
Vue International Bidco plc

Registered number: 08514872

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

SATURDAY



AC1J9QQ3

A05

15/04/2023

#26

COMPANIES HOUSE

Vue International Bidco plc

CONTENTS

	Page(s)
REPORTS	
Strategic Report	3-18
Corporate Governance	19-26
Directors' Report	27-37
Energy and Carbon Report	38
Statement of Directors' Responsibilities	39
Independent Auditors' Report	40-47
 CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Income Statement	48
Consolidated Statement of Comprehensive Income	49
Consolidated Balance Sheet	50-51
Consolidated Statement of Cash Flows	52
Consolidated Statement of Changes in Equity	53
Notes to the Consolidated Financial Statements	54-109
 COMPANY FINANCIAL STATEMENTS	
Independent Auditors' Report	110-114
Company Balance Sheet	115-116
Company Statement of Changes in Equity	117
Notes to the Company Financial Statements	118-124

Vue International Bidco plc

COMPANY INFORMATION

Directors	J. Timothy Richards Stephen Knibbs Alison Cornwell
Company Secretary	Euan Sutton
Registered number	08514872
Registered office	10 Chiswick Park 566 Chiswick High Road London W4 5XS
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

Vue International Bidco plc

STRATEGIC REPORT FOR THE YEAR ENDED 30 NOVEMBER 2022

The directors present their Strategic Report of Vue International Bidco plc ("the Company") and its subsidiaries (together "the Group") for the year ended 30 November 2022. The comparative period is for the year ended 30 November 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Group is the development and operation of state-of-the-art multiplex cinemas. The principal activity of the Company during the year was a financing holding company.

As at 30 November 2022, the Group operates 227 (2021: 227) cinema sites. 88 (2021: 88) of these sites are in the UK, 36 (2021: 36) in Italy, 45 (2021: 44) in Poland, 31 (2021: 31) in Germany, 19 (2021: 20) in the Netherlands, 3 (2021: 3) in Denmark, 3 (2021: 3) in Eire and 1 (2021: 1) in each of Lithuania and Taiwan.

During the year the Company had secured floating rate debt consisting of two Senior Secured Term Loans and 2nd Lien PIK Notes, which had maturity dates of 3 November 2024, 3 July 2026 and 3 July 2027 respectively. In addition the Company had a £65m Revolving Credit Facility which was due to mature on 3 July 2025. The debt required monthly and quarterly reporting which included a discussion of the performance of the Group. See Corporate Restructuring on page 4 for information on the new debt structure which became effective on 26 January 2023.

The Company is controlled by Vue International Holdco Limited, a company incorporated in Jersey, which is considered to be the ultimate controlling party. Vue International Holdco Limited is an investment vehicle for OMERS Administration Corporation ("OMERS") and certain clients of Alberta Investment Management Corporation ("AIMCo").

REVIEW OF THE BUSINESS

In this section and the accompanying Directors' Report, the Company presents further information on the principal activities of the business, including a description of the principal risks and uncertainties facing the Group and an analysis of the development and performance of the business during the year and position for the year then ended.

Further additional information is provided in accordance with "The Walker Guidelines for Disclosure and Transparency in Private Equity" which applies to portfolio companies owned by private equity investors.

The Strategic Report, and Directors' Report contain certain forward looking statements with respect to the financial condition, results, operations and business of the Group. By their nature, these statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied in forward looking statements and forecasts as they can be affected by a wide range of variables not wholly within the Group's control.

The forward looking statements reflect the knowledge and information available at the date of approval of the Strategic Report, Directors' Report and financial statements. Nothing in the Strategic Report, Directors' Report and financial statements should be construed as a profit forecast.

Vue International Bidco plc

STRATEGIC REPORT *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

Corporate Restructuring

On 26 January 2023 the financial restructuring of the Vue International Group took effect.

