CINEWORLD GROUP plc

Interim Results for the period ended 30 June 2021

Cineworld Group plc ("the Group"), a leading cinema operator in 10 countries including the United States and the United Kingdom with 759 sites and 9,269 screens globally, presents its interim results for the six-month period ended 30 June 2021. These results are presented in US Dollars.

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

Summary

- The Group's results for the period include a period of temporary closures from January to April/May 2021 due to COVID-19 restrictions and limited film slate
- Group revenue of $292.8m (H1 2020: $712.4m) and Group Adjusted EBITDA loss of $21.1m (H1 2020: profit of $53.0m) for the period was severely impacted by these closures
- Operating loss of $208.9m (H1 2020: loss of $1,340.9m) which has been reduced by asset impairment reversals of $95.6m resulting from lease modifications
- Cash burn(4) of $271.0m during the period, averaging approximately $45.0m per month, supported by positive working capital in June. Total period cash burn of $66.6m after tax receipt of $204.4m in the US
- Net external borrowings less cash were $4,632.9m up from $4,552.0m at 31 December 2020
- Cash of $436.5m at June 2021, further strengthened by an additional term loan with principal value of $200m raised in July 2021

Outlook

- Estate now reopened and majority of capacity restrictions lifted in the US and in the UK since 21 July
- Gradual recovery of admissions and demand since re-opening, supported by strong retail sales
- Anticipate strong trading in Q4 supported by a strong film slate and pent-up demand for affordable out-of-home entertainment, subject to COVID-19 situation
- Decisive action taken during the pandemic to ensure Cineworld emerges as a stronger business well placed for the future

Key Financial Information

	Reported results for the 6 months ended 30 June 2021 (under IFRS 16)	Reported results for the 6 months ended 30 June 2020 (under IFRS 16)	2021 Reported results vs.2020	Non-statutory results for the 6 months ended 30 June 2021 (under IAS 17)(2)	Non-statutory results for the 6 months ended 30 June 2020 (under IAS 17)
Admissions	14.1m	47.5m	(70.3%)	14.1m	47.5m
Revenue	$292.8m	$712.4m	(58.9%)	$292.8m	$712.4m
Adjusted EBITDA(1)	($21.1m)	$53.0m	(139.8%)	($268.6m)	($237.0m)
Adjusted EBITDAaL(3)	($103.4m)	($113.3m)			
Loss before tax	($576.4m)	($1,644.7m)			
Adjusted loss before tax(1)	($658.5m)	($567.7m)			
Loss after tax	($515.2m)	($1,582.5m)			
Adjusted loss after tax(1)	($581.8m)	($436.0m)			
Basic EPS	(37.5c)	(115.3c)			
Diluted EPS	(37.5c)	(115.3c)			
Adjusted diluted EPS(1)	(42.4c)	(31.8c)			

(1) Refer to Notes 2 and 6 for the full definition and reconciliation.
(2) IAS 17 measures are presented as certain performance and reporting obligations continue to be tested on this basis.
(3) Adjusted EBITDAaL is defined as Adjusted EBITDA less payment of lease liabilities in the period.
(4) Cash burn is defined as cash used in operations net of; payment of lease liabilities, cash flows from acquisition of property, plant and equipment, landlord contributions received, interest paid and interest received.

Alicja Kornasiewicz, Chair of Cineworld Group plc, said:
"Cineworld has continued to deliver strong operational and cash control despite the challenging trading conditions we have been faced with in light of COVID-19. Our teams have given their utmost during periods where we have been able to open, and I would like to thank them for their commitment and dedication. I look forward to continuing to work with the Board, the management team and all our employees, as we return to delivering sustainable growth as the market recovers, for the benefit of all our stakeholders."

Commenting on these results, Mooky Greidinger, Chief Executive Officer of Cineworld Group plc, said:
"Despite the challenges, the actions we have taken have ensured that Cineworld has emerged a more focused business with significant liquidity and a clear vision for the future. Trading has been encouraging since we started to re-open our sites in April and it has been great to have our teams back, doing what they do best, and welcoming customers back into our cinemas. Cineworld is in the position it is today thanks to the great dedication and commitment of the Cineworld team around the world and I sincerely thank each and every member of the team for their loyalty and contribution. I am confident that the business is in a strong position to execute its strategy and deliver a return to growth as we recover from the pandemic and capitalise on the forthcoming strong film slate alongside clear pent-up consumer demand."

Cautionary note concerning forward looking statements

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

Details for analyst presentation

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

Date:	12 August 2021
Time:	09:30am
Webcast link:	https://secure.emincote.com/client/cineworld/cineworld017/
Conference Call:	https://secure.emincote.com/client/cineworld/cineworld017/vip_connect

CHIEF EXECUTIVE OFFICER'S REVIEW

While during most of the period under review our cinemas were closed, we were very excited to start reopening on 2nd April 2021 and were open across all territories in 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.

While our results still carry the effect of COVID and related lack of product, we are encouraged by the upcoming line-up of big releases, especially for the upcoming four months. This will include four new Marvel movies as well as Top Gun Maverick, the new Bond, Matrix, Dune and many more. Nonetheless, we will need to remain alert to any new COVID-related developments – currently, it appears that the booster vaccination is on its way but as we have seen in the past, we need to be reactive and ready to handle all scenarios.

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. We are carefully following all of the requirements of the relevant authorities with regards to sanitation, mask-wearing, social distancing (where needed) and more.

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. Across the business we refurbished 6 cinemas and opened 4 new sites in the period, 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 not to put them on hold 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 view of the situation related to COVID-19, the studios entered into various experiments which we believe ultimately will lead to a situation whereby there is a theatrical window but it is shorter than in the past and dependent on the theatrical revenue potential of the movie itself. Currently, movies are being released with windows that are anywhere between 0-60 days. We expect that by 2022, the window will stabilise to somewhere between 20 and 60 days, but subject to each movie's potential.

A point which has also become clear is the influence of high-quality pirated copies of movies from PVOD day and date releases, which can affect a movie's total revenue in a big way, not only in cinemas but also in ancillary markets. As the most affordable out-of-home entertainment option, we believe that cinemas will be back and continue to be the main locomotive of the industry, as they have been so many times in the past despite the arrivals of new technologies, such as TV, Video, DVD and others.

Outlook

Trading since our cinemas have reopened has been encouraging and increasingly improving, and with our customers showing their appreciation for our high quality offering and team. We expect this progress to continue as vaccination programs continue to successfully roll out and as restrictions ease into the second half of 2021. The strong film slate, in particular for Q4, gives us great confidence in our ability to continue to rebound strongly, with a clear focus on driving growth and underpinned by our team of great people.

Following the acquisition of Regal in 2018, Cineworld derives the substantial majority of its revenues and profits from the US, which remains a key market for future growth. US equity capital markets are the largest and most liquid in the world and include a large number of publicly listed cinema companies including peer group companies. These companies are typically covered by a significant number of North American equity analysts with a wide domestic investor following. The Board is therefore considering options to maximise shareholder value now and into the future by accessing this liquidity through a listing of Cineworld or a partial listing of Regal in the US. The Board will evaluate these options over the coming months and will consult with shareholders in due course if any formal proposals are to be made.

There can be no certainty around the recovery from COVID-19 in the short term, however we are encouraged by our return to trading, the positive reaction of our customers and the success of vaccination programs in our key operating territories. We look forward to a strengthening film slate and we hope to continue our recent recovery and the recovery of the industry as a whole. 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. This has been, and continues to be, an extremely challenging time both for the Group and for each one of the team individually. We have a great team, and we are all committed to continue to be **THE BEST PLACE TO WATCH A MOVIE**.

Moshe (Mooky) Greidinger
Chief Executive Officer
12 August 2021

Financial Review

Group Revenue

	6 months to 30 June 2021	6 months to 30 June 2020	Movement
Admissions	**14.1m**	47.5m	(70.3%)
	$m	$m	
Box office	**140.4**	391.3	(64.1%)
Retail	**79.8**	203.6	(60.8%)
Other Income	**72.6**	117.5	(38.2%)
Total revenue	**292.8**	**712.4**	**(58.9%)**

Cineworld Group plc (the “Group”) results are presented for the six months ended 30 June 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. As widely reported, the industry has continued to be significantly impacted by the global COVID-19 pandemic, which had an adverse effect on the Group’s results for the period and the comparative period in 2020. During the six months ended 30 June 2021, the Group began to resume operations, with cinemas beginning to open in April. As of 30 June 2021, the Group had reopened across all territories, with the exception of a small number of sites, serving customers and continuing to recover from the impact of the pandemic.

Total admissions decreased by 70.3% during the six months ended 30 June 2021, reflecting the temporary closures of the cinemas across the Group due to COVID-19 in the respective periods and a lack of major film releases since the beginning of the pandemic. Total revenue for the six months ended 30 June 2021 was $292.8m, a decrease of 58.9% from the six months ended 30 June 2020. The overall decrease in total revenue was due primarily to the 70.3% decline in admissions, partially offset by increases in average ticket prices and spend per person (“SPP”) across all territories, as well as a lesser decline in other income due to the contractual advertising revenue in the US.

The principal revenue stream for the Group is box office revenue, which made up 48.0% (June 2020: 54.9%) of total revenue. Box office revenue is a function of the number of admissions and the ticket price per admission, less sales tax. Admissions (one of the Group’s Key Performance Indicators) depend on the number, timing and popularity of the movies the Group is able to show in its cinemas. In addition, the Group operates membership schemes which provide customers with access to screenings in exchange for subscriptions fees, and this revenue is reported within box office.

The Group’s second most significant revenue stream is from retail sales of food and drink for consumption within cinemas, which made up 27.3% (June 2020: 28.6%) of total revenue. Retail revenue across the Group is driven by admissions trends within each operating territory. During the six months ended 30 June 2021, SPP increased across all territories due to an increase in the percentage of our customers making retail purchases.

Other Income represents 24.8% (June 2020: 16.5%) of total Group revenue. Other Income is made up of all income other than box office and retail, predominantly revenue from advertisements shown on screen prior to film screenings and revenue from booking fees associated with the purchase of tickets online. The Group also generates distribution revenue in the UK and ROW, which is included within Other Income.

US Revenue

The results below show the Group's performance in the United States ("US") under the Regal brand.

	6 months to 30 June 2021	6 months to 30 June 2020	Movement
Admissions	**8.8m**	28.4m	(69.0%)
	$m	$m	
Box office	**94.2**	262.0	(64.0%)
Retail	**57.0**	150.2	(62.1%)
Other Income	**60.0**	89.1	(32.7%)
Total revenue	**211.2**	**501.3**	**(57.9%)**

Box office

In the US, during the six months ended 30 June 2021, cinemas remained temporarily closed until 2 April 2021. The Group reopened 77 cinemas during April 2021, reopened an additional 423 cinemas during May 2021, and reopened 7 cinemas during June 2021. As of 30 June 2021, the Group was operating 508 cinemas in the US representing 98% of the US circuit.

