Odeon Cinemas Limited

Strategic Report, Directors' Report and financial statements

Registered number 1854132

31 December 2020

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Strategic Report

Business review

Market position

Odeon Cinemas Limited ("the Company") operates under the Odeon brand as one part of the wider Odeon UK Group ("the UK Group") which is a market leader in the UK operating 112 cinemas with 904 screens at the year-end date. It also forms a major part of Odeon Cinemas Group, Europe's largest cinema exhibitor, operating in nine countries.

Clear strategy for growth

The UK Group follows a clear guest-focused strategy to drive growth and profitability from all of its operations. There are three main focus areas:

1. **Transforming the cinema experience** – *investing in 'Luxe' refurbishments to install luxury recliner seating, state of the art technology and Premium Large Format screens, upgraded retail and bar offerings, and exceptional service in dozens of cinemas across Europe.*
2. **Expanding our estate** – *opening outstanding new cinemas in attractive local markets.*
3. **Elevating the core experience**– *implementing best practice digital, commercial and operating initiatives across all our cinemas which delight our guests and drive profitability.*

Each of the strategic focus areas is being progressed through a number of current activities; and more are planned for the future. In 2020 the business has implemented a robust medium-term plan to deliver this strategy which has demonstrated improved KPIs, despite the impacts of COVID-19.

Portfolio development – Luxe refurbishment and other initiatives

Four cinema refurbishments were completed in the year and capital investment in retail facilities continued as an integral part of the strategy to maximise future retail profitability.

Further estate development activity is planned for 2021 and beyond including the introduction of recliner seating in selected cinemas.

Four cinemas were refurbished to our Luxe format in 2020, taking the total Luxe estate in the UK to 21 cinemas. Each Luxe cinema has recliner seats throughout, and is extensively refurbished from the auditoria and technology, to the foyer areas and bathrooms. Screen closures were required at each site as refurbishment projects were completed.

Main market attendance

Due to the impacts of the COVID-19 pandemic, attendance figures for the whole UK group were significantly reduced with overall figures being (source DCM):

Market Attendance (millions)	2018	2019	2020	*2019 vs 2020*
UK	177.3	176.0	44.0	*(132.0)*

The strongest performing films in the year included *Sonic the Hedgehog, 1917, Tenet, Little Woman and Bad Boys for life.*

Strategic Report *(continued)*

Financial results and KPIs

Turnover for the year was down 73% at £66.0m *(2019: £246.4m)*, an operating loss pre-exceptional items was reported of £96.5m *(profit in 2019: £12.6m)* and the loss after taxation for the year was £81.3m *(profit in 2019: £8.6m)*. The decreases have occurred due to interruptions in trading throughout 2020, following the outbreak of COVID-19. Further details of the impacts of this on operations have been included within the Going concern and liquidity management section.

The business is managed on a combined basis with KPIs measured on the wider UK Group rather than at an individual entity level. Included below are the KPIs for Odeon Cinemas Limited (the "Company") regarding attendance, average ticket price and food & beverage spend per person.

	2020	2019
Attendance	5,215,143	21,391,621
Average Ticket Price	£7.63	£7.15
Food & Beverage Spend Per Person	£3.34	£3.06

Investment

Due to the pandemic, in 2020 minimal funds were invested into developing the existing estate. In terms of asset additions, £17.5m was invested in existing sites (both for 2020 and future periods), other revenue-generating projects and in capital maintenance of the estate. The Company plans to continue to invest to grow future earnings and enhance the quality of the existing estate in 2021.

Going concern and liquidity management

In common with many other businesses, the COVID-19 pandemic had a major impact on Odeon Cinemas Group (the "Group"), of which Odeon Cinemas Limited (the "Company") is a member, causing temporary closures of cinemas and adversely impacting liquidity. By the time of writing, significant improvements in the prospects of the Group had been seen: almost all of the Group's cinemas had reopened; and several successful fundraising activities had been completed by the Group and AMC Entertainment Holdings, Inc. ("AMC"), materially increasing cash balances during 2021. On this basis, the Directors believe that the Company and Group are a going concern.

The Directors have prepared cash flow forecasts for the period to 31 December 2022 (the "Review Period"), including scenarios that take into account severe but plausible downsides of the COVID-19 pandemic, including a further lockdown and a reduced film slate. These forecasts indicate that, as a result of the adverse impact of the COVID-19 pandemic on the Group's business activities, the Company's indirect shareholder, Odeon Cinemas Group Limited ("OCGL") would need to make a partial drawing on its loan facility from AMC should one of the downside scenarios occur, in order to meet Group funding requirements and the quarterly minimum liquidity financial covenant.

Whilst the Directors have concluded that there is a reasonable prospect of the Group and the Company continuing as a going concern for the Review Period, they acknowledge that a material uncertainty exists in relation to the availability of funding from AMC that would be needed should one of the downside scenarios occur, which is dependent upon AMC having sufficient available free cash.

Further information is set out in Note 1 to the financial statements.

Strategic Report *(continued)*

Principal risks and risk management

Cinema is a well established and popular out of home leisure activity.

The principal risk facing the business is a reduction in attendance levels. This is affected by factors including competition, film production and film release. The Company mitigates this risk through our strategies to create the best possible guest experience, drive attendance and loyalty, as well as strategically managing a direct relationship between attendance levels, film costs, and fixed costs.

Foreign exchange rate fluctuations represent a potential risk. However, in each trading country the principal revenues and costs arise in the same local currency. Where significant purchases are necessary in a foreign currency, exchange rate hedging contracts are used to manage the risk.

The likelihood of a general economic downturn impacting the businesses has been significantly increased by the COVID-19 pandemic. The impact and response of the Company to this has been outlined above within the Company's Going concern and liquidity management section of the Strategic Report. The Company will continue to monitor this situation and respond as appropriate.

Corporate Governance

Please see the Company's Corporate Governance Report for its section 172 Statement.

Future prospects

Each of the strategic focus areas described earlier is being progressed through a number of current activities; and more are planned for the future.

During 2020 the business has implemented Vista, a new Point of Sale (POS) system, throughout all cinemas in the estate. This supports the digital transformation of the guest journey, improving their experience whilst also creating greater efficiencies in cinema operations. This roll out is in line with the business's medium-term plan to support the strategy for growth.

The UK Group will continue to invest in its existing portfolio of sites and seek new opportunities.

In 2020, Odeon Cinemas Group had to make significant adjustments to the operations of its cinemas in response to the COVID-19 pandemic. The impact and response of the Company to this has been outlined within the Company's Going concern and liquidity management section of the Strategic Report and further in note 1 of the financial statements.

By order of the board

NJ Williams
Director

C/O Shoosmiths LLP
100 Avebury Boulevard
Milton Keynes
MK9 1FH

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 December 2020.

Principal activity

The principal activity of Odeon Cinemas Limited ("the Company") is the ownership and operation of cinemas under the Odeon brand.

Directors

The following were directors of the Company during the year:

AS Alker	
D Reynolds	
D Ellis	(Appointed 8 June 2020)
G Suter	(Resigned 1 May 2020)
MJ Way	
CA Welch	
NJ Williams	

Proposed dividends

The directors do not recommend the payment of a dividend *(2019: £nil)*.

Employee involvement

Employment in the Company decreased 7.5% to 2,895 in 2020 compared to 3,131 in 2019 (average number of employees, including part time employees). Meetings are held on a regular basis with employees to review attendance, film slate, financial and operating performance. Information is cascaded from senior management teams to cinema teams. There is an annual cinema manager conference and more frequent regional meetings. There is opportunity at these meetings for managers to be questioned about matters which concern the employees.