Since March 2020 the Group's financial performance has been materially impacted by COVID-19. The Group's cinemas were forced to close for extended periods of time on numerous occasions due to government restrictions and continued to face a challenging trading environment due to a disrupted film slate and numerous operating restrictions once cinemas were allowed to re-open. These factors caused a deterioration in liquidity for the Group.

Against these challenges, the Group began a restructuring process with the full support of its shareholders and lenders to address its capital structure, reduce the overall debt burden, enhance the resilience of its balance sheet and provide additional liquidity.

The Group's restructuring was agreed on 14 July 2022 and the transaction took effect on 26 January 2023 with 100% consent from all its stakeholders and included the following core elements:

- Participating senior lenders provided additional financing of €87.4m (net of fees) in September 2022 to address immediate liquidity needs. This was achieved through a super senior new money facility maturing on 30 June 2027. This is reflected in the balance sheet as at 30 November 2022.
- The assets of Vue International Bidco Plc, including the shares in its direct subsidiary Vue Entertainment International Limited (VEIL), were sold to a new holding structure.
- The Group's shareholders OMERS and AIMCo have no ownership interest in (or control rights over) the new holding structure. Therefore, the directors of Vue International Bidco plc that had previously been appointed by those two entities (being Robbie Barr, Matt Baird, Jason Peters and Lance Pridham) resigned as directors following completion of the restructuring. The resulting resignations took effect on 16 February 2023.
- A debt-for-equity swap was implemented with approximately £470m of existing senior 1st lien and 2nd lien debt removed from the balance sheet.

Following the restructuring, the VEIL Group has one financial covenant; a minimum liquidity covenant of £35m unrestricted cash which is tested at the end of each month.

The restructuring set out above gives the VEIL Group access to additional liquidity, delivers a substantial deleveraging of its balance sheet and provides it with a robust capital structure to operate in the post-pandemic market.

Furthermore the formal request for arbitration that was filed by Greater Union International B.V. on 24 May 2022 in relation to the CineStar transaction (described further in Note 34, "Post Balance Sheet Events" in the Vue International Bidco plc financial statements for the year ended 30 November 2021) was settled for £6.5m whereby all claims were released by Event Hospitality and the arbitration was discontinued.

Vue International Bidco plc

STRATEGIC REPORT *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

RESULTS FOR THE YEAR

The Group recognised an operating loss of £47.1m (2021: £4.1m profit) as it continues to recover from the economic and trading impact of COVID-19.

The loss for the Group after taxation, finance costs and non-controlling interests amounted to £331.4m (restated 2021: £189.4m). The loss is primarily driven by finance costs of £277.6m (2021: £232.4m). Adjusted EBITDA (as defined below) of £25.7m (2021: £35.7m) is reported before depreciation and amortisation expense of £104.5m (2021: £114.4m), remeasurement gains on right-of-use assets of £7.7m (2021: £4.9m), impact of IFRS 16 lease accounting of £121.2m (2021: £66.7m) and other defined gains and losses (further details given below) of £97.3m net losses (2021: £11.1m net gains). The net losses are driven by corporate and organisational restructuring costs of £10.7m (2021: £1.3m) and impairment charges of £81.7m (2021: £8.2m).

The Group had total assets at the year end of £1,946.2m (restated 2021: £2,029.3m). Total liabilities for the Group were £3,399.5m (2021: £3,159.7m), resulting in a net liability position of £1,453.3m (restated 2021: £1,130.4m).

Total net cash outflow for the year amounted to £25.6m (2021: £28.3m) as set out below.

Net cash inflow from operating activities for the year was £76.6m (restated 2021: £143.8m). The decrease in inflow was driven by a decrease in trade and other payables of £59.6m (restated 2021: £85.2m increase) relating to the settlement of deferred payments.

Net cash outflow from investing activities was £47.0m (restated 2021: £25.0m). Capital investment in cinemas and related assets was £47.3m (restated 2021: £24.4m). Net cash paid for acquisitions in the current period was nil (2021: £0.9m).

