

## **Odeon Cinemas Holdings Limited**

Strategic Report, Directors' Report and  
financial statements

Registered number 3878148

31 December 2021



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## Strategic Report

### Business review

Odeon Cinemas Holdings Limited ("the Company") is an investment holding company with trading subsidiaries. It is part of AMC Entertainment Holdings, Inc. ("AMC"), which includes other companies in the UK including Odeon Cinemas Group Limited, Odeon Cinemas Limited and United Cinemas International Acquisitions Limited, and companies elsewhere in Europe. Consolidated accounts, which contain a business review and description of KPIs relating to this group of companies, are prepared for AMC and are available at <http://investor.amctheatres.com/sec-filings>.

### Financial results and KPIs

The loss after taxation for the year was £nil (2020: £226.6m).

The loss in the prior year included an impairment against the Company's investments in its direct subsidiary undertakings of £226.6m from the impact of the Covid-19 pandemic on the business activities of the Company's direct and indirect subsidiaries.

### Principal risks and risk management

The principal risk is that the underlying entities that the Holding company holds investments in do not perform as expected and the key risk impacting the trading activities 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.

The conflict between Russia and Ukraine does not have a direct impact on the Company. The Group does not operate cinemas in either Russia or Ukraine. The limited impact and associated risks that this conflict presents on the Group is disclosed publicly in AMC's SEC filings.

### Going concern and liquidity management

Liquidity management is performed on a group-wide basis for Odeon Cinemas Group ("the Group") by regularly forecasting and assessing the cashflows of the Group on a country-by-country basis and maximising the cash that is available, whilst complying with any related local legal or regulatory requirements.

Odeon Cinemas Group Limited ("OCGL") acts as the treasury company of the Group. OCGL maintains both external financing and financing from American Multi-Cinema, Inc. ("AMCI"), a direct subsidiary of the ultimate parent company, AMC Entertainment Holdings, Inc. ("AMC"). This financing is made available to the subsidiaries of the Group, including the Company, via intercompany loan facility agreements and/or capital contributions.

OCGL had an external £400.0m term loan (comprised of separate £140.0m and €296.0m tranches) that was drawn on 19 February 2021 and had a quarterly minimum liquidity covenant of £32.5m. The Group maintained compliance with this covenant since inception of the term loan. This term loan was due to mature on 19 August 2023. On 20 October 2022, the Group fully refinanced this term loan. Odeon Finco PLC, a direct subsidiary of OCGL, issued \$400.0m (£351.9m) aggregate principal amount of its 12.75% Odeon Senior Secured Notes due 2027 ("Odeon Notes due 2027") at an issue price of 92.00%. The Odeon Notes due 2027 bear cash interest at a rate of 12.75% per annum and will be payable semi-annually in arrears on 1 May and 1 November, beginning on 1 May 2023. The Odeon Notes due 2027 are guaranteed on a senior secured basis by certain subsidiaries of the Group and do not have a financial maintenance covenant. The Group used the \$368.0m (£323.7m) net proceeds from the new notes and \$146.7m (£129.0m) borrowings from AMCI to fund the full redemption of the term loan and to pay related accrued interest, fees, costs, premiums and expenses.

As at the balance sheet date, OCGL had two £130.0m loan facilities in place from AMCI, the principal and interest owed was £3.8m, leaving £256.2m available to be drawn. On 20 October 2022, £129.0m was drawn to fund the refinancing described above. In addition, on this date, two further facilities with AMCI were executed for \$100.0m and \$50.0m respectively. This gives a total of £259.2m available to be drawn at a USD:GBP exchange rate of 1.1367, represented by £127.2m available on the existing facilities and \$150.0m on the new facilities. The funding available from AMC is not limited to this amount. OCGL and all subsidiaries within the Group have received a letter of support from AMC which confirms that AMC has the ability to, and will provide the financial support required, for the Company to meet its liabilities as and when they fall due for the period to 31 December 2023.

## Strategic Report *(continued)*

### Going concern and liquidity management *(continued)*

The Directors have prepared cash flow forecasts for the period to 31 December 2023 (the "Review Period"), including scenarios that take into account severe but plausible downsides. These forecasts, including the downside scenario, indicate that the Group will have sufficient funding available through the facilities that are available from AMC to meet Group funding requirements.