Employment of disabled persons

Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Wherever possible the employment of members of staff who become disabled will be continued under normal terms and conditions and appropriate training and career development will be offered.

Community

The cinema is an important part of social life in local communities. Cinema managers maintain close contact with local community representatives and businesses. Cinemas are used as meeting places for purposes other than only films. Sub-brands have been developed which cater for special interest groups and employees actively participate in charitable fundraising activities.

Health and safety

The policy of the Company is to endeavour at all times to achieve the highest standards of health, safety and welfare for its employees, customers and other visitors. To this end, clearly defined policies, procedures, roles and responsibilities are in place, and supervision, instruction, information and appropriate training are provided. A full management system including monitoring of safety standards, independent audits and review of all key findings by senior management is in place. The system has been independently reviewed to ensure compliance with the relevant standards.

Directors' Report *(continued)*

Environment

The Company continues to take steps to reduce its impact on the environment and remains committed to doing so. Continued efficiency savings have been made in gas and electricity consumption. Waste reduction is also a priority, in particular through the sourcing of more recyclable and environmentally-friendly products. The UK Group continues to hold the Carbon Trust Standard for reducing its carbon emissions with a benchmarked absolute reduction of 4.7% over last accreditation period through improved carbon management and accounting.

Streamlined Energy and Carbon Reporting

	2020
UK energy use (GWh) [1]	54.444
Associated Greenhouse gas emissions (tCO2e) [2]	12,804
Intensity ratio – Emissions per £million Revenue (tCO2e/£millions)	194.3

[1] UK energy use includes gas, electric and transport usage across all activities of the Company. To calculate GWh we divide the total KWh by a million.

[2] Greenhouse gas emissions are calculated by converting the usage data for each activity into emissions figures using methodology approved by the Carbon Trust.

Financial Instrument Risk

The Company finances its activities through a combination of reinvestment of profits, bank facilities and credit provided by fellow group undertakings. Financial instruments such as cash, trade debtors and trade creditors arise directly from the Company's operating activities. Any risks associated with financial instruments are managed and reviewed at an UK Group level rather than at individual entity level.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities, in the normal course of business as heightened by the COVID-19 pandemic. The Company manages this risk via cash generation from its operations, reinvestment of profits and credit facilities made available by fellow group undertakings.

Credit Risk

Credit risk is the risk that counterparties to the Company will fail to honour their financial obligations. The nature of operations for the Company means that trade debtors are predominantly short-term with normal credit terms. The Company's exposure to credit risk is diluted across a large number of counterparties and customers, with no single significant debtor.

Competitive and market risk

The principal risk facing the business is a reduction in attendance levels. This is affected by factors including competition, film production and film release. The Company mitigates this risk through our strategies to create the best possible guest experience, drive attendance and loyalty, as well as strategically managing a direct relationship between attendance levels, film costs, and fixed costs.

Political Donations

No political donations were made in 2020 (*2019: £nil*)

Directors' Report *(continued)*

Brexit

The UK's departure from the European Union ("Brexit") occurred on the 31 January 2020. The Company has considered the impacts of the changes to trading regulation upon the business and has determined that there are minimal implications to its ability to operate effectively.

Odeon Cinemas Group, including the Company, trades in the UK and other European countries, however, there is minimal cross border activity. Film content is distributed electronically; food and beverage products are sourced in each local market; and staff are generally local. Discussions have been held with our suppliers to identify and manage any adjustments that are required to our supply channels or processes.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The Auditors, Ernst & Young LLP ("EY"), following the conclusion of the formal audit tender process and approval from the Company's board of directors, have indicated their willingness to accept the appointment as the Company's auditor for the period ended 31 December 2020 and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

By order of the board

NJ Williams
Director

Date: 2nd DECEMBER 2021

C/O Shoosmiths LLP
100 Avebury Boulevard
Milton Keynes
MK9 1FH

Corporate Governance Report

For the year ended 31 December 2020, under The Companies (Miscellaneous Reporting) Regulations 2018, Odeon Cinemas Group Limited and its UK subsidiaries, including Odeon Cinemas Limited (the "Group") has applied the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council in December 2018) (the "Principles").

Set out below are details on how the Principles were applied during the financial year.

Principle 1 – Purpose and Leadership

The Group has the following key values:

- Fun & Passion;
- Quality & Service;
- Trust & Respect; and
- Cooperation & Accountability.

As we changed our ways of working during the COVID-19 pandemic, the values continued to be communicated to colleagues via online communications and these values have formed a part of the Recovery Plan for the Group.

Due to the impact of the global COVID-19 pandemic, the business has placed a hold on the five year "Big Plan" that was previously in place and replaced this with a "Recovery Plan" focusing on "Creating inspiring entertainment experiences for every guest with safety at the heart and a focus on restoring profitability". Due to the increase in remote working throughout the COVID-19 pandemic, the Recovery Plan has been shared via dedicated video calls and during team meetings. It has also been shared by managing directors via updates of the Group's Facebook Workplace social media platform.

The Recovery Plan and key values apply at a Group level. They are both reviewed regularly, and the Group Executive Committee has a standing agenda to discuss and consider progress of the Recovery Plan to ensure that the Group's purpose, values and strategy align.

The Group has key policies in place such as anti-bribery, anti-corruption and expenses policies (amongst others). All policies and procedures are periodically reviewed and updated regularly, approximately every year or 18 months, as deemed appropriate. The legal and compliance function of the Group has monitoring systems in place to ensure that regular reviews take place.

The Group is focused on ensuring that its purpose and values are always considered and promoted. The Group has delegated certain decisions within the organisation and has reserved specific key matters that require a decision to be made at Group global majority shareholder level.

Corporate Governance Report *(continued)*

Principle 2 - Board Composition

The Board of the parent company of the Group comprises six directors: a Managing Director, a Chief Finance Director and four shareholder representatives who act as supervisory directors. The global majority shareholder of the Group has non-executive directors on its Board and is subject to Sarbanes-Oxley ("SOX") control measures and audit requirements.

The Board members have extensive combined experience of managing businesses and the expertise of the Board covers operational and functional elements of the Group. The Board regularly reviews its corporate governance procedures and looks for ways to improve these, as demonstrated by the adoption and implementation of the Principles.

The Group has a recruitment process which it applies in relation to the Board. Any proposed appointments are supported by a final sign off from the global majority shareholder. The development of a formal policy around senior executive appointments has been delayed due to a focus on COVID-19 activities but will be amended and adopted by the Group when available. Throughout the selection process, due consideration is always given to the diversity and skill set that each individual can contribute to the Group.

The Board is provided with training on key areas, such as health and safety and GDPR.

The Group has delegated authority levels in place which are communicated throughout the organisation, including in relation to recruitment and pay reviews, which are delegated to departmental heads / Managing Director / Chief Finance Director (as applicable). The Group delegation of authority policy sets out the approval limits including (without limitation) the cut off between (i) approvals permitted within the UK and (ii) those which require shareholder consent. The delegation of authority policy is reviewed on (at least) an annual basis and, most recently, an updated version was communicated to relevant colleagues in September 2020.

Principle 3 – Director Responsibilities

Each Board member has a clear understanding of their accountability and responsibilities. The Group has reviewed this area and was looking into the possibility of implementing a formal Continuing Professional Development programme for directors and senior management. However, due to the increased focus on the Recovery Plan during the COVID-19 pandemic, this was placed on hold in 2020.

