out in Note 25 to the financial statements.

At the AGM held on 12 May 2021, shareholders gave authority for the purchase of up to 137,279,748 ordinary shares in the Company for cancellation or placing into treasury. No shares have been acquired under this authority.

The Board proposes to seek shareholder approval at the AGM to renew both the Company's authority to issue new shares and its authority to purchase its own ordinary shares for cancellation or placing in treasury. Details of the proposed resolutions are set out in the Notice of AGM (the "AGM circular") dispatched or made available to shareholders with the Annual Report and Accounts (or on notification of its availability).

Equity warrants

As announced on 23 November 2020, 153,539,786 equity warrants, which are each exercisable into one share of the Company at an exercise price of 41.49 pence, were issued on a non-pre-emptive basis alongside new debt, with proceeds of such exercise being retained by the Company. The warrants are exercisable at any time during the next five years and represent 9.99% of the fully diluted ordinary share capital of the Company assuming full exercise of the warrants. No exercises took place during the year. More details may be found in the CFO's Review on pages 30 to 35.

Convertible bond

As announced on 25 March 2021, the Company secured binding commitments from a group of leading institutional investors for a new $213 million convertible bond due 2025 (the "Bond"). The Bond carries a coupon of 7.5%. per annum and is convertible into ordinary shares of the Group. More details may be found in the CFO's Review on pages 30 to 35.

Directors' interests at year end

	Ordinary shares held directly		Ordinary shares held by companies in which a Director has a beneficial interest or is connected	
Director	31 December 2020	31 December 2021	31 December 2020	31 December 2021
Alicja Kornasiewicz	135,000	**135,000**	–	**–**
Nisan Cohen	99,549	**99,549**	–	**–**
Camela Galano	10,000	**10,000**	–	**–**
Israel Greidinger	899,938	**899,938**	275,720,505(1)	**275,720,505(1)**
Moshe Greidinger	1,313,173	**1,313,173**	275,720,505(1)	**275,720,505(1)**
Dean Moore	15,000	**15,000**	–	**–**
Scott Rosenblum	100,000	**100,000**	–	**–**
Arni Samuelsson	9,500	**9,500**	–	**–**
Damian Sanders	57,942	**57,942**	–	**–**
Ashley Steel	–	**31,042**	–	**–**
Renana Teperberg	143,814	**143,814**	–	**–**

(1) Shares are held by Global City Holdings B.V. ("GCH") and its wholly owned subsidiary Global City Theatres B.V. Shares in GCH are held in trust for the benefit of the children of Moshe Greidinger and Israel Greidinger.

Directors' interests at the latest practicable date being 15 March 2022

Director	Ordinary shares held directly	Ordinary shares held by companies in which a Director has a beneficial interest or is connected
Alicja Kornasiewicz	135,000	–
Nisan Cohen	99,549	–
Camela Galano	10,000	–
Israel Greidinger	899,938	275,720,505[(1)]
Moshe Greidinger	1,313,173	275,720,505[(1)]
Dean Moore	15,000	–
Scott Rosenblum	100,000	–
Arni Samuelsson	9,500	–
Damian Sanders	57,942	–
Ashley Steel	31,042	–
Renana Teperberg	143,814	–

(1) Shares are held by Global City Theatres B.V., a wholly owned subsidiary of Global City Holdings B.V. ("GCH"). GCH is owned by trusts for the benefit of the children of Moshe Greidinger and Israel Greidinger.

The Directors who held office at the end of the financial year had interests in the ordinary shares of the Company at the beginning and end of the year under review, and at the last practicable date, as set out in the tables above.

Details of the interests in the ordinary shares of the Company arising under the Group's share option schemes are set out in the Remuneration Report on page 69. No rights to subscribe for shares in or debentures of other Group companies were granted to any of the Directors or their immediate families, or exercised by them, during the year. None of the Directors had any disclosable interest in the shares of Group companies other than the Company.

Appointment and replacement of Directors

The appointment and replacement of Directors is governed by the Company's Articles, the UK Corporate Governance Code (the "Code"), the Companies Act 2006 and related legislation. All Directors intending to continue in office seek election or re-election by shareholders at each AGM. The Articles may be amended by a special resolution of the shareholders.

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Director	
Alicja Kornasiewicz	
Nisan Cohen	
Camela Galano	
Israel Greidinger	
Moshe Greidinger	
Dean Moore	
Scott Rosenblum	
Arni Samuelsson	
Damian Sanders	
Rick Senat	Stepped down from the Board on 12 May 2021
Ashley Steel	Appointed to the Board on 1 April 2021
Renana Teperberg	

Following the Board evaluation process undertaken in 2021, the Board is satisfied that each Director standing for re-election or election continues to show the necessary commitment, and to be an effective member of the Board due to their skills, expertise and business acumen.

Under the terms of the relationship agreement between the Company and GCT (described further in the Major Shareholder Voting Arrangements section above), GCT has the right to appoint one Non-Executive Director (but only if none of Moshe Greidinger, Israel Greidinger and Scott Rosenblum are on the Board) for so long as it holds at least 10% of the voting rights in the Company.

Details of the Directors' remuneration are set out in the Directors' Remuneration Report on pages 61 to 75 and information on their service contracts are set out in the Remuneration Policy contained in the 2021 Annual Report and Accounts.

Conflicts of interest
The Articles permit the Board to consider and, if it sees fit, authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company. There is in place a formal system for the Board to consider authorising such conflicts whereby the Directors who have no interest in the matter decide whether to authorise the conflict. In deciding whether to authorise the conflict, the non-conflicted Directors are required to act in the way which they consider would be most likely to promote the success of the Company for the benefit of all shareholders and they may, and do, impose conditions to be attached to such authorisations. The Board believes that the arrangements for reporting and considering such conflicts operate effectively.

Directors' interests in contracts
The Group has a number of property lease agreements in place with Global City Holdings B.V. ("GCH") (and/or its subsidiary undertakings). Further details of the amounts paid under these agreements can be found in Note 28 to the financial statements. Shares in GCH are held in trust for the benefit of the children of Moshe Greidinger and Israel Greidinger.

None of the Directors has a material interest in any contract of significance to which the Company or a subsidiary was a party during the financial year, other than as disclosed above, in their service contracts or letters of appointment described in the Directors' Remuneration Report, in Note 28 to the financial statements and in the Remuneration Policy contained on the 2020 Annual Report and Accounts.

Directors' and Officers' insurance and indemnity
The Company maintains a qualifying third party indemnity insurance cover for all Directors and Officers of Group companies against liabilities which may be incurred by them while acting as Directors and Officers.

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors as permitted by law and by the Articles against liabilities they may incur in the execution of their duties as Directors of the Company.

Political donations
In line with the Group's policy, no donations to political parties were made during the year.

Employees
The health, welfare and development of the Group's employees remain a priority. We remain intent on attracting, recruiting, developing and retaining key employees. Cineworld maintains a number of policies and procedures for the benefit of its employees, which are available to all employees across the Group. Continuing education, training and development are important to ensure the future success of the Group.

The policy is to recruit, employ and develop staff on the basis of the suitability of their qualifications and experience, regardless of sex, marital status, race, nationality, age, sexual orientation or religion. It is Group policy to give full and fair consideration to applications for employment from disabled people, having regard to their particular abilities and aptitudes. Full consideration is given to continuing the employment of staff who become disabled, including considering them for other reasonable positions and arranging appropriate training.

The Group supports individuals who wish to obtain appropriate further education qualifications and reimburses tuition fees, where relevant, up to a specified level. Regular and open communication between management and employees is essential for motivating the workforce. Briefings, in many various forms, are held regularly to provide updates on the Group's business and to provide opportunity for questions and feedback. The Group encourages the involvement of employees in its performance through the operation of various bonus schemes throughout the Group.

Employee and stakeholder engagement
The Company is aware of its workforce engagement obligations and details of how the Directors have engaged with employees, had regard to employee interests, and the impact of such regard on decisions taken by the Company during the period can be found throughout this Annual Report, in particular in the Responsible Business section on pages 25 to 29.

Engagement with stakeholders (including suppliers, customers and others) has continued to be an area of focus and details of the ways in which the Directors have sought to foster the Company's commercial relationships and relationships with the communities in which the Group operates its businesses, can be found within the Responsible Business section of the report on pages 25 to 29 and on pages 48 to 49.

Environmental matters and greenhouse gas emissions
Information on the Group's environmental policies is summarised in the Responsible Business section on pages 25 to 29. This section provides the greenhouse gas ("GHG") emissions data and supporting information required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Mandatory disclosure

The information provided below complies with The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018; the latter commonly referred to as Streamlined Energy & Carbon Reporting.

Organisational boundary, methodology and exclusions

The organisational boundary used for the Company's GHG reporting is operational control.

The below figures capture emissions associated with the operation of the cinemas as well as any administrative buildings. The report refers to emissions from the UK, US, the portfolio across Europe and Israel.

This information was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019.

Emissions have been calculated using the 2021 conversion factors provided by The Department for Business, Energy and Industrial Strategy ("DBEIS") for the UK, the 2020 factors provided by the Association of Issuing Bodies ("AIB") for European countries and the 2020 factors from the United States Environmental Protection Agency ("EPA") for the US. The US emissions have this year been reported by state for the first time; previously the aggregated emissions factor for the US was used.

There are no material omissions from the mandatory scope 1 and 2 emissions. The reporting period is October 2020 to September 2021. The financial year for Cineworld Group plc is January to December 2020; however the decision was made to offset the reporting period by three months to enable the collation of the maximum amount of data.

Reporting scope

The Company is reporting on emissions covered by Scopes 1 and 2 (comprising electricity, gas, and fugitive F-gas emissions) from global operations.

As well as Scope 1 and 2 emissions figures, Scope 3 transmission and distribution (from electricity) emissions have been reported voluntarily.

Emissions included

Mandatory emissions sources as specified by the Environmental Reporting Guidelines published by the Department for Environment, Food and Rural Affairs ("Defra") have been included in this report (see also "Estimates and exclusions" below).

GHG emissions data

The GHG emissions for the Group for the 12-month period to 30 September 2021 are shown in Table 1 below in tonnes of carbon dioxide equivalent (tCO_2e). 2020 emissions are also included for comparison.

Table 1: 2021 emissions (tonnes tCO_2e)

Emissions source	2020 tCO_2e	2021 tCO_2e	% change	2021 share %
Electricity	212,160	152,948	-27.91%	12.01%
Natural gas	42,386	22,147	-47.75%	82.96%
Refrigerant	2,459	8,644	251.54%	4.69%
Transportation	712	618	-13.24%	0.34%
Total emissions (tCO_2e)	**257,717**	**184,357**	**-28.47%**	**100%**
Revenue ($m)	852.29	1,804.9		
Intensity: (tCO_2e per $m of revenue)	302.38	102.14		

The 2021 GHG emissions for the Group broken down into their respective scopes are shown below in Table 2.

Table 2: 2021 emissions by Scope (tonnes tCO_2e)

Emissions source	Scope 1	Scope 2	Scope 3	Total
Electricity		145,024	7,924	**152,948**
Natural gas	22,147			**22,147**
Refrigerant	8,644			**8,644**
Transportation	618			**618**
Total	**31,409**	**145,024**	**7,924**	**184,357**

As part of the requisite for compliance with the Streamlined Energy and Carbon Reporting scheme, Table 3 shows the consumption data by source in kWh. As refrigerant use generates no kWh, this has been omitted.

Table 3: 2020/21 consumption (kWh)

Emissions source	2020 kWh	2021 kWh	% change	Share %
Electricity	485,957,463	434,502,069	-10.59%	77.87%
Natural gas	230,520,317	120,915,841	-47.55%	21.67%
Transportation	2,983,404	2,543,169	-14.76%	0.46%
Total	**719,461,184**	**557,961,079**	**-22.45%**	**100%**

Table 4: 2021 Scope 1 and 2 emissions (tonnes CO_2e) & consumption (kWh) by territory

Territory	Scope	tCO_2e	kWh
UK	1	2,659	9,162,454
Global		28,750	114,296,556
UK	2	9,264	43,630,907
Global		135,760	390,871,162
Total		**176,433**	**557,961,079**

Estimates and exclusions
This report sets out GHG emissions from Cineworld Group plc's global operations for the reporting period 1 October 2020 to 30 September 2021.

No estimates have been included in the reporting data set.

Emissions intensity
The chosen carbon intensity measure is financial turnover. The value for the year 2021 was 102.14 tonnes CO_2e per $1m turnover. For comparison, 2020's intensity was 302.38 tonnes CO_2e per $1m turnover. The change in total emissions in 2021 relative to 2020 reflects the change in calculation methodology for the US states in 2021 as well as the impact that COVID closures continued to have on Group emissions and turnover.

Energy efficiency measures
After the re-opening of the UK estate in July 2021, Cineworld underwent a rigorous analysis of its overnight consumption to ensure baseloads were minimised. This work will continue throughout 2022 and expand into analysis of the energy consumption and optimisation during all times of the day.

The European cinemas are in the process of installing Building Management Systems in several high energy use locations, as well as focusing on a rollout of LED lighting when refurbishments are being undertaken.

Task Force on Climate-related Financial Disclosures ("TCFD")
The Company has reported under the TCFD framework for the financial year ending 31 December 2021. Please see the report and further details on the Group's work in the area of climate change on pages 20 to 22.

Annual General Meeting
The Notice convening the AGM, to be held at Cineworld Cinema in Wandsworth, Southside Shopping Centre, Wandsworth High Street, London SW18 4TF at 10.30am on Thursday 12 May 2022, is contained in the AGM circular. Details of all the resolutions to be proposed are set out in the AGM circular.

Auditors and tender
Following the audit tender process in 2019, PricewaterhouseCoopers LLP was formally appointed as External Auditors at the AGM in 2020. The Company will continue to comply with the relevant tendering and auditors rotation requirements applicable under UK and EU regulations.

Disclosure of information to Auditor
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information, and to establish that the Company's Auditors are aware of that information.

By order of the Board

Scott Brooker
Company Secretary
Cineworld Group plc

17 March 2022

Registered Office:
8th Floor
Vantage London
Great West Road
Brentford
TW8 9AG
Registered: England No: 5212407

Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the Directors to prepare the Group financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the parent Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent Company will continue in business.

The directors are responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Finance Report

- Each of the Directors, whose names and functions are listed in Corporate Governance confirm that, to the best of their knowledge:
- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group;
- the parent Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the parent Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and parent Company, together with a description of the principal risks and uncertainties that it faces.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Moshe Greidinger
Chief Executive Officer
17 March 2022

Opinion

In our opinion:

- Cineworld Group plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Annual Accounts 2021 (the "Annual Report"), which comprise: consolidated statement of financial position and company statement of financial position as at 31 December 2021; consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, company statement of changes in equity and consolidated statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 6 to the financial statements, we have provided no non-audit services to the company in the period under audit.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group's and the company's ability to continue as a going concern.

The global pandemic continued to have a significant impact on the cinema exhibition industry in the 12 months ended 31 December 2021 ('FY21'), with the group's cinemas being closed for a significant portion of the first half of the year. During the year, the group secured additional liquidity, agreeing terms for a convertible bond of $213 million and a new $200 million term loan which has also released the group from certain reporting covenants. The group's principal covenants are a minimum liquidity covenant and group and ROW net leverage covenants. Waivers for covenants were agreed in FY20 with the group net leverage covenant being tested again from June 2022, and the ROW net leverage covenant from December 2021. No new covenants were introduced as part of the additional FY21 financing.

In light of the ongoing global pandemic, there remain material uncertainties over the short term in respect of the impact that this will continue to have on the group and the cinema exhibition industry. Management's basis of preparation in note 1 to the financial statements sets out the key assumptions in respect of both the weighted base case and severe but plausible downside forecasts. In respect of the weighted base case, this currently forecasts sufficient liquidity for the group to pay down enough of the Revolving Credit Facility ('RCF') in June 2022 to avoid the group net leverage covenant test and to repay the RCF upon maturity in February 2023. The weighted base case is, however, very sensitive to the speed at which admission levels return, with the US forecast to be 85% of comparable FY19 periods in FY22, with the UK and ROW at 90% and 95% respectively, increasing to 95% of FY19 in FY23 for all territories. If management is unable to pay down the RCF then a covenant waiver would be required for the June 2022 test. Management also forecasts sufficient liquidity to repay the RCF in February 2023 however, given the level of working capital that this would leave the group with, it is likely that this would need to be refinanced in the going concern period.

Under management's severe but plausible downside scenario, which considers a reduction in admissions and / or further film delays, there would not be sufficient funds to avoid the June or December 2022 group net leverage covenant which would breach along with the ROW covenant, the September 2022 minimum liquidity covenant would also breach, although the group would not run out of liquidity before the repayment of the RCF upon maturity in February 2023.

In addition, in the event that Cineworld is unable to successfully appeal the Cineplex judgment issued in December 2021, and the appeals process completes sooner than expected and within the Going concern period, Cineworld would not have sufficient liquidity to pay the current level of damages awarded.

These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the directors' assessment of the impact of reduced admission levels and / or delays to the forecast movie slate, changes to the average ticket price and spend per person, the ability of the group to manage costs, understanding the likely outcome and timing of the Cineplex appeal, together with consideration of the covenant calculations.
- In assessing the impact of the above scenarios, referred to in note 1 of the financial statements, we performed the following procedures on the directors' assessment that the group and company will continue as a going concern:
  - agreed the underlying cash flow projections to management approved forecasts, assessed how these forecasts are compiled, and the accuracy of management's forecasts by reviewing third-party industry and analysts' reports, and applying appropriate sensitivities to the growth projections where required;
  - read all of the loan documents to ensure that all relevant terms and covenants have been appropriately reflected in management's assessment;
  - evaluated the assumptions in respect of the costs that could be avoided in a period of reduced attendance;
  - assessed the likelihood of the group being able to raise additional funding;
  - held discussions with external legal advisors in respect of the strength of the Cineworld appeal on the Cineplex judgment and understanding the likely timing of the appeals process; and
  - checked the mathematical accuracy of the spreadsheet used to model future financial performance and determined in what circumstances there was a risk that the covenants may be breached.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, other than the material uncertainty identified in note 1 to the financial statements, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting, or in respect of the directors' identification in the financial statements of any other material uncertainties to the group's and the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our audit approach
Overview
Audit scope
- The group operates in 10 countries, across 16 country reporting units.
- The seven country reporting units, where we performed an audit of their complete financial information, and the consolidation adjustments accounted for 89% of group revenue, 99% of group loss before tax, adjusted for exceptional items.

Key audit matters
- Material uncertainty related to going concern
- Accounting for and disclosure of the Cineplex judgment against Cineworld (group and parent)
- Impairment of property, plant and equipment and right of use assets (group)
- Impairment of goodwill, indefinite lived intangibles and equity accounted investment in National Cinemedia (group)
- Impairment of investments (parent)
- Recoverability of deferred tax assets (group)
- Accounting for additional financing (group)