Box office revenue represented 44.6% (2020: 52.3%) of total revenue. Box office revenue decreased by 64.0% during the six months ended 30 June 2021 compared to the six months ended 30 June 2021, primarily due to a 69.0% decrease in admissions, partially offset by a 16.0% increase in average ticket price. The decrease in admissions was due to the impact of the temporary closure of our cinemas for significant periods during the six months ended 30 June 2021 and 30 June 2020, as well as a lack of major film releases as distributors delayed the release of major titles due to the COVID-19 pandemic.

The average ticket price in the US increased by 16.0% to $10.70 (2020: $9.23). The increase in average ticket price was a result of variability of ticket prices across the circuit and the timing the various regions reopened during the six months ended 30 June 2021, as well as the increased availability of premium format content during the six months ended 30 June 2021 as compared to 30 June 2020.

The total North American industry box office revenue for the six months ended 30 June 2021 was 41.9% lower compared with the comparative period (source: Comscore). The decrease in box office revenue for the Group was inconsistent with the industry, due to differing periods of operation, some cinema operators continuing to operate from January to May whilst the Group remained mostly closed, there were not any major Hollywood releases during this period. The top performing films during the six months ended 30 June 2021 were "Quiet Place Part II", "Godzilla vs. Kong" and "Fast and Furious 9" which grossed $327.9m versus "Bad Boys for Life", "1917" and "Sonic the Hedgehog" which grossed $509.8m in the comparative prior period (Source: Comscore). During the six months ended 30 June 2021, four new sites opened and 11 sites were closed. These openings and closures did not have a significant impact on the results during 2021.

Retail

Retail revenue represented 27.0% of total revenue (2020: 30.0%). Retail revenue decreased 62.1% during the six months ended 30 June 2021 primarily due to the decrease in admissions as a result of the temporary closures during the period. Retail spend per person increased by 22.5% to $6.48 (2020: $5.29), driven by an increase in overall purchase frequency.

Other Income

Other Income represented 28.4% of total revenue (2020: 17.8%). 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 programs and the hire of theatres for events. Other income decreased by 32.7% due to the impact of the temporary closures during the period. The impact on other Income has not been as great due to certain contractual advertising revenues being recognised regardless of cinemas being closed.

UK & Ireland Revenue

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

	6 months to 30 June 2021	6 months to 30 June 2020	Movement
Admissions	**2.6m**	9.6m	(72.9%)
	$m	$m	
Box office	**30.2**	79.3	(61.9%)
Retail	**12.9**	29.4	(56.1%)
Other Income	**3.9**	15.1	(74.2%)
Total revenue	**47.0**	**123.8**	**(62.0%)**

Box office

In the UK and Ireland, during the six months ended 30 June 2021, cinemas remained temporarily closed until 19 May 2021. As of 30 June 2021, the Group was operating 125 cinemas, representing 99% of its cinemas in the UK.

Box office revenue represented 64.3% (2020: 64.1%) of total revenue. Box office revenue decreased by 61.9% during the six months ended 30 June 2021 compared to the six months ended 30 June 2021, primarily due to a 72.9% decrease in admissions, partially offset by a 40.6% increase in average ticket price. The increase in average ticket price was driven by a mix of customer behaviour and timing of film releases. The decrease in admissions was due to the impact of the temporary closure of our cinemas for significant periods during the six months ended 30 June 2021 and 30 June 2020, as well as a lack of major film releases as distributors delayed the release of major titles due to the COVID-19 pandemic.

The top performing films in during the six months ended 30 June 2021 were “Peter Rabbit 2”, “Quiet Place Part II” and “Conjuring: The Devil Made Me Do It” which grossed $49.4m (Source: Comscore) compared to “1917”, “Star Wars: The Rise of Skywalker” and “Little Women” which grossed $103.6m in the comparative prior period (Source: Comscore).

Retail

Retail revenue represented 27.4% of total revenue (2020: 23.7%). Retail revenue decreased 56.1% during the six months ended 30 June 2021 primarily due to the decrease in admissions as a result of the temporary closures during the period. Retail spend per person increased by 62.0% to $4.96 (2020: $3.06), driven by an increase in overall purchase frequency. At 30 June 2021, the Group had 38 Starbucks sites and 5 sites with a VIP offering.

Other Income

Other income decreased 74.2% during the six months ended 30 June 2021 due to the temporary closures, in line with the decline in admissions.

Rest of the World Revenue

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

	6 months to 30 June 2021	6 months to 30 June 2020	Movement
Admissions	**2.7m**	9.5m	(71.6%)
	$m	$m	
Box office	**16.0**	50.0	(68.0%)
Retail	**9.9**	24.0	(58.8%)
Other Income	**8.7**	13.3	(34.6%)
Total revenue	**34.6**	**87.3**	**(60.4%)**

Box office
Admissions across all ROW territories decreased from the six months ended 30 June 2020 due to temporary closures resulting from continued COVID-19 restrictions and delays in major film releases. All ROW territories remained closed until they began reopening in April 2021. The first 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. Box office revenue represented 46.2% (June 2020: 57.3%) of total revenue. Admissions in the ROW decreased by 71.6% and box office revenue decreased 68.0% compared to the six months ended 30 June 2020. The average ticket price increased by 12.6% to $5.93 (June 2020: $5.26). The increase was largely driven by the film mix during the period ended 30 June 2021.

Retail
Retail revenue represented 28.6% (June 2020: 27.5%) of total revenue. Retail revenue decreased by 58.8% compared to the six months ended 30 June 2020 primarily due to the decrease in admissions as a result of the temporary closures during the period. Retail spend per person increased by 45.1% to $3.67 (June 2020: $2.53) driven by an increase in purchase frequency.

Other Income
Other Income includes distribution, advertising and other revenues and represents 25.1% (June 2020: 15.2%) of total revenue. Forum Film is the Group’s distribution business for the ROW and distributes movies to theatres, DVD and television on behalf of certain major Hollywood studios as well as owning the distribution rights to certain independent films.

Financial Performance

	6 month period ended 30 June 2021				6 month period ended 30 June 2020
	US	**UK&I**	**ROW**	**Total Group**	Total Group
Admissions	**8.8m**	**2.6m**	**2.7m**	**14.1m**	47.5m
	$m	$m	$m	**$m**	$m
Box office	94.2	30.2	16.0	**140.4**	391.3
Retail	57.0	12.9	9.9	**79.8**	203.6
Other Income	60.0	3.9	8.7	**72.6**	117.5
Total revenue	**211.2**	**47.0**	**34.6**	**292.8**	712.4
Adjusted EBITDA as defined in note 2				**(21.1)**	53.0
Operating loss				**(208.9)**	(1,340.9)
Finance income				**74.1**	18.1
Finance expenses				**(417.2)**	(308.4)
Net finance costs				**(343.1)**	(290.3)
Share of loss from joint ventures				**(24.4)**	(13.5)
Loss on ordinary activities before tax				**(576.4)**	(1,644.7)
Tax on loss on ordinary activities				**61.2**	62.2
Loss for the period attributable to equity holders of the Company				**(515.2)**	(1,582.5)

Performance

The Group's financial performance was severely impacted by the necessary temporary cinema closures globally for a significant proportion of the period under review. Total revenue and operating profit declined significantly as a result. The Group continued cash preservation efforts and strong cost control actions.

The Group's cash burn during the period was $271.0m (2020: $389.4m) reflecting the continued tight management of operating costs and cash flow, and representing an average monthly cash burn of approximately $45.0m, supported by positive working capital movements in June with the release of the latest Fast and the Furious title. This was below the c.$60m per month guidance previously provided. Capital expenditure was $45.8m, a significant reduction of $153.2m compared to the prior year. Further details are provided in the Statement of Cash flows on page 12.

The Group's liquidity position has been strengthened, following the issuance of our $213m convertible bond in April 2021, receipt of US CARES Act tax refund of $203m and our $200m term loan financing in July 2021. The group had total cash and restricted cash of $452.5m at June 2021, further strengthened by the additional term loan raised in July 2021.

Adjusted EBITDA

The Adjusted EBITDA has decreased to negative $21.1m (2020: $53.0m) due to greater periods of COVID-19 related closure than the comparative period in 2020.

Operating Loss

As in 2020, due to the impact of COVID-19 the Group reported an operating loss. The operating loss of $208.9m (2020: 1,340.9m) reflects the closures of the majority of cinemas from January through to April/May 2021, when sites were opened at various times in the month. Within operating loss there are a number of non-recurring and non-trade related items that have a net positive impact of $65.3m (2020: net negative impact $1,013.2m). These items are excluded from Adjusted EBITDA and have been set out in detail in Note 2.

During the period the Group incurred exceptional costs arising due to the COVID-19 pandemic of $4.4m (2020: $12.5m). These include stock write offs, additional legal fees and cleaning and preparatory costs.

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 have been shown as a reduction in staff costs in the period. Where available the Group has also accessed business rates relief.

The total depreciation and amortisation charge (included in administrative expenses) in the period totaled $268.4m (2020: $362.7m), movements reflect changes in the Group's property plant and equipment and right of use asset bases year on year.

The impact of the COVID-19 pandemic has had a significant impact on the Group's forecasts cash flows. In addition to increased uncertainty in the market, changes to discount rates driven by fluctuations in the cost of debt, and changes to forecast cash flows have resulted in impairments and reversals of impairment of property, plant and equipment and right-of-use assets at cinema CGUs, amounting to a net total reversal of $95.6m in the period ended 30 June 2021. These impairment charges and credits are considered to be driven by the impact of the pandemic and are therefore considered to be exceptional charges. Full details of impairment reversals and charges are disclosed in notes 8 and 9.

Net finance costs

At 30 June 2021 the Group had US term loans outstanding totaling $3.7bn, a Euro term loan of $224.1m, a private placement loan of $244.5m and a $449.0m revolving credit facility, which was fully drawn upon. During the period, the Group agreed the terms of a convertible bond with a maturity of April 2025. In the prior year, upon modifications being made to existing debt agreements a floor of 1% was implemented in LIBOR-linked interest rates applied to US dollar-denominated term loans, this floor remains in place.

Net financing costs totalled $343.1m during the period (2020: $290.3m).

Finance income of $74.1m (2020: $18.1m) related to interest income of $1.5m (2020: $5.0m), $65.0m (2020: $10.1m) of gain on movement on fair value of financial derivatives, $4.2m (2020: $1.0m) of foreign exchange gains on monetary assets and non-USD$ denominated loans, $3.0m (2020: 1.7m) on the unwind of discounting on non-current receivables and $0.4m (2020: $0.3m) regarding the unwind of discount on sub-lease assets.