In forming their conclusion, the Directors have also reviewed the cashflow forecasts and going concern evaluation of AMC for the Review Period and are comfortable, based on this information, that it is reasonable to expect that AMC will be able to meet its obligations as they become due within the Review Period. Therefore, the Directors believe that AMC will be able to provide the support the Group will require through the Review Period.


On this basis, the Directors have a reasonable expectation that the support from AMC will continue to be available for the Review Period and therefore the Company has adequate resources to continue operating for the foreseeable future. Accordingly, the Directors have prepared the financial statements on the going concern basis.

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

### Section 172(1) Statement

The Company is exempt from providing a statement on how the directors have carried out their Section 172(1) duties because the Company does not meet the definition of a large company under the Companies Act 2006.

By order of the board

DocuSigned by:  
  
706088865209441...  
**Neil Williams**  
Director

28 November 2022

8<sup>th</sup> Floor  
1 Stephen Street  
London  
W1T 1AT

## Directors' Report

The directors present their report and the audited financial statements for the year ended 31 December 2021.

### Principal activity

The principal activity of the Company is that of a holding company.

### Directors

The following were directors of the Company during the year and up to the date of this report:

AS Alker  
MJ Way  
NJ Williams

### Directors' indemnities

Third party indemnity provisions for the benefit of the directors were made during the year and remain in force at the date of this report.

### Dividends

The directors do not recommend the payment of a dividend (2020: *nil*).

### Financial Instrument Risk

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

### 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

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP ("EY") will therefore continue in office.

By order of the board

DocuSigned by:  
  
706088865209441...  
**NJ Williams**  
Director  
28 November 2022

8<sup>th</sup> Floor  
1 Stephen Street  
London  
W1T 1AT

## **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 HOLDINGS LIMITED**

### **Opinion**

We have audited the financial statements of Odeon Cinemas Holding Limited for the year ended 31 December 2021 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes, 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 2021 and of its result 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.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2023.

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 company'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.

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 this gives rise to 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.

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

### **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 4, 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.

### ***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 Holdings 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 Holdings 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.



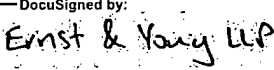
## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ODEON CINEMAS HOLDINGS LIMITED** *(continued)*

- 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.

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

28 November 2022

**Profit and Loss Account**  
*for the year ended 31 December 2021*

|  | <i>Note</i> | <b>2021</b><br><b>£000</b> | 2020<br>£000 |
|--|-------------|----------------------------|--------------|
| Distribution costs, administration expenses and other operating income |             | -                          | -            |
| Investment impairment  | 6           | -                          | (226,611)    |
|  |             | <hr/>                      | <hr/>        |
| <b>Profit / (Loss) before interest and taxation</b>                    |             | -                          | (226,611)    |
| Interest payable and similar expenses                                  |             | -                          | -            |
|  |             | <hr/>                      | <hr/>        |
| <b>Profit / (Loss) before taxation</b>                                 | 3           | -                          | (226,611)    |
| Tax on Profit / (Loss)   | 5           | -                          | -            |
|  |             | <hr/>                      | <hr/>        |
| <b>Profit / (Loss) for the financial year</b>                          |             | <hr/> <hr/>                | <hr/> <hr/>  |

All operations relate to continuing operations.

The Company has no recognised gains or losses other than those shown above and therefore no Statement of Comprehensive Income has been presented.


The notes on pages 11-17 form an integral part of these financial statements.

**Balance Sheet**  
*at 31 December 2021*

|   | <i>Note</i> | <b>2021</b><br><b>£000</b> | <b>2021</b><br><b>£000</b> | <b>2020</b><br><b>£000</b> | <b>2020</b><br><b>£000</b> |
|---|-------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Fixed assets</b>                           |             |                            |                            |                            |                            |
| Investments                                   | 6           |                            | 206,483                    |                            | 206,483                    |
| <b>Creditors: amounts due within one year</b> | 7           | (126,878)                  |                            | (126,878)                  |                            |
| <b>Net current liabilities</b>                |             |                            | (126,878)                  |                            | (126,878)                  |
| <b>Net assets</b>                             |             |                            | 79,605                     |                            | 79,605                     |
| <b>Capital and reserves</b>                   |             |                            |                            |                            |                            |
| Called up share capital                       | 9           |                            | 9,506                      |                            | 9,506                      |
| Share premium reserve                         |             |                            | 222,942                    |                            | 222,942                    |
| Capital Contributions Reserve                 |             |                            | -                          |                            | -                          |
| Profit and loss account                       |             |                            | (152,843)                  |                            | (152,843)                  |
| <b>Shareholders' funds</b>                    |             |                            | 79,605                     |                            | 79,605                     |