Materiality

- Overall group materiality: US$14.1 million (2020: US$14.1 million) based on 5% of average absolute profit/loss before tax (excluding exceptional items) over a three-year period (2019, 2020, 2021). This would have resulted in an increase in materiality from 2019 given the size of the losses in 2020 and 2021. Since we consider an increase in materiality would be inappropriate in the context of the group's results, we then capped this at the overall materiality level from that of 2019 being the most recent year of normal trading.
- Overall company materiality: US$18.7 million (2020: US$16.7 million) based on 1% of total assets.
- Performance materiality: US$9.2 million (2020: US$9.2 million) (group) and US$12.2 million (2020: US$10.9 million) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to going concern, described in the material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Impairment of equity accounted investment in National Cinemedia (group) and, accounting for and disclosure of the Cineplex judgment against Cineworld (group and parent) are new key audit matters this year. Consideration of the impact of Covid-19 (group and parent), which was a key audit matter last year, is no longer included because there has been a general improvement in economic conditions and in the market expectation of the Covid-19 recovery period. Any continuing impact of the pandemic has been dealt with in the impairment sections below. Otherwise, the key audit matters below are consistent with last year.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Accounting for and disclosure of the Cineplex judgment against Cineworld (group and parent) Refer to the Report of the Audit Committee and Note 28 – Contingent Liabilities Following the termination of the Acquisition Agreement in June 2020, Cineplex brought a claim against Cineworld for damages, alleging that there was no basis for terminating the agreement. Cineplex sought damages of c.C$2.2 billion. In December 2021 the Ontario Superior Court of Justice granted Cineplex's claim whilst awarding damages of C$1.2 billion for lost synergies and C$5.5 million transaction costs. Cineworld has appealed this judgment, both in terms of liability and damages, Cineplex has counter-appealed in the event that Cineworld is successful. Management believes that Cineworld's chance of a successful appeal is more likely than not and as such has not recorded any provision in the financial statements as at 31 December 2021. There is a risk that the level of provision is inappropriate and that there is insufficient disclosure of the potential implications of the judgment within the financial statements. The significance of the damages awarded and the level of judgment involved in assessing the strength of and likely outcome of Cineworld's appeal has led this to being a key focus area for our audit.	The procedures performed included the following: – Reviewed the relevant legal documents, including the judgment and the Appeal / Cross-appeal submissions. – Engaging our UK and Canadian legal teams to assist us with the understanding of the case and rulings and form an independent conclusion on the strength of the appeal. – Receiving legal confirmations and holding calls with external legal counsel to understand their views on the process, strength of appeal and likely outcome of the appeal. – Review of the memorandum prepared and discussion with the independent law firm engaged by the Board to provide their views on the appeal and cross appeal. – Considered the potential impact of the judgment on the group's going concern and viability. – Critically reviewed the associated disclosure within the financial statements and Accounts to ensure its appropriateness and sufficiency. This is a very judgemental area given the nature of the case and the lack of relevant precedent in Canada. Based on our procedures we consider management's position to be supportable. We also consider the disclosures within the financial statements to give an accurate view of the current state of the proceedings and what the implications could be should the appeal be unsuccessful.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment of property, plant and equipment and right of use assets (group) Refer to the Report of the Audit Committee, Note 11 – Property, Plant and Equipment and Note 20 – Right-of-use assets. The group has Property, Plant and Equipment ("PPE") of $1,698 million and Right of Use ("ROU") assets of $2,234 million as at 31 December 2021 (2020: $1,788 million and $2,306 million respectively). During the period there has been a net impairment reversal of $182 million (2020: impairment charge of $650 million). We have identified the risk of impairment, or the overstatement of a reversal of a prior year impairment, in PPE and ROU assets as a significant risk for the group due to the inherent level of management estimation involved in calculating the value in use of the assets. As part of its year-end reporting process, management conducted an impairment trigger assessment of PPE and ROU assets at the Cash Generating Unit ("CGU") level as required by IAS 36. It was assessed that there were no triggers for further impairments unless carrying values of the CGUs have increased through lease modifications or refurbishments, or there has been a deterioration in a specific site's performance. Whilst FY21 performance has been below FY20 budgets, there has not been a deterioration in the overall cash flow forecast for future periods. Improvements in excess of pre-pandemic levels have been experienced both in respect of the Average Ticket Price (ATP) and Spend Per Person (SPP) however, management has not reversed any impairments based on improved cash flows as there is not yet sufficient evidence to support the longer term profile of these increases. Reversals of prior year impairments were driven by decreases to the carrying value of assets through lease modifications or the cash flow benefits associated with a lease extension. Another significant assumption in the impairment valuation assumption is the discount rate, which is calculated for each territory separately. These discount rates are the same or lower than the discount rates used previously for the majority of the territories, and therefore there is no impairment trigger or impairment reversal trigger from the discount rate.	Our procedures included understanding and evaluating the controls related to the PPE and ROU asset impairment process, together with performing substantive audit procedures. The procedures performed included the following: – Testing the mathematical accuracy of the impairment models including assessing that revenue and costs have been appropriately allocated to each of the CGUs. – Challenging management on the appropriateness of key assumptions such as discount rates, admissions, ATP and SPP growth rates by comparing against industry forecasts and historical trends. – Ensured appropriate consistency of assumptions across management forecasts in both the front and back half. – Performing look back assessments to consider the historic growth trends and therefore what growth may be achieved in a post pandemic environment, also factoring in potential changes to consumer behaviour. – We have assessed the appropriateness of the impairment reversal trigger in respect of lease modifications and the amount reversed, assessing that it was not in excess of the original depreciated asset value and did not include the impact of unwinding the discount. – Involving our internal experts to assess the appropriateness of the discount rates used. – Performing independent sensitivity analysis to identify if we considered there to be further impairments or reversals. – As the Group engagement team, we were specifically involved in assessing the appropriateness of the audit approach of each component team, where relevant. This satisfied us that the area was well understood and that sufficient focus was placed on the risk area with no significant errors identified. Based on our procedures we consider the net impairment reversal booked in the year to be appropriate and we also consider the disclosures around the sites which are sensitive to impairment to be reasonable.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment of goodwill, indefinite lived intangibles and equity accounted investment in National Cinemedia (group) Refer to the Report of the Audit Committee and Note 12 – Intangible Assets and Note 13 – Equity-Accounted Investees The group has goodwill of $4,837 million (2020: $4,868 million) and indefinite lived intangibles of $365 million (2020: $365 million) as at 31 December 2021. During the year no impairment has been booked due to there being sufficient headroom (2020: $657 million). The Group also has an equity accounted investment of $121 million in NCM as at 31 December 2021 (2020: $208 million). An impairment of $55 million was booked in the year (2020: $37 million). The group assesses goodwill for impairment based upon groups of CGUs at the level goodwill is monitored. These groups of CGUs are assessed to be the UK, US and ROW. The recoverable amount of these groups of CGUs are dependent on certain key assumptions, including the forecast cash flows, short and long term growth rates and the discount rate, all of which are dependent upon management judgement and estimates. As with PPE and ROU assets, one of the other key judgements in the period has been the assessment of when the industry will recover to pre-pandemic levels as cinemas have reopened, and ensuring that there is consistency in the assumptions applied across the different models. The continued impact of Covid-19, together with the significant fall in the NCM share price was considered a triggering event for the impairment review. Due to the magnitude of the balance, and the level of estimation and judgement inherent within management's impairment model, this has been a focus area for our group audit. The valuation of this investment is dependent on certain key assumptions including the forecast cash flows provided by NCM, debt costs and restrictions, short and longer term growth rates and the discount rate. There is a risk that significant changes to assumptions or underperformance of trading could give rise to an additional impairment.	The procedures performed included the following: – Understanding the controls and procedures in place in respect of the goodwill and indefinite lived intangibles and NCM impairment models. – Testing the mechanics and mathematical integrity of management's impairment models. – Evaluating the process by which management prepared its cash flow forecasts and comparing them to the Board approved forecasts. – Assessing the appropriateness of the assumptions in the goodwill and indefinite lived intangibles models around the recovery profile back to a pre-pandemic level, by comparing to industry analysis and current trading, and ensuring the consistency of assumptions with other impairment models, and those used for the purposes of the going concern and viability assessments. – Evaluating the appropriateness of key assumptions in the NCM forecast cash flows, including the speed of recovery of advertising revenue, covenant restrictions around distributions, changes in margin driven by the cost base, increased debt costs, and the forecast dividend profile. – Performing look back assessments to consider the historic growth trends and management forecasting reliability. – Involving our internal experts to assess the appropriateness of the discount rates used. – Benchmarking against the industry and peers, external sources including industry and analysts' outlook reports and country inflation rates. – Assessed the fair value less cost to dispose (FVLCD) based on the share price of NCM and confirming that FVLCD is the appropriate recoverable amount, being higher than the VIU model. – Performing our own sensitivity analysis to understand the impact of reasonably possible changes to key assumptions. Based on these procedures we have assessed that no impairment is required to be recorded in the year for goodwill or indefinite lived intangibles and the $55 million impairment to NCM is appropriate. We also consider the disclosures, including the sensitivities provided, to be appropriate.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment of investments (parent) Refer to the Report of the Audit Committee and Note 32 – Fixed Asset Investments. The Parent company has investments in subsidiaries of $1,121 million as at 31 December 2021 (2020: $1,135 million). During the year no impairment has been booked due to there being sufficient headroom (2020:$2,510 million impairment charge), with movements in the carrying value only related to foreign exchange. Due to the magnitude of these investments, the market capitalisation at 31 December 2021, and the level of estimation and judgement inherent within management's impairment model, this has been a key focus area for our company audit. The valuation of these investments is dependent on certain key assumptions including the forecast cash flows, short and longer term growth rates, fair value of the debt held by the group, and the discount rate. There is a risk that significant changes to assumptions or underperformance of trading could give rise to an impairment.	The procedures performed included the following: – Understanding the controls and procedures in place in respect of the impairment model. – Confirming the mathematical integrity of the impairment model. – Evaluating the appropriateness of key assumptions, as noted in the PPE and ROU asset and goodwill and indefinite lived intangible impairment sections above, ensuring there is appropriate consistency in the key assumptions applied. – Assessing the fair value of the external debt at year end which has been deducted from the net present value of the forecast cash flows of the group, and comparing the outcome of the valuation to the market capitalisation. – Performing sensitivity analysis to evaluate the impact of reasonably possible changes to key assumptions. Our sensitivities did not identify any indication of impairment. We have also considered whether impairment reversal triggers existed and are comfortable that no reversals have been booked as at the year end.
Recoverability of deferred tax assets (group) Refer to the Report of the Audit Committee and Note 16 – Deferred Tax Assets and Liabilities. The Group has recognised net deferred tax assets of $416 million (2020: $278 million) at 31 December 2021. The recognition of deferred tax assets is based on future levels of profitability in the relevant tax jurisdiction. The magnitude of the assets recognised necessitates the need for significant judgement in assessing the future levels of profitability. The significant losses reported for 2020 and 2021 present a heightened risk that deferred tax assets are recognised inappropriately. Further, there is an inherent increased level of uncertainty in the level of forecast profits over an extended period.	The procedures performed included the following: – Understanding the controls and procedures in place in respect of the impairment model. – Evaluating management's assessment as to the availability of sufficient taxable profits in future periods to support the recognition of deferred tax assets, taking into account both business model and the tax jurisdiction. – Assessing the future profit forecasts and the underpinning assumptions. The increased asset recognition in the year reflects that loss making years have now been replaced with more profitable future years. – Where applicable, reconciling the forecasts used to justify the recognition of deferred tax assets to those used elsewhere in the business including for impairment assessments, or for the Directors' viability and going concern statements. – Assessing the adequacy of disclosures over this area. Based on these procedures we consider the recognition of deferred tax assets and the disclosures provided to be appropriate.
Accounting for additional financing (group) Refer to the Report of the Audit Committee and Note 19 – Loans and Borrowings. Over the past two years, the Group has entered into new and modified existing financing arrangements to secure additional liquidity through the cinema closure period. The additional financing included various complex clauses that were recognised as embedded derivatives, including interest rate floors, prepayment features and default interest clauses. In April 2021, the Group raised further liquidity through the issue of $213m of convertible bonds (maturity April 2025) at an issue price of $211m, representing a 1% discount to face value. In July 2021, the group issued further debt in the form of the US Term Loan Incremental B1 loan of $200m (maturity May 2024). The additional financing included various clauses that were recognised as embedded derivatives. Due to the magnitude and complexity of the new financing entered into in the year, together with the level of estimation associated with valuing the embedded derivatives within the prior year financing, this has continued to be a focus area for our audit.	The procedures performed included the following: – Understanding the controls and procedures in place in respect of the accounting for financing. – Reviewing the financing agreements to understand the terms, restrictions and covenants, and obligations pertaining to the new arrangements and assessing the appropriate accounting treatment, including identifying any embedded derivatives. – Understanding the nature of the various fees, including the impact on the effective interest rate, and assessing the accounting treatment of the fees. – Engaging our valuation specialists to independently value the embedded derivatives. – Assessing the tax implications of the refinancing across the group involving tax specialists in both the UK and the US. – Reviewing the disclosures to ensure these were appropriately presented in the financial statements. – Ensuring the implications of covenants were appropriately considered within management's going concern assessment. Based on these procedures we consider the new financing in the year and the valuation of the embedded derivatives to be accounted for and disclosed appropriately.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group operates cinema sites across 10 countries, and there are 16 country reporting components in total. We identified seven country reporting components across three countries for which we determined that a full scope audit was required and one country reporting component that required the audit of specified accounts. The full scope country reporting components, excluding those audited by the group engagement team, were audited by the US and Poland component teams, while our Israeli team audited distribution revenue and associated costs. The group team also performed the audit of the UK component. During the year the group engagement team held regular video conference calls to discuss the audit approach and findings with the component teams, and to attend the full scope component teams clearance meetings with local management.

Our audit scope was determined by considering the significance of each component's contribution to profit before tax, excluding exceptionals, and individual financial statement line items, with specific consideration to obtaining sufficient coverage over significant risks.

The group has set a target to be carbon neutral by 2050. Management considers that the impact of climate change does not give rise to a material impact on the financial statements however, management's climate change initiatives and commitments will be principally focused on changing operating behaviours and installing energy efficient technology into its cinemas. Disclosure of the impact of climate change risk is incorporated in the Task Force on climate related financial disclosures ('TCFD') section of the Annual Report.

As part of our audit, we made enquiries of management to understand the extent of the potential impact of climate change on the group's business and financial statements, including reviewing management's climate change risk assessment which was prepared with support from an external expert. We used our knowledge of the group and discussions with management and its external expert to evaluate the risk assessment. We assessed that the key areas in the financial statements which are more likely to be materially impacted by climate change are those areas that are based on future cash flows. As a result, we particularly considered how climate change risks and the impact of climate commitments made by the group would impact the assumptions in the group goodwill and the company investment cash flow forecasts. Our procedures did not identify any material impact on our key audit matters for the year ended 31 December 2021. We also checked the consistency of the disclosures in the TCFD section of the Annual Report with the relevant financial statement disclosures, and with our understanding of the business.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	FINANCIAL STATEMENTS – GROUP	FINANCIAL STATEMENTS – COMPANY
Overall materiality	US$14.1 million (2020: US$14.1 million).	US$18.7 million (2020: US$16.7 million).
How we determined it	5% of average absolute profit/loss before tax (excluding exceptional items) over a three-year period (2019, 2020, 2021). This would have resulted in an increase in materiality from 2019 given the size of the losses in 2020 and 2021. Since we consider an increase in materiality would be inappropriate in the context of the group's results, we then capped this at the overall materiality level from that of 2019 being the most recent year of normal trading.	1% of total assets
Rationale for benchmark applied	Profit/loss on ordinary activities before tax (excluding exceptional items), provides us with a consistent year-on-year basis for determining materiality. It is, we believe, a metric commonly used by the Shareholders as a body in assessing the group's performance and is a generally accepted auditing benchmark.	We consider that total assets is the primary measure used by the shareholders in assessing the performance of a holding company and is a generally accepted auditing benchmark. For the purposes of the group audit, we applied a lower materiality of $13.0 million to company balances and transactions, other than those which were eliminated on consolidation in the group financial statements.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between $2.0 million and $13.3 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 65% (2020: 65%) of overall materiality, amounting to US$9.2 million (2020: US$9.2 million) for the group financial statements and US$12.2 million (2020: US$10.9 million) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $0.7 million (group audit) (2020: $0.7 million) and $0.9 million (company audit) (2020: $0.8 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

ISAs (UK) require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code, which the Listing Rules of the Financial Conduct Authority specify for review by auditors of premium listed companies. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and, except for the matters reported in the section headed 'Material uncertainty related to going concern', we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;

- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, UK and US tax legislation, including corporation tax, sales tax and employment tax. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, push profit into future years and management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Review of the financial statement disclosures to underlying supporting documentation, review of correspondence with legal advisors.
- Enquiry of management, those charged with governance and the group's legal counsel around actual and potential fraud and non-compliance with laws and regulations.

* Please note that there was a printing error on this page of the hard copy of the financial statements posted to the shareholders. The heading in the audit opinion 'Responsibilities of the members for the financial statements' should have read 'Responsibilities of the directors for the financial statements'. This version contains the correct wording.

- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.
- Enquiry of group's staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Obtaining and understanding the results of whistle blowing procedures and assessing any related investigations.
- Enquiry of the group's Head of Internal Audit and reviewing internal audit reports.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the directors on 17 June 2019 to audit the financial statements for the year ended 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement is three years, covering the years ended 31 December 2019 to 31 December 2021.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Christopher Richmond (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 March 2022

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	5	**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)	6	**15.8**	(2,257.7)
Adjusted EBITDA as defined in Note 2	2	**454.9**	(115.1)
Finance income	9	**208.4**	69.6
Finance expenses	9	**(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	10	**142.5**	356.4
Loss for the year attributable to equity holders of the Group		**(565.8)**	(2,651.5)
Basic Deficit Per Share	7	**(41.2)**	(193.2)
Diluted Deficit Per Share	7	**(41.2)**	(193.2)

The Notes on pages 99 to 163 are an integral part of these Consolidated Financial Statements.

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

	Note	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	**15**	**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 income/(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	11	**1,698.1**	1,788.2
Right-of-use assets	20	**2,234.1**	2,306.4
Goodwill	12	**4,837.1**	4,868.3
Other intangible assets	12	**464.6**	489.5
Investment in equity-accounted investees	13	**130.3**	215.1
Financial assets at FVOCI	15	**5.8**	10.0
Deferred tax assets	16	**415.9**	278.1
Fair value of financial derivatives	26	**2.8**	7.8
Other receivables	18	**48.8**	48.7
Total non-current assets		**9,837.5**	10,012.1
Current assets			
Assets classified as held for sale	11	**1.8**	2.9
Inventories	17	**24.3**	13.2
Current taxes receivables	10	**2.7**	206.6
Trade and other receivables	18	**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	19	**(169.5)**	(54.2)
Fair value of financial derivatives	26	**(50.8)**	(97.2)
Lease liabilities	20	**(547.9)**	(596.6)
Trade and other payables	21	**(526.2)**	(596.3)
Deferred revenue	22	**(226.9)**	(270.9)
Current taxes payable		**(35.3)**	(40.6)
Provisions	24	**(5.0)**	(8.0)
Total current liabilities		**(1,561.6)**	(1,663.8)
Non-current liabilities			
Loans and borrowings	19	**(5,020.1)**	(4,608.5)
Fair value of financial derivatives	26	**(37.1)**	(130.1)
Lease liabilities	20	**(3,492.3)**	(3,375.1)
Other payables	21	**(19.6)**	(9.2)
Deferred revenue	22	**(579.5)**	(607.0)
Provisions	24	**(1.0)**	(1.1)
Employee benefits	23	**(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	25	**20.1**	20.1
Share premium		**513.8**	513.8
Foreign currency translation reserve	25	**(253.4)**	(247.3)
Hedging reserve	25	**–**	11.6
Fair value reserve	25	**(8.9)**	(14.4)
Retained earnings		**(616.6)**	(57.5)
Total equity		**(345.0)**	226.3

These Financial Statements on pages 94 to 163 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	9	**(208.4)**	(69.6)
Finance expense	9	**899.2**	786.8
Taxation	10	**(142.5)**	(356.4)
Share of loss of equity accounted investee		**33.3**	33.0
Operating profit/(loss)		**15.8**	(2,257.7)
Depreciation and amortisation	6	**534.9**	643.3
Share-based payments charge/(credit)	2	**6.9**	(2.3)
(Reversal of impairment)/impairment of property, plant and equipment, right-of-use assets and goodwill	6	**(182.2)**	1,307.4
Impairment of investment	6	**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***	19	**(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	15	**11.8**	–
Net cash flows from investing activities		**(322.0)**	(264.3)
Cash flows from financing activities			
Dividends paid to shareholders		**–**	(51.4)
Interest paid		**(227.3)**	(158.3)
Repayment of bank loans		**(55.5)**	(54.2)
Draw down of bank and other 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

* 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 equivalents was restricted for settlement of interest on the convertible bond described in note 26. $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.

During the financial year $42.7m (2020: $47.8m) of government grants was received in cash.

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 8th Floor, Vantage London, Great West Road, Brentford TW8 9AG.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The consolidated financial statements of the Company have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards, these are presented on pages 164 to 178.

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

Information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Chief Executive Officer's Review on pages 4 to 5 and the Principal Risks and Uncertainties section on pages 14 to 19. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chief Financial Officer's Review on pages 30 to 35. In addition, Note 25 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

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.

The Group's currently available facilities and indebtedness are set out in note 19.

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.

1. Accounting Policies continued
Going concern continued
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 Plausible 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.

1. Accounting Policies continued
Going concern continued
1. 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.

The above uncertainties in respect of Cineplex, the weighted base case, and the severe but plausible are also applicable to the company, as it has no ability to repay its borrowings without sufficient distributions being received from the group subsidiary entities.

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.

Measurement convention
The financial statements are prepared on the historic cost basis except for the following assets and liabilities stated at their fair value: derivative financial instruments and financial instruments classified as fair value through the Statement of Comprehensive Income.

Basis of Consolidation
Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

Joint arrangements
Under IFRS 11 "Joint Arrangements" investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group holds both joint operations and joint ventures.

Joint operations
The Group recognises its share of any jointly held or incurred assets, liabilities, revenues and expenses of the joint operation. These have been incorporated in the Consolidated Financial Statements under the appropriate headings. Details of the joint operation are set out in Note 14.

Joint ventures
Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring the venturers' unanimous consent for strategic financial and operating decisions. Joint ventures are accounted for using the equity method and are initially recognised at cost. The Consolidated Financial Statements include the Group's share of the total recognised income and expense and equity movements of equity accounted investees, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to $Nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

1. Accounting Policies continued

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Equity investments

Equity investments are held in entities which have not been classified as a subsidiary, associate or joint arrangement are accounted for at fair value. These equity investments are not held for trading purposes and represent strategic investments.

The Group has elected at initial recognition to present value changes through the Statement of Comprehensive Income within the revaluation reserve. Any dividends received from these equity investments will be recognised within the Consolidated Statement of Profit or Loss.

On disposal of these equity investments, any related balance previously recognised within the fair value through other comprehensive income ("FVOCI") reserve is reclassified to retained earnings.

Business combinations

For acquisitions on or after 1 January 2010, the Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously held equity interest in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in the Consolidated Statement of Profit or Loss. Transactions costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with business combinations are expensed as incurred.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate relevant at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Consolidated Statement of Financial Position date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Profit or Loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at foreign exchange rates ruling at the Consolidated Statement of Financial Position date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Translation movements are recognised within the Statement of Comprehensive Income and in the foreign currency translation reserve. As share capital, share premium are denominated in sterling, these are translated into presentational currency at the historic rate prevailing on the date of each transaction.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are de-recognised when the contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the financial asset and settle the financial liability simultaneously. IFRS 9 contains three classification categories for financial assets and liabilities: measured at amortised cost, fair value through profit or loss ("FVPL") and fair value through other comprehensive income ("FVOCI").

At initial recognition, the Group classifies its financial instruments in the following categories depending on the purpose for which the financial instruments were acquired:

i. Financial assets and financial liabilities at FVPL:

Financial instruments (including derivative financial instruments) in this category are recognised initially and subsequently at fair value. Transaction costs are expensed in the Consolidated Statement of Profit or Loss. Gains and losses arising from changes in fair value are presented in the Consolidated Statement of Profit or Loss. Financial assets and financial liabilities at fair value through profit or loss are classified as current, except for the portion expected to be realised or paid beyond 12 months of the Consolidated Statement of Financial Position date, which is classified as non-current.

Embedded derivative features identified within contractual arrangements are separately recognised where it is assessed that they are not closely related to the terms of the contract, where such features are considered closely related they are not separately recognised. Embedded derivatives are held at fair value through profit and loss.

1. Accounting Policies continued
Financial instruments continued
ii. Financial assets and liabilities at amortised cost:
The Group's financial assets at amortised cost comprise trade receivables and cash and cash equivalents, and are included in current assets due to their short-term nature. Financial assets are initially recognised at the amount expected to be received, less, when material, a discount to reduce the financial assets to fair value. Subsequently, financial assets are measured at amortised cost using the effective interest method, less an loss allowance.

Financial liabilities at amortised cost include trade payables, bank indebtedness and long-term debt. Trade payables are initially recognised at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortised cost using the effective interest method. Bank indebtedness and long term debt, are recognised initially at fair value, net of any transaction costs incurred and, subsequently, at amortised cost using the effective interest method.

In determining whether debt has been modification to debt instruments have occurred in the period, the Group considers only quantitative factors impacting the assessment.

Financial liabilities are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

iii. Financial instruments at FVOCI:
At initial recognition, the Group can make an irrevocable election to classify equity instruments at FVOCI, with all subsequent changes in fair value being recognised in OCI. The Group has classified certain equity instruments as FVOCI as outlined in Note 15.