The finance expense of $417.2m (2020: $308.4m) predominantly relates to the charge in respect of the unwind of discount on lease liabilities which totaled $219.0m (2020: $164.2m) and the interest on bank loans and overdrafts which totaled $126.6m (2020: $72.9m). The other finance costs of $71.6m (2020: $71.3m) included:

- $24.9m (2020: $5.8m) amortisation of finance costs;
- $23.8m (2020: $24.8m) unwind of discount of deferred revenue;
- $22.5m (2020: $nil) change in fair value of equity warrants;
- $nil (2020: $19.5m) of loss on movement in fair value of financial derivatives;
- $nil (2020: $9.8m) unwind of net investment hedge
- $0.4m (2020: $11.4m) of foreign exchange losses from translation;

Taxation

The overall tax income for the period was $61.2m giving an overall effective tax rate of 10.6% (H1 2020: 3.8% and full year 2020: 15.1%). The effective tax rate partially reflects the restrictions on deferred tax asset recognition, as well as changes to the UK corporate tax rate.

During the period the Group received $202.8m of cash repayments in the US from the carry back of 2020 tax losses against taxable profits of the preceding 5 years.

Earnings

Loss on ordinary activities after tax in the period was $515.2m, a decrease in the loss of $1,067.3m compared with the comparative period (2020: $1,582.5m). The decreased loss year on year is the result of the material impairment charges driven by the COVID-19 pandemic which were recognised in the prior period.

Basic earnings per share amounted to a negative 37.5c (2020: 115.3c). Adjusted diluted earnings per share were negative 42.4c (2020: 31.8c).

Cash Flow and Balance Sheet

Overall, net assets have decreased by $502.9m, to a net liability of $276.6m since 31 December 2020. Total assets decreased by $225.4m. This predominantly relates to a decrease in non-current assets due to amendments to right of use assets as well as an increase in the lease liability due to the unwind of the discount not being offset by lease payments, as a result of negotiations with landlords to defer and abate cash rent costs. During the period the Group recognised a fair value increase of $7.6m on a financial asset held at FVOCI.

With no trading income while the sites were closed, the Group utilised cash during the period at the operating level. Total net cash utilised in operations in the period was $33.2m. A cash inflow from the US CARES Act tax rebate of $202.8m was also received. Net cash outflows from investing activities were $48.5m during the period, with $48.2m in capital expenditure.

Net debt of $8,435.1m at the period end is higher than the balance at 31 December 2020 by $118.9m. A net cash inflow of $15.8m is driven by the receipt of the CARES act tax rebate and the proceeds of the convertible bond.

The group had total cash of $452.5m at June 2021, further strengthened by the additional term loan raised in July 2021. Under the terms of the convertible bond the Group is required to hold one year of interest payments in a separate bank account, totaling $16.0m. These funds are classified a restricted and will be used for the settlement of the first two interest payments on the bond.

Risks and uncertainties

The Board retains ultimate responsibility for the Group's Risk Management Framework, and continues to undertake on-going monitoring to review the effectiveness of the Framework and ensure the principal risks of the Group are being appropriately mitigated in line with its risk appetite.

The principal risks and uncertainties which could impact the Group for the remainder of the current financial year remain those detailed on pages 15-21 of the Group's Annual Report for 2020, a copy of which is available from the Group's website www.cineworldplc.com. A summary of the principal risks and any changes from those detailed in the 2020 Annual Report are summarised after the Independent Review Report.

Related party transactions

The Group's directors deferred their salary in full for the first period of closure due to the pandemic in 2020, no deferrals were made in the 6 months ended June 2021, details of the deferral and other related party transactions are set out in Note 15 of the interim financial statements.

Going concern

The Group's financing arrangements consist of a USD and Euro term and private placement loans totalling $4.2bn at 30 June 2021, a revolving credit facility of $449.0m and a convertible bond of $186.4m. The revolving credit facility leverage covenant is triggered above 35% utilisation, and is subject to testing twice a year at 30 June and 31 December, the private placement loan also has a leverage covenant tested on the ROW segment of the Group. In addition, the B1 and B2 loans require a minimum liquidity of $100m, this was agreed subsequent to 30 June 2021 and amended further operating and financial covenants that were in place previously. The Group's lenders waived the covenant test at 30 June 2021 and the RCF covenant test at December 2021. At 30 June 2022 and subsequent testing points, the RCF leverage covenant requires Net Debt to Adjusted EBITDA of below 5.0x. At 31 December 2021 and subsequent testing points, the ROW Private Placement loan leverage covenant requires Net Debt to Adjusted EBITDA of below 5.0x.

As previously announced, judgment was received in May 2021 in favour of the dissenting shareholders of Regal Entertainment Group in respect of their claim arising out of the acquisition of Regal Entertainment Group by Cineworld in 2018. The amount of the judgment is in the region of US$260m (subject to the final calculation of interest). The dissenting shareholders have subsequently filed a motion for a charging order in the Delaware Chancery Court and recognition of their judgment in New York. Cineworld is engaging with the dissenting shareholders to reach a constructive resolution. The directors have factored payment of the judgment within the next 12 months into their assessment of whether it is appropriate to adopt the going concern basis for the Group as at 30 June 2021.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities for at least 12 months from the approval date of these interim consolidated financial statements. The Group's weighted base case forecasts that no covenants will be breached during this period. However, the covenants are forecast to be breached at 30 June 2022 under the Group's severe but plausible downside forecast. Details of the Directors' assessment of Going Concern are set out in Note 1 to the Interim Financial Statements.

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 4.25c 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.

Moshe Greidinger
Chief Executive Officer

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

Condensed Consolidated Statement of Profit and Loss and Comprehensive Income

for the period ended 30 June 2021

	NOTE	6 month period ended 30 June 2021 (unaudited) $m	6 month period ended 30 June 2020 (unaudited) $m	Year ended 31 December 2020 $m
Revenue		**292.8**	712.4	852.3
Cost of sales		(283.2)	(624.9)	(888.1)
Gross profit/(loss)		9.6	87.5	(35.8)
Other operating income		7.1	1.5	2.3
Administrative expenses		(321.2)	(475.2)	(879.7)
Reversals/(Impairment) of goodwill, property, plant and equipment and right-of-use assets	8, 9	95.6	(954.7)	(1,344.5)
Operating loss		**(208.9)**	(1,340.9)	(2,257.7)
Adjusted EBITDA as defined in note 2		**(21.1)**	53.0	(115.1)
Finance income	5	74.1	18.1	69.6
Finance expenses	5	(417.2)	(308.4)	(786.8)
Net financing costs		**(343.1)**	(290.3)	(717.2)
Share of loss of jointly controlled entity using equity accounting method, net of tax		(24.4)	(13.5)	(33.0)
Loss before tax		**(576.4)**	(1,644.7)	(3,007.9)
Tax credit on loss	4	61.2	62.2	356.4
Loss for the period attributable to equity holders of the Group		**(515.2)**	(1,582.5)	(2,651.5)
Items that will subsequently be reclassified to profit or loss net of tax				
Retranslation (loss) / gain of foreign currency denominated operations		(3.7)	(59.2)	3.5
De-designation of net investment hedge		-	9.8	9.8
Movement of net investment hedge		7.4	-	(19.8)
Income tax credit recognised on other comprehensive income		-	-	(0.1)
Change in fair value of financial assets at FVOCI		7.6	-	-
Deferred tax on change in fair value of financial assets at FVOCI		(2.1)	-	-
Comprehensive income/(loss) for the period, net of income tax		**9.2**	**(49.4)**	(6.6)
Total comprehensive loss for the period attributable to equity holders of the Group		**(506.0)**	**(1,631.9)**	(2,658.1)
Basic earnings per share	6	(37.5)	(115.3)	(193.2)
Diluted earnings per share	6	(37.5)	(115.3)	(193.2)

The notes on pages 13 to 33 are an integral part of these interim condensed consolidated financial statements.

Condensed Consolidated Balance Sheet

As at 30 June 2021

		30 June 2021 (unaudited)		31 December 2020	
	Note	$m	$m	$m	$m
Non-current assets					
Property, plant and equipment	**8**	1,722.3		1,788.2	
Right-of-use assets	**9**	2,168.4		2,306.4	
Goodwill		4,864.1		4,868.3	
Other intangible assets		477.1		489.5	
Investment in equity-accounted investee		194.2		215.1	
Financial assets at FVOCI		17.6		10.0	
Deferred tax asset		338.1		278.1	
Fair value of financial derivatives	**12**	10.2		7.8	
Other receivables		50.1		48.7	
Total non-current assets			**9,842.1**		10,012.1
Current assets					
Assets classified as held for sale		4.2		2.9	
Inventories		15.5		13.2	
Trade and other receivables		84.1		53.7	
Current Tax Receivable		1.4		206.6	
Restricted cash and cash equivalents		16.0		-	
Cash and cash equivalents		436.5		336.7	
Total current assets			**557.7**		613.1
Total assets			**10,399.8**		10,625.2
Current liabilities					
Loans and borrowings	**10**	(54.9)		(54.2)	
Fair value of financial derivatives	**12**	(128.7)		(97.2)	
Lease liabilities	**9**	(611.4)		(596.6)	
Trade and other payables		(670.9)		(596.3)	
Deferred revenue		(260.9)		(270.9)	
Current taxes payable		(39.8)		(40.6)	
Provisions	**14**	(6.3)		(8.0)	
Total current liabilities			**(1,772.9)**		(1,663.8)
Non-current liabilities					
Loans and borrowings	**10**	(4,802.5)		(4,608.5)	
Fair value of financial derivatives	**12**	(87.8)		(130.1)	
Lease liabilities	**9**	(3,403.7)		(3,375.1)	
Other payables		(9.4)		(9.2)	
Deferred revenue		(595.0)		(607.0)	
Employee benefits		(4.1)		(4.1)	
Provisions	**14**	(1.0)		(1.1)	
Total non-current liabilities			**(8,903.5)**		(8,735.1)
Total liabilities			**(10,676.4)**		(10,398.9)
Net (liabilities)/assets			**(276.6)**		226.3
Equity attributable to equity holders of the Group					
Share capital		20.1		20.1	
Share premium		513.8		513.8	
Foreign currency translation reserve		(251.0)		(247.3)	
Hedging reserve		19.0		11.6	
Fair value reserve		(8.9)		(14.4)	
Retained earnings		(569.6)		(57.5)	
Total equity			**(276.6)**		226.3