These financial statements were approved by the board of directors on 28 November 2022  
signed on its behalf by:

and

DocuSigned by:  
  
7060B8B65209441...  
**NJ Williams**  
Director

## Statement of Changes in Equity

|  | Called up<br>share<br>capital<br>£000 | Share<br>premium<br>account<br>£000 | Profit and loss<br>account<br>£000 | Total<br>shareholders'<br>equity<br>£000 |
|--|---------------------------------------|-------------------------------------|------------------------------------|--|
| Balance at 1 January 2020                    | 9,506                                 | 222,942                             | 73,768                             | 306,216                                  |
| <b>Total comprehensive loss for the year</b> |                                       |                                     |                                    |  |
| (Loss) / Profit                              | -                                     | -                                   | (226,611)                          | (226,611)                                |
| Other comprehensive loss                     | -                                     | -                                   | -                                  | -  |
| <b>Total comprehensive loss for the year</b> | -                                     | -                                   | (226,611)                          | (226,611)                                |
| <b>Balance at 31 December 2020</b>           | <b>9,506</b>                          | <b>222,942</b>                      | <b>(152,843)</b>                   | <b>79,605</b>                            |

|  | Called up<br>share<br>capital<br>£000 | Share<br>premium<br>account<br>£000 | Profit and loss<br>account<br>£000 | Total<br>shareholders'<br>equity<br>£000 |
|--|---------------------------------------|-------------------------------------|------------------------------------|--|
| Balance at 1 January 2021                    | 9,506                                 | 222,942                             | (152,843)                          | 79,605                                   |
| <b>Total comprehensive loss for the year</b> |                                       |                                     |                                    |  |
| (Loss) / Profit                              | -                                     | -                                   | -                                  | -  |
| Other comprehensive loss                     | -                                     | -                                   | -                                  | -  |
| <b>Total comprehensive loss for the year</b> | -                                     | -                                   | -                                  | -  |
| <b>Balance at 31 December 2021</b>           | <b>9,506</b>                          | <b>222,942</b>                      | <b>(152,843)</b>                   | <b>79,605</b>                            |

The notes on pages 11-17 form an integral part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Odeon Cinemas Holdings Limited (the "Company") is a company limited by shares and incorporated, domiciled and registered in the UK. The registered number is 3878148 and the registered address is 8<sup>th</sup> floor, 1 Stephen Street, London, W1T 1AT.

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 13. 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.

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

In common with many other businesses, the COVID-19 pandemic had a major impact on the Company and the Group, causing temporary closures of cinemas, reduced capacity, and adversely impacting liquidity in 2020 and 2021. However, following the relaxation of restrictions, substantially all of the Group's cinemas have been open during 2022 to date. At the date of this report, there are no restrictions on operations in any of the Group's cinemas.

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). Where appropriate, the Group continues to adopt such measures to further strengthen its financial position.

On 15 February 2021, OCGL entered into a new £140.0m and €296.0m external term loan facility agreement, which was fully drawn on 19 February 2021. Approximately £100.0m 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 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 Payment in Kind ("PIK") for each interest period. The facility contains financial covenants including a minimum liquidity covenant of £32.5m, tested quarterly. All obligations under the term loan facility are guaranteed by certain subsidiaries of the Group. This is the only external debt facility in the Group.