In addition, the Group uses the following derivatives:

Net investment hedge
The Group uses net investment hedges to mitigate foreign currency translation exposure on certain net investments in subsidiary companies. Until the investment is disposed of, all gains and losses are recognised in equity, within the hedging reserve. Any ineffective portion of the hedging relationship is recognised immediately in the Consolidated Statement of Profit or Loss, within Other Income/(Expenses). In 2021 net investment hedges have been identified as not effective. All the reserve has been recognised in Profit and Loss Statement. No net investment hedging is in place at 31 December 2021.

Impairment of financial assets
The Group measures expected credit losses using a lifetime expected loss allowance for all current trade and other receivables.

Loss allowances will be measured on either of the following bases:

i. 12-month expected credit losses ("ECLs") are the ECLs that result from possible default events within 12 months after the reporting date; and

ii. lifetime ECLs which are ECLs that result from all possible default events over the expected life of a financial instruments.

The expected loss rates are based on current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances, call deposits and cash amounts in transit due from credit cards which are settled within seven days from the date of the reporting period. The Group applies judgement in including credit card amounts within cash and cash equivalents, on the basis that the risk of recovery of these amounts is consistent with other items in this classification. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the Statement of Cash Flows.

Convertible Bond
During the year the Group entered into a convertible bond, the details of which are set out in the note 26.

Convertible bonds are first assessed to determine classification as a financial liability or equity instrument for the financial instrument as a whole and components thereof. Consideration is then given as to whether any embedded derivatives require separate recognition in the consolidated financial statements or whether any conversion options present should be treated as equity or derivative liability.

The two components are evaluated by decomposing the bonds into debt and derivative components. The initial carrying amount of a hybrid financial instrument is allocated to its derivative and liability components, with credit spread and volatility assumptions calibrated such that the two components equal the transaction price, which is considered to represent fair value. The derivative component is valued by quantifying the value difference between the bond and a bond instrument consistent terms without a consistent conversion feature. The liability component is measured by determining the residual of the fair value of the instrument less the estimated fair value of the derivative component.

1. Accounting Policies continued

The liability component is carried at amortised cost. Interest is calculated by applying the estimated prevailing market interest rate at the time of issue. The derivative component is carried at fair value through profit and loss.

Leases

The Group's leases predominantly relate to property leases for each cinema site, however the Group's lease portfolio also includes other assets such as motor vehicles. Rental contracts are typically made for fixed periods of on average 15 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group in the Consolidated Statement of Financials Position. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Both principal and finance cost elements of lease payments are recognised within financing cash flows within the Consolidated Statement of Cash Flows. The depreciation charge recognised on the right-of-use assets is being charged to administration expenses in the Group's Statement of Profit and Loss.

Liabilities arising from leases are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the lessee's incremental borrowing rate being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Consolidated Statement of Profit or Loss. Short-term leases are leases with a lease term of 12 months or less or leases on adoption date which has a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office and cinema equipment.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease modifications

Where lease contracts are amended resulting in extensions to the minimum lease term or increases to the overall consideration under the lease, they are treated as modifications under IFRS 16.

Landlord contributions

Where the Group receives contributions and incentives from landlords at the start of the lease, these are recorded against the right-of-use asset.

1. Accounting Policies continued
Leases continued
Sub-leases
The Group applies IFRS 16 to all leases of right-of-use assets in sub-leases. The Group classifies the sub-lease as a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease. The Group treats the right-of-use asset as the underlying asset in the sub-lease, not the item of property, plant and equipment that it leases from the head lessor.

For sub-leases classified as operating leases, rental income will continue to be recognised in the Consolidated Statement of Profit or Loss in the period to which it relates.

For sub-leases classified as finance leases, the Group will recognise an asset classified as net investment in a sub-lease. The Group uses the discount rate it uses for the head lease, adjusted for any initial direct costs associated with the sub-lease to account for the sub-lease.

During the term of the sub-lease, the Group recognises both interest income on the sub-lease and interest expense on the head lease.

Variable lease payments
Some property leases contain variable payment terms that are linked to sales generated from a particular cinema site. For individual sites, up to 4% of lease payments are on the basis of variable payment terms with percentages ranging from 4% to 18% of sales. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established sites. Variable lease payments that depend on sales are recognised in cost of sales within the Consolidated Statement of Profit or Loss in the period in which the condition that triggers those payments occurs.

Extension and termination options
Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. We have identified the inclusion of extensions and termination options within the lease term as a significant judgement. Refer to significant accounting estimates and uncertainties section of the accounting policies for further details.

Sale and leaseback
In a sale-and-leaseback transaction the Group transfers an underlying asset to another entity and leases that asset back from the buyer-lessor. If a sale is deemed to have taken place, the Group de-recognises the underlying asset and applies the lessee accounting model to the leaseback arrangement. A right-of-use asset is recognised based on the retained portion of the previous carrying amount of the asset and only the gain or loss is recognised related to the rights which are transferred to the lessor. If a sale has not been deemed to have taken place, the Group continues to recognise the underlying asset and recognise a financial liability.

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the Consolidated Statement of Profit or Loss to write assets down to their residual values on a straight-line basis within operating expenses over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

– Land and buildings: freehold properties	20 to 50 years
– Land and buildings: long leasehold properties including leasehold improvements	Life of lease
– Land and buildings: short leasehold properties including leasehold improvements	30 years or life of lease if shorter
– Plant and machinery	3 to 20 years
– Fixtures and fittings	3 to 20 years

No depreciation is provided on land, assets held for sale or assets in the course of construction.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Depreciation methods, residual values and the useful lives of all assets are reassessed annually.

Goodwill and other intangible assets
Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units ("CGUs") and is not amortised but is tested annually for impairment.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Distribution rights that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

1. Accounting Policies continued

Amortisation is charged to the Consolidated Statement of Profit or Loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each Statement of Financial Position date.

Other intangible assets are amortised from the date they are available for use. Distribution rights are amortised by film title from the date of release of the film, at 50% in the first year of release and 25% in each of the two subsequent years. The estimated useful lives are as follows:

- Brands 10 years to indefinite life
- Distribution rights 3 years
- Other intangibles 4 to 10 years

Assets held for sale

Non-current assets, or disposal groups are classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to the Consolidated Statement of Profit or Loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the First-In, First-Out ("FIFO") principle. Cost comprises expenditure incurred in acquiring the inventories and bringing them to their existing location and condition, and net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling costs.

Impairment

The carrying amounts of the Group's assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill assets that have an indefinite useful economic life, the recoverable amount is estimated at each Statement of Financial Position date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit ('CGU') exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Statement of Profit or Loss.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other intangible assets in the unit on a pro-rata basis. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Where individual sites' cash inflows are determined not to operate independently from one another, mainly due to strategic or managerial decisions being made across more than one site, they may be combined into a single CGU.

Calculation of recoverable amount

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment is reversed when there is an indication that the impairment loss may no longer exist as a result of a change in the estimates used to determine the recoverable amount, including a change in fair value less costs to sell. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Where leases have been modified, resulting in a reduction in the carrying value of the right-of-use asset, the impairment loss reversal will not exceed the modified carrying amount.

1. Accounting Policies continued
Employee benefits
Defined contribution pension plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Statement of Profit or Loss in the periods which services are rendered by employees.

Defined benefit pension plans
The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior years, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in the Statement of Other Comprehensive Income. The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the then-net defined benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Consolidated Statement of Profit or Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the Consolidated Statement of Profit or Loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Share-based payment transactions
The share option programme allows Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date using the Black-Scholes model and spread over the period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Share appreciation rights are also granted by the Group to employees. The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment. The fair value of the share appreciation rights is measured taking into account the terms and conditions upon which the instruments were granted.

The liability is remeasured at each Statement of Financial Position date and at settlement date and any changes in fair value are recognised in the Consolidated Statement of Profit or Loss.

Provisions
A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money. The increase in the provision due to the passage of time is recognised as an interest expense.

Revenue
Revenue represents the total amount receivable for goods sold and services provided, excluding sales-related taxes and intra-group transactions. All the Group's revenue is received from the sale of goods and services. The Group disaggregates revenue into three material revenue streams which are made up of the following:

Box office revenue
- Box office revenue is recognised on the date of the showing of the film the ticket sold relates to.
- Unlimited card revenue is received annually or monthly in advance. When revenue from the Unlimited card is received annually in advance it is initially recognised within deferred revenue and subsequently recognised on a straight-line basis over the year. Monthly Unlimited card revenue is recognised in the period to which it relates.

1. Accounting Policies continued

Retail revenue

- Concessions revenue includes the sale of food and drink in the cinemas, in our VIP offerings, Starbucks sites and bars and restaurants. All concession revenue is recognised at the point of sale. The Group operates a licence arrangement with Starbucks in the UK&I operating segment. As part of the licence arrangement, the Group is required to pay to the licensor a licence and royalty fee which is recognised in cost of sales.
- The Group records proceeds from the sale of gift cards and other advanced bulk tickets in deferred revenue and recognises admissions or retail revenue when redeemed. Dependent on the revenue stream the gift card is redeemed against, revenue will either be recorded within box office revenue or retail revenue. Additionally, the Group recognises unredeemed gift cards and bulk tickets as other revenues based on a proportion of redemptions, which is estimated primarily based on the Group's historical experience.
- The Group operates loyalty schemes which allow members to earn rewards. The most significant of these is the Regal Crown Club. Members earn credits for each dollar spent at the Regal theatres and can redeem such credits for tickets, concession items and other rewards. To determine the amount of revenue to defer upon issuance of credits to customers, an estimate is made of the value expected to be redeemed by customers for those credits. The estimates are based on rewards that have historically been offered under the loyalty programme which are considered to be representative of rewards offered in future. Upon redemption, deferred rewards are recognised as revenues in line with the revenue stream they are redeemed under. Dependent on the revenue stream the loyalty scheme credits are redeemed against, revenue will either be recorded within box office or retail.

Other revenue

Other revenue includes the following:

- Fees are charged for advanced bookings of tickets classified as booking fee revenue. This revenue is recognised at the point when the tickets are purchased.
- Advertising revenue is recognised at the point the advertisement is shown in cinemas or the related impressions are delivered.
- An element of advertising revenue relates to the Exhibitor Services Agreement ("ESA") with National CineMedia ("NCM"). This advanced payment was recognised within deferred revenue and is being released over the life of the agreement.
- Distribution revenue is recognised on the date of the showing of the film it relates to for cinema distribution, for other media the revenue is recognised over the life of the distribution contract.
- Rebates – the Group receives rebates primarily from concession vendors. The rebates are either a fixed amount or a specified percentage based on the total purchases made from the vendor. The rebates are subject to some estimation uncertainty but the arrangements are not complex. Rebates are calculated and accrued monthly based on the volume of purchases. These rebates are either recognised as other revenues, a reduction of cost of goods sold, or a combination of the two, dependent on the nature of the services provided. For arrangements where the Group is providing various forms of in-theatre, lobby or website advertising in exchange for the rebate, such rebates are accounted for as a component of other revenues. For arrangements under which the Group provides no material form of advertising such rebates are accounted for as a reduction of cost of goods sold. Total rebates recognised in the Consolidated Statement of Profit or Loss during 2021 were $12.8m (2020: $7.3m).

Deferred revenue

Deferred revenue primarily consists of the following:

- NCM Exhibitor Services Agreement ('ESA'): Revenue generated from the NCM ESA in the United States is recognised over time as rights to advertising services are provided. The original agreement was due to end in 2037, but was extended until 2041 as part of the amendments made to the ESA in 2019. As part of the business combination accounting for Regal, a fair value assessment of the ESA assumed contract liability was undertaken, being the Group's obligation to perform under the acquired NCM advertising arrangement. This valuation was recognised within deferred revenue and the revenue is recognised on a straight-line basis over the remaining term of the ESA. The valuation of the ESA includes a significant financing component due to the significant length of time between receiving the non-cash consideration and fulfilling the performance obligation. The interest expense is calculated using discount rates implicit within the acquisition of the Regal business. Annually, pursuant to the Common Unit Adjustment Agreement (the "CUA") the Group receives the non-cash consideration in the form of newly issued common units in NCM, in exchange for rights to exclusive access to the Group's theatre screens and attendees through to February 2041. Any adjustments to the number of common units held goes to deferred revenue and this is recognised as advertising revenue on a straight-line basis over the remaining term of the ESA. Refer to revenue accounting policy for details on how this revenue is recognised.
- Revenue received from the Unlimited scheme. Refer to revenue accounting policy for details on how this revenue is recognised.
- Unredeemed gift cards and bulk tickets: Revenue is initially recognised in deferred revenue and subsequently recognised in revenue in proportion to the pattern exercised by the customer.
- Revenue received in advance for advertising contracts.
- Unredeemed credits on customer loyalty schemes. The deferred revenue for credits earned through the loyalty scheme is calculated based on the fair value of the credits earned multiplied by an expected redemption rate. The deferred revenue is recognised as box office or concession revenue when the credits are redeemed.

1. Accounting Policies continued

Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Government grants relating to costs are deferred and recognised in the Consolidated Statement of Profit or Loss over the period necessary to match them with the costs that they are intended to compensate. During the year, the Group received support from governments in connection with its response to the COVID-19 pandemic. This support included furlough and job retention scheme reliefs, direct tax payment deferrals, business rate relief and beneficial loans, details are provided in Notes 2, 4, 8 and 19.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred revenue and they are credited to the Consolidated Statement of Profit or Loss on a straight-line basis over the expected lives of the related assets.

Other operating income

Other income represents rent receivable from sub-leases classified as operating leases (as described in the leases accounting policy). Rental income is recognised on a straight-line basis over the life of the lease.

Net financing costs

Net financing costs comprise finance income and expenses as detailed in the note 9.

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, as detailed in Note 2.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Profit or Loss and Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the Statement of Financial Position method, providing temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Consolidated Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Reporting segments

Reportable segments are the Group's operating segments or aggregations of operating segments.

Significant accounting judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgements

The key judgements are:

Climate Change Impact

The Group considered the potential impact of climate change, and concluded that, while it remains an emerging risk, the Group does consider that there could be an impact on its valuation of goodwill. Assumptions used in the impairment testing of goodwill include the forecast cost of future investment and changes to operational energy costs required in order to meet the Groups emissions targets, whilst maintaining current operating levels. Sufficient mitigation strategies in respect of future supply chain costs driven by climate change impact are considered to be in place, such that no material financial impact is currently considered likely.

1. Accounting Policies continued

Cinplex Judgement

No liability has been recognised in respect of the award against the Group in respect of the termination of the Groups proposed acquisition of Cineplex. The Groups assessment of this liability requires certain judgements, the details of which are set out in note 28.

Lease term

IFRS 16 "Leases" defines the lease term as the non-cancellable period of a lease together with the options to extend or terminate a lease, if the lessee were reasonably certain to exercise that option. Where a lease includes the option for the Group to extend the lease term, beyond the non-cancellable period, the Group makes a judgement as to whether it is reasonably certain that the option will be taken. This will take into account the length of time remaining before the option is exercisable; current and future trading forecast as to the ongoing profitability of the site; and the level and type of planned future capital investment.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Therefore potential future cash outflows have not been included in the lease liability where it is not reasonably certain the extension periods will be taken or that the leases will be extended on similar terms (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. Refer to Note 20 which quantifies the impact on lease liability should the lease term include extension or termination options.

Lease discount rate

IFRS 16 requires that the discount rate applied in calculating the lease asset and liability represents the incremental borrowing rate at the date the lease is signed or modified. Leases are signed and amended over the course of each year; the Group elects to apply an average discount rate over periods for which its cost of borrowing and credit rating are consistent. Given the judgement required around the date of amendment and the uncertainty affecting incremental borrowing rates, using a rate covering the three-month period is considered to be appropriate. Refer to Note 20 which sets out the details of the discount rate applied during the year.

Lease modifications

Judgement is required to determine when the terms of an amendment to an existing lease is formally agreed, which in some cases is considered to have occurred prior to the date of signing the agreement. The timing of the modification can affect the discount rate and the period in which it is reported. Management consider a modification to have been completed when it is reasonably certain to occur without any further changes to agreed terms.

Management have determined that all renegotiated leases are treated as modifications under IFRS 16, and management have taken the judgement that all renegotiated leases met the criteria for amendment based on the changes to the cash flows, length and conditions of the original leases.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. Refer to Note 20 which quantifies the impact on the judgements relating to lease modifications.

Embedded Derivatives

Judgement is required in assessing whether certain elements of debt contracts entered into during the year were closely related to the terms of the overall contract itself. Management consider that a conversion option in the new convertible bond entered into during the year (which is disclosed in detail in note 26) was not closely related to the terms of the underlying contract in which it was identified and was therefore required to be separately recognised.

Estimation is required in assessing the volatility and credit spread assumptions used in determining the value of the derivative component of the Group's convertible bond, the valuation and fair value movement recognised in the year are sensitive to these estimates. The Group uses credit spread data consistent with it observable ranges credit rating. Volatility is determined through observed historic levels of volatility of the Group's own share price.

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

In applying the Group's accounting policies described above the Directors have identified that the following areas are the key estimates that could have a significant impact on the amounts recognised in the Consolidated Financial Statements in the next financial year.

1. Accounting Policies continued
Estimates continued
Impairment of goodwill
The Group determines whether goodwill is impaired on at least an annual basis. This requires an estimate of the value in use of the cash-generating unit "CGU" to which the goodwill is allocated. To estimate the value in use, the Group estimates the expected future cash flows from the CGU and discounts them to their present value at a determined discount rate, which is appropriate for the country where the goodwill is allocated to.

Forecasting expected cash flows and selecting an appropriate discount rate inherently requires estimation. A sensitivity analysis has been performed over the estimates (see Note 12). The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount rate applied. The Directors consider that the assumptions made represent their best estimate of the future cash flows generated by the CGUs, and that the discount rate used is appropriate given the risks associated with the specific cash flows.

Impairment of property, plant and equipment and right-of-use assets
The Group determines whether property, plant and equipment and right-of-use assets are impaired or require reversal of impairment when indicators of impairments or reversal of impairment exist or based on the annual impairment assessment. The annual assessment requires an estimate of the value in use of the CGUs to which the tangible fixed assets are allocated, which is predominantly at the individual cinema site level. Where individual site's cash flows are not determined to be independent from one another, mainly due to strategic or managerial decisions being made across more than one site, they may be combined into a single CGU.

Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each cinema and discount these to their net present value at a discount rate which is appropriate for the territory where the assets are held. The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount rate applied.

Forecasting expected cash flows and selecting an appropriate discount rate inherently requires estimation. A sensitivity analysis has been performed over the estimates (see Note 11). The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount rate applied. The Directors consider that the key assumptions made within the cash flow forecasts include admissions levels, average ticket price, concession spend per person,and discount rates. The Directors consider that the assumptions made represent their best estimate of the future cash flows generated by the CGUs, and that the discount rate used is appropriate given the risks associated with the specific cash flows.

Impairment of investments in joint ventures
The Group determines whether investments in joint ventures are impaired when indicators of impairments exist or based on the annual impairment assessment. The annual assessment requires an estimate of the fair value and value in use of each investment held at amortised cost. Impairment charges recognised are assessed by reference to the higher of fair value less cost to sell and value in use.

Estimating the fair value of joint ventures with a comparable observable market price involves multiplying the Group's shareholding by the current market price. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the joint venture and discount these to their net present value at a discount rate which is appropriate for the asset. The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount rate applied.

The Directors consider that the assumptions made represent their best estimate of the future cash flows generated by the joint venture and that the discount rates used are appropriate given the risks associated with the specific cash flows. A sensitivity analysis has been performed over the estimates (see Note 13).

Valuation of warrants
The Group values warrants using the Black-Scholes model, applying a risk-free interest rate, expected term of five years and an estimated share price and volatility. The Directors consider that the assumptions made represent their best estimate.

Deferred tax asset recognition
The Group recognises deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, unused tax losses and unused tax credits. Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profit will be available against which those unused tax losses, unused tax credits or deductible temporary differences can be utilised. This assessment requires estimation.

Estimates are required in assessing whether sufficient future taxable profits will be made in order to recognise the benefit of deferred tax assets accumulated at the Balance Sheet date. In assessing recognised and unrecognised deferred tax assets, the Group has considered its forecast performance in line with the scenarios set out in its going concern analysis and impairment models, as set out in Note 1. Details of the deferred tax assets, recognised and unrecognised, are set out in Note 16.

1. Accounting Policies continued
Forthcoming requirements
LIBOR Reform
The Group has several financial instruments which are linked to LIBOR, primarily US Dollar denominated debt. The Group has assessed its exposure to LIBOR transition and does not consider that there will be any impact on its financial operations or reporting before 30 June 2023, at which point US Dollar LIBOR is expected to be replaced. Details of the Group's interest rate benchmarks on borrowings are set out in Note 19, the US denominated term loans included here will be assessed for interest rate reform as required.

There were no new standards adopted by the Group in the year but the following amendments became applicable during the year:

Amendment to IFRS 16 Leases COVID-19 – Related rent concessions

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

These amendments did not have a material impact on the Group's accounting policies and have therefore not resulted in any changes.

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.

The following new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group:

Title	Effective date
IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Noncurrent and Classification of Liabilities as Current or Noncurrent – Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively)	1 January 2023
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets Annual Improvements 2018-2020	1 January 2022
Amendments to IAS 12, 'Taxation',relating to Deferred tax related to assets and liabilities arising from a single transaction (issued 7 May 2021)	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)	1 January 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)	1 January 2023

These standards and others not yet effective are not expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

2. Alternative Performance Measures

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

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

Other commentary within the Annual Report and Accounts (such as the Chief Financial Officer's Review on pages 30 to 35), 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.

In addition to Adjusted EBITDA, the Group uses Adjusted EBITDAaL to measure performance. Adjusted EBITDAaL is defined as Adjusted EBITDA less payments of lease liabilities during the period and provides a cash generation measure which adjusted for rent payments.

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.

2. Alternative Performance Measures continued
Adjusted Loss continued

The Adjusted EBITDA and Adjusted Loss after tax reconciliation to statutory Operating Profit/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 previous years	**-**	(37.0)
Adjusted Loss after Tax	**(655.7)**	(913.2)

2. Alternative Performance Measures continued
Adjusted Loss continued

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. Joint venture earnings recognised and distributions received are disclosed in Note 13.