All directors make declarations about any potential conflicts of interest at board meetings.

The directors receive regular and timely information to allow them to undertake proper evaluation and to sufficiently prepare for meetings. Key information is prepared by the relevant internal function and those colleagues that produce documents and information for the Board are appropriately qualified and have sufficient time to prepare, challenge and assess the information prior to submission. Appraisals are also carried out regularly with colleagues, so that any issues in relation to information being provided may be discussed at this time. The Group also has an internal audit function in place to evaluate information being provided to the Board.

Due to challenges faced by the business as a result of the COVID-19 pandemic, board meetings have been held on a more regular basis than usual throughout 2020. This has enabled the directors to carefully consider and document all key decisions impacting the Group.

Principle 4 – Opportunity and Risk

The Board seeks out opportunities through its strategic review process whilst appropriately mitigating risk.

The Group takes a decentralised view on risk in that risk is managed appropriately by all colleagues in the work that they carry out.

The Global Internal Audit team complete an annual risk assessment process which receives input from the senior leadership of the business across the Group. The risks identified are scored against a consistent framework and ranked based on their score. The results are presented to the Group and to the leadership and audit committee of the Group's global majority shareholder. This assessment is used to determine the Global Internal Audit Plan.

Corporate Governance Report *(continued)*

The Recovery Plan has at its heart a focus on mitigating risk whilst the Group recovers from the COVID-19 pandemic and it encourages colleagues to look for ways to increase profitability. In addition to this, the Group's executive remuneration includes both short-term and long-term incentives to encourage all parties to aspire for long-term sustainable success.

The Group has banding levels in place for operational staff and offers local incentives to encourage the whole work force.

Short-term bonus schemes and long-term bonus plans are in place for senior management, which were assessed and approved at shareholder level. Local executives consider engagement and long-term and short-term aims of all colleagues when putting incentives forward for shareholder approval.

The Group has a delegation of authority policy in place to ensure that the appropriate level of diligence has been performed in understanding the obligations, risks, value and terms of any contracts entered into. The SOX control measures in place across the Group also provide an additional layer of internal corporate governance controls.

Principle 5 – Remuneration

Senior management remuneration is determined in accordance with the Compensation Committee Charter of the global majority shareholder and by its Compensation Committee. Consideration is currently being given to whether a policy should be created specifically for the Group. Discussions and work currently remain ongoing in relation to this with the Group's global majority shareholder.

Individual annual pay reviews are undertaken for salaried roles. Such reviews are performance based and benchmarked against the market to ensure that they are appropriate. With regard to annual general pay increases, these are benchmarked against the Consumer Price Index in each country or determined by national collective bargaining agreements and are approved by the Group's global majority shareholder.

The Group carries out monthly National Minimum Wage audits, reviews holiday pay processes and carries out a gender pay assessment regularly. The Gender pay review report for 2020 was published on the ODEON website in March 2021 (https://www.odeoncinemasgroup.com/cr/odeon-gender-pay-gap-report/). The Group also complies with an equal opportunities policy.

Remuneration processes are continually reviewed and assessed by the Board and the Compensation Committee of the global majority shareholder (which meets at least twice per year). Aligning the Group's remuneration structures with its long-term sustainable success is an aim and a focus for the Group.

Principle 6 – Stakeholders

The Board promotes accountability and transparency with all internal and external stakeholders and is constantly looking to improve in its engagement with all stakeholders.

The strategic focus of the Group is centred on guests and colleagues - knowing that the secret to looking after our guests, is looking after our people. The Group uses the 'ask, listen, plan, act' cycle with colleagues to build engagement plans. The idea of this is that colleagues are asked what they think via a formal survey and also via informal channels. What they have to say is listened to and analysed to make action plans. Action plans in response to an organisational health index were implemented in 2019. No formal survey was completed in 2020, the next formal survey is scheduled to take place in September 2021. However, informal surveys have been completed throughout 2020 which asked colleagues how they were and which requested feedback from colleagues in relation to any areas that the business could improve upon.

In addition to the above surveys, the Group has put an increased amount of emphasis on its "Incredible Differences" campaign, launched in 2017 which promotes inclusion and diversity, and the "Be Well" programme which encourages staff to be mindful about their mental wellbeing and encourages activities to help improve it.

Communication with colleagues is carried out in a wide variety of ways via multiple channels - intranet, letters, emails, huddles for operational staff, notice boards, annual conference and regular team meetings are held across the Group. A policy hub includes all new and updated policies and notifications are sent to each colleague informing them of any changes to policies. Workplace by Facebook has been implemented which helps to promote colleague engagement across the Group.

Corporate Governance Report *(continued)*

A new and improved whistle blowing helpline was put in place for the Group in 2020. This is one of the ways in which the Group is taking steps to improve stakeholder engagement and its corporate governance procedures.

The Group is committed to workforce training and development. Each colleague at all levels has an annual performance review and development plan. Performance management criteria include behaviours aligned with the Group's values. The Group values are woven explicitly into the Group's employment policies and procedures.

The impact of the COVID-19 pandemic aside, the Group strives to always comply with the Prompt Payment Code when dealing with suppliers and engages with customers via direct interaction with guests in cinemas.

From an environmental perspective, the UK achieved Carbon Trust accreditation for a third consecutive time in 2019 delivering a 7.2% reduction in carbon for the period 1 April 2017 to 31 March 2019 across electricity, gas, travel and fugitive gas emissions. As well as recording a reduction in emissions performance over this period (when measured against the previous report), carbon management scores improved, including some areas where the Group has now been assessed as the best in its sector. The business is currently in the process of gaining accreditation for the period of 2020.

Section 172 Statement

The Wates Corporate Governance Principles for Large Private Companies provides a framework for the Group to demonstrate how the Board makes decisions for the long-term success of the Company and its stakeholders. It also helps demonstrate how the Board ensures that the Group complies with the requirements of s172(1)(a) to (f) of the Companies Act 2006 as more particularly set out below:

(a) the likely consequences of any decision in the long-term
See commentary on principles 1, 2, 3 and 4 in the Corporate Governance section of the Directors' Report

(b) the interests of the Company's employees
See commentary on principles 4, 5 and 6 in the Corporate Governance section of the Directors' Report

(c) the need to foster business relationships with suppliers, customers and others
See commentary on principle 6 in the Corporate Governance section of the Directors' Report

(d) the impact of the Company's operations on the community and the environment
See commentary on principles 1 and 6 in the Corporate Governance section of the Directors' Report

(e) the desirability of the Company maintaining a reputation for high standards of business conduct
See commentary on principles 1 and 3 and 6 in the Corporate Governance section of the Directors' Report

(f) the need to act fairly as between members
See commentary on principles 1 and 2 in the Corporate Governance section of the Directors' Report

Throughout 2021, the Board will continue to review and challenge how the Group can improve engagement with each of its stakeholders and will continue to seek to promote the success of the Company in each decision, having regard, at all times, to each of the factors set out in s172 of the Companies Act 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ODEON CINEMAS LIMITED

Opinion

We have audited the financial statements of Odeon Cinemas Limited for the year ended 31 December 2020 which comprise the Profit and Loss, Balance Sheet and Statement of Changes in Equity and the related notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements which indicates the ability of the Company to continue as a going concern is subject to the following material uncertainty.