On 20 October 2022, the Group fully refinanced this term loan. Odeon Finco PLC, a direct subsidiary of OCGL, issued \$400.0m (£351.9m) aggregate principal amount of its 12.75% Odeon Senior Secured Notes due 2027 ("Odeon Notes due 2027") at an issue price of 92.00%.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.2 Going concern and liquidity management (continued)

The Odeon Notes due 2027 bear cash interest at a rate of 12.75% per annum and will be payable semi-annually in arrears on 1 May and 1 November, beginning on 1 May 2023. The Odeon Notes due 2027 are guaranteed on a senior secured basis by certain subsidiaries of the Group and do not have a financial maintenance covenant. The Group used the \$368.0m (£323.7m) net proceeds from the new notes and \$146.7m (£129.0m) borrowings from AMCI to fund the full redemption of the term loan and to pay related accrued interest, fees, costs, premiums and expenses.

As at the balance sheet date, OCGL had two £130.0m loan facilities in place from AMCI, the principal and interest owed was £3.8m, leaving £256.2m available to be drawn. On 20 October 2022, £129.0m was drawn to fund the refinancing described above. In addition, on this date, two further facilities with AMCI were executed for \$100.0m and \$50.0m respectively. This gives a total of £259.2m available to be drawn at a USD:GBP exchange rate of 1.1367, represented by £127.2m available on the existing facilities and \$150.0m on the new facilities. The funding available from AMC is not limited to this amount. OCGL and all subsidiaries within the Group have received a letter of support from AMC which confirms that AMC has the ability to, and will provide the financial support required, for the Company to meet its liabilities as and when they fall due for the period to 31 December 2023.

The Directors have prepared cash flow forecasts for the period to 31 December 2023 (the "Review Period"), based on the known film slate and a realistic expectation of industry recovery following the COVID-19 pandemic, including scenarios that take into account severe but plausible downsides. These forecasts indicate that, through this recovery period, the Group will likely require temporary funding from AMC. In all scenarios, the loan facilities that are available from AMC are more than adequate to cover the funding required.

Therefore, the Company is reliant on the financial support of AMC in order to continue as a going concern. As well as receiving the letter of support from AMC, the Directors have reviewed AMC's going concern evaluation and cashflow forecasts for the Review Period and as a result believe that AMC will be able to provide such support.

As at 30 September 2022, AMC had cash and cash equivalents, excluding restricted cash, of \$684.6m. AMC does not have any significant debt maturities in the Review Period. AMC believes its existing cash and cash equivalents, together with cash generated from operations, will be sufficient to fund its operations, satisfy its obligations, including cash outflows to repay rent amounts that were deferred during the COVID-19 pandemic and planned capital expenditures, and comply with minimum liquidity and financial covenant requirements under its debt covenants related to borrowings for the Review Period. In order to achieve net positive operating cash flows and long-term profitability, AMC believes that box office revenues will need to increase significantly compared to 2021, to levels in line with pre COVID-19 box office revenues. AMC believes the global re-opening of its cinemas, the anticipated volume of titles available for cinema release, and the anticipated broad appeal of many of those titles will support increased attendance levels. AMC believes that recent attendance levels are positive signs of continued demand for the cinema-going experience. However, there remain significant risks that may negatively impact attendance, including a potential resurgence of COVID-19 related restrictions, potential cinema-goer reluctance to attend cinemas due to concerns about COVID-19 variant strains, film studios release schedules, the production and cinema release of fewer films compared to levels before the onset of the COVID-19 pandemic, and direct to streaming or other changing film studio practices. More recently, risks that may negatively impact discretionary income and attendance levels include general and international economic, political, regulatory, social and financial market conditions, including potential economic recession, inflation, and the potential for political, social, or economic unrest, terrorism, hostilities, cyber-attacks or war, including the conflict between Russia and Ukraine and the potential for financial and economic sanctions. The availability and/or cost of energy in Europe may also negatively impact operating results.

In conclusion, the Directors have a reasonable expectation that the support from AMC will continue to be available for the Review Period and therefore the Company has adequate resources to continue operating for the foreseeable future. Accordingly, the Directors have prepared the financial statements on the going concern basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.3 Basic financial instruments

##### *Other debtors / creditors*

Other debtors are recognised initially at transaction price plus attributable transaction costs. Other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. 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 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.

#### 1.4 Expenses

##### *Interest payable*

Interest payable and similar charges include intercompany interest payable.

Interest payable is recognised in profit or loss on the accrual basis, using the effective interest method.

#### 1.5 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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### 1.6 Investment income

Income is recognised when the Company's right to receive payment is established.