Net reversal/impairment of goodwill, property, plant and equipment, right-of-use assets and investments

Disclosure in respect of these reversals/ impairment charges can be found in Notes 11, 12, 13 and 20.

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 US 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 and $1.7m redundancy costs relate 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 19 for further information.

2. Alternative Performance Measures continued

Adjusted Loss continued

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 19 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 2021 net investment hedges have been identified as not effective. 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 recognised 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 19.

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 (Note 11)	95.6	32.5	7.6	135.7
Non-current asset additions – intangible assets (Note 12)	–	0.9	3.7	4.6
Investment in equity accounted investee (Note 13)	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 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 (Note 11)	231.8	41.1	9.8	282.7
Non-current asset additions – intangible assets (Note 12)	–	0.3	2.2	2.5
Investment in equity accounted investee (Note 13)	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.

Refer to Note 22 for a breakdown of contract liabilities recognised during the year.

5. Other Operating Income

	Year ended 31 December 2021 $m	Year ended 31 December 2020 $m
Rental income	**3.6**	2.3
Other non-cinema income	**11.8**	–
Total other operating income	**15.4**	2.3

The Group received financial support from various government bodies at the individual territory level. Other non-cinema income includes all grants and other governmental financial support received not directly related to payroll costs.

6. Operating Profit/(Loss)

Included in operating profit/(loss) for the year are the following:

	Year ended 31 December 2021 $m	Year ended 31 December 2020 $m
Depreciation	**506.6**	613.5
Amortisation of intangibles	**28.3**	29.8
Property-related charges and releases	**(26.6)**	6.4
Net exceptional (reversal of impairment)/impairment of goodwill, property, plant and equipment, right-of-use assets and investments	**(127.1)**	1,344.5
Other operating exceptional items	**49.3**	127.3
Short-term and turnover rent leases	**14.4**	4.8

Details of these items are presented in Note 2.

The total remuneration of the Group Auditors, PricewaterhouseCoopers LLP, and their affiliates for the services to the Group in 2020 and 2021 is analysed below:

Auditors' remuneration:	Year ended 31 December 2021 $m	Year ended 31 December 2020 $m
Group – audit	**2.5**	2.3
Amounts received by Auditors and their associates in respect of:		
– Audit of financial statements pursuant to legislation	**0.6**	0.5
– Audit-related assurance services	**0.3**	0.3
– All other services	**–**	0.6

7. 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 year	**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)

7. Earnings Per Share continued

	Year ended 31 December 2021 $m	Year ended 31 December 2020 $m
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.

8. Staff Numbers and Costs

The monthly average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Number of staff	
	2021	2020
Head office	**1,077**	1,161
Cinemas	**26,905**	29,270
Total headcount	**27,982**	30,431

Included in the monthly average number of persons employed by the Group are part-time employees. No distinction is made between full-time and part-time employees in the analysis above (2020: none).

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2021 $m	Year ended 31 December 2020 $m
Wages and salaries	**306.7**	206.7
Social security costs	**14.5**	38.1
Other pension costs – defined contribution	**–**	1.6
Share-based payments	**6.9**	(2.3)
Total payroll costs	**328.1**	244.1

Payroll costs are net of funding received during the year from government support schemes which amounted to $27.6m (2020: $44.5m) and $3.5m (2020: $2.3m) in the UK and ROW respectively.

See page 66 for details of Directors' remuneration.

9. 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)

9. Finance Income and Expense continued
Recognised within other 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

10. 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.

10. Taxation continued

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.

11. Property, Plant and Equipment

	Land and buildings $m	Plant and machinery $m	Fixtures and fittings $m	Assets in the course of construction $m	Total $m
Cost					
Balance at 1 January 2020	643.7	1,365.8	718.5	120.4	2,848.4
Additions	41.9	47.8	24.3	168.7	282.7
Disposals	(58.8)	(19.5)	(20.8)	(6.1)	(105.2)
Transfers	38.9	4.9	10.9	(54.7)	–
Effects of movement in foreign exchange	18.0	14.6	23.3	0.1	56.0
Balance at 31 December 2020	**683.7**	**1,413.6**	**756.2**	**228.4**	**3,081.9**
Additions	22.0	39.9	2.4	71.4	135.7
Disposals	(14.1)	(34.9)	(9.5)	(1.6)	(60.1)
Transfers	72.4	96.5	26.5	(195.4)	–
Effects of movement in foreign exchange	(6.9)	(14.3)	(11.7)	(2.8)	(35.7)
Balance at 31 December 2021	**757.1**	**1,500.8**	**763.9**	**100.0**	**3,121.8**
Accumulated depreciation and impairment					
Balance at 1 January 2020	119.1	430.8	259.0	–	808.9
Charge for the year	130.9	64.0	69.9	–	264.8
Disposals	(48.1)	(18.4)	(16.5)	–	(83.0)
Effects of movement in foreign exchange	8.3	12.7	15.7	–	36.7
Impairments	148.1	71.1	55.8	23.7	298.7
Impairment reversals	(17.2)	(6.0)	(7.4)	(1.8)	(32.4)
Balance at 31 December 2020	**(341.1)**	**(554.2)**	**(376.5)**	**(21.9)**	**(1,293.7)**
Charge for the year	(108.2)	(69.6)	(67.9)	–	(245.7)
Disposals	2.3	32.2	8.3	–	42.8
Effects of movement in foreign exchange	2.7	11.3	4.4	–	18.4
Impairments	(1.8)	(1.7)	(0.2)	–	(3.7)
Impairment reversals	11.6	19.6	25.6	1.4	58.2
Balance at 31 December 2021	**(434.5)**	**(562.4)**	**(406.3)**	**(20.5)**	**(1,423.7)**
Net book value					
At 31 December 2020	342.6	859.4	379.7	206.5	1,788.2
At 31 December 2021	**322.6**	**938.4**	**357.6**	**79.5**	**1,698.1**

Interest of $4.8m (2020: $5.2m) and payroll costs of $4.6m (2020: $9.0m) has been capitalised during the year which relates to the construction of new sites.

Contractual commitments in relation to future capital expenditure is outlined within Note 27.

Property, plant and equipment at specific sites has been pledged as security against the borrowing facilities as outlined in Note 19.

Impairment

The Group determines whether these assets are impaired when indicators of impairment exist or based on the annual impairment assessment. The annual assessment requires an estimate of the value in use of the CGUs to which the property, plant and equipment and right-of-use-assets are allocated, which is predominantly at the individual cinema site level. Where individual sites' cash inflows are determined to not operate independently from one another, mainly due to strategic or managerial decisions being made across more than one site, they may be combined into a single CGU. Where the recoverable amount is less than the carrying amount, an impairment charge to reduce the assets down to recoverable amount is recognised.

The recoverable amount of a CGU is the higher of value in use or fair value less cost of disposal. The Group determines the recoverable amount with reference to its value in use.

As disclosed within the Group's interim financial statements, the impact of the COVID-19 pandemic on the Group during the period was considered a triggering event and an impairment assessment was performed at 30 June 2021.

Total net reversal of impairments, across property, plant and equipment and right-of-use-assets during the period to 30 June 2021 of $95.6m, comprised of gross reversals of $140.8m and gross impairments of $45.2m. This was in relation to 80 total sites comprised of 50 sites in the US, 13 sites in the UK and 17 sites in the ROW. Impairments recognised during the period to 30 June 2021 were in relation to 28 sites in the US and one site in the ROW whose recoverable amount was less than the carrying amount. The recoverable amount of these 29 sites subsequent to impairment was $87.8m.

11. Property, Plant and Equipment continued
Impairment continued

In performing the impairment review at 31 December 2021 management compared the carrying value of each CGU which included the impairment (or reversals) recognised at 30 June 2021 and during the period ended 31, December 2020.

Subsequent to 30 June 2021 a number of leases held by CGUs were amended, which resulted in a revised right-of-use asset being calculated, in turn reducing the carrying value of the right-of-use asset. As a result management identified a number of CGUs which were previously impaired whose recoverable amount was now greater than that of its carrying amount. Where this was the case, management have recognised a reversal of the impairment charge previously recorded for these CGUs. The impairment reversal is the lower of the estimated recoverable amount at 31 December 2021 or impairment previously recorded, less depreciation since the date of the original impairment.

Total net reversal of impairment recognised, across property, plant and equipment and right-of-use assets during the six month period to 31 December 2021 was $86.6m. The total net reversal for the year ended 31 December 2021 was $182.2 (2020: net impairment charge $649.2m). The table below summarizes the net (impairment) and reversal of impairment recognised across property, plant and equipment and right-of-use assets by segment for the periods throughout 2020 and 2021:

Reversal of Impairment/(Impairment) recognised across each reporting segment	Period ended 30 June 2021 $m	Period ended 31 December 2021 $m	Year ended 31 December 2021 $m	Year ended 31 December 2020 $m
United States	**57.5**	**78.8**	**136.3**	(482.0)
United Kingdom and Ireland	**34.1**	**1.2**	**35.3**	(123.0)
Rest of world	**4.0**	**6.6**	**10.6**	(44.2)
Total	**95.6**	**86.6**	**182.2**	(649.2)

Impairment reversals recognised during 2021 were in relation to 133 sites in the US, 16 sites in the UK and 19 sites in the ROW. The most significant factor causing impairment reversals were lease amendments. The recoverable amount of these CGUs subsequent to reversal was $744.9m. Impairment recognised during 2020 were in relation to 239 sites in the US, 53 sites in the UK and 28 sites in the ROW, whose recoverable amount (calculated by reference to its value in use) was less than carrying amount. The most significant factors causing impairment in 2020 were the forecast continued impact of COVID-19 on operations and a higher discount rate, driven by the Group's higher cost of debt. The recoverable amount of these CGUs subsequent to impairment in 2020 was $1,362.4m.

Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each CGU and discount these to their net present value at a pre-tax discount rate which is appropriate for the territory where the assets are held. A table summarising the rates used, which are derived from externally benchmarked data, is set out below:

	Year ended 31 December 2021 %	Period ended 30 June 2021 %	Year ended 31 December 2020 %
United States	**14.2**	**14.2**	14.2
United Kingdom	**14.5**	**14.5**	14.5
Poland	**14.4**	**14.9**	14.9
Israel(1)	**13.8**	**14.2**	14.2
Hungary	**14.3**	**14.9**	14.9
Romania	**15.8**	**15.6**	15.6
Czech Republic	**13.7**	**14.4**	14.4
Bulgaria	**13.8**	**14.5**	14.5
Slovakia	**13.8**	**14.9**	14.9

(1) For sites which generate significant rental cash flows in addition to cinema cash flows a separate discount rate of 12.8% (30 June 2021: 12.8%; 2020: 12.8%) was applied to rental cash flows to reflect the specific risks related to them.

The outbreak of the pandemic in March 2020 has caused a materially higher cost of debt component of the weighted average cost of capital ("WACC"). However, the WACC has remained consistent since the outbreak of the pandemic.

The value in use is calculated using forecast cash flows (defined as the Adjusted EBITDA generated by each CGU), which are based on management's anticipated performance of the CGU's over the term remaining on its respective lease.

11. Property, Plant and Equipment continued
Impairment continued
Management have prepared individual cash flow forecasts for each CGU. These cash flow forecasts apply specific growth assumptions to the key drivers within the cash flow such as attendance, average ticket price ("ATP"), spend per patron ("SPP") and long-term growth rates of other revenue and cost streams. COVID-19 has had a significant impact on the operations of the business and the territories in which it operates. The impact of COVID-19 has impacted each CGU's ability to generate future cash flows in the short term and management have factored this into each CGU's cash flow forecast.

During these uncertain times, there are significant challenges in preparing forecasts necessary to estimate the recoverable amount of a CGU. Management determined that using an expected cash flow approach is the most effective means of reflecting the uncertainties of the COVID-19 pandemic in its estimates of recoverable amount. This approach reflects all expectations about possible cash flows instead of the single expected outcome.

The key assumptions applied within these models are as follows:

- Budgeted Adjusted EBITDA for 2022 represents management's best estimate of future cashflows and have therefore been used as the base assumption within the cash flow forecast. The budget assumptions reflect management's assessment of the short-term impact of COVID-19.
- Adjusted EBITDA for the year ended 31 December 2019 is deemed to represent a standard year of cash flows generated under normal operating conditions. Management have therefore used 31 December 2019 actuals as the standard operating conditions for a fully recovered year within the cash flow forecast.
- As part of the Group's assessment of going concern and longer-term viability a five-year forecast reflecting the impact of COVID-19 has been prepared. Management have compared the assumptions used within this model to that of the actuals at 31 December 2019. The differential between 31 December 2019 and the COVID-19 five-year forecast has been deemed to represent a reduction as a result of the virus.
- Within this five-year forecast management believe monthly cash flows will return to pre-COVID-19 levels (31 December 2019 actual Adjusted EBITDA) by the year ended 31 December 2024.
- For the 2022 forecast period, management used theatre level budget information which includes expected impact to a standard year of cash flow for COVID-19. For the 2023 forecast period, management have applied the respective financial year's hair-cut to the 31 December 2022 budget to generate the forecast Adjusted EBITDA for each financial year on a like for like basis. In turn, this will result in the Adjusted EBITDA for the year ended 31 December 2024 to represent the 31 December 2019 actuals.
- From 31 December 2024 onwards management have forecast attendance will remain at 31 December 2019 levels. However, all other assumptions will grow at a long-term growth rate of 1%, with the exception of specific sites within the US CGU which have had specific upside assumptions applied to them.

Similar assumptions were applied as part of the impairment assessment performed at 30 June 2021. The discount rates applied at the date of 30 June 2021 testing differ from those used at 31 December 2021 as outlined in the above table. The hair-cuts applied as part of the 30 June 2021 testing reflected the 2022–2023 forecast used as part of the 30 June 2021 going concern assessment, as disclosed in the 30 June 2021 interim report. This forecast differed to that used as part of the 31 December 2021 testing and therefore different assumptions were applied between the two models.

For CGU's which have either opened within the 31 December 2018 to 2021 financial years, or refurbishments occurring during the 2019 to 2021 financial year management acknowledge that 31 December 2019 actuals, if available, do not represent a full year of standard trading. Therefore, specific assumptions have been applied to the key drivers over the 2023–2024 forecast period, in order for the forecast 2024 adjusted EBITDA to represent management's expectations of a standard year of operations (pre COVID-19) for that CGU.

For specific CGUs which have had negative decline in EBITDA over the 2017–2019 financial years, management have assumed this historical decline will continue to at least 31 December 2024. Further declines have been applied for those CGUs for which forecast admissions per screen at 31 December 2024 were above the territories average admissions per screen, until the financial year the admissions per screen is below the territory's average.

The recoverable amount of any CGU is determined as the greater of value-in-use or fair value less cost to sell. Consideration was given to whether the fair value less cost to sell of each CGU is higher than the calculated value in use. In all cases the fair value less cost to sell was found to be lower than the value in use.

11. Property, Plant and Equipment continued

Sensitivity to changes in assumptions

Impairment reviews are sensitive to changes in key assumptions, especially given that the full extent of COVID-19 on the operations and future cash flows of the Group is not fully known at this stage. Management have determined that the following assumptions used within the cash flow forecast are most sensitive to further changes as a result of COVID-19. Sensitivity analysis has been performed on all CGU's calculated recoverable amounts giving consideration to incremental changes in the key assumptions of the following:

Discount rates are largely derived from market data, and these rates are intended to be long term in nature. However, the models are sensitive to changes in these rates. Therefore:

(1) an increase by a factor of 1% and

(2) a decrease by a factor of 1% have been applied in the sensitised scenarios.

(3) The Group has observed increased ATP and SPP levels since reopening. These increased to ATP and SPP have not been assumed in the impairment testing. A scenario has been prepared to present the upside from a sustained increase in the current ATP and SPP levels.

(4) The implied hair-cuts applied to the model over the 2022–2023 forecast period is sensitive to the outcomes of various scenarios used within the Group's assessment of going concern and long-term viability as set out in Note 1. We have recalculated the implied hair-cuts based on a severe but plausible scenario over a 2022–2026 forecast period and applied this as a sensitised scenario.

The sensitivities applied reflect realistic scenarios which management believe would have the most significant impact on the cash flows described above.

The sensitivity analysis has been prepared on the basis that the reasonably possible change in each key assumption would not have a consequential impact on other assumptions used in the impairment review. The sensitivity analysis has not been performed on the Rest of World segment due to the sensitivities on the segment not being material.

The impact on the total impairment charge allocated between both property, plant and equipment and right-of-use asset of applying different assumptions to the growth rates used over the forecast period and the discount rates would be as follows:

	Reduction (Increase) of Impairment Reversal $m
(1) 1 percentage point increase to the discount rates	(41.4)
(2) 1 percentage point decrease to the discount rates	133.4
(3) Upside from sustained increase in ATP and SPP	90.8
(4) Severe but plausible scenario	(115.0)

Assets held for sale

The values in the table below represent the net book value of the property, plant and equipment held for sale. As the fair value less costs to sell is expected to be in excess of the net book value no impairment is considered necessary.

	31 December 2021 $m	31 December 2020 $m
Property, plant and equipment	**1.8**	2.9

Assets held for sale of $1.8m at 31 December 2021 related to one theatre. Assets held for sale at 31 December 2020 of $2.9m related to one theatre in the US, and two remaining buildings of the old US head office facilities.

12. Intangible Assets

	Goodwill $m	Brand $m	Distribution rights $m	Other intangibles $m	Total $m
Cost					
Balance at 1 January 2020	5,503.2	421.2	53.1	166.9	6,144.4
Additions	–	–	1.0	1.5	2.5
Disposals	–	–	–	(3.4)	(3.4)
Effects of movement in foreign exchange	33.6	3.8	3.0	1.1	41.5
Balance at 31 December 2020	**5,536.8**	**425.0**	**57.1**	**166.1**	**6,185.0**
Additions	–	–	3.8	0.8	4.6
Disposals	–	–	–	(0.1)	(0.1)
Effects of movement in foreign exchange	(30.9)	(1.5)	(1.8)	(0.7)	(34.9)
Balance at 31 December 2021	**5,505.9**	**423.5**	**59.1**	**166.1**	**6,154.6**
Accumulated amortisation and impairment					
Balance at 1 January 2020	11.1	25.8	45.7	54.1	136.7
Amortisation	–	3.7	4.4	21.7	29.8
Impairments	657.4	–	–	–	657.4
Effects of movement in foreign exchange	–	2.8	2.8	(2.3)	3.3
Balance at 31 December 2020	**668.5**	**32.3**	**52.9**	**73.5**	**827.2**
Amortisation	–	4.0	3.2	21.1	28.3
Effects of movement in foreign exchange	0.3	(0.5)	(1.8)	(0.6)	(2.6)
Balance at 31 December 2021	**668.8**	**35.8**	**54.3**	**94.0**	**852.9**
Net book value					
At 31 December 2020	4,868.3	392.7	4.2	92.6	5,357.8
At 31 December 2021	**4,837.1**	**387.7**	**4.8**	**72.1**	**5,301.7**

Included within the brand intangible asset is $365.0m in relation to Regal, $21.2m in relation to Cinema City B.V and $1.5m in relation to Picturehouse. The Regal brand has been determined as having an indefinite useful life. The remaining amortisation period of the Cinema City B.V and Picturehouse brands is 12 years and one year, respectively.

Included within other intangible assets is customer and studio relationships. The remaining amortisation period of these intangibles are between two and eight years.

Additions during the current year of $4.6m (2020: $2.5m) were all acquired separately.

No amounts included within capital commitments as outlined in Note 27 are in relation to intangible assets (2020: $Nil).

Impairment testing

Each individual cinema, or collection of cinemas which are strategically or operationally co-dependent, is considered to be one CGU. However, for the purpose of testing goodwill for impairment, it is acceptable under IAS 36 to group CGUs, in order to reflect the level at which goodwill is monitored by management.

The Group has the following CGUs for the purpose of testing goodwill for impairment:

- Goodwill for the US operating segment was acquired as a part of the acquisition of Regal in 2018 and is assessed as one CGU.
- The ex-Cine-UK, ex-UGC (including Dublin) businesses are now fully integrated, meaning that goodwill is now monitored on a Cineworld level.
- The Picturehouse business is monitored as a separate UK CGU.
- Cinema City CGUs are considered as separate groups in each territory and have been tested for goodwill impairment on this basis, the territories being Poland, Israel, Hungary, Romania, Bulgaria, Czech and Slovakia.

12. Intangible Assets continued

The value of goodwill allocated to each CGU is as follows:

	Year ended 31 December 2021 $m	Year ended 31 December 2020 $m
United States	**4,060.5**	4,060.5
United Kingdom – Cineworld	**350.5**	354.8
United Kingdom – Picturehouse	**9.8**	9.9
Poland	**122.1**	133.3
Israel	**80.6**	77.8
Hungary	**53.2**	58.5
Romania	**97.3**	107.2
Czech Republic	**38.3**	39.3
Bulgaria	**19.9**	21.6
Slovakia	**4.9**	5.4
Total	**4,837.1**	4,868.3

In testing goodwill for impairment, the value of each CGU's other intangible assets, investments and other long-term assets, right-of-use assets and property, plant and equipment is included within the carrying value of the CGU. Included within the United States CGU is the Regal brand which has an indefinite useful life.

The recoverable amounts of US, Cineworld, Picturehouse and Cinema City CGU Groups have been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial forecasts approved by management covering a five-year period. The five-year forecast annual Adjusted EBITDA, as defined in Note 2, was used as the basis of the future cash flow calculation. Cash flows beyond the first five year period have been extrapolated using the below assumptions, with cash flows adjusted for rent at a CGU level applied beyond the period covered by each current lease. This growth rate does not exceed the long-term average growth rate for the market in which the CGU Groups operate.

The pre-tax discount rates applied are detailed in Note 11. This is considered to reflect the risks associated with the relevant cash flows for each CGU Group.

At 30 June 2021, the Group determined there was no indicator of impairment as the forecast cash flows were broadly in line with the forecasts of 31, December 2020.

An impairment test was performed at 31 December 2021, which resulted in no impairment charge.

Previously, an impairment charge of $315.3m was incurred at 31 December 2020, comprised of the United States goodwill ($242.3m), United Kingdom goodwill ($29.9m), Israel goodwill ($16.8m), Romania goodwill ($25.9m) and Bulgaria goodwill ($0.4m). The most significant factors causing impairment were the forecast of the continuous impact of COVID-19 on operations and a higher discount rate, driven by the Group's higher cost of debt.