Net cash outflow from financing activities was £55.2m (2021: £147.1m). The outflow in the current period was driven by interest paid of £22.9m (2021: £41.2m), lease liability payments of £126.3m (2021: £98.6m); offset by proceeds from borrowings of £83.8m (2021: £nil) and RCF drawdown of £27.5m (2021: £7.3m repayment).

During the year the Group continued to benefit from various government support schemes that were in place across different countries to help businesses that had been negatively impacted by restrictions on trading and the wider impact of COVID-19. During the year £36.8m (2021: £96.3m) of government support has been recognised in the Income Statement. This is reported primarily through other income but also against relevant cost lines where applicable.

Alternative Performance Measure

The Group uses Adjusted EBITDA as an Alternative Performance Measure ("APM") in addition to those measures reported in accordance with IFRS. An APM is not defined under IFRS and is not intended to be a substitute for any IFRS measure. The Directors believe that the APM is important when assessing the underlying financial and operating performance of the Group. The APM improves the comparability of information between reporting periods by adjusting for factors such as the impact of IFRS 16 lease accounting, depreciation & amortisation, acquisition costs, impairment charges and reversals and one-off items such as significant restructuring costs.

Vue International Bidco plc

STRATEGIC REPORT (*continued*) FOR THE YEAR ENDED 30 NOVEMBER 2022

Alternative Performance Measure (*continued*)

The APM is used internally in the management of the Group's business performance, budgeting and forecasting. The APM is also presented externally to meet investors' requirements for further clarity and transparency of the Group's financial performance. Where items of income or costs are being excluded in the APM, these are included elsewhere in the reported financial information as they represent actual income or costs of the Group.

Other commentary within the Strategic Report, should be referred to in order to fully appreciate all the factors that affect the business.

The Group's Alternative Performance Measure, Adjusted EBITDA, is set out below:

Adjusted EBITDA

Adjusted EBITDA is defined as Group earnings before interest, tax, depreciation, amortisation, IFRS 16 accounting and other defined gains and losses. IFRS 16 accounting includes adjustments for rent, onerous leases and landlord contributions and is reversed in order to maintain consistency and comparability to prior periods. Other defined gains and losses are items of expenditure or income which are significant and/or non-recurring in nature which include but are not limited to those associated with restructuring programmes, acquisitions or disposals, incremental costs associated with COVID-19, property exit costs and impairment reversals and charges. These items warrant separate additional disclosure in the financial statements in order to fully understand the underlying performance of the Group and accordingly they are added back or deducted in the calculation of Adjusted EBITDA. See below for detail.

The Adjusted EBITDA reconciliation to statutory operating profit is presented as follows:

	Year ended 30 November 2022 £000	Year ended 30 November 2021 £000
Operating (loss) / profit	(47,139)	4,113
Depreciation & amortisation	104,495	114,391
Remeasurement gains on right-of-use assets	(7,733)	(4,878)
Impact of IFRS 16 lease accounting	(121,176)	(66,742)
Other defined gains and losses		
Corporate and organisational restructuring costs	10,670	1,251
Acquisition and transaction related costs	6,557	1,682
Property costs / (income)	316	(1,254)
Impairment of right-of-use assets, property plant and equipment and intangibles	61,472	8,190
Impairment reversal of right-of-use assets, property plant and equipment and intangibles	-	(26,435)
Impairment of amounts receivable from parent undertakings	20,226	-
Covid-19 related costs	2,756	6,743
Other	(4,727)	(1,325)
Total other defined gains and losses	97,270	(11,148)
Adjusted EBITDA	25,717	35,736

Vue International Bidco plc

STRATEGIC REPORT *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

Adjusted EBITDA *(continued)*

Corporate and organisational restructuring costs

During 2022, the Group incurred £10.7m (2021: £1.3m) relating mainly to its financial restructuring.

Acquisition and transaction related costs

Costs relating to the CineStar transaction including payment to settle the arbitration (see page 4).

Property costs / (income)

This mainly relates to pre-opening expenses incurred for new sites. In 2021, this mainly related to a release of historical accruals for costs associated with sites that had been exited.