Based on the forecasts prepared by the Directors, the entity may require financial support from its ultimate parent undertaking, AMC Entertainment Holdings Inc ('AMC'), should one of the downside forecasted scenarios occur. AMC has provided a letter stating that it is their current intention to provide support to the Company however, this is conditional on AMC achieving their forecasts and therefore having sufficient free cashflows. Accordingly, the ability of AMC to provide this financial support is uncertain.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ODEON CINEMAS LIMITED *(continued)*

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ODEON CINEMAS LIMITED *(continued)*

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to Odeon Cinemas Limited and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, anti-bribery and corruption regulations and GDPR.
- We understood how Odeon Cinemas Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures, including the Head of Legal. We corroborated our enquiries through reading the minutes of board meetings and those of the senior leadership team.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. Where the risk was considered to be higher, we performed audit procedures to address each identified risk. These procedures included journal entry testing by selecting samples from the entire population of journals; identifying transactions that did not meet our expectations based on specified criteria and investigating these to gain an understanding and agreement to source documentation.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included enquiry of senior management, and when applicable, those charged with governance, and reviewing of board meeting minutes to identify any non-compliance. We also verified that the Company's material transactions were recorded in compliance with FRS 102 and, where appropriate, the Companies Act 2006.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Jamie Dixon (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

3 December 2021

Profit and Loss Account

for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Turnover	2	**65,991**	246,425
Cost of sales		**(22,193)**	(87,403)
Gross profit		**43,798**	159,022
Distribution costs and administration expenses		**(145,217)**	(149,223)
Other operating income		**15,255**	-
Operating (loss) / profit analysed as:			
Before exceptional items:		**(96,520)**	12,617
Exceptional income	5	**-**	-
Exceptional costs	5	**(10,356)**	(2,818)
		(86,164)	9,799
Operating (loss) / profit		**(86,164)**	9,799
Loss on disposal of fixed assets		**(1,982)**	(1,109)
(Loss) / Profit before interest and taxation		**(88,146)**	8,690
Interest receivable and similar income	7	**13,096**	3,107
Interest payable and similar expenses	8	**(1,233)**	(1,017)
Other finance income / (costs)	9	**72**	-
(Loss) / Profit before taxation	4	**(76,211)**	10,780
Tax on (loss) / profit	10	**(5,121)**	(2,179)
(Loss) / Profit for the financial year		**(81,332)**	8,601

All turnover and profits related to continuing activities.

The notes on pages 18-38 form an integral part of these financial statements.

Statement of Other Comprehensive Income
for the year ended 31 December 2020

	Note	**2020 £000**	2019 £000
(Loss) / Profit for the year		**(81,332)**	8,601
Other comprehensive income			
Remeasurement of the net defined benefit pension asset	*21*	**548**	(211)
Effect of asset limit on remeasurement of net defined pension asset	*21*	**(172)**	578
Other comprehensive income for the year, net of income tax		**376**	367
Total comprehensive (loss) / income for the year		**(80,956)**	8,968

There is no difference between the profit before taxation and the profit for the year stated above and their historical cost equivalents.

The notes on pages 18-38 form an integral part of these financial statements.

Balance Sheet
at 31 December 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Tangible assets	*11*		**194,823**		210,488
Investments	*12*		**25,594**		25,594
			220,417		236,082
Current assets					
Stocks	*13*	**677**		1,856	
Debtors: amounts due within one year	*14*	**316,637**		43,728	
Cash at bank and in hand		**13,616**		24,222	
			330,930		69,804
Non-current assets					
Debtors: amounts due after more than one year	*15*		**18,075**		172,742
Creditors: amounts due within one year	*16*		**(331,855)**		(171,159)
Total assets less current liabilities			**237,567**		307,471
Creditors: amounts due after more than one year	*17*		**(63,668)**		(56,003)
Provisions for liabilities					
Onerous lease provision	*20*	**(9,966)**		(6,579)	
			(9,966)		(6,579)
Net assets			**163,933**		244,889
Capital and reserves					
Called up share capital	*23*		**25,006**		25,006
Share premium account			**88,031**		88,031
Capital contribution reserve			**338,099**		338,099
Profit and loss account			**(287,203)**		(206,247)
Shareholders' funds			**163,933**		244,889

These financial statements were approved by the board of directors on 2/12/21 and were signed on its behalf by:

NJ Williams
Director

The notes on pages 18-38 form an integral part of these financial statements.

Statement of Changes in Equity

	Called up share capital	Share premium account	Capital contribution reserve	Profit and loss account	Total shareholders' equity
	£000	**£000**	**£000**	**£000**	**£000**
Balance at 1 January 2019	15,500	1,251	338,099	(215,215)	139,635
Total comprehensive income for the period					
Profit	-	-	-	8,601	8,601
Other comprehensive income	-	-	-	367	367
Total comprehensive income for the period	-	-	-	8,968	8,968
Total contributions by and distributions to owners					
Share issue *(see note 22)*	9,506	86,780	-	-	96,286
Total contributions by and distributions to owners	9,506	86,780	-	-	96,286
Balance at 31 December 2019	**25,006**	**88,031**	**338,099**	**(206,247)**	**244,889**

	Called up share capital	Share premium account	Capital contribution reserve	Profit and loss account	Total shareholders' equity
	£000	**£000**	**£000**	**£000**	**£000**
Balance at 1 January 2020	25,006	88,031	338,099	(206,247)	244,889
Total comprehensive loss for the period					
Loss	-	-	-	(81,332)	(81,332)
Other comprehensive income	-	-	-	376	376
Total comprehensive loss for the period	-	-	-	(80,956)	(80,956)
Total contributions by and distributions to owners					
Share issue *(see note 22)*	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-
Balance at 31 December 2020	**25,006**	**88,031**	**338,099**	**(287,203)**	**163,933**

The notes on pages 18-38 form an integral part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Odeon Cinemas Limited (the "Company") is a company limited by shares and incorporated, domiciled and registered in England & Wales in the UK. The registered number is 1854132 and the registered address is C/O Shoosmiths LLP, 100 Avebury Boulevard, Milton Keynes, MK9 1FH.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's parent undertaking, AMC Entertainment Holdings Inc includes the Company in its consolidated financial statements. The consolidated financial statements of AMC Entertainment Holdings Inc are prepared in accordance with US GAAP and are available to the public and may be obtained from the address shown in note 29. Those consolidated financial statements are drawn up in a manner equivalent to consolidated accounts and consolidated annual returns drawn up in accordance with the provision of the Seventh Directive (83/349/EEC). In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period as required by paragraph 4.12(a)(iv) of FRS 102;
- Cash Flow Statement and related notes as required by paragraph 3.17(d) of FRS 102; and
- Key Management Personnel compensation as required by paragraph 33.7 of FRS 102.

As the consolidated financial statements of AMC Entertainment Holdings Inc include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern and liquidity management

The COVID-19 pandemic has had a major impact on the business of the Odeon Cinemas Group (the "Group") of which Odeon Cinemas Limited (the "Company") is a member. As a result of the pandemic, from March 2020 the Group's cinemas were closed and operations were temporarily suspended during the periods of local and national lockdown, generating no revenue from admissions, food and beverage sales, which represent the majority of revenue and cash flow from operations, with other revenues materially reduced. During periods of re-opening in the second half of 2020, in response to the low levels of attendance due to capacity restrictions, adjustments to cinema operating hours were made to reduce cinema operating costs. Government restrictions gradually began to ease in countries in which the Group operates from March 2021 onwards.