Management have sensitised the key assumptions in the goodwill impairment tests and under both the base case and severe but plausible case. The key assumptions used and sensitised were the drivers for the cash flows forecast (as set out in Note 1) and the relevant discount rate, as they are the key variable elements of the value in use.

12. Intangible Assets continued

Sensitivities have been applied to the forecast cash flows to assess the potential impairment under different scenarios. The scenarios applied are the severe but plausible scenario (as set out in Note 11), a 1% reduction in long-term growth rates and a 1% increase in discount rate. The additional impairment as a result of these scenarios by CGU would be as follows. These values are after considering the property, plant and equipment sensitivities:

CGU	Severe but plausible case $m	Long-term growth rates reduced by 1% $m	1 percentage point increase in the discount rates $m
UK – Cineworld	209.4	–	–
UK – Picturehouse	23.1	1.1	2.5
Israel	15.0	–	–
Slovakia	0.4	–	–
Bulgaria	2.7	–	–
Romania	27.2	–	–

No additional impairment under the above sensitivity scenarios would be recognised for the US, Poland, Hungary and Czech Republic CGU's.

Indefinite life intangible assets

The Regal brand is instrumental in driving revenues and therefore we valued this at $365.0m. We have determined that this brand has an indefinite useful life. The factors that played a significant role in determining that this asset has an indefinite useful life are the historical term over which it has been used and management's intention to continue to invest in its value.

Amortisation charge

The amortisation of intangible assets is recognised in the following line items in the Consolidated Statement of Profit or Loss:

	Year ended 31 December 2021 $m	Year ended 31 December 2020 $m
Administrative expenses	**28.3**	29.8

13. Equity-Accounted Investees

The Group has the following investment in jointly controlled entities:

	Country of incorporation	Class of shares held	Ownership	Carrying value 31 December 2021 $m	Carrying value 31 December 2020 $m
National CineMedia, LLC	United States	Ordinary	26.0%	121.4	208.0
AC JV, LLC	United States	Ordinary	32.0%	5.2	4.1
Digital Cinema Distribution Coalition	United States	Ordinary	14.6%	1.8	1.4
Digital Cinema Media Limited	England and Wales	Ordinary	50.0%	1.0	0.9
Black Shrauber Limited	Israel	Ordinary	50.0%	0.9	0.7

National CineMedia, LLC

In March 2005, Regal and AMC announced the combination of the operations of RCM Regal and AMC's subsidiary, National Cinema Network, into a joint venture company known as National CineMedia ('NCM'). In July 2005, Cinemark joined the NCM joint venture. NCM operates the largest digital in-theatre advertising network in North America.

Regal entered into an Exhibitor Services Agreement ('ESA') with NCM, pursuant to which NCM primarily provides advertising to our cinemas. National CineMedia, Inc. ('NCMI') is an entity that serves as the sole manager of NCM, and has no business operations or material assets other than its cash and ownership interest in NCM. NCMI completed an IPO of its common stock and as a result Regal amended its operating agreement and the ESA. At the time of the NCM IPO and as a result of amending the ESA, Regal received approximately $281.0m in cash consideration from NCM. The proceeds were recorded as deferred revenue and were being amortised over the term of the ESA, until February 2037. During 2019, the Group amended the ESA under which the Group will provide incremental advertising time to NCM and has extended the term of the ESA through February 2041.

Also in connection with the IPO, the joint venture partners entered into a Common Unit Adjustment Agreement with NCM. Pursuant to the Common Unit Adjustment Agreement, from time to time, shares of NCM held by the joint venture partners will be adjusted up or down through a formula primarily based on increases or decreases in the number of theatre screens operated and theatre attendance generated by each joint venture partner. The common unit adjustment is computed annually, except that an earlier common unit adjustment will occur for a joint venture partner if its acquisition or disposition of theatres, in a single transaction or cumulatively since the most recent common unit adjustment, will cause a change of 2% or more in the total annual attendance of all of the joint venture partners.

On 31 March 2021 as a result of the annual adjustment provisions of the Common Unit Adjustment Agreement, the Group received 736,100 newly issued common units in NCM, each of which is convertible into one share of NCMI. The Group records additional common units received at estimated fair value using the available closing stock prices of NCMI as of the date on which the units were issued. During 2021, the Group recorded an increase to its investment in NCM (along with a corresponding increase to deferred revenue) of approximately $3.4m related to the common unit adjustment. The deferred revenue will be recognised as advertising revenue on a straight-line basis over the remaining term of the ESA.

The Group receives a monthly theatre access fee for participation in the NCM network and also earn screen advertising revenue on a per patron basis. The theatre access fee revenues are based on a combination of both fixed and variable factors which include the total number of theatre screens, attendance and actual revenues generated by NCM. The ESA does not require the Group to maintain a minimum number of screens and does not provide a fixed amount of access fee revenue to be earned by the Group in any period. In addition, we receive mandatory quarterly distributions of any excess cash from NCM.

The NCMI IPO and related transactions have the effect of reducing the amounts NCMI would otherwise pay in the future to various tax authorities. On the IPO date, NCMI, the Company, AMC and Cinemark entered into a tax receivable agreement. Under the terms of this agreement, NCMI will make cash payments to us, AMC and Cinemark in amounts equal to 90% of NCMI's actual tax benefit realised from the tax amortisation of certain intangible assets.

As of 31 December 2021, the Group owned a total of 43,026,794 common units of NCM, representing an ownership interest of 25.6%. Each of the Group's common units in NCM is convertible into one share of NCMI common stock. As of 31 December 2021, the estimated fair value of the Group's investment in NCM was approximately $120.9m (2020:$157.3m) based on NCMI's stock price as of 31 December 2021 of $2.81 (2020:$3.72) per share. The market value of NCMI's stock price may vary due to the performance of the business, industry trends, general and economic conditions and other factors, including those resulting from the impact of COVID-19.

Management, however, recognise the carrying value of investment in NCM at its recoverable amount. The recoverable amount is the higher of fair value or value in use. As outlined within the impairment testing section, the recoverable amount of NCM is materially consistent with the fair value implied by the share price.

13. Equity-Accounted Investees continued
National CineMedia, LLC continued

	As of and for the year ended 31 December 2021			For the year ended 31 December 2021		
	Investment in NCM $m	Tax receivable agreement $m	Deferred revenue $m	Share of loss $m	Other revenue $m	Cash distributions $m
Balance as of 1 January 2021	208.0	37.1	(627.4)	–	–	–
Receipt of additional common units[(1)]	3.4	–	(3.4)	–	–	–
Receipt under tax receivable agreement[(2)]	–	(0.4)	–	–	–	(0.4)
Discount unwind on tax receivable agreement[(2)]	–	3.0	–	–	–	–
Remeasurement of tax receivable agreement[(2)]	–	(1.3)	–	–	–	–
Revenues earned under ESA[(3)]	–	–	–	–	13.9	–
Amortisation of deferred revenue[(4)]	–	–	77.1	–	77.1	–
Discount unwind on deferred revenue[(4)]	–	–	(47.6)	–	–	–
Share of loss[(5)]	(34.9)	–	–	(34.9)	–	–
Impairment of investments	(55.1)	–	–	–	–	–
Balance as of 31 December 2021	**121.4**	**38.4**	**(601.3)**	**(35.0)**	**91.0**	**(0.4)**

(1) During the year the Group received from NCM approximately 0.7 million newly issued common units in NCM in accordance with the annual adjustment provisions of the Common Unit Adjustment Agreement.

(2) During the year the Group received cash distributions from NCM of $0.4m related to a payment received under the tax receivable agreement. During the year the Group reassessed the time frame over which the asset would be received which resulted in a longer timeframe and the asset was remeasured. As such the Group wrote off $1.3m of the tax receivable agreement asset during the year ended 31 December 2021.

(3) Amounts include the per patron and per digital screen theatre access fees, net of amounts due to NCM for on-screen advertising time provided to the Group's concession supplier.

(4) Amounts represent the amortisation of the ESA to advertising revenue and the associated unwind of discount. The revenue is recognised on a straight-line basis over the remaining term of the ESA, the unwind of discount is recognised as finance cost.

(5) Amounts represent the Group's share in the net profit/(losses) of NCM.

Impairment testing

Each investment is tested for impairment individually. The impact of COVID-19 was considered a triggering event for the investment in NCM, with the share price of NCMI, whose shares represent a comparable for shares in NCM, falling significantly below the level at which NCM is valued in the Group's statement of financial position.

The recoverable amount of each investment is considered by assessing the higher of the value in use and fair value less cost to sell. Fair value less cost to sell is determined with reference to the value of shares in NCMI. As outlined above the fair value of these shares at 31 December 2021 was $120.9m, however, NCMI's stock price may vary due to the performance of the business, industry trends, general and economic conditions and other factors, including those resulting from the impact of COVID-19. Value in use is determined by applying the Group's WACC (see Note 11) to forecast dividend cash flows to discount them to present value generated by the joint venture over the term of the ESA. A reduction in forecast dividends has been applied for the years 2022 to 2023, while NCM recovers from the impact of the COVID-19 pandemic.

Based on forecast cashflows, consistent with the Group's own weighted scenario analysis set out in Note 1 and underpinned by contractual arrangements, the Group determined that the fair value indicated by the NCMI share price, in excess of the value in use, represents 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 to the investment in NCM for the year ended 31 December 2021.

Management performed additional analysis as to how sensitive the impairment charge was to changes in the share price used to determine the recoverable amount. If the share price was to decrease by 10% an additional impairment of $12.2m would be recognised. If the share price was to increase by 10% the impairment would be decreased by $12.2m.

Under the terms of the shareholder agreement between the Group and other NCM shareholders, key business decisions in respect of NCM require the unanimous approval of the shareholders. As a consequence, the Directors of the Group do not have total management control of NCM, therefore the Group's investment is accounted for as a joint venture.

13. Equity-Accounted Investees continued
National CineMedia, LLC continued
Summary aggregated financial information of NCM:

	31 December 2021 $m	31 December 2020 $m
Cash and cash equivalents	**58.6**	66.5
Current assets	**114.6**	142.6
Non-current assets	**658.4**	685.6
Current liabilities	**(66.3)**	(46.9)
Current liabilities (excluding trade and other payables and provisions)	**(40.2)**	(47.2)
Non-current liabilities (excluding trade and other payables and provisions)	**(1,114.2)**	(1,072.2)
Net liabilities	**(407.5)**	(290.9)
Income	**114.6**	89.9
Expenses	**(249.5)**	(205.7)
Depreciation and amortisation	**(2.8)**	(3.5)
Interest income	**–**	0.0
Interest expense	**(5.2)**	(5.3)
Income tax expense	**–**	(0.2)
Net loss	**(134.9)**	(115.8)

Reconciliation to carrying amounts:

	31 December 2021 $m	31 December 2020 $m
Opening net liabilities 1 January	**(290.9)**	(181.3)
Loss for the period	**(134.9)**	(115.8)
Dividends paid	**–**	(8.5)
Common unit adjustment	**14.1**	10.5
Other comprehensive income	**4.2**	1.1
Retained earnings adjustment due to change in accounting policy	**–**	3.1
Closing net liabilities	**(407.5)**	(290.9)
Group's share of closing liabilities	**25.8%**	26.1%
Value of share of liabilities prior to adjustments	**–**	–
Fair value adjustment on acquisition	**200.0**	200.0
Purchase of additional shares at fair value	**78.4**	78.4
Receipt of additional common units since acquisition	**25.6**	22.2
Group share of earnings since acquisition	**(90.5)**	(55.5)
Impairment of investments	**(92.1)**	(37.1)
Carrying amount	**121.4**	208.0

The opening fair value adjustment on acquisition related to fair value uplift to the NCM investment as part of the Regal purchase price acquisition accounting.

The current year fair value adjustments at 31 December 2021 and 31 December 2020 represent additional units issued to the Group as part of the Common Unit Adjustment Agreement. These are recognised at prevailing share price on date of issuance.

AC JV LLC
The Group maintains an investment in AC JV LLC ("AC JV"), a Delaware limited liability company owned 32.0%, by each of the Group, AMC and Cinemark and 4.0% by NCM. AC JV acquired the Fathom Events business from NCM on 26 December 2013. AC JV owns and manages the Fathom Events business, which markets and distributes live and pre-recorded entertainment programming to various theatre operators (including Regal, AMC and Cinemark) to provide additional programme to augment their feature film schedule and includes events such as live and pre-recorded concerts, opera and symphony, marketing events, theatrical premiers, Broadway plays, live sporting events and other special events.

13. Equity-Accounted Investees continued
AC JV LLC continued

In consideration for the sale, NCM received a total of $25.0m in promissory notes from the Group, Cinemark and AMC (one third or approximately $8.3m from each). The notes bear interest at 5.0% per annum. Interest and principal payments are due annually in six equal instalments commencing on the first anniversary of the closing. NCM recorded a gain of approximately $25.4m in connection with the sale. The Group's proportionate share of such gain (approximately $1.9m) was excluded from equity earnings in NCM and recorded as a reduction in the Group's investment in AC JV. The $3.0m loan note payable outstanding at 31 December 2018 was repaid in full during 2019. Since the Group does not have a controlling financial interest in AC JV, its investment in AC JV is accounted for as a joint venture.

Summary aggregated financial information of AC JV LLC:

	31 December 2021 $m	31 December 2020 $m
Current assets	**19.1**	7.7
Non-current assets	**12.4**	14.2
Current liabilities	**(11.2)**	(5.0)
Net assets	**20.3**	16.9
Income	**35.4**	16.0
Expenses	**(32.0)**	(21.0)
Net profit/(loss)	**3.4**	(5.0)

Reconciliation to carrying amounts:

	31 December 2021 $m	31 December 2020 $m
Opening net liabilities 1 January	**16.9**	22.0
Profit/(loss) for period	**3.4**	(5.0)
Dividends paid	**–**	(0.1)
Closing net assets	**20.3**	16.9
Group share in %	**32.0%**	32.0%
Group share	**6.5**	5.4
Fair value adjustment	**(1.3)**	(1.3)
Carrying amount	**5.2**	4.1

Digital Cinema Distribution Coalition

The Group is a party to a joint venture with certain exhibitors and distributors called Digital Cinema Distribution Coalition ("DCDC"). DCDC has established a satellite distribution network that distributes digital content to theatres via satellite.

Under the terms of the shareholder agreement between the Group and other DCDC shareholders, key business decisions in respect of DCDC require the unanimous approval of the shareholders. As a consequence, the Directors of the Group do not have total management control of DCDC, therefore the Group's investment is accounted for as a joint venture.

Summary aggregated financial information of DCDC:

	31 December 2021 $m	31 December 2020 $m
Current assets	**11.2**	6.7
Non-current assets	**6.1**	8.0
Current liabilities	**(4.4)**	(4.8)
Net assets	**12.9**	9.9
Income	**19.0**	6.6
Expenses	**(15.9)**	(13.7)
Net profit/(loss)	**3.1**	(7.1)

13. Equity-Accounted Investees continued

Digital Cinema Media Limited

Reconciliation to carrying amounts:

	31 December 2021 $m	31 December 2020 $m
Opening net assets 1 January	**9.9**	22.1
Profit/(loss) for period	**3.1**	(7.1)
Dividends paid	**(0.1)**	(5.1)
Closing net assets	**12.9**	9.9
Group share in %	**14.6%**	14.6%
Group share	**1.8**	1.4
Carrying amount	**1.8**	1.4

On 8 February 2008 the Group jointly formed Digital Cinema Media Limited ("DCM") with Odeon Cinemas Holdings Limited ("Odeon"). On 10 July 2008 DCM acquired certain trade and assets (substantially employees, computer systems, leasehold office and existing contracts) from Carlton Screen Advertising Limited, the Group's former advertising supplier.

Under the terms of the shareholder agreement between the Group and Odeon, key business decisions in respect of DCM require the unanimous approval of the shareholders. As a consequence, the Directors of the Group do not have total management control of DCM, therefore the Group's investment is accounted for as a joint venture.

As at 31 December 2021 and 31 December 2020 the assets, liabilities and net profit of DCM were not material to the Group.

Black Shrauber Limited

On 24 June 2015 the Group jointly formed a partnership for running a restaurant in the new complex in Jerusalem.

Under the terms of the partnership agreement, key business decisions in respect of Black Shrauber Limited require the unanimous approval of the partners. As a consequence, the Directors of the Group do not have total management control of Black Shrauber Limited, therefore the Group's investment is accounted for as a joint venture.

As at 31 December 2021 and 31 December 2020 the assets, liabilities and net profit of Black Shrauber Limited were not material to the Group.

14. Jointly Controlled Operation

Digital Cinema Implementation Partners ("DCIP") is a joint arrangement with other United States exhibitors set up to collect and administrate Virtual Print Fee ("VPF") income received from studios to compensate exhibitors for their investment in digital projection equipment. Through long term leasing arrangements with DCIP, the exhibitors retain control over the projection equipment it has acquired. In addition, it was determined that under the terms of the leasing arrangements and the associated minimum rental charges expected to be made, it has a joint obligation for the debt taken out by DCIP to finance the acquisition of the projection equipment. It was concluded that, with joint control over these, the material assets and liabilities of DCIP, it should classified as a joint operation.

The Group holds a 46.7% interest in a joint arrangement DCIP and recognises its direct right to the assets, liabilities, revenues and expenses of DCIP under the appropriate headings. The impact on the Group's financial statements is as follows:

	31 December 2021 $m	31 December 2020 $m
Consolidated Statement of Profit or Loss		
Gross profit	**17.2**	6.3
Operating profit/(loss)	**12.5**	(9.7)
(Loss)/profit before tax	**(8.7)**	40.8
Net (loss)/profit	**(8.7)**	40.4
Consolidated Statement of Financial Position		
Property, plant and equipment	**–**	–
Total assets	**10.7**	14.1
Total liabilities	**5.4**	10.5

On 1 November 2020, DCIP terminated the master lease agreement it held with the Group and distributed and transferred all of its right, title and interest in the digital projectors the Group leased to the Group. The Group, however, is required to continue to make lease payments as if this agreement had remained in place until DCIP recoups its cost of the property, plant and equipment.

14. Jointly Controlled Operation continued

On 1 November 2020, 6,416 digital projectors were transferred to the Group with a carrying value of $116.1m. In total projectors with a carrying value of $5.8m were disposed of following the transfer, having been taken out of active use. In addition, the Group recognised an impairment charge of $35.2m in respect of assets transferred. The assets impaired are held as property, plant and equipment at cinema CGUs. Details of the impairment analysis is set out in Note 11.

During the year ended 31 December 2020 the Group recognised a termination of the master lease fee of $6.6m. This represents the monthly lease obligation from the date of transfer to the cost recoupment date.

15. Financial Assets at FVOCI

Financial assets at FVOCI comprise equity securities which are not held for trading. The Group has irrevocably elected at initial recognition to recognise the investments in this category. These are strategic investments and the Group considers this classification to be more relevant, than financial assets at fair value through profit or loss.

Equity investments at FVOCI comprise the following individual investments:

	31 December 2021 $m	31 December 2020 $m
Non-current assets		
Unlisted securities		
Spyglass Media Group, LLC	**5.8**	10.0
Total	**5.8**	**10.0**

During the year ended 31 December 2019, the Group made an investment in Spyglass Media Group, LLC for $10.0m. Management believe that the cost of this investment was approximate to its fair value at 31 December 2020. On 15 July 2021, Spyglass Media Group, LLC sold approximately 200 feature film titles to Lionsgate. Spyglass Media Group, LLC also formed a strategic content partnership with Lionsgate through the sale of preferred equity interests in the Company's parent company, and entered into a multiyear first-look television arrangement with Lionsgate. The agreement to sell the library and distribute the proceeds implied an increase in the fair value of our investment of $7.6m at 30 June 2021. Upon execution of the library sale and distribution of proceeds of $11.8m in July 2021, the fair value of our investment was decreased to $5.8m at 31 December 2021. Given the proximity of the library sale to year end and no significant events impacting the operations and valuation of Spyglass Media Group, LLC subsequent to the library sale, management deem that the remaining value of our investment is approximate to its fair value.

Amounts recognised in the Statement of Comprehensive Income during the financial year in relation to equity investments were as follows:

	31 December 2021 $m	31 December 2020 $m
Gains recognised in comprehensive income as a result of the revaluation of equity investments	**7.6**	–

Refer to Note 26 as to how the fair value of these equity instruments has been determined.

16. Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31 December 2021 $m	31 December 2020 $m	31 December 2021 $m	31 December 2020 $m	31 December 2021 $m	31 December 2020 $m
Property, plant and equipment	**224.5**	200.5	**(1.4)**	(6.3)	**223.1**	194.2
Deferred rent	**37.0**	26.6	**-**	–	**37.0**	26.6
Deferred revenue	**93.1**	143.5	**-**	–	**93.1**	143.5
Intangible assets	–	–	**(109.0)**	(121.7)	**(109.0)**	(121.7)
Investments	–	–	**(50.8)**	(53.5)	**(50.8)**	(53.5)
Employee benefits	**1.9**	2.4	**-**	–	**1.9**	2.4
Tax losses	**194.7**	65.1	**-**	–	**194.7**	65.0
Tax interest	**44.9**	26.1	**-**	–	**44.9**	26.1
Other	**2.3**	2.7	**(21.3)**	(7.2)	**(19.0)**	(4.5)
Tax assets/(liabilities)	**598.4**	466.8	**(182.5)**	(188.7)	**415.9**	278.1
Set off tax	**(182.5)**	(188.7)	**182.5**	188.7	**-**	–
Net tax assets/(liabilities)	**415.9**	278.1	**-**	–	**415.9**	278.1

16. Deferred Tax Assets and Liabilities continued

See Note 10 for details of unrecognised tax assets.

Deferred taxation provided for in the Consolidated Financial Statements at the year end represents provision at the local tax rates on the above items.

A review of the deferred tax is performed at each Balance Sheet date and adjustments made in the event of a change in any key assumptions.