Impairment and impairment reversal of assets

Impairments are recorded against the value of assets recorded on the Group's balance sheet arising from management's impairment assessment. In the current year management recorded additional impairment of £5.0m (2021: £2.8m) of impairment against property, plant and equipment, £23.6m (2021: £5.4m) against right-of-use assets and £32.9m (2021: nil) against intangible assets. During 2021, changes in the right-of-use asset base due to modifications of leases and the change in COVID-19 estimates within cash flows resulted in reversals of £6.7m of impairment against property, plant and equipment and £19.7m against right-of-use assets.

Refer to notes 15 and 16 for further detail.

Impairment of amounts receivable from parent undertaking

Due to the financial restructuring, amounts receivable from parent undertaking were no longer deemed to be recoverable and therefore have been fully impaired.

COVID-19 related costs

During 2022, the Group incurred £2.8m (2021: £6.7m) in additional costs that related to the ongoing recovery from COVID-19 pandemic. This includes £0.1m (2021: £1.1m) of stock wastage due to temporary site closures, nil (2021: £1.4m) professional fees and £2.5m (2021: £3.8m) of additional staff costs for COVID-19 compliance and safeguarding to ensure customer safety.

Where the Group believes that COVID-19 costs have become a normal cost of operation e.g. regular cleaning and sanitation, these are not classified as other defined gains and losses.

Other

This mainly relates to historical items including gift voucher breakages and government assistance received.

Vue International Bidco plc

STRATEGIC REPORT *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

Market Environment Trends and Factors Affecting Future and Current Performance

Admissions and Gross Box Office Revenues (GBOR)

The emergence and rapid spread of the Omicron variant of COVID-19 resulted in the introduction of a number of Government restrictions in late November 2021 across the Group and several regions were required to operate with capacity constraints, COVID-19 passes, prohibition on Food and Beverage sales for consumption in the auditoria in Poland and Italy and temporary lockdowns and site closures in Denmark and the Netherlands.

Most restrictions were removed during March 2022 with the notable exception being Italy where COVID-19 passes and masks were required until 15 June 2022 resulting in a negative impact to admissions.

The recent trends of market Admissions and GBOR for the five key territories within the Group are shown in the tables below.

Full year			2022 vs.
Market Admissions (m)	2022	2021	2021
UK & Ireland	133.5	64.9	105.7%
Germany	71.1	34.7	104.9%
Italy	43.5	19.1	127.7%
Poland	43.4	22.6	92.0%
Netherlands	21.0	13.5	55.6%

Full year			2022 vs.
Market GBOR	2022	2021	2021
UK & Ireland (£m)	1,002.6	466.8	114.8%
Germany (€m)	647.1	306.5	111.1%
Italy (€m)	296.0	128.7	130.0%
Poland (PLNm)	798.4	412.6	93.5%
Netherlands (€m)	216.3	135.5	59.6%

Source: Market Admissions for UK, Italy and the Netherlands sourced from Cinema Advertising Association ("CAA"), Cinetel and Rentrak respectively. Germany and Poland sourced from Rentrak through www.IBOE.com and www.boxoffice.pl respectively. Market GBOR for UK & Ireland, Germany and the Netherlands sourced from Rentrak through www.IBOE.com, Poland from www.boxoffice.pl and Italy from Cinetel.

The emergence and rapid rise of the Omicron variant during Q1 FY22 resulted in Government mandated lockdowns being re-introduced in Denmark (19 December to 15 January) and in the Netherlands (19 December to 25 January). In Germany the regional authorities in lower Saxony mandated the closure of 1 site in Dresden (22 November to 14 January).

The continued impact of COVID-19 was felt in the number of films available for release this year due to the impact on the production pipeline. Film count in the year ended 30 November 2022 against the three year average (FY17-FY19) was between 48%-67% across the various territories in the Group (this three year average is used as it smooths year on year film slate volatility, therefore providing a more reasonable benchmark as opposed to choosing one specific year). This impacted the mid tier film slate more than the blockbusters which continued to release with very positive results.