Condensed Consolidated Statement of Changes in Equity (*unaudited*)

for the period ended 30 June 2021

	Share capital $m	**Share premium** $m	**Foreign currency translation reserve** $m	**Hedging reserve** $m	**Fair value reserve** $m	**Retained earnings** $m	**Total** $m
Balance at 1 January 2021	**20.1**	**513.8**	**(247.3)**	**11.6**	**(14.4)**	**(57.5)**	**226.3**
Loss for the period	-	-	-	-	-	(515.2)	**(515.2)**
Comprehensive income							
Items that will subsequently be reclassified to profit or loss							
Movement in net investment hedge	-	-	-	7.4	-	-	**7.4**
Retranslation of foreign currency denominated operations	-	-	(3.7)	-	-	-	**(3.7)**
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)**
Contributions by and distributions to owners							
Movements due to share-based compensation	-	-	**-**	**-**	**-**	**3.1**	**3.1**
Balance at 30 June 2021	**20.1**	**513.8**	**(251.0)**	**19.0**	**(8.9)**	**(569.6)**	**(276.6)**

Condensed Consolidated Statement of Changes in Equity

for the period ended 31 December 2020

	Share capital	Share premium	Foreign currency translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total
	$m	$m	$m	$m	$m	$m	$m
Balance at 1 January 2020	**20.1**	**516.0**	**(250.8)**	**21.6**	**(14.4)**	**2,645.2**	**2,937.7**
Loss for the period	-	-	-	-	-	(2,651.5)	(2,651.5)
Other comprehensive income							
Items that will subsequently be reclassified to profit or loss							
De-designation of 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
Contributions by and distributions to owners							
Dividends	-	-	-	-	-	(51.4)	(51.4)
Movement due to share based compensation	-	-	-	-	-	(1.9)	(1.9)
Transfer of shares	-	(2.2)	-	-	-	2.2	-
Balance at 31 December 2020	**20.1**	**513.8**	**(247.3)**	**11.6**	**(14.4)**	**(57.5)**	**226.3**

Condensed Consolidated Statement of Cash Flows

for the period ended 30 June 2021

	6 month period ended 30 June 2021 (unaudited)	6 month period ended 30 June 2020 (unaudited)	Year ended 31 December 2020
	$m	$m	$m
Cash flows from operating activities			
Loss for the period	**(515.2)**	(1,582.5)	(2,651.5)
Adjustments for:			
Financial income	**(74.1)**	(18.1)	(69.6)
Financial expenses	**417.2**	308.4	786.8
Taxation	**(61.2)**	(62.2)	(356.4)
Share of loss of equity accounted investee	**24.4**	13.5	33.0
Operating loss	**(208.9)**	(1,340.9)	(2,257.7)
Depreciation and amortisation	**268.4**	362.8	643.3
Share based payments charge	**3.1**	0.6	(2.3)
Non-cash property charges	**(0.4)**	-	-
Impairment and (reversal or impairments) of property, plant and equipment, right-of-use assets, and goodwill	**(95.6)**	954.7	1,307.4
Impairment of investment	**-**	-	37.1
Net loss/(gain) on sale of assets	**(18.9)**	11.3	6.4
Movement in trade and other receivables	**(25.8)**	205.6	214.4
Movement in inventories	**(2.4)**	13.5	20.0
Movement in trade, other payables and deferred income	**39.6**	(208.9)	(204.5)
Movement in provisions and employee benefit obligations	**7.7**	-	2.1
Cash used in operations	**(33.2)**	(1.3)	(233.8)
Tax received/(paid)	**204.4**	(5.2)	6.2
Net cash flows from operating activities	**171.2**	(6.5)	(227.6)
Cash flows from investing activities			
Interest received	**1.5**	0.1	6.5
Income received from net investment in sub-lease	**-**	-	1.0
Investment in joint ventures	**(0.1)**	(0.3)	(0.3)
Acquisition of property, plant and equipment	**(48.2)**	(199.8)	(290.0)
Proceeds from sale of property, plant and equipment	**0.1**	0.1	3.2
Acquisition of distribution rights and other intangibles	**(1.8)**	(1.3)	(2.5)
Distributions received from equity accounted investees	**-**	17.4	17.8
Net cash flows from investing activities	**(48.5)**	(183.8)	(264.3)
Cash flows from financing activities			
Dividends paid to shareholders	**-**	(51.4)	(51.4)
Interest paid	**(111.2)**	(40.5)	(158.3)
Repayment of bank loans	**(26.6)**	(20.9)	(54.2)
Draw down of bank loans	**213.6**	605.7	1,207.8
Debt issuance costs paid	**(1.1)**	-	(73.2)
Repayment on termination of financial derivatives	**-**	-	(10.2)
Landlord contributions	**2.4**	1.0	13.5
Payment of lease liabilities[1]	**(82.3)**	(166.3)	(198.6)
Change in restricted cash	**(16.0)**	-	-
Net cash flows from financing activities	**(21.2)**	327.6	675.4
Net increase in cash and cash equivalents	**101.5**	137.3	183.5
Exchange (loss)/gain on cash and cash equivalents	**(1.7)**	7.5	12.6
Cash and cash equivalents at start of period	**336.7**	140.6	140.6
Cash and cash equivalents at the end of period	**436.5**	285.4	336.7

[1]Payment of lease liabilities includes $40.8m (period ended 30 June 2020: $164.2m; year ended 31 December 2020: $115.7m) of interest payment and $41.5m (period ended 30 June 2020: $2.1m; year ended 31 December 2020: $82.9m) of principal lease payments.

During the financial period $35.1m (period ended 30 June 2020: $20.9m; year ended 31 December 2020: $47.8m) of government grants was received in cash.

Notes to the Interim Condensed Consolidated Financial Statements

1. Basis of preparation

Reporting entity

Cineworld Group plc (the "Company") is a Company both incorporated and domiciled in the United Kingdom. The interim condensed consolidated financial statements of the Company as at and for the six-month period ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in jointly controlled entities.

These interim condensed consolidated financial statements have been prepared on the basis of policies set out in the 2020 annual financial statements and in accordance with UK adopted IAS 34 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority.

These interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020 which were prepared in accordance with IFRS in conformity with the requirements of the Companies Act 2006 and IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In the year to 31 December 2021 the annual financial statements will be prepared in accordance with IFRS as adopted by the UK Endorsement Board and this change in basis of preparation is required by UK company law for the purposes of financial reporting as a result of the UK's exit from the EU on 31 January 2020 and the cessation of the transition period on 31 December 2020. This change does not constitute a change in accounting policy but rather a change in framework which is required to ground the use of IFRS in company law and there is no impact on recognition, measurement or disclosure between the two frameworks in the period reported on.

These interim condensed consolidated financial statements have been presented in US dollars.

The consolidated financial statements of the Group as at and for the year ended 31 December 2020 are available upon request from the Company's registered office at 8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG.

Going Concern

In assessing the appropriateness of applying the going concern basis in the preparation of the interim condensed 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 period up to and including December 2022. Given the global political and 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 impede 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.

Since the year end, the Group agreed the terms of a convertible bond issue with principal of $213m. In addition, the Group received the US CARES Act refund of $203m in May 2021. Subsequent to 30 June 2021, the Group has further agreed incremental loans of $200m maturing in May 2024 from a group of its existing lenders. These recent steps provide significant liquidity as the Group continues its return to business. The recent agreement with existing lenders also amends the requirements under the agreement entered into in November 2020, to reduce the minimum liquidity requirement and relax limitations on the use of cash, including in respect of the settlement of the dissenting shareholder liability, which the Group expects to settle within the going concern period. These changes and the additional liquidity provided by the new arrangements will further support the Group. The minimum liquidity covenant, 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 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.

As previously announced, judgment was received in May 2021 in favour of the dissenting shareholders of Regal Entertainment Group in respect of their claim arising out of the acquisition of Regal Entertainment Group by Cineworld in 2018. The amount of the judgment is in the region of US$260m (subject to the final calculation of interest). The dissenting shareholders have subsequently filed a motion for a charging order in the Delaware Chancery Court and recognition of their judgment in New York. Cineworld is engaging with the dissenting shareholders to reach a constructive resolution. The directors have factored payment of the judgment within the next 12 months into their assessment of whether it is appropriate to adopt the going concern basis for the Group as at 30 June 2021.

Base Case Scenario

The Group's base case scenario assumes a continued gradual recovery from the current shutdown, with cinemas across all territories remaining open. Admissions are forecast to return to levels representing 90% of comparable periods in 2019 by the end of the year. Admissions are then forecast to remain on average 10% below 2019 levels throughout 2022 and 5% below through 2023. In addition to cinema performance, the Group's cash flows and liquidity are sensitive to the timing and level of rent payments. The Group has been successful in agreeing further waiver and deferral of significant rent payable under 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 12-month period based on on-going discussions with the landlords. The Group has also taken into consideration mitigating actions available to it, these include stopping all non-essential capital expenditure for the coming 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 winter 2021 are considered within this forecast.

Under the weighted base case scenario, the Group maintains headroom against available cash and debt facilities throughout the going concern assessment period. Financial covenants, including the 5.0x net leverage tests on the RCF at June 2021 and on the RoWPP at December 2021, would not be breached.

Severe but plausible downside scenario

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

1. A resurgence of the virus, connected to a new variant, resulting in interruption to trading through capacity restrictions and film release changes that reduce admissions by half compared with the base case scenario, for a period of three months in the winter of 2021 followed by a gradual return to levels modelled under the base case. No further lockdown period is considered. This scenario forecasts admissions at 45% of 2019 levels for December through to February. The modelling for this scenario indicates that the Group would breach the leverage covenant under its term loan arrangements in June 2022 and December 2022. Sufficient liquidity to continue operating would remain throughout the Going Concern period and there would be no breaches of the minimum liquidity covenant.
2. In the event of a more extreme resurgence of the virus, warranting a full global lockdown for six weeks from 1st December before a gradual return to 80% of 2019 admissions in H2 of 2022, the Group would breach its leverage covenant at both its June 2022 and December 2022 testing points. In this scenario the Group would still not breach the minimum liquidity covenant and would maintain sufficient liquidity.

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. 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 with respect to the Group's ability to continue as a going concern. Having considered all known factors the Directors are comfortable that the weighted base case supports the going concern assumption.

In the Directors' assessment of the appropriateness of the application of the going concern basis, sufficient liquidity is observed in the weighted base case, which indicates compliance with covenants and liquidity being maintained throughout the going concern assessment period. However, the potential breach of the net leverage covenant in the severe but plausible scenario, indicates 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 interim condensed consolidated financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Taxation

Taxes on income in the interim condensed consolidated financial statements are accrued using the tax rate that would be applicable to the expected full financial year results for the Group, with any significant one-off charges or credits which are specific to the interim period included as such.

The interim condensed consolidated financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2020 and any public announcements made by the Group during the interim reporting period.

The comparative figures for the financial year ended 31 December 2020 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, although included an emphasis of matter in respect of material uncertainty around going concern and (ii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

New and amended standards adopted by the Group

There were no new standards adopted by the Group in the period but the following amendments became applicable during the current reporting period:

- 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.

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 income or expense are being excluded in an APM, these are included elsewhere in our reported financial information as they represent actual income and expenses of the Group.