Deferred tax assets and liabilities are attributable to the following:

	1 January 2021 $m	Recognised in income $m	Recognised in equity $m	Foreign exchange $m	31 December 2021 $m
Property, plant and equipment	**194.2**	28.9	–	–	**223.1**
Deferred rent	**26.6**	11.2	–	(0.8)	**37.0**
Deferred revenue	**143.5**	(49.9)	–	(0.5)	**93.1**
Intangible assets	**(121.7)**	12.6	–	0.1	**(109.0)**
Investment	**(53.5)**	2.7	–	–	**(50.8)**
Employee benefits	**2.4**	(0.2)	(0.2)	(0.1)	**1.9**
Tax losses	**65.0**	130.0	–	(0.3)	**194.7**
Tax interest	**26.1**	20.1	–	(1.3)	**44.9**
Other	**(4.5)**	(14.4)	–	(0.1)	**(19.0)**
Tax assets/(liabilities)	**278.1**	141.0	(0.2)	(3.0)	**415.9**

Deferred tax assets have been recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. In estimating future taxable profits the Group has considered its forecast performance in line with its going concern analysis. More details on the forecast assumptions made in arriving at this judgement are set out in Note 1.

17. Inventories

	31 December 2021 $m	31 December 2020 $m
Goods for resale	**22.0**	10.5
Equipment and spare parts	**2.3**	2.7
Total inventories	**24.3**	13.2

Inventory recognised in cost of sales in the year amounted to $84.0m (2020: $43.1m).

In total $1.6m (2020: $16.0m) of stock was written off during the current financial year.

While goods for resale are perishable they typically have a long shelf-life of up to 12 months. Closure of cinemas would imply stock written off for those inventory that has its life over 12 months. While most of the cinemas are reopened in current year, management performed an assessment at 31 December 2021 to write off any perishable stock associated with the closed periods which could not be resold, which was recognised in COVID-19 exceptional costs.

No stock written off during the current and prior financial year has been reversed.

18. Trade and Other Receivables

Current	31 December 2021 $m	Represented 31 December 2020 $m
Trade receivables	**97.6**	12.6
Loss allowance	**(2.8)**	(2.2)
Other receivables	**18.5**	21.7
Prepayments	**26.6**	20.9
Accrued income	**1.7**	0.2
Net investment in sub-lease	**0.5**	0.5
Trade and other receivables	**142.1**	53.7

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Other receivables represents any other amount due to the Group at Balance Sheet date which has not been classified as a trade receivable.

Due to the short-term nature of the current receivables, their carrying amount is not considered to be materially different to their fair value.

Net investment in sub-lease represents the future cash flows expected to be received from the sub-leasing of specific sites, discounted at the rate used for the head lease, adjusted for any initial direct costs associated with the sub-lease.

Non-current	31 December 2021 $m	31 December 2020 $m
Other long-term receivables	**42.0**	41.6
Loan to jointly controlled entity	**0.7**	0.7
Net investment in sub-lease	**6.1**	6.4
Other receivables	**48.8**	48.7

Included within other long-term receivables is the NCM tax receivable as detailed in Note 13.

Further information relating to loans to jointly controlled entities is set out in Note 14.

19. 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

19. Loans and Borrowings continued

The terms and conditions of outstanding loans were as follows:

	Currency	Nominal interest rate	Year of maturity	31 December 2021 Face value $m	31 December 2021 Carrying amount $m	31 December 2020 Face value $m	31 December 2020 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(1) plus 8.25% margin	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(1) plus 5.0% margin	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**	**95.2**	–	–
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**	**6.4**	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.

19. Loans and Borrowings continued

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.

19. Loans and Borrowings continued

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 and other 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)).

20. 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.

20. Leases continued
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.

20. Leases continued
Modification and discount rates continued

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. Note 11 summarises the assumptions applied in assessing impairments, including the accounting for reversals of impairments.

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).

20. Leases continued
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 Note 1 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

21. Trade and Other Payables

	31 December 2021 $m	31 December 2020 $m
Current		
Trade payables	**108.7**	169.0
Other payables	**66.6**	290.2
Accruals	**350.9**	137.1
Trade and other payables	**526.2**	596.3

	31 December 2021 $m	31 December 2020 $m
Non-current		
Other payables	**19.6**	9.2
Other payables	**19.6**	9.2

Current other payables declined $223.6m from 31 December 2020 to 31 December 2021, as $244.2m of the 31 December 2020 balance represented consideration payable to a group of Regal's previous shareholders who challenged whether they received a fair market price for their shares. Of the total, $202.6m was part of the total consideration due for the acquisition of Regal and the value represented the number of shares held by these shareholders multiplied by the $23.0 per share due to be paid to them under the terms of the acquisition. The additional $41.6m represents further costs including interest due on outstanding payment. The existence of the legal dispute meant that the cash consideration in respect of these shareholdings was retained by the Group until such time as the dispute is settled. On 14 May 2021, the Group reached an agreement with the dissenting shareholders of Regal with respect to the payment of judgement of their claim. On 10 September 2021, the Group paid $170m of the judgement to dissenting shareholders and the remaining $92m was placed into an escrow account to be available to the Group as additional liquidity under certain circumstances. These funds are presented as short-term debt in the consolidated financial statements. See Note 19 for further detail.

Accruals increased $213.8m from 1 January 2021 to 31 December 2021, driven by the reopening of theatres and operations in 2021.

Included within other payables is $6.6m (2020: 3.7m) accrued interest in relation to the Libor floor.

22. Deferred Revenue

	31 December 2021 $m	31 December 2020 $m
Government grants	**8.0**	8.9
Customer advances	**173.3**	192.5
Customer loyalty schemes	**16.1**	34.2
Advertising contracts	**609.0**	642.3
Deferred revenue	**806.4**	877.9
Current	**226.9**	270.9
Non-current	**579.5**	607.0
Total	**806.4**	877.9

Refer to Note 1 for further details of the items classified within deferred revenue and the timing of recognition of these items.

The following table shows how much revenue has been recognised in relation to carried-forward contract liabilities:

	Year ended 31 December 2021 $m	Year ended 31 December 2020 $m
Revenue recognised which was included within the opening contract liability balance:		
Contract liabilities – customer loyalty programme	**31.9**	9.9
Contract liabilities – advertising income	**91.6**	83.1
Contract liabilities – other deferred income	**57.9**	73.3

Movements on customer advances and customer loyalty schemes is due to the timing of receipt of cash and recognition of revenue in relation to the redemption of advanced tickets and vouchers sold and loyalty points redeemed. Management changed the loyalty scheme to restrict the redemption period to one year. This change resulted in a release of $30.2m from deferred revenue during the year. The sale of advanced tickets and vouchers is returning to normal as the recovery from COVID-19 continues.

Movements on contract liabilities in connection with advertising contracts is predominantly due to the exhibitor service agreement with NCM, details of which are disclosed further within Note 13.

23. Employee Benefits
Defined benefit pension plans
The Group operates one externally funded defined benefit pension scheme in Ireland, the Adelphi-Carlton Limited Contributory Pension Plan.

The Adelphi-Carlton Limited Contributory Pension Plan is closed to new entrants and therefore the current service cost is $Nil. The trustees of the Adelphi-Carlton Contributory Pension Plan have not agreed that any surplus on the plan can be refunded to the Group. Accordingly the surplus has not been recognised. The scheme has a surplus of $1.7m as at 31 December 2021 (2020: $1.1m).

Actuaries for Adelphi-Carlton Limited carried out the last actuarial valuation of the Scheme as at 1 April 2019. Based on this assessment, the actuarial value of the assets is $3.0m which is more than sufficient to cover 100% of the benefits that had accrued to members. In view of this, a suspension of Group contributions was in force from 1 April 2001 to 31 December 2021. Total contributions for the years ended 31 December 2021 were $Nil (2020: $Nil). No contributions are expected for the year ending 31 December 2022.

Accrued employee retirement rights
Local applicable labour laws and agreements in the ROW require certain Group companies to pay severance pay to dismissed or retiring employees (including those leaving their employment under certain other circumstances). The calculation of the severance pay liability has been made in accordance with labour agreements in force and based on salary components that, in management's opinion, create entitlement to severance pay.

Group companies' severance pay liabilities to their employees are funded partially by regular deposits with recognised pension and severance pay funds in the employees' names and by purchase of insurance policies. They are accounted for as if they were a defined benefit plan. The amounts funded as above are netted against the related liabilities and are not reflected in the Consolidated Statement of Financial Position since they are not under the control and management of the companies.

The amounts of the liability for severance pay presented in the Consolidated Statement of Financial Position reflect that part of the liability not covered by the funds and the insurance policies mentioned above, as well as the liability that is funded by deposits with recognised central severance pay funds held under the name of the Company's subsidiaries.

The cost of severance provision is determined according to the projected unit credit method. It has been calculated using a discounted cash flow approach. The calculations are based on the following assumptions:

- Average discount rate at 31 December 2021 0.81% (2020: 0.79%)
- Expected returns on plan assets at 31 December 2021 0.81% (2020: 0.81%)

The net provision for accrued employee rights upon retirement comprises:

	31 December 2021 $m	31 December 2020 $m
Present value of unfunded obligation	**7.8**	7.1
Less: Fair value of plan assets	**(3.3)**	(3.0)
Total obligation	**4.5**	4.1

Movements in the provision for accrued employee rights upon retirement:

	Gross amount $m	Amount deposited $m	Net amount $m
At start of period	7.1	(3.0)	**4.1**
Payments made upon retirement	(0.4)	(0.6)	**(1.0)**
Net movement in provision – charged to net profit	0.8	0.4	**1.2**
Foreign exchange movements	0.3	(0.1)	**0.2**
Total obligation	**7.8**	**(3.3)**	**4.5**

Defined contribution pension plans
The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was $1.8m (2020: $1.6m). There was $Nil accruing to these pension schemes as at 31 December 2021 (2020: $Nil).

23. Employee Benefits continued
Share-based payments

As at 31 December 2021 there were four types of share options and share schemes: the Cineworld Group 2007 Performance Share Plan, the Cineworld Group plc Company Share Option Plan, the Cineworld Group 2017 Long-Term Incentive Plan and the Cineworld Group 2021 Long-Term Incentive Plan. Details of each of the schemes are set out in the Directors' Remuneration Report on pages 68 and 73.

The Cineworld Group Performance Share Plan ("PSP")

Assumptions relating to grants of share options outstanding are as follows:

Date of grant	Exercise period	2021 Number of options '000	2020 Number of options '000
12 April 2017	6 months from 12 April 2020	-	–

Under the PSP, awards of conditional shares or nil cost options could be made that vest or become exercisable after three years subject to continued employment and generally the achievement of specified performance conditions as follows:

12 April 2017

Under these grants, awards of 854,332 options were made in total. Awards of 670,343 options were made with the performance conditions set out below:

- 25% of the options under the Award would vest if the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2017 and the EPS for the financial year ended 31 December 2019) is not less than 5.0%.
- 100% of the options under the Award would vest if the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2017 and the EPS for the financial year ended 31 December 2019) is at least 11.0%.
- Where the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2017 and the EPS for the financial year ended 31 December 2019) is between the two limits above, the Award would vest on a straight-line basis between 25% and 100%.

EPS means adjusted Earnings Per Share calculated by dividing the profits for the period attributable to ordinary shareholders (adjusted by adding back the amortisation of intangible assets and other one-off income or expenses and applying a tax effect on all adjustments) by the number of ordinary shares outstanding at the end of the period.

Awards over 183,989 options were made which would vest after three years subject to continued employment only, with no specified performance conditions attached.

Assumptions relating to grants of share options outstanding are as follows:

Date of grant	Share price at grant $	Exercise price $	Expected volatility %	Expected life years	Dividend yield %	Risk-free rate %	Fair value $
12 April 2017	8.39	–	37	3	3.6	0.30	7.52

Expected volatility has been calculated as the annualised volatility of the natural logarithm of the daily stock price observation.

On 2 February 2018, the Group performed a rights issue, resulting in four additional shares being granted for one share. An indicative bonus factor was applied to the fair value of the PSP options. This resulted in a revised fair value of the 2017 PSP options to $3.34.

A reconciliation of option movements over the year to 31 December is shown below:

	Number of options 2021 Equity-settled '000	Number of options 2020 Equity-settled '000
Outstanding at the beginning of the year	-	854
Exercised in shares during the year	-	(847)
Lapsed during the year	-	(7)
Outstanding at the end of the year	-	–

A charge of $Nil was recorded in the Consolidated Statement of Profit or Loss for the four PSP schemes (2020: $0.3m).

23. Employee Benefits continued
The Company Long-Term Incentive Plan ("LTIP")

The following share options have been granted under the LTIP and were outstanding at 31 December 2021:

Date of grant	Exercise period	2021 Number of options '000	2020 Number of options '000
23 April 2018	6 months from 23 April 2021	**–**	1,560
21 May 2019	6 months from 21 May 2022	**1,681**	1,752
18 September 2019	6 months from 21 May 2022	**5**	6
14 April 2020	6 months from 14 April 2023	**6,666**	7,015
1 June 2020	6 months from 1 June 2023	**15**	16
8 February 2021	From 8 February 2024 to 8 February 2026	**49,385**	–
4 May 2021	6 months from 4 May 2024	**1,395**	–

23 April 2018

Under these grants, awards of 1,617,997 options were made in total. Awards of 1,399,843 options were made with the performance conditions set out below:

- 25% of the options under the Award will vest if the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2018 and the EPS for the financial year ended 31 December 2020) is not less than 8%;
- 100% of the options under the Award will vest if the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2018 and the EPS for the financial year ended 31 December 2020) is at least 15%; and
- Where the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2018 and the EPS for the financial year ended 31 December 2020) is between the two limits above, the Award shall vest on a straight-line basis between 25% and 100%.

Awards of 218,154 options were made which will vest after three years subject to continued employment only, with no specified performance conditions attached.

21 May 2019 and 18 September 2019

Under these grants, awards of 1,805,489 options were made in total. Awards of 1,242,908 options were made with the performance conditions set out below:

- 25% of the options under the Award will vest if the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2019 and the EPS for the financial year ended 31 December 2021) is not less than 8%;
- 100% of the options under the Award will vest if the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2019 and the EPS for the financial year ended 31 December 2021) is at least 15%; and
- Where the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2019 and the EPS for the financial year ended 31 December 2021) is between the two limits above, the Award shall vest on a straight-line basis between 25% and 100%.

EPS means adjusted Earnings Per Share calculated by dividing the profits for the period attributable to ordinary shareholders (adjusted by adding back the amortisation of intangible assets and other one-off income or expenses and applying a tax effect on all adjustments) by the number of ordinary shares outstanding at the end of the period.

Further awards over 562,581 options were made which will vest after three years subject to continued employment only, with no specified performance conditions attached.

23. Employee Benefits continued
The Company Long-Term Incentive Plan ("LTIP") continued
14 April 2020 and 1 June 2020

Under these grants, awards of 7,129,676 options were made in total. Awards of 4,942,540 options were made with the performance conditions set out below:

- 25% of the options under the Award will vest if the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2020 and the EPS for the financial year ended 31 December 2022) is not less than 8%;
- 100% of the options under the Award will vest if the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2020 and the EPS for the financial year ended 31 December 2022) is at least 15%; and
- Where the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2020 and the EPS for the financial year ended 31 December 2022) is between the two limits above, the Award shall vest on a straight-line basis between 25% and 100%.

EPS means Adjusted Earnings Per Share calculated by dividing the profits for the period attributable to ordinary shareholders (adjusted by adding back the amortisation of intangible assets and other one-off income or expenses and applying a tax effect on all adjustments) by the number of ordinary shares outstanding at the end of the period.

Further awards over 2,187,136 options were made which will vest after three years subject to continued employment only, with no specified performance conditions attached.

The 2021 Company Long-Term Incentive Plan ("2021 LTIP")
8 February 2021 and 4 May 2021

Under these grants, awards of 51,335,019 options were made in total. Awards of 49,785,000 options were made with the performance conditions set out below:

- 25% of the options under the Award will vest if the target share price of £1.3 is achieved;
- 50% of the options under the Award will vest if the target share price of £1.5 is achieved;
- 75% of the options under the Award will vest if the target share price of £1.7 is achieved; and
- 100% of the options under the Award will vest if the target share price of £1.9 is achieved.

Target share price means the average share price over a three-month period ending on the last business day of the performance period. When the average share price is between one of the targets above, awards will vest on a straight-line basis between 25% and 100%. The aggregate value of shares delivered to any one participant cannot exceed the GBP figure calculated by multiplying the number of shares subject to an award at the date of grant by £3.8. After the vesting date, the vested shares are subject to a holding period of two years.

Further awards over 1,550,019 options were made which will vest after three years subject to continued employment only, with no specified performance conditions attached.

Assumptions relating to grants of share options outstanding are as follows:

Date of grant	Share price at grant £	Exercise price £	Expected volatility %	Expected life years	Dividend yield %	Risk-free rate %	Fair value £
21 May 2019	4.0	–	38.0	3	7.9	0.83	3.0
18 September 2019	3.9	–	38.0	2.8	8.4	0.78	2.9
14 April 2020	0.63	–	60.8	3	24.0	0.70	0.31
1 June 2020	0.80	–	63.4	3	28.9	0.20	0.34
8 February 2021	0.74	–	109.0	3	0	0.01	0.29
4 May 2021	0.94	–	69.9	3	0	0.08	0.94

Expected volatility has been calculated as the annualised volatility of the natural logarithm of the historical daily stock price observation from the date of initial listing through to the date of grant.

23. Employee Benefits continued
The 2021 Company Long-Term Incentive Plan ("2021 LTIP") continued

A reconciliation of option movements over the year to 31 December is shown below:

	Number of options 2021 Equity-settled '000	Number of options 2020 Equity-settled '000
Outstanding at the beginning of the year	**10,388**	3,380
Exercised during the year	**(198)**	–
Granted during the year	**51,335**	7,129
Lapsed during the year	**(2,377)**	(121)
Outstanding at the end of the year	**59,148**	10,388

A charge of $6.9m was recorded in the Consolidated Statement of Profit or Loss for the LTIP scheme (2020: credit $2.3m).

The Company Share Option Plan ("CSOP")

The following share options have been granted under the CSOP and were outstanding at 31 December 2021:

Date of grant	Exercise period	2021 Number of options '000	2020 Number of options '000	Performance conditions
6 June 2014	6 June 2017 – 5 June 2024	**7**	7	Awards of 2,891 options were made with the same conditions as the 2014 PSP grant. Awards of 14,455 were made with no performance conditions attached.
23 April 2015	23 April 2018 – 22 April 2025	**54**	54	All awards were made with no performance conditions attached.
18 April 2016	18 April 2019 – 17 April 2026	**34**	34	All awards were made with no performance conditions attached.

Assumptions relating to grants of share options outstanding are as follows:

Date of grant	Share price at grant $	Exercise price $	Expected volatility %	Expected life years	Dividend yield %	Risk-free rate %	Fair value $
6 June 2014	5.82	5.82	41	3–10 years	4.3	0.56	1.23
23 April 2015	7.23	7.23	39	3–10 years	4.3	0.59	1.41
18 April 2016	7.79	7.78	38	3–10 years	2.9	0.37	1.65

Expected volatility has been calculated as the annualised volatility of the natural logarithm of the historical daily stock price observation from the date of initial listing through to the date of grant.

A reconciliation of option movements over the year to 31 December is shown below:

	Number of options 2021 Equity-settled	Number of options 2020 Equity-settled
Outstanding at the beginning of the year	**95**	95
Outstanding at the end of the year	**95**	95

A charge of $Nil was recorded in the Consolidated Statement of Profit or Loss for the three CSOP schemes (2020: $Nil).

The fair value is measured at the grant date and spread over the period during which the employees become unconditionally entitled to the options.

23. Employee Benefits continued
Total share-based payments
A total charge recognised for the year arising from share-based payments is $6.9m (2020: credit $2.3m). At 31 December 2020, management have assumed based on latest forecast that the performance conditions attached to the 2018 and 2019 LTIP would not be met and these options would not vest. As a result management have updated their share-based payment calculations to take into account the revised shares expected to vest. This resulted in a reversal of prior years share-based payment charges attached to the 2018 and 2019 LTIP with performance conditions to the prior year profit and loss.

The share-based payment expense recognised in creditors relates to dividends accrued by the option holders over the vesting period.

The number and weighted average exercise prices of share options in equity-settled schemes are as follows:

	Weighted average exercise price 2021 Equity-settled $	Number of options 2021 Equity-settled '000	Weighted average exercise price 2020 Equity-settled $	Number of options 2020 Equity-settled '000
Outstanding at the beginning of the year	-	**10,483**	0.1	4,328
Adjustments due to rights issue	-	**-**	–	–
Exercised during the year	-	**(198)**	(0.1)	(847)
Granted during the year	-	**51,335**	–	7,130
Lapsed during the year	-	**(2,377)**	–	(128)
Outstanding at the end of the year	-	**59,243**	–	10,483
Exercisable at the end of the year	-	**95**	–	95

The weighted average remaining contractual life of the share options is 2.1 years (2020: 1.8 years).

Single Total Figure Table
The table below gives a single figure for the total remuneration and breakdown for each Executive and Non-Executive Director in respect of the 2021 financial year. Comparative figures for the 2020 financial year have also been provided.

	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**

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

Full details of Directors' Remuneration including aggregate emoluments, contributions made in respect of money purchase schemes and details on the highest paid Director, including if they exercised any share options and participated in a defined benefit pension scheme can be found in the Directors' Remuneration Report. Refer to pages 68 and 73 for this information.

24. 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.

25. Capital and Reserves
Share capital

	31 December 2021 $m	31 December 2020 $m
Allotted, called up and fully paid 1,372,995,448 (2020: 1,372,797,489) ordinary shares of £0.01 each.	**20.1**	20.1

The Company has no limits to the number of shares which can be issued, however does seek authority at each AGM to allot shares.

Foreign currency translation reserve
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Fair value reserve
The fair value reserve comprises the net change in the fair value of equity securities designated as held at fair value.

Hedging reserve
During the year 2020 the hedge relationship became ineffective and the hedge relationship ended. This resulted in $9.8m credit to the hedge reserve and charge to the income statement.

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 2021 net investment hedges have been identified as not effective. All the reserve has been recognised in Profit and Loss Statement.

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.

26. Financial Instruments

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's Risk Management Framework. The Group has in place a risk management programme and regular reports are made to the Audit Committee, which is tasked with general oversight. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the Risk Management Framework in relation to the risks by the Group. The Group's Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of certain risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Management believe the credit risk on cash and cash equivalents is low because the counterparties are banks with high credit ratings.