## Notes (continued)

### 2 Directors' remuneration

The directors did not receive any remuneration from the Company, nor were any amounts recharged from other group companies, during the current year. The Directors who served during the year are also directors of Odeon Cinemas Limited. Although they do receive remuneration in respect of their services to the group, the time spent on this company is inconsequential to the other roles of the directors. Therefore, their remuneration has been disclosed in the accounts of Odeon Cinemas Limited.

### 3 Profit/(loss) before taxation

#### Auditor's remuneration

The audit costs for 2021 & 2020 were borne by a fellow subsidiary.

In 2021, the Company's share of Auditor's remuneration was £4,000 (2020: £4,000).

### 4 Staff numbers and costs

Other than the directors the Company has no employees (2020: nil).

### 5 Taxation

#### Total tax expense recognised in the profit and loss account, other comprehensive income and equity

|  | 2021<br>£000 | £000  | 2020<br>£000 | £000  |
|--|--------------|-------|--------------|-------|
| <i>Current tax</i>                             |              |       |              |       |
| Current tax on loss for the year               |              | -     |              | -     |
| Adjustments in respect of prior periods        |              | -     |              | -     |
|  |              | <hr/> |              | <hr/> |
| Total current tax                              |              | -     |              | -     |
| <i>Deferred tax</i>                            |              |       |              |       |
| Origination and reversal of timing differences | -            |       | -            |       |
|  | <hr/>        |       | <hr/>        |       |
| Total deferred tax                             |              | -     |              | -     |
|  |              | <hr/> |              | <hr/> |
| Total tax                                      |              | -     |              | -     |
|  |              | <hr/> |              | <hr/> |

#### Reconciliation of effective tax rate

|  | 2021<br>£000 | 2020<br>£000 |
|--|--------------|--------------|
| Profit / (Loss) excluding taxation                       | -            | (226,611)    |
| Tax using the UK corporation tax rate of 19% (2020: 19%) | -            | (43,056)     |
| Group relief   | -            | -            |
| Capital allowances in excess of depreciation             | -            | 43,056       |
|  | <hr/>        | <hr/>        |
| Total tax expense included in profit or loss             | -            | -            |
|  | <hr/>        | <hr/>        |

The 2020 budget announced that the previously enacted reduction to the main rate of corporation tax to 17% would not be enforced, with the rate remaining at 19%. The Finance Bill 2021 included provisions for the main UK Corporation tax rate to increase to 25% from 1 April 2023. This change was substantively enacted on 24 May 2021 and therefore is reflected as appropriate in the deferred tax calculations.



## Notes (continued)

### 6 Investments

|                                    | Investments in<br>Subsidiary<br>undertakings<br>£000 |
|------------------------------------|--|
| <i>Cost and net book value</i>     |  |
| Balance at 1 January 2021          | 206,483  |
| Impairment                         | -  |
| <b>Balance at 31 December 2021</b> | <b>206,483</b>                                       |

At the year end, a recoverability assessment was performed on the carrying value of the investment using the forecast cashflows of the underlying subsidiaries of the group. A discounted cash flow model was prepared for 25 years, using a discount rate of 11.5%. The model was based on a 5-year plan, for modelling purposes, with zero growth from 2027 onwards. As a result of this analysis, there was no indication of an impairment. In the prior year, the investments were impaired by a total value of £226.6m, as a result of the impact of the Covid-19 pandemic on the business activities of the Company and its direct and indirect subsidiaries.

The principal 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.

| Name                                       | Registered office address                                    | % interest | Nature of business   |
|--|--|------------|----------------------|
| Odeon Cinemas Limited*                     | 8 <sup>th</sup> Floor, 1 Stephen Street<br>London<br>W1T 1AT | 100% owned | Operation of cinemas |
| United Cinemas International (UK) Limited* | 8 <sup>th</sup> Floor, 1 Stephen Street<br>London<br>W1T 1AT | 100% owned | Operation of cinemas |
| ABC Cinemas Limited*                       | 8 <sup>th</sup> Floor, 1 Stephen Street<br>London<br>W1T 1AT | 100% owned | Operation of cinemas |
| Odeon Cinemas (RL) Limited                 | 8 <sup>th</sup> Floor, 1 Stephen Street<br>London<br>W1T 1AT | 100% owned | Operation of cinemas |
| Bookit Limited*                            | 8 <sup>th</sup> Floor, 1 Stephen Street<br>London<br>W1T 1AT | 100% owned | Non-trading          |