In the UK, restrictions eased in May 2021 allowing cinemas to reopen. By July 2021, almost all of the Group's cinemas in the UK had reopened.

In response to the COVID-19 pandemic, the Group promptly adopted important measures aimed at preserving liquidity including eliminating, reducing and suspending non-essential expenditure and utilising government assistance wherever possible (including participating in furlough schemes to support payroll costs, applying for other government funding to support on-going operational costs and deferring tax payments where local tax authorities allowed this).

The Company is funded via its loan facility with its indirect shareholder Odeon Cinemas Group Limited ("OCGL").

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern and liquidity management (continued)

On 15 February 2021, OCGL entered into a new £140m and €296m external term loan facility agreement which was fully drawn on 19 February 2021(refer to note 28 for further details). Approximately £100m of the net proceeds were used to discharge in full the Group's obligations under the existing Revolving Credit Facility (including principal, interest, fees and to cash collateralise letters of credit) with the remaining net proceeds available for the general corporate purposes of the Group. The new term loan facility has a maturity of 2.5 years from the date on which it is first drawn. Borrowings bear interest at a rate equal to 10.75% per annum during the first year and 11.25% thereafter. OCGL has the ability to elect to pay interest in cash or in PIK interest for each interest period. The facility contains financial covenants including a minimum liquidity covenant of £32.5m, tested quarterly. All obligations under the new term loan facility are guaranteed by certain subsidiaries of OCGL, including the Company. This is the only external debt facility in the Group.

OCGL also has a £130m loan facility in place, commencing 19 February 2021, from its shareholder, AMC Entertainment Holdings, Inc. ("AMC"), an indirect shareholder of the Company, which is a publicly traded company on the New York Stock Exchange. As at the date of this report this facility remains undrawn.

The Directors have prepared cash flow forecasts for the period to 31 December 2022 (the "Review Period"),, including scenarios that consider severe but plausible downsides of the COVID-19 pandemic, including a further lockdown and a reduced film slate. These forecasts indicate that, as a result of the adverse impact of the COVID-19 pandemic on the Company's business activities, OCGL would need to make a partial drawing on its loan facility from AMC should one of the downside scenarios occur in order to meet Group funding requirements and the quarterly minimum liquidity financial covenant.

However, the Directors acknowledge that the ultimate duration of the pandemic and of resultant governmental regulations is uncertain. It is unknown whether further government led lockdowns will be required to help prevent the spread of COVID-19 which could require cinemas to close again or impose other restrictions such as capacity limits. Ongoing trading is subject to OCGL continuing to have sufficient available free cash which is dependent upon achieving forecasts and upon AMC having sufficient available free cash. AMC has indicated that, subject to it having free cash flow for such purposes, its current intention is to continue to make available such funds as are needed by the Group over the Review Period.

By the end of the second quarter of 2021 AMC had resumed operations in 100% of its cinemas in the United States, with remaining seating capacity restrictions winding down throughout the quarter.

Following multiple successful fundraising activities in 2020 and early 2021, the liquidity position of AMC further improved significantly in the second quarter of 2021: on 13 May 2021, AMC announced the completion of an at-the-market equity programme which raised $428m of new equity funding; on 1 June 2021, AMC announced $230m of new equity funding raised from a sale of shares to Mudrick Capital; and on 3 June 2021, AMC announced that $587m had been raised in a further at-the-market equity offering. This meant that the total new cash raised in equity offerings was over $1.2bn for the second quarter alone. As of 30 September 2021, AMC had $1.6 billion of cash and cash equivalents. AMC continues to explore further opportunities.

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue to be available, a risk which is exacerbated by the COVID-19 related matters set out above. However, at the date of approval of these financial statements, the Directors believe that the support will continue to be available for the Review Period, particularly given the recent resumption of operating activities and the strong liquidity position of AMC.

Taking all the above into account, the Directors have concluded that there is a reasonable prospect of the Group and the Company continuing as a going concern for the Review Period and have prepared the financial statements on that basis. Nevertheless, the Directors consider that these circumstances resulting directly from the impact, and potential continuing impact, of the COVID-19 pandemic represent a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern and, therefore, to continue to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings (excluding loan notes) are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments

Investments held as fixed assets are stated at cost less provisions for any impairment.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.11 below.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired. An impairment would be recorded when an assets carrying amount exceeds its recoverable value. The recoverable value is the higher of the assets fair value less cost to sell and its value in use.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives or depreciation rate are as follows:

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Tangible fixed assets (continued)

- Freehold buildings - 50 years
- Long leasehold property - over the period of the lease to a maximum of 50 years
- Short leasehold property - over the period of the lease
- Plant, fixtures and fittings - 3 – 20 years

Land is not depreciated. Assets under construction (the construction and redevelopment of cinemas) are not depreciated as these assets are not available for use in the business.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value.

1.7 Impairment

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances up to the year end indicate that the carrying amount of the fixed assets of income-generating units may not be recoverable. Indications include the recognition of an onerous lease provision in relation to specific income-generating units. If this or any other such indication exists, the recoverable amount is estimated and an appropriate impairment loss is recognised.

Reversals of impairment

An impairment loss is reversed where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.8 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Defined benefit plans

The Company operates a pension scheme providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the Company. The schemes have been closed to future benefit accrual for a number of years.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/(asset) taking account of changes arising as a result of contributions and benefit payments.

Notes *(continued)*

1 Accounting policies *(continued)*

1.8 Employee benefits (continued)

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability / (asset) is recognised in the statement of other comprehensive income.

1.9 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.10 Turnover

Turnover represents amounts charged to customers for goods, services and property rental income, stated net of value added tax and net of loyalty points earned and redeemed. Box office revenue is recognised on the date of film showing, food and beverage revenue at the point of sale, and screen advertising and rental income over the period which the income relates to. Gift card revenue is recognised on redemption and via breakage to reflect expiry of unused gift cards.

The cost of loyalty points is treated as a deduction from sales and part of the fair value of the consideration received is deferred and subsequently recognised over the period that the rewards are redeemed or expire. The fair value of the points awarded is determined with reference to the fair value to the customer.

1.11 Expenses

Operating leases

Rental costs under operating leases are charged to the profit and loss account over the period of the lease on a straight line basis. Certain leases contain inflation-driven rental uplifts with pre-determined minimums and the amount payable in respect of these uplifts is charged to the profit and loss account as it arises. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Provision is made for lease commitments on certain leasehold properties based on the expected exposure. The amount provided is based either on the future rental net of risk adjusted anticipated operating profit from trading, discounted using a risk free discount rate, or management's best estimate of the expected exposure. Provision is made for the remaining period of the leases identified, subject to a maximum of 25 years, after which the directors consider the impact of discounting upon the rental and trading projections renders them immaterial.

Finance leases

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 Expenses (continued)

Exceptional items

In order for items to be classified as exceptional in the financial statements, they must: be significant in value; and be one-off or non-recurring.

Pre-opening costs

Operating costs incurred before a new cinema is opened are written off to the profit and loss account as incurred.

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.13 Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods that the related costs, for which it is intended to compensate, are expensed.

2 Turnover

	2020	2019
	£000	£000
Admissions revenue	39,568	150,658
Food & beverage revenue	17,412	65,547
Screen advertising income	1,956	10,974
Other revenues	7,055	19,246
Total turnover	65,991	246,425

Notes *(continued)*

3 Directors' remuneration *(continued)*

	2020	2019
	£000	£000
Directors' remuneration	**1,213**	1,417
Company contributions to defined contribution pension schemes	**230**	89
	1,443	1,506

In both the current and the prior period the directors' emoluments were borne by the Company. Remuneration is recharged across the Group based on turnover. The remuneration of the highest paid director was £750,000 *(2019: £924,000)*.