Other commentary within the interim report should be referred to in order to fully appreciate all the factors that affect our business.

The Group's Adjusted Performance Measures are set out below, additional adjustments have been made in the current 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 of goodwill, property, plant and equipment, right-of-use assets and investments in the ordinary course of business, property-related charges and releases, business interruption costs, share-based payment charges and operating exceptional items. Exceptional items are charges and credits which are a non-recurring item that is outside the Group's normal course of business and material by size or nature. Adjustments have been made for specific costs associated with the impact of COVID-19 including stock write-offs, additional cleaning costs, lease penalties, redundancy, refinancing and asset impairments 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 jointly controlled entities are included within Adjusted EBITDA to reflect cash received which is reported outside of operating profit.

Adjusted Profit

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

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

The Adjusted EBITDA and Adjusted Profit reconciliation to statutory Operating Profit are presented as follows:

	Period ended 30 June 2021 (unaudited)	Period ended 30 June 2020 (unaudited)	Year ended 31 December 2020
	$m	$m	$m
Operating loss	(208.9)	(1,340.9)	(2,257.7)
Depreciation and amortisation	268.4	362.7	643.3
Share of loss of jointly controlled entity using equity accounting method net of tax	(24.4)	(13.5)	(33.0)
Adjustment to reverse loss from jointly controlled entities and to reflect cash distributions received in the period.	24.4	31.0	56.4
Pre-opening expenses	0.5	-	-
Property related charges and releases	(18.9)	11.3	6.4
Share based payment charges	3.1	0.6	(2.3)
Operating Exceptional items:			
- Net impairment/(reversal) of property, plant and equipment, right-of-use assets and investments	(95.6)	954.7	1,344.5
- Transaction and reorganisation costs	20.2	25.4	60.8
- COVID-19 costs	4.4	12.5	19.9
- Cost of refinancing	5.7	-	46.6
- Legal costs	-	9.2	-
Adjusted EBITDA	(21.1)	53.0	(115.1)
Depreciation and amortisation	(268.4)	(362.7)	(643.3)
Amortisation of intangibles created on acquisition	12.0	12.9	25.7
Net finance costs	(343.1)	(290.3)	(717.2)
Movement on financial derivatives	(42.5)	9.4	46.4
De-designation of net investment hedge	-	9.8	9.8
Foreign exchange translation gains and losses	4.6	0.2	(9.3)
Financing exceptional items:			
- Gain on extinguishment of debt	-	-	(33.2)
- Remeasurement loss on financial instrument	-	-	98.0

- Remeasurement of financial asset amortised cost	-	-	11.3
Adjusted Loss before Tax	(658.5)	(567.7)	(1,326.9)
Tax credit	61.2	62.2	356.4
Tax impact of adjustments	15.5	(8.3)	(225.4)
De-recognition of deferred tax assets due to impact of COVID-19	-	118.3	319.7
Tax exceptional items	-	(40.5)	(37.0)
Adjusted Loss after Tax	(581.8)	(436.0)	(913.2)

Excess cash distributions from jointly controlled entities

The Group receives cash distributions over and above the level of profit or loss recognised in equity accounting for its joint ventures, this is a recurring cash amount.

Net impairment of goodwill, property, plant and equipment, right-of-use assets and investment*s*

Impairment charges relate to property, plant and equipment and right-of-use assets and is a non-cash charge. The size and nature of the impairment charges recognised in the current period are such that they are considered exceptional in the context of similar charges commonly incurred by the Group, as set out in the summary of exceptional items below. During the six months ended 30 June 2021, the Group determined there was no indicator of impairment as the forecasted cash flows were broadly in line with the forecasts as of 31 December 2020. It was determined that due to a significant number of lease amendments entered into during the period, that a previously recognised impairment may not exist or may have decreased due to the decrease in the carrying value of the CGU (related to a decrease in the right-of-use asset due to rent abatement and/or rent deferrals), or a further impairment may be required where the carrying value of the CGU increased due to a lower discount rate being applied than in the prior year. In these instances, an impairment charge or reversal was recognised where indicated. Refer to notes 8 and 9 for further information.

Property related charges and releases

The net decrease to operating loss of $18.9m (2020: increase of $6.4m) is a result of the following:

- $13.3m 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 5 sites in US has resulted in $2.8m gain due to the de-recognition of the lease liabilities and right-of-use assets.
- Gain of $2.8m recognised on property, plant and equipment disposed of in the US.
- 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 period:

- In the six months ended 30 June 2021 the impact of the pandemic has continued to affect the Group's forecast cash flows. An additional impairment charge of $45.2m has been recognised. In addition, amendments to leases at a lower discount rate in the current period have resulted in reductions to right of use assets within CGUs previously impaired due to the impact of COVID-19, these amendments have resulted in impairment reversals of $140.8m. 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 impairments are considered to be driven by the impact of the pandemic and are therefore considered to be exceptional charges.

- One off costs of $4.4m associated with the impact of COVID-19 including stock write-offs of $1.8m, lease penalties and redundancy of $2.6m. As of 31 December 2020, 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 $20.2m were incurred in 2021 of which $17.2m relates to dissenting shareholders legal case and $3.0m incurred with the Cineplex transaction. 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, $2.4m were incurred in connection with the new debt facilities entered into during the period and $3.3m relative to the 2020 new debt facilities. 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.

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 during the year.

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 period ended 30 June 2021, the movements on the instruments described above included a loss on the fair value movement of the warrants of $22.5m, a gain on the fair value movement of the B2 LIBOR floor of $0.7m, a gain on the fair value movement of the US dollar denominated term loans of $33.7m, a gain on the fair value movement of the B1 prepayment feature of $2.4m and a gain in the revaluation of the cross currency swaps resulted in a gain of $7.9m. 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 value of the derivative at inception was $27.8m. At 30 June 2021, the derivative liability in respect of the embedded conversion feature within the bond agreement was valued at $7.5m.

De-designation of net investment hedge

The Group had previously designated the Euro leg of three cross currency swaps held as a net investment hedge against the assets of certain Euro denominated subsidiaries. During 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.

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. During 2020 the Group's Euro denominated term loan was designated as a net investment hedge.

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.

Net debt

Net Debt is defined as total liabilities from financing net of cash at bank and in hand. A reconciliation of movements in Net Debt is provided in Note 11.

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	**UK&I**	**ROW**	**Group**
	$m	**$m**	**$m**	**$m**
Period ended 30 June 2021				
Total revenues	211.2	47.0	34.6	**292.8**
Adjusted EBITDA as defined in note 2	(10.7)	(15.0)	4.6	**(21.1)**
Operating loss	(162.1)	(23.1)	(23.7)	(208.9)
Finance income	6.0	64.4	3.7	74.1
Finance Expense	(298.2)	(84.4)	(34.6)	(417.2)
Depreciation and amortisation	195.1	38.8	34.5	268.4
Impairment reversal of property, plant and equipment and right-of-use assets and goodwill	(57.6)	(33.9)	(4.1)	(95.6)
Share of loss of jointly controlled entities using equity method, net of tax	(24.4)	-	-	(24.4)
Loss before taxation	(478.7)	(43.1)	(54.6)	**(576.4)**
Segmental total assets	8,144.4	1,347.1	908.3	**10,399.8**
Segmental total liabilities	8,429.0	1,600.3	647.1	**10,676.4**
Period ended 30 June 2020				
Total revenues	501.3	123.8	87.3	**712.4**
Adjusted EBITDA as defined in note 2	35.3	1.0	16.7	**53.0**
Operating profit	(773.2)	(511.1)	(56.6)	(1,340.9)
Net finance expense	215.5	54.4	20.4	290.3
Depreciation and amortisation	276.9	47.5	38.3	362.7
Share of loss of jointly controlled entities using equity method, net of tax	(13.5)	-	-	(13.5)
Impairments of property, plant and equipment and right-of-use assets	464.4	453.7	36.6	954.7
(Loss) before taxation	(1,002.2)	(563.8)	(78.7)	**(1,644.7)**
Segmental total assets	8,946.5	1,134.9	1,171.9	**11,253.3**
Segment total liabilities	8,016.5	1,387.0	595.1	**9,998.6**
Year ended 31 December 2020				
Total revenues	575.9	153.9	122.5	852.3
Adjusted EBITDA as defined in note 2	(87.2)	(35.0)	7.1	(115.1)
Operating loss	(1,500.3)	(585.9)	(171.5)	(2,257.7)
Finance income	8.4	49.7	11.5	69.6
Finance expense	(462.1)	(269.4)	(55.3)	(786.8)
Depreciation and amortisation	481.6	90.7	71.0	643.3
Net Impairments of property, plant and equipment and right-of-use assets, goodwill and investments	761.5	493.8	89.2	1,344.5
Share of loss from jointly controlled entities using equity accounting method net of tax	(32.7)	-	(0.3)	(33.0)
Loss before tax	**(1,986.7)**	**(805.6)**	**(215.6)**	**(3,007.9)**
Segmental total assets	**8,552.8**	**1,163.9**	**908.5**	**10,625.2**
Segment total liabilities	**8,403.9**	**1,377.2**	**617.8**	**10,398.9**

4. Taxation

Tax recognised in the income statement during the period is as follows:

	Period ended 30 June 2021 (unaudited) $m	Period ended 30 June 2020 (unaudited) $m	Year ended 31 December 2020 $m
Current period tax expense			
Current period	0.1	(156.7)	(220.9)
Adjustments in respect of prior periods	-	6.8	(3.1)
Total current period tax expense	**0.1**	**(149.9)**	**(224.0)**
Deferred tax (credit)/charge			
Current period	(33.4)	93.2	(138.0)
Adjustments in respect of prior periods	(8.5)	(5.0)	8.9
Adjustments from change in tax rates	(19.4)	(0.5)	(3.3)
Total deferred tax (credit)/expense	**(61.3)**	**87.7**	**(132.4)**
Total tax credit in the income statement	**(61.2)**	**(62.2)**	(356.4)
Effective tax rate	10.6%	(3.8%)	15.1%
Current period effective tax rate	9.4%	(3.9%)	17.1%

Deferred tax credit

An increase in the UK tax rate from 19% to 25% was substantively enacted on 24 May 2021. The increase will apply from 1 April 2023. A one-off deferred tax credit of $19.4m arises from the revaluation of UK deferred tax assets which are expected to be realised at the new rate.

Deferred tax recognition

The Group recognises deferred tax assets to the extent it is probable that future taxable profits will be available against which they can be utilised.

The deferred tax credit of $61.3m is restricted by the ability to recognise deferred tax assets where there is insufficient certainty over the availability of taxable profits in the foreseeable future due to the impact of COVID-19.

Recognition of these deferred tax assets will be re-assessed at each balance sheet date on the basis of updated projections of future taxable profits.

Factors that may affect future tax charges

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

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 represent 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 a provision of $1.1m against potential exposures. The maximum potential exposure is $10.8m.