## Notes (continued)

### 6 Investments (continued)

|  |  |            |                    |
|--|--|------------|--------------------|
| Odeon and UCI Digital Operations Limited | 8 <sup>th</sup> Floor, 1 Stephen Street<br>London<br>WIT IAT | 100% owned | Non-trading        |
| Odeon and Sky Filmworks Limited          | 8 <sup>th</sup> Floor, 1 Stephen Street<br>London<br>WIT IAT | 50% owned  | Non-trading        |
| Digital Cinema Media Limited             | 350 London Road<br>Euston<br>NW1 3AX                         | 50% owned  | Screen Advertising |

### 7 Creditors: amounts due within one year

|  | 2021<br>£000 | 2020<br>£000 |
|--|--------------|--------------|
| Amounts owed to fellow subsidiary undertakings | 126,878      | 126,878      |

The amounts owed to fellow subsidiary undertakings are non-interest bearing and payable on demand.

### 8 Interest-bearing loans and borrowings

As at 31 December 2021, the Company had no interest-bearing loans and borrowings (2020: None).

### 9 Capital

#### Share capital

Ordinary shares of £1 each

*Allotted, called up and fully paid:*

At 1 January 2021

|                     | Share Capital<br>No. ('000) | £000  |
|---------------------|-----------------------------|-------|
| At 1 January 2021   | 9,506                       | 9,506 |
| At 31 December 2021 | 9,506                       | 9,506 |

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 (2020: nil) were proposed by the directors.

### 10 Related parties

#### Identity of related parties with which the Company has transacted

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.

## Notes (continued)

### 10 Related parties (continued)

#### Related party transactions

|               | Interest charged<br>2021<br>£000   | Interest charged<br>2020<br>£000   | Expenses<br>incurred from<br>2021<br>£000 | Expenses incurred<br>from<br>2020<br>£000 |
|---------------|------------------------------------|------------------------------------|---|---|
| Joint Venture | -                                  | -                                  | -   | -   |
|               | <u>          </u>                  | <u>          </u>                  | <u>          </u>                         | <u>          </u>                         |
|               | Receivables<br>outstanding<br>£000 | Receivables<br>outstanding<br>£000 | Creditors<br>outstanding<br>£000          | Creditors<br>outstanding<br>£000          |
| Joint Venture | -                                  | -                                  | -   | -   |
|               | <u>          </u>                  | <u>          </u>                  | <u>          </u>                         | <u>          </u>                         |

### 11 Contingencies

As of the balance sheet date, the assets of the Company were pledged as collateral against the £140m and €296m external term loan facility that was held by Odeon Cinemas Group Limited. See note 12.

### 12 Post balance sheet events

On 20 October 2022, Odeon Finco PLC, a direct subsidiary of OCGL, issued \$400.0m (£351.9m) aggregate principal amount of its 12.75% Odeon Senior Secured Notes due 2027 ("Odeon Notes due 2027") at an issue price of 92.00%. The Odeon Notes due 2027 bear cash interest at a rate of 12.75% per annum and will be payable semi-annually in arrears on 1 May and 1 November, beginning on 1 May 2023. The Odeon Notes due 2027 are guaranteed on a senior secured basis by certain subsidiaries of the Group, including this Company. The Group used the \$368.0m (£323.7m) net proceeds from the new notes and \$146.7m (£129.0m) borrowings from AMC to fund the full redemption of the term loan and to pay related accrued interest, fees, costs, premiums and expenses.

On 20 October 2022, AMCI extended the maturity date of all its existing shareholder loan facilities with OCGL to 29 November 2028. In addition, two further facilities with AMCI as Lender and OCGL as borrower were executed for \$100.0m and \$50.0m respectively, also with a maturity date of 29 November 2028.

On 20 October 2022, the charges disclosed in Note 11 were released and replaced with charges to US Bank Trust Company, National Association as Security Trustee for itself and the other secured parties in relation to the Odeon Notes due 2027.

### 13 Ultimate parent company and controlling party

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 during part of the year and in the prior year. During the year, 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 not one entity or individual that has overall control.

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>.