	Number of directors	
	2020	2019
Retirement benefits were accrued to the following number of directors under:		
Defined benefit schemes	-	-
The number of directors in respect of whose service shares were received or receivable under long-term incentive schemes	**6**	6

4 Profit before taxation

	2020	2019
	£000	£000
Profit before taxation is stated after charging / (crediting):		
Depreciation:		
- Owned assets	**24,756**	19,566
- Leased assets	**328**	329
- Impairment charge	**5,882**	413
- Digital projection equipment deferred income release	**(1,962)**	(1,539)
Loss on disposal of fixed assets	**1,982**	1,109
Property rental income	**(487)**	(480)
Operating lease rentals:		
- Property	**34,804**	34,709
Government grants received	**(15,255)**	-
Exceptional items:		
- Net operating expenses: change in provision for onerous lease commitments	**3,342**	405
- Net operating expenses: net impairment of assets at onerous lease sites	**5,882**	217
- Net operating expenses: GMP equalisation / administration fees	**376**	367
- Net operating expenses: severance payments	**756**	457
- Net operating expenses/ income: stock compensation / EIP vesting / professional fees	**-**	1,372

Auditor's remuneration:

In 2020 the Company's share of the audit of these financial statements was £65,000 *(2019: £128,000)*.

Notes *(continued)*

5 Exceptional items

The onerous lease provision was revised to reflect the current estimate resulting in a net exceptional charge to the Profit and Loss Account of £3,342,000 *(2019: £407,000)*. The exceptional net impairment of the assets at these sites totalled £5,882,000 *(2019: £217,000)*.

GMP equalisation and exceptional administration fees of the defined benefit pension scheme resulted in an exceptional charge to the Profit and Loss Account of £376,000 *(2019: £367,000)*.

Severance payments resulted in an exceptional charge to the Profit and Loss Account of £756,000 *(2019: £455,000)*.

Stock compensation, EIP vesting and professional fees incurred relating to one off accounting projects and other projects amounted to an exceptional credit to the Profit and Loss Account of £nil *(2019: £1,372,000)*.

6 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year was as follows:

	Number of employees	
	2020	2019
Cinema & other	**2,578**	2,814
Administration	**317**	317
	2,895	3,131

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	**42,593**	44,586
Social security costs	**2,036**	2,916
Pension costs	**1,420**	1,795
	46,049	49,297

Notes *(continued)*

7 Interest receivable and similar income

	2020 £000	2019 £000
Bank interest receivable	**71**	27
Interest receivable from parent undertakings	**1,799**	-
Interest receivable from fellow subsidiary undertakings	**5,228**	918
Interest receivable on loans with Joint Ventures	**63**	63
Foreign exchange gains	**5,935**	2,099
	13,096	3,107

8 Interest payable and similar expenses

	2020 £000	2019 £000
Interest payable to parent undertakings	**956**	-
Interest payable to fellow subsidiary undertakings	**142**	449
Interest on finance leases	**59**	65
Unwinding of discount on provisions	**46**	63
Other interest	**26**	-
Foreign exchange losses	**4**	440
	1,233	1,017

9 Other finance (costs) / income

	2020 £000	2019 £000
Expected return on pension scheme assets *(note 21)*	**947**	1,271
Interest on pension scheme liabilities *(note 21)*	**(815)**	(1,071)
Interest effect of asset limit	**(132)**	(200)
FX on Forward Contract	**72**	-
	72	-

Notes *(continued)*

10 Taxation

Total tax charge / (credit) recognised in the profit and loss account, other comprehensive income and equity

	2020 £000	£000	2019 £000	£000
Current tax				
Current tax on income for the period	-		-	
Total current tax		-		-
Deferred tax (see note 19)	-		-	
Origination and reversal of timing differences	5,121		2,179	
Total deferred tax		5,121		2,179
Total tax		5,121		2,179

	2020 £000 Current tax	2020 £000 Deferred tax	2020 £000 Total Tax	2019 £000 Current tax	2019 £000 Deferred tax	2019 £000 Total tax
Recognised in Profit and loss account	-	5,121	5,121	-	2,179	2,179

Reconciliation of effective tax rate

	2020 £000	2019 £000
Profit/(Loss) before taxation	(76,211)	10,780
Tax using the UK corporation tax rate of 19% *(2019: 19%)*	(14,480)	2,048
Expenses not deductible for tax purposes	1,336	1,388
Group relief claimed	-	(2,615)
Capital allowances in excess of depreciation	13,144	(821)
Recognition of previously unrecognised deferred tax	-	2,179
De-recognition of previously recognised deferred tax	5,121	-
Total tax expense / (credit) included in profit or loss	5,121	2,179

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted for IFRS and UK GAAP purposes on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. The Finance Bill 2021 included provisions for the main UK Corporation tax rate to increased to 25% from 1 April 2023. This change was not substantively enacted until 24 May 2021 and has therefore not been recognised in the calculations above.

Notes *(continued)*

11 Tangible assets

	Freehold land & buildings £000	Leasehold land & buildings £000	Vehicles, fixtures & equipment £000	Assets in the course of construction £000	Total £000
Cost					
At beginning of year	3,496	155,347	249,225	33,385	441,453
Additions	1	2,918	1,970	12,709	17,598
Transfers from assets in the course of construction	-	10,458	28,928	(39,386)	-
Disposals	(15)	-	(18,324)	(1,360)	(19,699)
At end of year	**3,482**	**168,723**	**261,799**	**5,348**	**439,352**
Depreciation and impairment					
At beginning of year	1,844	56,950	172,171	-	230,965
Charge for the year	48	7,758	17,278	-	25,084
Impairment	1	3,001	2,880	-	5,882
On disposals	(22)	(103)	(17,277)	-	(17,402)
At end of year	**1,871**	**67,606**	**175,052**	-	**244,529**
Net book value					
At 31 December 2020	**1,611**	**101,117**	**86,747**	**5,348**	**194,823**
At 31 December 2019	1,652	98,397	77,054	33,385	210,488

The net book value of land and buildings comprises:

	2020 £000	2019 £000
Freehold	**1,611**	1,654
Short leasehold	**101,116**	98,398
	102,727	100,052

As at 31 December 2020, a review was performed to establish whether or not there were any indications of impairment to the carrying amount of tangible fixed assets. The review concluded that there were no such indications other than for those sites with onerous lease provisions, whose tangible fixed asset values have been written down. The approach to asset impairment reviews is described in more detail in note 1.7.

Notes *(continued)*

12 Investments

	Investments in Group undertakings £000
Cost and net book value	
At beginning and end of year	**25,594**

The undertakings in which the Company had a direct* or indirect interest at the year end are shown below. The investments include both ordinary and preference shares.

During the year a recoverability assessment was performed on the investments that the Company has in its direct subsidiaries. A discounted cash flow model was prepared using a discount rate of 12.5% and the model was based on a 5-year plan which continued into perpetuity from 2026.