5. Finance income and expense

	Period ended 30 June 2021 (unaudited) $m	Period ended 30 June 2020 (unaudited) $m	Year ended 31 December 2020 $m
Interest income	1.5	5.0	7.4
Foreign exchange gain	4.2	1.0	10.9
Unwind of discount on sub-lease assets	0.4	0.3	0.7
Gain on movement on fair value of financial derivatives	65.0	10.1	9.0
Unwind of discount on non-current receivables	3.0	1.7	8.4
Other financial income	-	-	33.2
Financial income	**74.1**	18.1	69.6
Interest expense on bank loans and overdrafts	126.6	72.9	166.3
Amortisation of financing costs	24.9	5.8	33.1
Lease liability interest	219.0	164.2	349.0
Unwind of discount of deferred revenue	23.8	24.8	49.4
Foreign exchange loss	0.4	11.4	11.8
Change in fair value of warrants	22.5	-	-
De-designation of net investment hedge	-	9.8	9.8
Loss on movement in fair value of financial derivatives	-	19.5	55.4
Remeasurement of financial asset amortised cost	-	-	11.3
Remeasurement of net investment in sub-lease assets	-	-	2.7
Remeasurement loss on financial instrument	-	-	98.0
Financial expense	**417.2**	308.4	786.8
Net financial expense	**343.1**	290.3	717.2

6. Earnings per share

Basic Earnings Per Share is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, after excluding the weighted average number of non-vested ordinary shares. Diluted Earnings Per Share is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares plus any non-vested/non-exercised ordinary shares. Where dilutive options are not considered likely to vest no dilution is applied. Adjusted Earnings Per Share is calculated dividing the adjusted profit after tax for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, after excluding the weighted average number of non-vested ordinary shares.

	Period ended 30 June 2021 (unaudited)	Period ended 30 June 2020 (unaudited)	Year ended 31 December 2020
	$m	$m	$m
Loss attributable to ordinary shareholders	**(515.2)**	**(1,582.5)**	**(2,651.5)**
Adjustments:			
Amortisation of intangible assets(1)	**12.0**	12.9	25.7
Excess cash distributions from jointly controlled entities	**24.4**	31.0	56.4
Pre-opening expenses	**0.5**	-	-
Property related charges and releases	**(18.9)**	11.3	6.4
Share based payment charges	**3.1**	0.6	(2.3)
Operating Exceptional items:			
- Net impairment of property, plant and equipment, right-of-use assets and investments	**(95.6)**	954.7	1,344.5
- Transaction and reorganisation costs	**20.2**	25.4	60.8
- Legal costs	**-**	9.2	-
- COVID-19 costs	**4.4**	12.5	19.9
- Gain on extinguishment of debt	-	-	(33.2)
- Remeasurement of financial asset amortised cost	-	-	11.3
- Remeasurement loss on financial instrument	-	-	98.0
- Refinancing costs	**5.7**	-	46.6
Movement on financial derivatives	**(42.5)**	9.4	46.4
Recycle of net investment hedge	**-**	9.8	9.8
Foreign exchange translation gains and losses(2)	**4.6**	0.2	(9.3)
Adjusted earnings	**(597.3)**	**(505.5)**	**(970.5)**
Tax effect of above items	**15.5**	**(8.3)**	**(225.4)**
Tax exceptional			
De-recognition of deferred tax assets due to impact of COVID-19	**-**	118.3	319.7
Tax credit arising on capitalised foreign exchange loss	**-**	(40.5)	(37.0)
Adjusted loss after tax	**(581.8)**	**(436.0)**	**(913.2)**

	Number of shares m	Number of shares m	Number of shares m
Weighted average number of shares in issue	**1,372.9**	1,372.0	1,372.4
Basic Earnings per Share denominator	**1,372.9**	1,372.0	1,372.4
Dilutive options	**-**	-	-
Diluted Earnings per Share denominator	**1,372.9**	1,372.0	1,372.4
Shares in issue at period end	**1,373.0**	1,372.0	1,372.8
	Cents	**Cents**	**Cents**
Basic (Deficit) / Earnings per Share	**(37.5)**	(115.3)	(193.2)
Diluted (Deficit) / Earnings per Share	**(37.5)**	(115.3)	(193.2)
Adjusted basic (Deficit) / Earnings per Share	**(42.4)**	(31.8)	(66.5)
Adjusted diluted (Deficit) / Earnings per Share	**(42.4)**	(31.8)	(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 $12.0m (2020: $25.7m)). It does not include amortisation of purchased distribution rights.

(2) Net foreign exchange gains and losses included within earnings comprises $4.6m (2020: gains of $9.3m) foreign exchange gain recognised on translation of loan.

7. Dividends

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.

On 7 April 2020 the Board announced the suspension of the 2019 fourth quarter dividend of 4.25c per share to conserve cash for the Group. No dividend has been declared in the current period; the Group continues to prioritise liquidity preservation during its recovery from the pandemic.

8. 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 2021	**683.7**	**1,413.6**	**756.2**	**228.4**	**3,081.9**
Additions	3.3	9.8	3.0	31.8	47.9
Disposals	(1.9)	(37.0)	(3.7)	(0.2)	(42.8)
Transfers	65.6	60.7	22.8	(149.1)	-
Effects of movement in foreign exchange	3.6	(5.3)	(4.1)	0.2	(5.6)
Balance at 30 June 2021	**754.3**	**1,441.8**	**774.2**	**111.1**	**3,081.4**
Accumulated depreciation and impairment					
Balance at 1 January 2021	**(341.1)**	**(554.2)**	**(376.5)**	**(21.9)**	**(1,293.7)**
Charge for the period	(28.6)	(63.5)	(32.1)	-	(124.2)
Disposals	1.3	20.1	3.2	-	24.6
Impairment Reversals	8.8	11.6	6.0	0.3	26.7
Effects of movement in foreign exchange	-	5.0	2.5	-	7.5
30 June 2021	**(359.6)**	**(581.0)**	**(396.9)**	**(21.6)**	**(1,359.1)**
Net book value					
Opening	342.6	859.4	379.7	206.5	1,788.2
Closing	**394.7**	**860.8**	**377.3**	**89.5**	**1,722.3**

Commitments

At 30 June 2021 the Group had committed $38.4m in relation to capital expenditure (31 December 2020: $294.5m).

Impairment

The Group evaluates assets for impairment annually or when indicators of impairment exist. As of 30 June 2021, it was determined that there was no indicator that an impairment exists as forecasts were broadly in line with those from the year ended 31 December 2020. As required by IAS 36, the Group assessed whether there was an indication that a previously recognised impairment no longer exists or may have decreased. A reversal of an impairment loss should only be recognised if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. It was determined as of 30 June 2021, a CGU that had a lease modification during the period would be an indicator that previous impairment may have reduced or be eliminated and thus an impairment reversal would be recorded. For these CGUs, management has performed an assessment to estimate the recoverable amount and record an impairment or impairment reversal based on the revised recoverable amount and carrying value of the CGU including the impact of any modifications to right-of-use assets. The Group includes both property, plant and equipment and right-of-use assets in each CGU.

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. Where the recoverable amount is less than the carrying value, an impairment charge to reduce the assets down to recoverable amount is recognised.

The Group has identified that the lowest level of cash-flows in which a CGU independently generates is predominantly at the individual cinema level. 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 clustered into a single CGU.

Estimating the value in use requires the Group to make an estimate of the expected future cash flows generated 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:

	30 June 2021	**31 December 2020**
	%	**%**
United States	14.2	14.2
United Kingdom	14.5	14.5
Poland	14.9	14.9
Israel (1)	14.2	14.2
Hungary	14.9	14.9
Romania	15.6	15.6
Czech Republic	14.4	14.4
Bulgaria	14.5	14.5
Slovakia	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% (31 December 2020: 12.8%) was applied to rental cash flows to reflect the specific risks related to them.

The value in use is calculated using expected future cash flows (defined as the Adjusted EBITDA generated by each CGU), which are based on management's anticipated performance of the CGU over the term remaining on its respective lease.

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 person ("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 CGUs ability to generate future cash flows in the short-term and management have factored this into each CGUs cash flow forecast.

The key assumptions applied within these models are as follows:

- 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 base assumptions within the cash-flow forecast.
- These assumptions however have been adjusted to reflect management's assessment of the short-term impact of COVID-19 and longer term growth over the life of each CGU.
- 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 an implied reduction as a result of virus.
- Within this five year forecast management believe cash-flows will return to pre COVID-19 levels (31 December 2019 actual Adjusted EBITDA) by the end of the year ended 31 December 2023.
- For the 2021 – 2023 forecast period, management have applied the respective financial year's hair-cut to the 31 December 2019 actuals to generate the forecast Adjusted EBITDA for each financial year. In turn this will result in the Adjusted EBITDA for the year ended 31 December 2023 to represent the 31 December 2019 actuals.
- From 31 December 2023 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%.

For CGUs which have either opened or been refurbished within 2018 - 2021 financial years, management acknowledge that 31 December 2019 actuals do not represent a full year of standard trading. Therefore, specific assumptions have been applied to the key drivers over the 2021 – 2023 forecast period, in order for the forecast 2023 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 2023. Further declines have been applied for those CGUs which forecast admissions per screen at 31 December 2023 were above the territories average admissions per screen, until the financial year the admissions per screen is below the territories average.

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 are split between $57.5m within the US reporting segment (period to 30 June 2020: $465.8m net impairment), $34.1m within the UK reporting segment (period to 30 June 2020: $111.6m net impairment) and $4.0m within the ROW reporting segment (period to 30 June 2020: $35.2m net impairment). Reversal of impairments were recognised during the period to 30 June 2021 at 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 were in relation to 28 sites in the US and one site in the ROW, whose recoverable amount was less than carrying amount. The recoverable amount of these 29 sites subsequent to impairment was $87.8m.

In assessing the impairment, consideration was given to whether the fair value less cost to sell each CGU is higher than the calculated value in use of each CGU and therefore whether the recoverable amount was higher than carrying value.

Sensitivity to changes in assumptions

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.

Notwithstanding this 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 CGUs calculated recoverable amounts giving consideration to incremental changes in the key assumptions of the following:

In calculating the CGU recoverable amount, management have applied specific growth rates in admissions which are deemed to be highly sensitive to the short-term impact of COVID-19 and in the recovery of the operations of the business. The growth rate of admissions has been reduced by 1% per annum over the forecast period. This has therefore reflected the assumption that attendance for each CGU would decline by 1% per annum over the forecast period. The growth rate of ATP and SPP has been reduced by 1% per annum over the forecast period in an additional sensitised scenario.

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. An increase and decrease by a factor of 1% has been applied in the sensitised scenarios.