Accounts receivable include trade and other receivables. Trade receivables are amounts billed to customers for the sale of services, and represent the maximum exposure to credit risk of those financial assets, exclusive of the allowance for doubtful accounts. Normal credit terms for amounts due from customers call for payment within 30 days. Other receivables include amounts due from suppliers and landlords and other miscellaneous amounts. The Group's credit risk is primarily related to its trade receivables, as other receivables generally are recoverable through ongoing business relationships with the counterparties. Due to the nature of its receivables, the Group defines default with regard to the specific nature of each contractual arrangement, given the nature and number of transactions involving credit risk, events of default are not considered to be high risk and are assessed on specific basis for each asset held at the reporting date.

The Group grants credit to customers in the normal course of business. The Group typically does not require collateral or other security from customers; however, credit evaluations are performed prior to the initial granting of credit when warranted and periodically thereafter. The Group records a reserve for estimated uncollectable amounts, which management believes reduces credit risk. See Note 1, for policy on Impairment of financial assets.

The ageing profile of the Group's trade receivables is as follows:

	31 December 2021 $m	31 December 2020 $m
Within 30 days	**40.4**	5.1
Between 30 and 60 days	**14.8**	0.4
Between 60 and 90 days	**14.4**	0.7
Over 90 days	**28.0**	6.4
Total trade receivables	**97.6**	12.6

Standard credit terms granted to customers is between 30 to 60 days. The percentage of trade receivables past due date is 31.8% (2020: 51.0%). The percentage of trade receivables outstanding more than 90 days is 28.7% (2020: 40.4%).

26. Financial Instruments continued

Liquidity risk

The following schedule reflects the changes in the allowance for trade receivables during the year:

	31 December 2021 $m	31 December 2020 $m
Opening loss allowance	**2.2**	1.1
Additional allowance	**1.3**	2.1
Amounts written off	**(0.7)**	(1.0)
Closing loss allowance	**2.8**	2.2

To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss rate has been calculated by the average proportion of sales which were subsequently written off of total sales for the respective category over the past 30 months. Management believe that 30 months is a reasonable time-line to understand the historical default rate. The historical loss rates are adjusted to reflect current and forwardlooking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the Corporate Default Rate of the territories in which it operates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in this factor.

There are no material expected credit losses against contract assets, cash or other receivables. Due to the Group's diversified client base, management believes the Group does not have a significant concentration of credit risk.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements. The amounts disclosed in the table are contractual undiscounted cash flows, including interest payments calculated using interest rates in force at each reporting date, so will not always reconcile with the amounts disclosed on the Consolidated Statement of Financial Position.

31 December 2021

	Carrying amount $m	Contractual cash flows $m	6 months or less $m	6–12 months $m	1–2 years $m	2–5 years $m	More than 5 years $m
Non-derivative financial liabilities							
Secured bank and private placement loans (1) (2)	**4,884.3**	(5,767.3)	(125.0)	(124.7)	(943.7)	(4,562.4)	(11.5)
Unsecured bank and private placement loans	**285.0**	(364.7)	(103.6)	(8.2)	(16.2)	(236.7)	–
Bank overdraft	**20.3**	(20.3)	(20.3)	–	–	–	–
Lease liabilities	**4,040.2**	(7,160.5)	(483.6)	(483.6)	(730.3)	(1,915.0)	(3,548.0)
Trade payables	**526.2**	(526.2)	(526.2)	–	–	–	–
Total non-derivative financial liabilities	**9,756.0**	**(13,839.0)**	**(1,258.7)**	**(616.5)**	**(1,690.2)**	**(6,714.1)**	**(3,559.5)**
Derivative financial liabilities							
Cross currency swaps	**5.4**	(5.4)	1.6	(7.0)	–	–	–
Embedded derivative	**43.5**	(89.8)	(13.2)	(13.2)	(26.2)	(37.2)	–
Total derivative financial liabilities	**48.9**	**(95.2)**	**(11.6)**	**(20.2)**	**(26.2)**	**(37.2)**	**–**

26. Financial Instruments continued
31 December 2020

	Carrying amount $m	Contractual cash flows $m	6 months or less $m	6–12 months $m	1–2 years $m	2–5 years $m	More than 5 years $m
Non-derivative financial liabilities							
Secured bank and private placement loans (1) (2)	4,640.9	(5,806.7)	(114.1)	(113.5)	(229.0)	(4,725.6)	(624.6)
Bank overdraft	21.8	(21.8)	(21.8)	–	–	–	–
Lease liabilities	3,971.7	(6,824.9)	(644.0)	(332.6)	(688.3)	(1,815.2)	(3,344.8)
Trade payables	169.0	(169.0)	(169.0)	–	–	–	–
Total non-derivative financial liabilities	**8,803.4**	**(12,822.4)**	**(948.9)**	**(446.1)**	**(917.3)**	**(6,540.8)**	**(3,969.4)**
Derivative financial liabilities							
Cross currency swaps	23.6	(18.2)	1.4	1.4	2.7	8.1	(31.8)
Embedded derivative	106.5	(136.7)	(13.2)	(13.2)	(26.5)	(79.5)	(4.3)
Total derivative financial liabilities	**130.1**	**(154.9)**	**(11.8)**	**(11.8)**	**(23.8)**	**(71.4)**	**(36.1)**

Refer to Note 19 for details on the Group's borrowing facilities, including covenants attached to these.

(1) The B1 term loan contains a prepayment option allowing the company to repay up to 30% of the principal in certain circumstances at a premium anytime up to maturity. The cashflows presented above do not factor in early repayments. The prepayment option is separated as an embedded derivative as disclosed in note 19.

(2) The warrant instruments will be settled by issue of equity and therefore there are no fixed contractual cash flows.

Net Investment Hedging

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 2020 the hedge relationship became ineffective and the hedge relationship ended. This resulted in $9.8m credit to the hedge reserve and charge to the income statement.

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 2021 net investment hedges have been identified as not effective. All the reserve has been recognised in Profit and Loss Statement.

Items held in net investment hedge:

		31 December 2021		31 December 2020	
	Year of maturity	Change in value of hedging instrument $m	Change in value of hedged item $m	Change in value of hedging instrument $m	Change in value of hedged item $m
Initial Euro term loan	2025	–	–	(19.8)	19.8

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

26. Financial Instruments continued
Foreign currency risk
Operating across ten territories increase the Group's exposure to currency risk. Wherever possible, overseas operations will fund their day-to-day working capital requirements in local currency with cash generated from operations, naturally hedging the currency risk exposure to the Group. Management will continually monitor the level of currency risk exposure, and consider hedging where appropriate. Currently the Group considers the currency risk on consolidation of the assets and liabilities of its foreign entities to be of low materiality.

Interest rate risk
Interest rate risk arises from the Group's borrowing facilities in which a variable rate of interest is charged. The Group has historically managed this risk by securing fixed interest rates on a portion of its term loans.

While fixed-rate interest-bearing debt is not exposed to cash flow interest rate risk, there is no opportunity for the Group to enjoy a reduction in borrowing costs in markets where rates are falling.

In addition, the fair value risk inherent in fixed-rate borrowing means that the Group is exposed to unplanned costs should debt be restructured or repaid early as part of the liquidity management process.

Exposure to interest rate risk is monitored through several measures including sensitivity and scenario testing and a cost benefit analysis of entering into interest rate swaps to mitigate this risk.

The Group believes it is more cost effective for the US term loan to remain unhedged. The Group however uses interest rate swaps agreed with other parties to hedge a portion of the interest charged on the Euro term loan. Interest rate swaps are measured at fair value, which have been calculated by discounting the expected future cash flows at prevailing interest rates.

At 31 December 2021 the Group had two (2020: two) cross currency interest rate swaps. On maturity of the swaps and the incremental USD term loan, the Group will receive $300.0m on the US dollar legs of the swaps and pay €272.5m on the Euro leg.

Cash flow sensitivity analysis
At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	31 December 2021 $m	**31 December 2020 $m**
Fixed rate instruments		
Financial liabilities (loans and borrowings – unhedged portion)	**933.4**	617.3
Lease liabilities	**4,040.2**	3,971.7
Total Fixed rate instruments	**4,973.6**	4,589.0
Variable rate instruments		
Financial liabilities (interest rate swap)	**5.4**	23.6
Financial liabilities (loans and borrowings – unhedged portion)	**4,235.9**	4,045.4
Total Variable rate instruments	**4,241.3**	4,069.0

The Group accounts for derivative financial instruments (including interest rate swaps) at fair value through profit and loss.

26. Financial Instruments continued

Cash flow sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2020.

	Profit or loss		Equity	
Effect in dollars thousands	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2021				
Variable rate instruments	(43.0)	43.0	(43.0)	43.0
Interest rate swap	0.1	(0.1)	0.1	(0.1)
Cash flow sensitivity (net)	**(42.9)**	**42.9**	**(42.9)**	**42.9**
31 December 2020				
Variable rate instruments	(33.6)	33.6	(33.6)	33.6
Interest rate swap	6.5	(6.5)	6.5	(6.5)
Cash flow sensitivity (net)	**(27.1)**	**27.1**	**(27.1)**	**27.1**

*The impact of interest rate floors disclosed in note 19 are not presented in the table above.

Fair values

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements.

	Carrying amount 31 December 2021 $m	Fair value 31 December 2021 $m	Carrying amount 31 December 2020 $m	Fair value 31 December 2020 $m
Secured bank and private placement loans (1)	**4,884.3**	**4,408.8**	4,640.9	3,734.9
Unsecured bank and private placement loans	**285.0**	**281.9**	–	–
Bank overdraft	**20.3**	**20.3**	21.8	21.8
Equity investments	**(5.8)**	**(5.8)**	(10.0)	(10.0)
Unhedged interest rate swap	**5.4**	**5.4**	23.6	23.6
Warrant	**39.0**	**39.0**	97.2	97.2
Embedded derivatives liability	**43.5**	**43.5**	106.5	106.5
Embedded derivatives asset	**(2.8)**	**(2.8)**	(7.8)	(7.8)
Total	**5,268.9**	**4,790.3**	4,872.2	3,966.2

(1) The fair value of the secured bank and private placement loans stated include the Fair value of embedded derivatives.

Cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities are reflected in the Consolidated Financial Statements at carrying values that approximate fair values because of the short-term maturities of these financial instruments. Short-term debtors, creditors and cash and cash equivalents have been excluded from the above table on the basis that their carrying amount is a reasonable approximation to fair value.

Finance lease liabilities are recorded at amortised cost, as derived from expected cash outflows and the estimated incremental borrowing rate attached to the lease. Finance lease liabilities are separately disclosed within the Consolidated Statement of Financial Position.

Fair value hierarchy

Under the provisions of IFRS 9, the interest rate swap agreements are recorded on the Consolidated Statement of Financial Position at their fair values, with subsequent changes in fair value recorded in the Consolidated Statement of Profit and Loss. See Note 19 Long-term debt for the Group's current swap agreements.

Equity investments relate to investments designated as fair value through OCI. Any movement in fair value has been recognised within fair value reserve. The Group holds unquoted equity investments and concluded that these cost of investments represent their fair value at 31 December 2021.

The difference between net carrying amount and estimated fair value reflects unrealised gains or losses inherent in the instruments based on valuations at 31 December 2021 and 31 December 2020. The volatile nature of the markets means that values at any subsequent date could be significantly different from the values reported above.

26. Financial Instruments continued
Fair value hierarchy continued
The fair value of derivatives and borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates, except where the borrowings are traded in secondary markets and traded prices are available. The carrying amount of unsecured bank loans is stated net of debt issuance costs and the fair value is stated gross of debt issuance costs and is calculated using the market interest rates.

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical financial assets or financial liabilities that the Group has the ability to access.
- Fair values determined by Level 2 inputs use inputs other than the quoted prices included in Level 1 that are observable for the financial asset or financial liability, either directly or indirectly. Level 2 inputs include quoted prices for similar financial assets and financial liabilities in active markets, and inputs other than quoted prices that are observable for the financial assets or financial liabilities. The Group uses market interest rates and yield curves that are observable at commonly quoted intervals in the valuation of its interest rate swap and option agreements. The derivative positions are valued using models developed internally by the respective counterparty that uses as its basis readily observable market parameters (such as forward yield curves, share prices and share price volatility) and are classified within Level 2 of the valuation hierarchy. The Group considers its own credit risk as well as the credit risk of its counterparties when evaluating the fair value of its derivatives. Any adjustments resulting from credit risk are recorded as a change in fair value of the derivatives and reflected in the Statement of Comprehensive Income.
- Level 3 inputs are unobservable inputs for the financial asset or financial liability, and include situations where there is little, if any, market activity for the financial asset or financial liability. The Group's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement, and considers factors specific to the financial asset or financial liability.

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
31 December 2021				
Derivative financial instruments	**–**	**85.1**	**–**	**85.1**
Secured and unsecured bank and private placement loans	**–**	**4,690.7**	**–**	**4,690.7**
Equity investments	**–**	**–**	**(5.8)**	**(5.8)**
31 December 2020				
Derivative financial instruments	–	219.5	–	219.5
Secured bank and private placement loans		4,640.9	–	4,640.9
Equity investments	–	–	(10.0)	(10.0)

There have been no transfers between levels in 2021.

Valuation techniques used to determine fair values
Specific valuation techniques used to value financial instruments include:

- The fair value of derivatives and borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates.
- The carrying amount of bank loans is stated net of debt issuance costs and the fair value is stated gross of debt issuance costs and is calculated using the market interest rates.
- The fair value of investments has been calculated by reference to quoted market values. The Group holds one unquoted equity investment and have concluded that the cost of this investment represents its fair value at 31 December 2021. Please refer to Note 15.

All of the resulting fair value estimates are included in Level 2 except for unlisted equity investments (Level 3).

The difference between net carrying amount and estimated fair value reflects unrealised gains or losses inherent in the instruments based on valuations at 31 December 2021 and 31 December 2020. The volatile nature of the markets means that values at any subsequent date could be significantly different from the values reported above.

26. Financial Instruments continued
Capital Management
The capital structure of the Group consists of the following items:

	2021 $m	2020 $m
Cash and cash equivalents	**354.3**	336.7
Restricted cash and cash equivalents	**8.0**	–
Bank and private placement loans and overdrafts	**(5,189.6)**	(4,662.7)
Lease liabilities	**(4,040.2)**	(3,971.7)
Equity attributable to equity holders of the parent	**1,339.1**	1,328.9

The year 2020 were significantly impacted by the COVID-19 pandemic with all our cinemas being temporarily closed for extensive periods from mid-March. In response to this extraordinary situation, the Board of Director adapted their monitoring as described in the chair's section on page 36.

Alongside the above crisis monitoring, the Board of Directors constantly monitors the ongoing capital requirements of the business and has reviewed the current gearing ratio, being the ratio of bank debt to equity and considers it appropriate for the Group's current circumstances. Ratios used in the monitoring of debt capital include the ratio of Adjusted EBITDA to net debt.

The Group's objective when managing capital is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business, to provide returns for shareholders and to optimise the capital structure to reduce the cost of capital. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity and the level of dividends to ordinary shareholders.

27. Capital Commitments
Capital commitments at the end of the financial year for which no provision has been made:

	31 December 2021 $m	31 December 2020 $m
Contracted	**153.0**	47.8

Capital commitments at the end of the current and preceding financial year relate to new sites and refurbishment projects which have commenced or have been committed to through an executed lease agreement or lease amendment.

28. 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.

29. 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 remuneration of the Directors at the year end, who are the key management personnel of the Group, is set out in aggregate in the audited part of the Directors' Remuneration report on pages 65 to 69 and 73.

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**

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

* Amounts disclosed above have been presented on a consistent basis with those paid in 2020. For details of corrections subsequently made are presented in the Directors Remuneration Report on pages 65 and 66.

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. Refer to Note 13 for details of transactions with NCM.

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.

Details of subsidiaries held by the Group can be found in Note 32.

AT 31 DECEMBER 2021

	Note	31 December 2021 $m	31 December 2020 $m
Fixed assets			
Investments	32	**1,121.4**	1,135.4
Current assets			
Trade and other receivables	33	**752.0**	531.8
Cash at bank and in hand		**–**	0.3
Total assets		**1,873.4**	1,667.5
Creditors: amounts falling due within one year			
Trade and other payables	34	**(299.2)**	(241.4)
Derivative financial liabilities	35	**(45.3)**	(97.2)
Creditors: amounts falling due after more than one year			
Loans and borrowings	36	**(189.8)**	–
Total liabilities		**(534.3)**	(338.6)
Net assets		**1,339.1**	1,328.9
Capital and reserves			
Called up share capital	38	**20.1**	20.1
Share premium account		**513.8**	513.8
Translation reserve		**(240.8)**	(218.8)
Profit and loss account		**1,046.0**	1,013.8
Total shareholders' funds		**1,339.1**	1,328.9

The Company generated a profit of $25.3m (2020: $2,519.5m loss) during the current financial year.

These Financial Statements on pages 164 to 178 were approved by the Board of Directors on 17 March 2022 and were signed on its behalf by:

Nisan Cohen
Director

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

	Note	Issued capital $m	Share premium $m	Translation reserve $m	Retained earnings $m	Total $m
Balance at 1 January 2020		20.1	516.0	(345.3)	3,584.4	3,775.2
Loss for the financial year		–	–	–	(2,519.5)	(2,519.5)
Other comprehensive income						
Items that will subsequently be reclassified to profit or loss						
Movement on translation reserve		–	–	126.5	–	126.5
Total comprehensive expense		–	–	126.5	(2,519.5)	(2,393.0)
Contributions by and distributions to owners						
Dividends	38	–	–	–	(51.4)	(51.4)
Movements due to share-based compensation	37	–	–	–	(1.9)	(1.9)
Issue of shares		–	(2.2)	–	2.2	–
Balance at 31 December 2020		**20.1**	**513.8**	**(218.8)**	**1,013.8**	**1,328.9**
Profit for the financial year		–	–	–	25.3	25.3
Other comprehensive expense						
Items that will subsequently be reclassified to profit or loss						
Movement on translation reserve		–	–	(22.0)	–	(22.0)
Total comprehensive income		–	–	(22.0)	25.3	3.3
Contributions by and distributions to owners						
Dividends	38	–	–	–	–	–
Movements due to share-based compensation	37	–	–	–	6.9	6.9
Balance at 31 December 2021		**20.1**	**513.8**	**(240.8)**	**1,046.0**	**1,339.1**

30. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

General information

Cineworld Group PLC is a public company, limited by shares, incorporated and domiciled in England. Its registered address is 8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG.

Basis of Preparation

These financial statements present information about the Company as an individual undertaking and not about its Group. The Directors of the Company have prepared the financial statements on a going concern basis. Details of the Directors assessment of going concern, including material uncertainties that exist, is set out on pages 99 to 101 of the consolidated financial statements.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted international accounting standards), but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

On 31 December 2020, EU-adopted IFRS was brought into UK law and became UK-adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board. In preparing these financial statements in accordance with FRS 101, the Company Financial Statements transitioned to UK-adopted international accounting standards (as described above) on 1 January 2021. There is no impact on recognition, measurement or disclosure in the period reported as a result of this change.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- IFRS 7, 'Financial instruments: Disclosures';
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- the requirements of paragraphs 17 and 18A of IAS 24 "Related Party Disclosures", including disclosures in respect of the compensation of key management personnel; and
- a separate Statement of Profit or Loss in line with the section 408 exemption.

Presentational currency

The functional currency of the Company is sterling. To aid the users of the Company accounts with consistency of the consolidated Group accounts, the Company's presentational currency is in US dollars.

Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

Impairment

The Company evaluates its investments for financial impairment where events or circumstances indicate that the carrying amount of such assets may not be fully recoverable. When such evaluations indicate that the carrying value of an asset exceeds its recoverable value, an impairment in value is recorded.

Deferred taxation

Deferred tax is recognised using the Statement of Financial Position method, providing temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is recognised, without discounting, in respect of all temporary differences except as otherwise required by IAS 12.

Share-based payment transactions

The share options programme allows Group employees to acquire shares of the Company. The fair value of options are measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an evaluation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

30. Accounting Policies continued

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its subsidiary's financial statements with the corresponding credit being recognised directly in equity. Amounts recharged to or reimbursed by the subsidiary are recognised as a reduction in the cost of investment in the subsidiary.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities are de-recognised when the contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the financial asset and settle the financial liability simultaneously.

IFRS 9 contains three classification categories for financial assets and liabilities: measured at amortised cost, fair value through profit or loss ("FVPL") and fair value through other comprehensive income ("FVOCI").

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the financial instruments were acquired:

Financial assets at amortised cost:

The Company's financial assets at amortised cost comprise cash and cash equivalents and loans receivable from other legal entities within the Cineworld Group. Loans and receivables are initially recognised at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortised cost using the effective interest method, less a loss allowance.

The Company fixed asset investment is held at amortised cost.

Financial assets and financial liabilities at FVPL:

Financial instruments in this category are recognised initially and subsequently at fair value. Transaction costs are expensed in the Company's Statement of Profit or Loss. Gains and losses arising from changes in fair value are presented in the Company's Statement of Profit or Loss. Financial assets and financial liabilities at fair value through profit or loss are classified as current, except for the portion expected to be realised or paid beyond 12 months of the Consolidated Statement of Financial Position date, which is classified as non-current.

Impairment of financial assets

The company applies the IFRS 9 expected credit losses approach, assessing lifetime expected loss allowances for all trade receivables and contract asset.

Loss allowances will be measured on either of the following bases:

i. 12-month ECLs which are ECLs that result from possible default events within 12 months after the reporting date; and

ii. lifetime ECLs which are ECLs that result from all possible default events over the expected life of a financial instruments.

The Company measures expected credit losses using a lifetime expected loss allowance for all intercompany receivables. Impairment losses on financial assets carried at amortised cost or FVOCI are reversed in subsequent years if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

The carrying amount of the Company's fixed asset investment is reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of these fixed asset investments exceeds their recoverable amount. Impairment losses are recognised in the Company's Statement of Profit or Loss.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Significant accounting judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

30. Accounting Policies continued

Judgements and estimates made by the Directors in the application of these accounting policies that have significant effect on these financial statements and estimates with a significant risk of material adjustment in the next financial year are set out below.

Judgements

There are no significant accounting judgements that impact the Company financial statements, other than those related to estimates shown below.

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

In applying the Company's accounting policies described above the Directors have identified that the following area as key estimates that have a significant impact on the amounts recognised in the financial statements.

Recoverable amount of fixed asset investments

The Company determines whether its investment in subsidiary Crown UK Holdco Limited is impaired when indicators of impairment exist or based on the annual impairment assessment. The annual assessment requires an estimate of the value in use of the underlying investment. This investment holds subsequent investments in all Group companies.

Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the investment and discount this to net present value at the Group's weighted average discount rate. The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount rate applied.

The Directors consider that the assumptions made represent their best estimate of the future cash flows generated by the investment and that the discount rate used is appropriate given the risks associated with the specific cash flows.

Forecasting expected cash flows and selecting an appropriate discount rate inherently requires estimation. A sensitivity analysis has been performed over the estimates (see Note 32). The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount rate applied. The Directors consider that the key assumptions made within the cash flow forecasts include long-term growth, the impact of the Company's recovery from COVID-19 as outlined in Note 1, and discount rates. The Directors consider that the assumptions made represent their best estimate of the future cash flows generated by the investment, and that the discount rate used is appropriate given the risks associated with the specific cash flows. Based on the sensitivity analysis performed, there would be additional impairment. Refer to Note 32 for full details. Therefore it is considered appropriate to disclose this as an area of significant estimation due to the size of the balance and the fact that it could change as a result of future events.

Expected credit losses

The company applies the IFRS 9 expected credit losses approach, assessing lifetime expected loss allowances for all amounts receivable from group undertakings.

All amounts due from group undertakings are repayable on demand and the nature of these receivables is considered within the expected credit loss calculation.

The expected credit losses are calculated using the 3-step general impairment model as follows;

- Probability of default – the likelihood that the borrower would not be able to repay in the very short payment period;
- loss given default – the loss that occurs if the borrower is unable to repay in that very short payment period; and
- exposure at default – the outstanding balance at the reporting date

The probability of default is based on an external assessment of the Group's weighted corporate default rate which is a function of the Group's external credit rating.

31. Staff numbers and cost

The Company pays no employees (2020: none). Salaries of the Directors of the Company, including Non-Executive Directors, as well as the Company Secretary are recharged to the Company from its subsidiary Cineworld Cinemas Ltd. See page 65 for details of Directors' remuneration.

32. Investments

Company	Shares in Group undertakings $m
Balance at 1 January 2020	3,446.0
Additions	80.5
Disposal	–
Impairment	(2,509.9)
Effects of movement in foreign exchange	118.8
Balance at 31 December 2020	1,135.4
Additions	–
Disposal	–
Impairment	–
Effects of movement in foreign exchange	(14.0)
Balance at 31 December 2021	**1,121.4**
Net book value	
At 31 December 2020	1,135.4
At 31 December 2021	**1,121.4**

Additions of $80.5m during the prior financial year relate to a capital contribution in Crown UK Holdco Limited as a result of the issue of equity warrants as outlined in note 35. The $80.5m represents the fair value of these warrants on date of issuance.

Fixed asset investments

	Registered office	Principal activity	Class	% of shares held
Subsidiary undertakings				
Directly held				
Crown UK Holdco Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Holding company	Ordinary	100
Cineworld Funding (Jersey) Limited	22 Grenville Street, St. Helier, JE4 8PX, Jersey	Holding company	Ordinary	100
Indirectly held				
Cinema City Holding B.V.	PO Box 1370 NL-3000 BJ Rotterdam The Netherlands	Holding company	Ordinary	100
Augustus 1 Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Holding company	Ordinary	100
Cinema Finco 1 Limited	8th Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Financing company	Ordinary	100
Cinema Finco 2 Limited	8th Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Financing company	Ordinary	100
Cinema Finco 3 Limited	8th Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Financing company	Ordinary	100
Cinema Finco 4 Limited	8th Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Financing company	Ordinary	100
Cinema Finco 5 Limited	8th Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Financing company	Ordinary	100
Cinema Finco 6 Limited	8th Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Financing company	Ordinary	100
Cinema City Holdco (Hungary) K.F.T	1132 Budapest, Váci út 22-44	Financing company	Ordinary	100
Crown Intermediate Holdco. Inc	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding company	Ordinary	100
Cineworld Hunco. Kft	1132 Budapest, Váci út 22-44	Holding company	Ordinary	100
Crown Finance US. Inc	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding company	Ordinary	100

32. Investments continued
Fixed asset investments continued

	Registered office	Principal activity	Class	% of shares held
Augustus 2 Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Holding company	Ordinary	100
Cineworld Holdings Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Holding company	Ordinary	100
Cine-UK Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema operations	Ordinary	100
Cineworld Cinemas Holdings Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Holding company	Ordinary	100
Picturehouse Cinemas Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema operations	Ordinary	100
Cineworld Cinemas Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Holding company and Cinema operations	Ordinary	100
Classic Cinemas Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Retail services company	Ordinary	100
Gallery Holdings Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Dormant holding company	Ordinary	100
Cineworld Estates Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema property leasing	Ordinary	100
Adelphi-Carlton Limited	8th Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Cinema operations	Ordinary	100
Basildon Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Channel Islands, JE2 1FW	Cinema property leasing	Ordinary	100
Basildon Cinema Number Two 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Channel Islands, JE2 1FW	Cinema operations	Ordinary and preference	100
Bromley Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Channel Islands, JE2 1FW	Cinema operations	Ordinary and preference	100
Empire Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Channel Islands, JE2 1FW	Cinema operations	Ordinary and preference	100
Hemel Hempstead Two Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Channel Islands, JE2 1FW	Cinema operations	Ordinary	100
Poole Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Channel Islands, JE2 1FW	Cinema operations	Ordinary and preference	100
Newcastle Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Channel Islands, JE2 1FW	Cinema operations	Ordinary	100
Cineworld South East Cinemas Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Dormant holding company	Ordinary	100
Cineworld Elite Picture Theatre (Nottingham) Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Dormant	Ordinary	100
Gallery Cinemas Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Dormant	Ordinary	100
Cineworld Cinema Properties Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Dormant property company	Ordinary	100
Newman Online Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Dormant software development and provider	Ordinary	100
Picturehouse Bookings Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Ticket booking operations	Ordinary	100
Picturehouse Entertainment Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Film distribution	Ordinary	100
City Screen (SOA) Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema operations	Ordinary	100
CS (Exeter) Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema operations	Ordinary	100

32. Investments continued
Fixed asset investments continued

	Registered office	Principal activity	Class	% of shares held
City Screen (Stratford) Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema operations	Ordinary	100
City Screen (York) Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema operations	Ordinary	100
City Screen (Liverpool) Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema operations	Ordinary	100
CS (Brixton) Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema operations	Ordinary	100
CS (Norwich) Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema operations	Ordinary	100
City Screen (Brighton) Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema operations	Ordinary	100
Cinema City Finance (2017) B.V	PO Box 1370 NL-3000 BJ Rotterdam The Netherlands	Financing company	Ordinary	100
Seracus Limited	75 Prodromou Avenue, 1st Floor, Office 101 Strovolos, Nicosia 2063 Cyprus	Holding company	Ordinary	100
I.T. Planet Advertising Ltd	91 Medinat Hayehudim, Herzelia, Israel	Dormant	Ordinary	100
Norma Film Limited	91 Medinat Hayehudim, Herzelia, Israel	Cinema operations	Ordinary	100
Cinema Theatres Limited	91 Medinat Hayehudim, Herzelia, Israel	Cinema operations	Ordinary	100
Cinema-Phone Limited	18 Haneviim, Haifa, Israel	Cinema operations	Ordinary	100
Forum Film Limited	91 Medinat Hayehudim, Herzelia, Israel	Cinema operations	Ordinary	100
IT Magyar Cinema Moziüzemeltető és Filmforgalmazó K.F.T.	1132 Budapest, Váci út 22-24	Cinema operations	Ordinary	100
Palace Cinemas Hungary K.F.T.	1132 Budapest, Váci út 22-24	Cinema operations	Ordinary	100
Forum Hungary K.F.T.	1132 Budapest, Váci út 22-24	Cinema operations	Ordinary	100
New Age Cinema K.F.T.	1132 Budapest, Váci út 22-24	Advertising	Ordinary	100
Cinema City Romania SRL	13 Ana Davila street, Sector 5, Bucharest 050491, Romania	Cinema operations	Ordinary	100
Forum Film Romania SRL	13 Ana Davila street, Sector 5, Bucharest 050491, Romania	Film distribution	Ordinary	100
New Age Media Romania SRL	13 Ana Davila street, sector 5, Bucharest 050491, Romania	Cinema operations	Ordinary	100
Cinema City Bulgaria EOOD	45 Bregalnitza Str, 5 floor Vazrajdane Region Sofia 1303, Bulgaria	Cinema operations	Ordinary	100
Forum Film Bulgaria EOOD	45 Bregalnitza Str, 4 floor Vazrajdane Region Sofia 1303, Bulgaria	Film distribution	Ordinary	100
Cinema City Czech s.r.o.	Arkalycká 951/3, 149 00 Praha 4, Czech Republic	Cinema operations	Ordinary	100
Forum Film Czech s.r.o.	Arkalycká 951/3, 149 00 Praha 4, Czech Republic	Film distribution	Ordinary	100
Cinema City Cinemas sp.Zoo	UL. Fosa 37 02-768 Warszawa Poland	Group services	Ordinary	100
All Job Poland sp.Zoo	Woloska 12 02-675 Warszawa, Poland	Cinema operations	Ordinary	100
I.T. Poland Development 2003 sp. Zoo	UL.Fosa 37 02-768 Warszawa Poland	Cinema operations	Ordinary	100
New Age Media sp. Zoo	UL. Powsińska 31 02-903 Warszawa Poland	Advertising	Ordinary	100
Cinema City Poland sp. Zoo CC spolka komandytowa.	UL. Fosa 37 02-768 Warszawa Poland	Cinema operations	Ordinary	100
Cinema City Poland CC sp. Zoo	UL. Fosa 37 02-768 Warszawa Poland	Cinema operations	Ordinary	100
Forum Film Poland CC Sp. Zoo	Woloska 12 02-675 Warszawa, Poland	Film distribution	Ordinary	100

32. Investments continued
Fixed asset investments continued

	Registered office	Principal activity	Class	% of shares held
Job & Services sp. Zoo	UL. Fosa 37 02-768 Warszawa Poland	Cinema operations	Ordinary	100
New Cinemas Sp. Zoo	UL. Fosa 37 02-768 Warszawa Poland	Cinema operations	Ordinary	100
JOB4YOU Sp z o.o	UL. Fosa 37 02-768 Warszawa Poland	Cinema operations	Ordinary	100
Cinema City Slovakia s.r.o.	Einsteinova 20, 851 01 Bratislava, Slovakia	Cinema operations	Ordinary	100
Forum Film Slovakia s.r.o.	Einsteinova 20, 851 01 Bratislava, Slovakia	Film distribution	Ordinary	100
A 3 Theatres of San Antonio, Ltd	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
A 3 Theatres of Texas, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Cinebarre, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Consolidated Theatres Management, L.L.C.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Dormant	Ordinary	100
Crown Theatre Corporation	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Eastgate Theatre, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Edwards Theatres, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Frederick Plaza Cinemas, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Great Escape LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Great Escape of Nitro, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Great Escape of O’Fallon, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Great Escape Theatres, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Great Escape Theatres of Bowling Green, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Great Escape Theatres of Harrisburg, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Great Escape LaGrange LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Dormant	Ordinary	100
Great Escape Theatres of Lebanon, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Great Escape Theatres of New Albany, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Hollywood Theatres, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Hollywood Theatres III, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Hoyts Cinemas Corporation	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Interstate Theatres Corporation	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Lois Business Development Corporation	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
McIntosh Properties LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100

32. Investments continued
Fixed asset investments continued

	Registered office	Principal activity	Class	% of shares held
Next Generation Network, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Dormant	Ordinary	100
Pacific Rim Business Development Corporation	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Palace Suite, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Dormant	Ordinary	100
Ragains Enterprises LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
RAM/UA-KOP, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Dormant	Ordinary	50
R.C.Cobb, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
R.C.Cobb II, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
RCI/FSSC, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
RCI/RMS, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Regal/Cinebarre Holdings, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding company	Ordinary	100
Regal Cinemas Corporation	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding company	Ordinary	100
Regal Cinemas Holdings, Inc	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Regal Cinemas, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Regal Cinemas II, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Regal CineMedia Corporation	101 E. Blount Avenue, Knoxville, TN 37920, United States	Gift promotions	Ordinary	100
Regal CineMedia Holdings, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding company	Ordinary	100
Regal/DCIP Holdings, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding company	Ordinary	100
Regal Distribution, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Film Distribution	Ordinary	100
Regal Distribution Holdings, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding company	Ordinary	100
Regal Entertainment Group	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding company	Ordinary	100
Regal Entertainment Holdings, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding company	Ordinary	100
Regal Entertainment Holdings II, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding company	Ordinary	100
Regal Gallery Place, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Regal Investment Company	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding company	Ordinary	100
Regal Licensing, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Regal Paramus Park, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	99

32. Investments continued
Fixed asset investments continued

	Registered office	Principal activity	Class	% of shares held
Regal Stratford, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Richmond I Cinema, L.L.C.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
San Francisco Theatres, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
United Artists Theatre Company	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding company	Ordinary	100
United Artists Theatre Circuit, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
United Artists Theatre Circuit II, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
United Artists Realty Company	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema property leasing	Ordinary	100
United Artists Properties I Corp.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema property leasing	Ordinary	100
Vogue Realty Company	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema property leasing	Ordinary	100
United Stonestown Corporation	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
UA Shore LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
UA Swansea. LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Valeene Cinemas LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Wallace Theatre Holdings, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding company	Ordinary	100
Wallace Theatres – Guam.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Wallace Theatres – Saipan, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
13th Avenue Partners, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Cinemas Associates, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Oklahoma Warren Theatres II, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Oklahoma Warren Theatres, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Regal/Atom Holdings, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding company	Ordinary	100
The Movie Machine, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Warren Oklahoma Theatres, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Restaurant Row Business Development Corp	101 E. Blount Avenue, Knoxville, TN 37920, United States	Dormant	Ordinary	100
Regal – 18 LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Regal Realty 17 LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100

32. Investments continued
Fixed asset investments continued

	Registered office	Principal activity	Class	% of shares held
1232743 B.C.LTD.	Suite 2400, 745 Thurlow Street, Vancouver BC V6E 0C5, Canada	Holding company	Ordinary	100
CDD Borrower, LLC	1206 Orange Street, The Corporation Trust Centre, City of Wilmington, County of New Castle DE 19801, United States	Cinema operations	Ordinary	100
CDD Parent, LLC	1206 Orange Street, The Corporation Trust Centre, City of Wilmington, County of New Castle DE 19801, United States	Holding company	Ordinary	100
CDD UK Borrower Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema operations	Ordinary	100
CDD UK Parent Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Holding company	Ordinary	100
Crown NL Holdco B.V.	Coolsingel 63, 7th floor, 3012 AB Rotterdam, Netherlands	Cinema operations	Ordinary	100
Jointly controlled entities				
Digital Cinema Distribution Coalition, LLC	840 Century Park East Suite 550 Los Angeles, CA 90067, United States	Film distribution	Ordinary	14.6
Digital Cinema Implementation Partners, LLC	100 Enterprise Drive, Suite 505 Rockaway, New Jersey 07866	Leasing company	Ordinary	33.3
Digital Cinema Media Limited	350 Euston Road, London, NW1 3AX	Screen Advertising	Ordinary	50
Siam UATC Company Limited	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	10
United Artist Singapore Theaters Pte. Ltd	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	10
AC JV, LLC	5990 Greenwood Plaza Blvd, Greenwood Village, CO, United States	Events organisation	Ordinary	32
National CineMedia, LLC	6300 South Syracuse Way, Suite 300, Centennial, CO 80111, United States	Screen Advertising	Ordinary	26.1
Black Shrauber Limited	Cinema complex, Neomi 4, Jerusalem, Israel	Restaurant company	Ordinary	50

Cinema City Poland Sp. z.o.o, I.T. Poland Development 2003 Sp. z.o.o, Forum Film Poland Sp. z.o.o, New Age Media Sp. z.o.o and All Job Poland Sp. z.o.o have a statutory year end that is different to that of the Group, being 30 November 2021.

For all group fixed asset investments listed above the % of shares held is also equal to the group's % of voting rights.

No subsidiary company is exempt from audit by virtue of s479A of Companies Act 2006.

No dormant subsidiary company is exempt from preparing individual accounts by virtue of s394A of Companies Act 2006. No dormant subsidiary company is exempt from filing with the registrar individual accounts by virtue of s448A of Companies Act 2006.

32. Investments continued
Impairment
The Company holds a direct investment in Crown UK Holdco Limited. The Company determines whether these assets are impaired when indicators of impairment exist or based on the annual impairment assessment. The annual assessment requires an estimate of the recoverable amount by reference to the value in use of the Crown UK Holdco Limited.

Where the recoverable amount is less than the carrying value, an impairment charge to reduce the investment to recoverable amount is recognised.

Estimating the value in use requires the Company to make an estimate of the expected future cash flows from its investment and discount these to net present value at a pre-tax discount rate.

Crown UK Holdco Limited holds investments within all Group companies either directly or indirectly and therefore the value in use is based on forecast future cash flows generated by the Group. These forecast cash flows are defined as the Adjusted EBITDA (see Note 2) and are based on the five-year cash flow forecast of the Group per the Group's going concern assessment outlined in Note 1. These cash flows have been extrapolated into perpetuity from 2026 applying a long-term growth rate of 1%. This growth rate does not exceed the long-term average growth rate for the markets in which Crown UK Holdco investments operate.

These cash flows are adjusted to take into account the repayment of the Group's borrowings at 31 December 2021 and future rental payments beyond the period covered by each current lease.

These cash flows have been discounted at the Group's weighted average cost of capital of 14.3%.

Based on management's assessment, the recoverable amount of the Company's investment was higher than its carrying value and an therefore no impairment was recognised (2020: $2,509.9m).

In calculating the recoverable amount of the Company's investment, reference was also made to the fair value less cost of disposal. It was concluded that the calculated value in use was greater than fair value less cost of disposal and therefore the recoverable amount was deemed to represent the value in use.

Sensitivity to changes in assumptions
Sensitivities have been applied to the forecast cash flows to assess the potential impact under different scenarios. The scenarios applied are the severe but plausible scenario set out in Note 1, the upside from sustained increase in ATP and SPP as set out in note 11, a 1% reduction in long-term growth rates and a 1% increase in discount rate. The results would be as follows:

	Additional impairment/ (reversal) $m
Long-term growth rates reduced by 1%	522.4
1 percentage point decrease to the discount rate	(402.7)
1 percentage point increase to the discount rates	710.9
Upside from sustained increase in ATP and SPP	(111.5)
Severe but plausible scenario	1,121.4

33. Trade and other receivables

	31 December 2021 $m	31 December 2020 $m
Amounts owed by Group undertakings	**781.5**	552.3
Expected credit loss	**(29.5)**	(20.5)
Total financial assets at amortised cost	**752.0**	531.8

The amounts owed by Group undertakings are interest free and repayable on demand. The Company has considered if these loan receivables are impaired and has recognised an expected credit loss of $29.5m (2020: $20.5m) against amounts due from subsidiary undertakings during the current financial year. The movement in this provision for the year is an expense of $9.0m (2020: $19.3m expense).

34. Trade and other payables

	31 December 2021 $m	31 December 2020 $m
Amounts owed to Group undertakings	**297.5**	240.9
Accruals	**1.7**	0.5
Total creditors falling due within one year	**299.2**	241.4

The amounts owed to group undertakings are non-interest bearing and repayable on demand.

Fair values

Fair value disclosures for debtors and creditors have not been prepared on the basis that their carrying amount is a reasonable approximation to fair value.

35. Derivative financial liabilities

	31 December 2021 $m	31 December 2020 $m
Fair value of equity warrants	**39.0**	97.2
Fair value of convertible bonds option	**6.3**	–
Total fair value of financial derivatives	**45.3**	97.2

Derivative financial liabilities held by the Company at 31 December 2021 relate to convertible bonds issued in the year and equity warrants issued in the prior year, as set out in Note 19 of the Group Consolidated Financial Statements.

Fair value disclosures in relation to both the convertible bonds and equity warrants have been prepared in Note 26 of the Group Consolidated Financial Statements.

36. 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		
Convertible Bonds	**189.8**	–
Total non-current liabilities	**189.8**	–

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
Convertible Bonds	USD	7.50%	2025	**213.0**	**189.8**	–	–
Total interest-bearing liabilities				**213.0**	**189.8**	–	–

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.

The mechanism for issuing this convertible bond has resulted in this loan being recognised as an amount owed to group undertakings and is considered a 'back to back' loan i.e. the lender has recognised external borrowings on the same terms.

37. Share-Based Payments

A share-based payment charge of $5.9m (2020: credit of $2.3m) was recognised within profit and loss of the Company during the year in relation to the Company's Directors portion of the Group share options and share plans. Further details of these share options and plans are outlined in Note 23 of the Consolidated Financial Statements.

38. Capital and Reserves

Called up share capital

	31 December 2021 $m	31 December 2020 $m
Allotted, called up and fully paid 1,372,995,448 (2020: 1,372,797,489) ordinary shares of £0.01 each.	**20.1**	20.1

197,959 shares were issued during the year on vesting of the 2018 PSP plan as outlined within Note 23.

Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Company from its functional currency of GBP to its presentational currency of USD.

Dividends

The Directors have not (2020: same) approved or proposed a dividend for the year ended 31 December 2021.

Further information on dividends paid for the current financial year are outlined within Note 25 of the Group Consolidated Financial Statements.

39. Capital management

Details of the Company's and Group's capital management is outlined within Note 26 of the Group Consolidated Financial Statements.

40. Commitments, Pension Commitments, Guarantees And Contingencies

The Company had no contractual commitments, pension commitments, guarantees or contingencies at 31 December 2021 (2020: $Nil).

SHAREHOLDER INFORMATION
AS AT 31 DECEMBER 2021

Directors

Alicja Kornasiewicz	(Non-Executive Chair)
Moshe Greidinger	(Chief Executive Officer)
Israel Greidinger	(Deputy Chief Executive Officer)
Nisan Cohen	(Chief Financial Officer)
Renana Teperberg	(Chief Commercial Officer)
Dean Moore	(Non-Executive Director and Senior Independent Director)
Camela Galano	(Non-Executive Director)
Scott Rosenblum	(Non-Executive Director)
Arni Samuelsson	(Non-Executive Director)
Damian Sanders	(Non-Executive Director)
Ashley Steel	(Non-Executive Director)

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Place of Incorporation
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Company Number
Registered Number: 5212407

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WC2N 6RH

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