Name	Registered office address	% interest	Nature of business
Odeon Cinemas (RL) Limited*	C/O Shoosmiths LLP 100 Avebury Boulevard Milton Keynes MK9 1FH	100% owned	Operation of cinemas
Odeon and Sky Filmworks Limited*	C/O Shoosmiths LLP 100 Avebury Boulevard Milton Keynes MK9 1FH	50% owned	Non trading company
Digital Cinema Media Limited*	350 London Road Euston NW1 3AX	50% owned	Screen Advertising

13 Stock

	2020 £000	2019 £000
Goods for resale	**677**	1,856

Notes *(continued)*

14 Debtors: amounts due within one year

	2020	2019
	£000	£000
Trade debtors	**1,827**	13,183
Other debtors	**2,727**	6,225
Amounts owed by parent undertakings	**37,398**	533
Amounts owed by fellow subsidiary undertakings	**265,245**	13,654
Taxation and social security	**1,628**	-
Prepayments and accrued income	**7,812**	10,133
	316,637	43,728

The intra-group loans are non-interest bearing and receivable on demand.

15 Debtors: amounts due after more than one year

	2020	2019
	£000	£000
Amounts owed by parent undertakings	**-**	6,124
Amounts owed by fellow subsidiary undertakings	**17,575**	160,998
Amounts owed by joint ventures	**500**	500
Deferred tax *(see note 19)*	**-**	5,121
	18,075	172,742

Interest is receivable on the loans at varying rates of 0%, 5.15%, 6.375% and 12%.

16 Creditors: amounts due within one year

	2020	2019
	£000	£000
Trade creditors	**36,290**	**19,048**
Other creditors	**2,897**	**5,960**
Bank loans and overdrafts *(see note 24)*	**88,567**	**490**
Amounts owed to parent undertakings	**90,190**	**-**
Amounts owed to fellow subsidiary undertakings	**76,736**	**85,021**
Obligations under finance leases *(see note 17)*	**256**	**256**
Taxation and social security	**-**	**1,444**
Accruals and deferred income	**36,919**	**58,940**
	331,855	**171,159**

Of the amounts owed to parent or fellow subsidiary undertakings, £nil *(2019: £8,922,000)* bears interest at a rate of 1.1105%. The remainder are non-interest bearing. All such amounts are repayable on demand.

Notes *(continued)*

17 Creditors: amounts due after more than one year

	2020 £000	2019 £000
Obligations under finance leases	**398**	700
Deferred income	**63,270**	55,303
	63,668	56,003

Finance leases

Finance lease liabilities are payable as follows:	Minimum lease Payments £000	Minimum lease Payments £000
Less than one year	**256**	256
Between one and five years	**398**	700
	654	957

18 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2020 £000	2019 £000
Creditors falling due within less than one year		
Amounts owed to group undertakings	-	8,922
Finance lease liabilities	**256**	256
Bank Loans and Overdraft: Revolving credit facility (*Note 24*)	**68,706**	-
Bank Loans and Overdraft: Overdraft (*Note 24*)	**19,861**	-
	88,823	9,178
Creditors falling due in more than one year		
Finance lease liabilities	**398**	700
Total	**89,221**	9,878

Notes *(continued)*

18 Interest-bearing loans and borrowings *(continued)*

Terms and debt repayment schedule

	Currency	Nominal interest rate	Years to maturity	2020	2019
				£000	£000
UCI Acquisitions[1]	EUR	1.1105%	7 years	-	8,922
Finance lease liabilities	GBP	-	-	**654**	956
Bank Loans and Overdraft: Revolving credit facility[2]	GBP	-	On demand	**68,706**	-
Bank Loans and Overdraft: Overdraft	GBP	-	On demand	**19,861**	-

[1] This loan facility with UCI Acquisitions, the amount denominated in Euros including accrued interest, was repaid during the year.

[2] The Company is party to a group revolving credit facility entered into on 7 December 2017. The facility is secured by way of a fixed and floating charge over the assets of the group.

19 Deferred tax assets and liabilities

A deferred tax asset of £12,750,000 (*2019: £nil*) has not been recognised on the basis that the Company is not expected to generate sufficient taxable profits in future years that will not be covered by group relief with which to offset losses.

Deferred tax assets and liabilities are attributable to the following:

	Assets 2020	2019
	£000	£000
Accelerated capital allowances	-	4,541
CIR restriction	-	471
Carried forward capital loss	-	109
Tax asset	-	5,121

20 Provisions for liabilities and charges

	Onerous lease provision £000
Balance at 1 January 2020	6,579
Unwinding of discount	46
Amount utilised during the year	3,341
Balance at 31 December 2020	**9,966**

Notes *(continued)*

20 Provisions for liabilities and charges

Onerous lease provision

Provision has been made for lease commitments and claims relating to certain properties. The amount provided is based either on the future rental obligations, net of anticipated operating profit from trading (risk adjusted as appropriate), or management's best estimate of the expected exposure discounted to present value at a discount rate of 0.8% *(2019: 0.8%)* Provision has been made for the remaining period of the leases identified, subject to a maximum of 25 years, after which the directors consider the impact of discounting upon the rental and trading projections renders them immaterial. Given the long term nature of the leases and the estimates involved in making the provision, there is inherent uncertainty attached to the provision. The leases included within the provision have an end date between Mar 2022 and Jun 2038.

21 Employee benefits

The Company participates in a defined benefit scheme, the Optima 2 Pension Scheme (the "Optima 2 plan"), and one defined contribution scheme (the Odeon DC Stakeholder Pension Scheme). Assets of the schemes are held separately from those of the Company in independently administered funds.

Defined benefit scheme

The information disclosed below is in respect of the whole of the plans for which the Company is either legally responsible or has been allocated a share of cost under an agreed group policy throughout the periods shown.

Net pension asset

The principal assets, liabilities and movements included in these financial statements for the defined benefit scheme are summarised as follows:

	2020	2019
	£000	£000
Defined benefit obligation	**(42,075)**	(41,104)
Plan assets	**48,860**	47,581
Surplus	**6,785**	6,477
Effect of asset ceiling	**(6,785)**	(6,477)
Net pension asset recognised	**-**	-
Actuarial gain in other comprehensive income	**376**	367

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the schemes' liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, are shown in the table above.

The Optima 2 plan is closed to new members and is closed to future accrual from 1 January 2009. The latest full actuarial valuation for the Optima 2 Plan was carried out at 31 December 2018 and was updated for FRS 102 purposes to 31 December 2020 by a qualified independent actuary.

The Company employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed long-term rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation.

Notes *(continued)*

21 Employee benefits *(continued)*

Movements in present value of defined benefit obligation

	2020 £000	2019 £000
At 1 January 2019	**41,104**	36,207
Interest expense	**815**	1,071
Actuarial loss / (gain) on scheme liabilities	**4,646**	6,927
Effect of experience adjustments	**-**	(2,055)
Loss on curtailments / changes / introductions	**119**	-
Benefits paid	**(4,609)**	(1,046)
At 31 December 2020	**42,075**	41,104

Movements in fair value of plan assets

	2020 £000	2019 £000
At 1 January 2019	**47,581**	43,062
Interest income	**947**	1,271
Actuarial gain / (loss) on scheme assets	**5,317**	4,661
Administrative expenses paid from plan assets	**(376)**	(367)
Benefits paid	**(4,609)**	(1,046)
At 31 December 2020	**48,860**	47,581

Expense recognised in the profit and loss account

	2020 £000	2019 £000
Interest expense on defined benefit obligation	**815**	1,071
Interest income on plan assets	**(947)**	(1,271)
Interest expense effect of asset ceiling	**132**	200
Administrative expenses	**376**	367
Net interest recognised in profit and loss account	**376**	367