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 impact on the total net impairment reversal charge of applying different assumptions to the growth rates used over the forecast period and the discount rates would be as follows:

	Decrease (increase) in net impairment reversal $m
Growth in admissions reduced by 1%	39.7
Growth in ATP and SPP reduced by 1%	29.4
1 percentage point increase in the discount rates	16.5
1 percentage point decrease in the discount rates	(14.7)

9. Leases

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 and remains in line with the Group's annual financial statements.

Modification and Discount Rates

During the six months ended 30 June 2021, due to continued negotiations with our landlords, it was determined that amended leases have changed in substance, either from a consideration or lease 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") to measure the lease liability, with a corresponding adjustment to the right-of-use asset. The amendments did not result in the identification of a separate lease.

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. The IBR applied to property leases for the COVID-19 amendments in 2020 ranged between 5.9% and 16.8% for modifications between March and September 2020, and ranged from 17.9% to 26.4% for modifications between October and December 2020.

During the six months ended 30 June 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:

Jan 2021	20.00% - 26.50%
Feb 2021	19.80% - 26.20%
March 2021	19.80% - 26.95%
1-15 April 2021 (1)	19.70 % - 26.89%
16-30 April 2021 (1)	8.89%- 17.30%
May 2021	8.94% - 14.05%
June 2021	8.36% - 18.32%

(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 ongoing negotiations with the landlords during the six months ended 30 June 2021, the Group amended a large number of its leases and expects further modifications during the second half of 2021, modifications often lead to a reversal of impairment in the event that the right of use asset reduces by an amount greater than the current impairment charge as a result of the amendment. Significant judgements related to the lease modifications include:

- Where a lease includes the option for the Group to extend the lease term beyond the non-cancellable period, the Group makes a judgement as to whether it is reasonably certain that the option will be taken. This will take into account the length of time remaining before the option is exercisable; current and future trading forecast as to the ongoing profitability of the site; and the level and type of planned future capital investment. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Therefore, potential future cash outflows have not been included in the lease liability where it is not reasonably certain the extension periods will be taken or that the leases will be extended on similar terms (or not terminated).
- The discount rate applied. The group elected to apply an average monthly discount rate over the period rather than applying the rate at the specific date of the amendment. Given the judgement required around the date of amendment and the uncertainty affecting incremental borrowing rates, using a rate covering a monthly period 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 modifications under IFRS 16. Management has taken the judgement that all renegotiated leases met the criteria for amendment based on the changes to the contractual cash flows, lease term and conditions of the original leases.

Impairment and Disposals

During the year ended 31 December 2020, the Group recognised impairment of $519.1m of right-of-use assets and $136.2m reversal of impairments.

During the six months ended 30 June 2020, the Group recognised impairment of $385.3m of right-of-use assets. The Group also recognised $0.8m reversal of impairments in 3 sites in US segment that were previously impaired, but due to the modification, the asset was decreased below $nil and was adjusted therefore back to $nil.

During the six months ended 30 June 2021, 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 assets' 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. Further details are set out in note 8.

The consolidated statement of profit and loss includes a lease modification gain of $13.3m recognised within Administrative expenses. The impairment reversal is recognised within Reversals/(Impairment) of goodwill, property, plant and equipment and right-of-use assets in the consolidated statement of profit and loss.

The disposal value of $4.3m was offset by liabilities of $7.1m in associated lease liabilities related to 5 sites which closed within the US operating segment, resulting in a $2.8m gain.

	Land and buildings $m	Plant and machinery $m	Other $m	Total $m
Right-of-use assets				
1 January 2021	**2,305.8**	**0.4**	**0.2**	**2,306.4**
Modifications	(119.9)	-	-	(119.9)
Additions	45.9	-	-	45.9
Disposals	(4.3)	-	-	(4.3)
Effects of movement in foreign exchange	2.4	0.1	(0.1)	2.4
Impairment reversals	108.5	-	-	108.5
Impairment charges	(39.6)	-	-	(39.6)
Depreciation	(130.7)	(0.2)	(0.1)	(131.0)
30 June 2021	**2,168.1**	**0.3**	**0.0**	**2,168.4**
Lease liabilities				
1 January 2021	**3,971.3**	**0.3**	**0.1**	**3,971.7**
Modifications	(138.5)	-	-	(138.5)
Additions	48.2	-	-	48.2
Interest expense related to lease liabilities	219.0	-	-	219.0
Disposals	(7.1)	-	-	(7.1)
Effects of movement in foreign exchange	4.0	(0.1)	0.2	4.1
Repayment of lease liabilities (including interest)	(82.0)	(0.1)	(0.2)	(82.3)
30 June 2021	**4,014.9**	**0.1**	**0.1**	**4,015.1**
Current	611.2	0.1	0.1	611.4
Non-current	3,403.7	-	-	3,403.7

10. Loans and borrowings

	30 June 2021 $m	31 December 2020 $m
Non-current liabilities		
Secured bank loans, less issue costs of debt to be amortised	**4,802.5**	4,608.5
Total non-current liabilities	**4,802.5**	4,608.5
Current liabilities		
Bank loans, less issue costs of debt to be amortised	**33.2**	32.4
Overdraft	**21.7**	21.8
Total current liabilities	**54.9**	54.2
Total liabilities	**4,857.4**	4,662.7

The terms and conditions of outstanding loans were as follows:

	Currency	Nominal interest rate	Year of maturity	30 June 2021 Face value $m	30 June 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	2,673.5	2,644.9	2,692.7	2,658.2
Initial Euro Term Loan	EUR	Eurocurrency Base Rate[(1)] plus applicable margin[(2)]	2025	226.6	224.1	233.8	230.9
Incremental US Dollar Term Loan	USD	Eurocurrency Base Rate[(1)] plus applicable margin[(2)]	2026	640.2	633.4	643.5	635.2
B1 term loan	USD	7.0% plus 8.25% PIK	2024	501.3	373.2	480.8	342.4
B2 term loan	USD	Eurocurrency Base Rate[(1)] plus 5.0% margin	2024	110.8	73.9	110.8	69.4
Private placement loan	USD and EUR	11.0%	2023	258.6	244.5	263.3	246.2
Convertible bonds	USD	7.5%	2025	213.0	186.4	-	-
Revolving credit facility	USD	Eurocurrency Base Rate[(1)] plus applicable margin[(2)]	2023	454.2	449.0	456.8	451.6
Secured Bank loan – DCIP	USD	4.17%	2021	0.2	0.2	0.4	0.4
Israeli government loan	NIS	Base rate plus 2%	2025	7.0	6.1	6.6	6.6
Total interest-bearing liabilities				**5,085.4**	**4,835.7**	**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% floor. The rate of interest in the case of any Eurocurrency Rate Loan denominated in Euro is the rate per annum equal to the Euro interbank offered rate administered by the European Money Markets Institute, subject to a zero floor. B2 term loan is subject to a LIBOR floor of 1.00%.

(2) The margin applicable to each tranche of term loans and to drawings under the revolving credit facility is calculated according to the first lien net leverage ratio of Crown UK Holdco Limited and its subsidiaries. The applicable margin on Eurocurrency Rate Loans is as follows:
Initial US Dollar term loan – 2.50% per annum where the first lien net leverage ratio is greater than or equal to 3.50:1.00 and otherwise 2.25% per annum;
Initial Euro term loan – 2.625% per annum where the first lien net leverage ratio is greater than or equal to 3.50:1.00 and otherwise 2.375% per annum;
Incremental US Dollar term loan – 2.75% per annum where the first lien net leverage ratio is greater than or equal to 3.50:1.00, 2.25% per annum where the first lien net leverage ratio is less than or equal to 3.00:1.00 and otherwise 2.50% per annum; and
Revolving credit facility drawings – 3.00% per annum where the first lien net leverage ratio is greater than or equal to 3.50:1.00, 2.50% per annum where the first lien net leverage ratio is less than 3.00:1.00 and otherwise 2.75% per annum.

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

On 28 May 2020 the Group further increased its RCF limit by $110.8m to $573.3m. On 23 November 2020, the Group converted the incremental RCF of $110.8m into a term loan facility (B2 term loan) with a maturity of May 2024. The amendment to this facility was considered to represent a discount to the face value of the debt at the time of the agreement and therefore resulted in a gain on extinguishment of 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 June 2021.

On 23 November 2020, the Group secured a new debt facility of $450.0m 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 Term Loan B lenders 153,539,786 equity warrants representing in aggregate 9.99% of the fully diluted ordinary share capital of the Company assuming full exercise of the warrants. Each of the equity warrants that were issued alongside the new debt facility are exercisable into one ordinary share of the Company at an exercise price of 41.49 pence per share with the proceeds of such exercise being retained by the Company. The warrants are exercisable at any time over the next five years. The exercise price represents a 10% discount to the closing share price on 20 November 2020. The detachable equity warrants include an anti-dilution provision, meaning that the number of shares to be issued on exercise of the warrants is not fixed. The separate initial recognition of the equity warrants issued in connection with the new facility as a derivative liability of $80.2m, the recognition of a derivative asset in respect of a prepayment option within the new agreement of $3.3m and fees directly incurred in connection with obtaining the facility of $36.0m resulted in an initial carrying value of $337.1m. The Group also incurred upfront fees of $27.0m on issuance of this debt on draw down, which were capitalised against this facility. The new debt facility has been secured with specific assets in the US as collateral. At 30 June 2021 the separate recognition of the equity warrants are valued at $121.2m (2020: $97.2m) and the embedded derivative asset in respect of a prepayment option within the new agreement valued at $10.2m (2020: $7.8m).

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 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 debt component of the bonds was $181.9m. At 30 June 2021, the derivative liability was valued at $7.5m.

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.

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 Group to maintain a leverage ratio below 5.0x, tested semi-annually. In 2020, the Group secured a covenant waiver on the RCF until the 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 and B2 term loans

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 and restrictions on operating and capital cash disbursements. The minimum liquidity covenant ranges between $66.9 and $297.1m during 2021. The agreement also entitles the lenders to appoint a board observer.

On 30 July 2021, the Group announced that it secured $200m of incremental loans from a group of existing lenders. The Group also 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. At this point the Group's remaining minimum liquidity requirement would be $30.0m under the terms of the Rest of the World Private Placement loan.

11. Net debt

	Bank loans $m	Convertible bond $m	Lease liabilities $m	Derivatives $m	Bank overdraft $m	**Total financing activity liabilities $m**	Cash at bank and in hand $m	**Net debt $m**
1 January 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 on 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	24.1	(209.7)	82.3	1.4	(0.3)	(102.2)	118.0	15.8
Non-cash movement	(44.8)	23.3	(121.6)	2.0	-	(141.1)	-	(141.1)
Effect of movement on foreign exchange rates	12.3	-	(4.1)	-	0.4	8.6	(2.2)	6.4
At 30 June 2021	**(4,649.3)**	**(186.4)**	**(4,015.1)**	**(15.1)**	**(21.7)**	**(8,887.6)**	**452.5**	**(8,435.1)**

Net debt excludes an embedded derivative of $70.0m (as at 31 December 2020: $103.6m) which reflects the fair value of future interest charges arising from interest rate floor features in the Group's US dollar denominated term loans and equity warrants of $121.2m (as at 31 December 2020: $97.2m), which had a non cash movement in the period and which will not result in future cash outflows.