Income recognised in other comprehensive income

	2020 £000	2019 £000
Return on plan assets (excluding interest income)	**5,317**	4,661
Effect of changes in assumptions	**(4,646)**	(6,927)
Effect of experience adjustments	**-**	2,055
Loss on curtailments / changes / introductions	**(119)**	-
Changes in asset ceiling (excluding interest income)	**(176)**	578
Actuarial gain recognised in other comprehensive income	**376**	367

Notes *(continued)*

22 Employee benefits *(continued)*

The fair value of the plan assets and the return on those assets were as follows:

	2020 Fair value £000	2019 Fair value £000
Fair value of plan assets:		
Equity instruments	**8,920**	19,044
Debt instruments	**36,773**	28,237
Cash and cash equivalents	**527**	300
Real Estate	**1,105**	
Other	**1,535**	
Total	**48,860**	47,581
Actual return on plan assets	**6,264**	5,932

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2020 %	2019 %
Discount rate	**1.5**	2.1
Rate of increase in salaries	**2.2**	2.2
Rate of increase in pensions-in-payment	**2.8**	2.8
Rate of increase in pensions in deferred pensions	**2.2**	2.2
Inflation assumption	**2.9**	2.9

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 21.3 years *(2019: 21.3 years).*

For a member aged 40 in 2020, retiring in 25 years' time, the assumptions are that they will live on average for a further 24.0 years *(2019: 24.0 years)* after retirement.

The pension cost relating to the defined benefit scheme is assessed in accordance with the advice of independent qualified actuaries using the projected unit method. As the Optima 2 plan is closed to new members and future accrual, the current service cost is nil. The Company made special deficit reduction contributions of £nil *(2019: £nil)* in the year. These rates are subject to review at future actuarial valuations.

Defined contribution plans

The pension charge in respect of the Odeon DC Stakeholder Pension Scheme is equal to the contributions payable during the year ended 31 December 2020 of £2,348,000 *(2019:* £1,740,000*)*. As at 31 December 2020 there were £223,000 *(2019: £148,000)* outstanding contributions to be made to the Odeon DC Stakeholder Pension Scheme.

23 Capital

Share capital

Ordinary shares of £1 each	**Share Capital No. ('000)**	**£000**
Allotted, called up and fully paid:		
At 1 January 2020	25,006	25,006
At 31 December 2020	**25,006**	**25,006**

Notes *(continued)*

23 Capital *(continued)*

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to attend, speak and vote at meetings of the Company (one vote per share).

Dividends

After the balance sheet date no dividends *(2019: £nil)* were proposed by the directors.

24 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2020 £000	2019 £000
Less than one year	**42,413**	38,212
Between one and five years	**160,666**	146,043
More than five years	**356,333**	336,649
	559,412	520,904

During the year £34,804,000 was recognised as an expense in the profit and loss account in respect of operating leases *(2019: £34,709,000)*.

25 Commitments

The Company has no contractual commitments relating to the building of new sites at the end of the financial year for which no provision has been made *(2019: £nil)*.

As at the balance sheet date, the Company was party to a group revolving credit facility entered into on 7 December 2017. The facility was secured by way of a fixed and floating charge over the assets of the group. The balance on the facility at 31 December 2020 was £68.7m *(2019: £nil)*. The Facility was fully repaid in February 2021 as part of the refinancing. Further details on this can be found in the Post balance sheet events.

The Company had capital commitments for an overdraft of £19.9m (*2019: £nil*).

26 Related parties

Identity of related parties with which the Company has transacted

The Company is charged or charges interest on any outstanding balances due to/from companies within the Group.

The Company has taken advantage of the exemption in paragraph 33.1A of FRS 102 *Related Party Disclosures* not to disclose transactions with wholly owned subsidiaries within the same group.

Transactions with key management personnel

Total compensation of key management personnel (the directors) is disclosed in note 3. There were no other transactions with key management personnel during the year.

Other related party transactions

	Sales to		Administrative expenses incurred from	
	2020 £000	2019 £000	2020 £000	2019 £000
Entities with control, joint control or significant influence (Joint Ventures)	**1,956**	10,974	-	-

Notes *(continued)*

25 Related parties *(continued)*

	Receivables outstanding 2020 £000	2019 £000	**Creditors outstanding 2020 £000**	2019 £000
Entities with control, joint control or significant influence (Joint Ventures)	-	2,023	-	-

26 Accounting estimates and judgements

Key sources of estimation uncertainty

The Directors consider the amounts provided in relation to onerous leases and the defined benefit pension scheme to be areas of significant judgement and estimation. Details regarding the carrying values involved and the key assumptions made are discussed further for onerous leases in note 20 and for the defined benefit pension scheme in note 21.

27 Government Grants

Government grants have been received during the year under the UK Government's Coronavirus Job Retention Scheme ("CJRS"), from which the Company claimed grants for employees who were placed on furlough. During the year the Company received £15,255,000 of Government grants under the CJRS (2019: £nil).

28 Post balance sheet events

Re-financing

On February 15, 2021, Odeon Cinemas Group Limited (OCGL), an indirect shareholder of the Company, entered into a new £140m and €296m term loan facility agreement. The facility was fully drawn on 19 February 2021. Approximately £100m of the net proceeds were used to repay in full Odeon Cinema Group's obligations (including principal, interest, fees and cash collateralized letters of credit) under its existing revolving credit facility on 19 February 2021 with the remaining net proceeds being used for general corporate purposes. The new term loan facility has a maturity of 2.5 years from the date on which it is first drawn. Borrowings bear interest at a rate equal to 10.75% per annum during the first year and 11.25% thereafter. OCGL has the ability to elect to pay interest in cash or in PIK interest for each interest period. All obligations under the new term loan facility are guaranteed by certain subsidiaries of the Odeon Cinemas Group, including the Company.

Brexit

The UK's departure from the European Union ("Brexit") occurred on the 31 January 2020. This was followed by a year long transition period during which the UK government and the European Commission entered into talks to determine a trade deal between the two parties. On the 1st January 2021 this period came to an end and new laws took effect with regards to trade between the EU and the UK. The Company has considered the impacts of the changes to trading regulation upon the business and has determined that there are minimal implications to its ability to operate effectively.

Odeon Cinemas Group, including the Company, trades in the UK and other European countries, however, there is minimal cross border activity. Film content is distributed electronically; food and beverage products are sourced in each local market; and staff are generally local. Discussions have been held with our suppliers to identify and manage any adjustments that are required to our supply channels or processes.

Ultimate parent company and controlling party

Since the balance sheet date, following changes in AMC shareholdings and new equity raises, Dalian Hexing Investment Co. Limited no longer has a significant influence over AMC or the Company and there is no one entity or individual that has overall control.

Notes *(continued)*

29 Ultimate parent company and controlling party

As at the balance sheet date, the Directors regarded Dalian Hexing Investment Co Limited, a company registered in People's Republic of China, as having significant influence over AMC and the Company.

The results of this Company are consolidated into the results of AMC Entertainment Holdings, Inc. The registered office is 11500 Ash Street, Leawood, KS 66211, USA. The consolidated financial statements of this group are available to the public and can be obtained from http://investor.amctheatres.com/sec-filings.

Since the balance sheet date, following changes in AMC shareholdings and new equity raises, Dalian Hexing Investment Co. Limited no longer has a significant influence over AMC or the Company and there is no one entity or individual that has overall control.