The non-cash movements of $44.8m (31 December 2020: $71.3m) within bank loans includes the amortisation of debt issuance costs, accrued interest, loan forgiveness and Israeli government loan finance interest.

The non-cash movement of $121.6m (31 December 2020: $67.4m) within lease liabilities relates to the following: the interest expense related to lease liabilities of $219.0m (31 December 2020: $349.0m), the impact of entering into new leases $48.2m (31 December 2020: $52.8m), modifications of existing leases of $138.5m (31 December 2020: $447.5m), and disposal of leases during the period of $7.1m (31 December 2020: $21.7m).

12. Fair value measurement of financial instruments

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. Short-term debtors, creditors and cash and cash equivalents have been excluded from the following disclosures 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.

	Carrying amount 30 June 2021 $m	**Fair value 30 June 2021 $m**	Carrying amount 31 December 2020 $m	Fair value 31 December 2020 $m
Secured bank and private placement loans (1)	4,835.7	4,693.0	4,640.9	3,734.9
Bank overdrafts	21.7	21.7	21.8	21.8
Equity investments	(17.6)	(17.6)	(10.0)	(10.0)
Unhedged interest rate swap	15.7	15.7	23.6	23.6
Equity warrants	121.2	121.2	97.2	97.2
Embedded derivatives liability	79.6	79.6	106.5	106.5
Embedded derivatives asset	(10.2)	(10.2)	(7.8)	(7.8)
Total	**5,046.1**	**4,903.4**	**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.

Fair Value Hierarchy of Financial Instruments:

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.

Equity investments relate to investments designated as fair value through OCI. Any movement in fair value has been recognised within the fair value reserve.

The difference between net carrying amount and estimated fair value reflects unrealised gains or losses inherent in the instruments based on valuations at 30 June 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.

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 agreements. The derivative positions have been determined by a third party expert. 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
30 June 2021				
Derivative financial instruments	-	206.3	-	206.3
Equity investments	-	-	(17.6)	(17.6)
31 December 2020				
Derivative financial instruments	-	219.5	-	219.5
Equity investments	-	-	(10.0)	(10.0)

There have been no transfers between levels in 2021 (2020: no transfers). No other financial instruments are held at fair value.

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 where available. The Group holds two unquoted equity investments and have concluded that the cost of one of these investments represents its fair value at 30 June 2021. The second investment was partially disposed of in a transaction subsequent to the period end, in which the Group also received a distribution. As part of the transaction additional equity in the investee was issued to a third

party. The value implied by the unit price of this transaction has been used to calculate the fair value of the investment at 30 June 2021.

- The fair value of the convertible bonds has been calculated by reference to the credit spread and volatility assumptions on the movement of equity prices.

All of the resulting fair value estimates are included in level 2 except for unquoted 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 30 June 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.

Cost is considered to be a reasonable approximation of fair value for the Group's financial instruments classified as level three due to the timing of the purchase of the asset.

13. Equity securities issued

	2021 Shares (thousands)	**2020 Shares** (thousands)	**2021** $m	**2020** $m
Issues of ordinary shares during the period ended 30 June				
Exercise of options issued under the Employee share scheme and employee performance plan	**198**	**847**	**-**	**-**
	198	**847**	**-**	**-**

14. 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	-	-	**-**
Provisions utilised	-	(1.8)	(1.8)
Provisions released to profit or loss during the period	-	-	**-**
Balance at 30 June 2021	**2.4**	**4.9**	**7.3**
Current	2.4	3.9	**6.3**
Non-current	-	1.0	**1.0**
Total	**2.4**	**4.9**	**7.3**

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

Other provisions relate to legal, sales tax and unclaimed property amounts.

15. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Total compensation for the Directors during the period to 30 June 2021 was $2.1m (period ended 30 June 2020: $3.5m; year ended 31 December 2020: $3.9m). At 30 June 2021 the balance owed to directors was $0.9m (year ended 31 December 2020: $1.5m). Partial payment has been made in respect of amounts deferred earlier in the prior year.

Digital Cinema Media (DCM) is a joint venture between the Group and Odeon Cinemas Holdings Limited. Revenue receivable from DCM in the period to 30 June 2021 was $0.3m (year ended 31 December 2020: $5.3m). In addition, the Group has a working capital loan receivable outstanding from DCM of $1.0m (year ended 31 December 2020: $0.7m).

National CineMedia (NCM) is a joint venture set up between AMC Entertainment Holdings Inc, Cinemark Holdings Inc and Regal. As at 30 June 2021 $0.6m (year ended 31 December 2020: $0.2m) was due to NCM in respect of trade payables and $3.1m (year ended 31 December 2020: $1.0m) was due from NCM in respect of trade receivables.

Revenue receivable from NCM during the period to 30 June 2021 was $41.2m (year ended 31 December 2020: $83.7m).

Fathom AC JV is a joint venture between AMC Entertainment Holdings Inc, Cinemark Holdings Inc and NCM. As of 30 June 2021 $0.2m (year ended 31 December 2020: $0.2m) was due to Fathom AC in respect of trade payables.

Digital Cinema Distribution Coalition (DCDC) is also a Group joint venture. No transactions occurred during the period with this related party. There were no amounts owing from or owing to these related parties at 30 June 2021.

There was no revenue receivable from Black Shrauber Limited in the period ended 31 December 2021 (year ended 31 December 2020: $0.1m). Amounts due to Black Shrauber Limited as at 30 June 2021 was $nil (year ended 31 December 2020: $nil).

DCIP is a joint venture between Regal, AMC and Cinemark. On November 1 2020, the master lease agreement was terminated and all digital projectors were distributed to the founding members. In connection with the termination of the master lease agreement, Regal is required to pay a termination fee which is effectively the monthly obligation (i.e. rent payments) until the revised cost recoupment date in October 2021. The termination fee payable at 30 June 2021 $2.0m (year ended 31 December 2020: $4.9m).

Global City Holdings B.V. (“GCH”), is a company in which Moshe Greidinger and Israel Greidinger, Directors of the Group, have a controlling interest. During the period, the Group made lease payments of $3.2m (for the year ended 31 December 2020: $6.1m) to companies under the control of GCH. At 30 June 2021 $57.9m (year ended 31 December 2020: $59.6m) in lease liabilities were included within the Group’s Statement of Financial Position. The Group had amounts payable of $0.2m (year ended 31 December 2020: $0.2m) to companies under the control of GCH.

16. Contingent Liabilities

Following Cineworld's termination on 12 June 2020 of the Arrangement Agreement relating to its proposed acquisition of Cineplex Inc. (“Cineplex”), Cineplex initiated proceedings against Cineworld. The proceedings allege that Cineworld breached its obligations under the Arrangement Agreement and/or duty of good faith and honest contractual performance. Cineworld is defending its position. The Group terminated the Arrangement Agreement because Cineplex breached a number of its covenants under the Arrangement Agreement and could not meet certain conditions necessary for closing. Cineplex did not remedy its breaches when given the opportunity to do so. As of the date of these financial statements, the Directors are of the view that no material liability will arise in respect of this claim.

Independent review report to Cineworld Group plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Cineworld Group Plc's condensed consolidated interim financial statements (the "interim financial statements") in the interim results of Cineworld Group Plc for the 6 month period ended 30 June 2021 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Emphasis of matter

Without modifying our conclusion on the interim financial statements, we have considered the adequacy of the disclosure made in note 1 to the interim financial statements concerning the group's ability to continue as a going concern.

The global pandemic continues to have a significant impact on the cinema exhibition industry, with the group's cinemas being closed for a significant part of the period to 30 June 2021. During the period, the group secured additional liquidity, agreeing terms for a convertible bond of $213 million. Subsequently, in July 2021, a new $200 million term loan was also agreed which has also released the group from certain reporting covenants. 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 interim financial statements sets out the key assumptions in respect of both the weighted base case and severe but plausible downside forecasts.

Management's weighted base case is sensitive to the speed at which admission levels return and to the risk of further government restrictions as a result of new Covid-19 variants, including the risk of further lockdowns over the going concern period. Under management's severe but plausible downside forecast, which takes into account any of these situations materialising, a covenant breach in the June 2022 and December 2022 group leverage covenant would occur. These conditions, along with other matters explained in note 1 to the interim financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The interim financial statements do not include the adjustments that would result if the group were unable to continue as a going concern.

What we have reviewed

The interim financial statements comprise:

- the Condensed Consolidated Balance Sheet as at 30 June 2021;
- the Condensed Consolidated Statement of Profit and Loss and Comprehensive Income for the period then ended;
- the Condensed Consolidated Statement of Cash Flows for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim results of Cineworld Group Plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
12 August 2021

Risk and Uncertainties

The principal risks and uncertainties which could have a material impact on the Group's performance in the remaining six months of 2021 are largely the same as those described in detail pages 15-21 of the Group's Annual Report for 2020, a copy of which is available from the Group's website.

These include:

1. Technology and Data Control	A critical system interruption or major IT security breach encountered
2. Availability and Performance of Film Content	Lack of access to high quality, diverse and well publicised movie product
3. Provision of next Generation Cinemas	Maintaining/refurbishing existing sites and/or developing new sites fails to provide a circuit of next generation cinemas.
4. Viewer Experience and Competition	The quality of products and services offered fails to meet the needs of the customer and deliver an enhanced viewer experience
5. Revenue from Retail/Concession Offerings	Delivery of a retail/concession offering that does not meet the requirements and preferences of our customers
6. Cinema operations	Failure to maintain and operate well run and cost effective cinemas
7. Regulatory Breach	A major statutory, regulatory or contractual compliance breach
8. Strategy and Performance	The approach to setting, communicating, monitoring and executing a clear strategy fails to deliver long-term objectives
9. Retention and Attraction	Failure to attract and retain Senior Management and/or other key personnel
10. Governance and Internal Control	A critical internal control and/ or governance failing occurs
11. Major incident	Inability to respond to a major incident
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 programs)

Responsibility Statement of the Directors' in Respect of the Interim Report

The directors confirm that to the best of our knowledge:

These interim condensed consolidated financial statements have been prepared on the basis of policies set out in the in the 2020 annual financial statements and in accordance with UK adopted IAS 34 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority.

The Chief Executive Officer's Review report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The directors of Cineworld Group plc are listed on the Cineworld Group plc website (www.cineworldplc.com).

By order of the Board

Moshe Greidinger Director	Nisan Cohen Director

12 August 2021

Shareholder Information

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