Despite the challenges of the COVID-19 restrictions and the reduced number of films available for release, the year began with Spider-Man: No Way Home, becoming the highest grossing Spiderman film in the franchise. This was followed by successful releases of Top Gun Maverick, Doctor Strange in the Multiverse of Madness, Minions: The Rise of Gru, Batman and Fantastic Beasts.

Vue International Bidco plc

STRATEGIC REPORT *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

Admissions and Gross Box Office Revenues (GBOR) *(continued)*

In the first quarter of the year the exceptional trading performance of Spiderman: No Way Home and Uncharted was offset by West Side Story, The Matrix and The King's Man all of which under delivered industry expectations.

Trading momentum began to build during the second quarter of the year as COVID-19 restrictions began to ease and film supply increased with the release of Batman, Sonic 2, Fantastic Beasts, Doctor Strange and Downtown Abbey. By the end of March most COVID-19 restrictions had been lifted with the notable exception of Italy where COVID-19 passes and FFP2 facemasks continued to be required until 15 June.

The Group delivered 17.4m admissions in the third quarter representing 86% of the three year average (FY17-FY19). June in particular delivered an impressive 104% of the three year average with the release of Top Gun: Maverick and Jurassic World Dominion which was offset by a softer August caused by lack of new films. July started strongly before being hit by the record breaking heatwave but still achieved 92% of the three average with the release of Minions: The Rise of Gru and Thor: Love and Thunder.

The most notable blockbuster title released in the final quarter of the year was Black Panther: Wakanda Forever. The title performed in line with other Marvel titles but did not repeat the over-performance that the industry had seen on the first Black Panther film.

BUSINESS MODEL

The Group generates its revenue mainly through the sale of tickets for audiences to view film screenings within its cinemas and in addition from the sale of food and beverages, as well as revenues from screen advertising.

The main costs relate to film rental payments to distributors for the right to screen films within its cinemas, purchasing of concession goods for resale, rental expense to landlords for cinemas, utilities, site maintenance and the cost of employing staff working at cinemas.

Traditional products such as popcorn, hot dogs, nachos, pick and mix and soft drinks continue to be popular food and beverage choices for audiences. Investment in product range, execution, self-service, foyer and retail layout refurbishments, and the introduction of bar seating areas have increased demand.

On screen advertising continues to provide a consistent source of additional revenue per visitor. In addition, the Group has continued to develop other revenue streams including business to business revenue from the hire of auditoria for corporate and private events, and off-screen advertising.

STRATEGY

The Group has identified multiple levers for margin improvement and EBITDA growth through proven initiatives to drive market development and market share growth. Operational levers include automated content scheduling, digital products and marketing, price optimisation and rollout of site best practices across the Territories. Further EBITDA growth will be delivered through investments in technology, new sites and site refurbishments.

Vue International Bidco plc

STRATEGIC REPORT (*continued*) FOR THE YEAR ENDED 30 NOVEMBER 2022

Content Scheduling

Introduction of automated scheduling software has been proven to drive admissions' market share growth in the UK. The software creates algorithm-driven automated film schedules to show the right films at the right time to drive admissions and maximise operating profits. The purchase of software licence rights were agreed in 2019, and although rollout across the Group has been delayed by COVID-19, extension of this software to other territories is planned commencing with Italy in 2023.

Digital Products & Marketing

Vue's online ticket sales have increased significantly in the last 5 years thanks to targeted investments in technology and digital marketing capability. Vue has continued to capitalise on the acceleration of ecommerce that has been observed since the pandemic. Vue will be able to leverage:

- A culture of continuous improvement that enables sustained growth in traffic (visits) and conversion rate (ticket sales) via user experience, search engine optimisation, email, pay per click advertising and social media
- Technologies including Point of Sale Systems, Content Management System, Website Analytics and Email Service Provider that enables customer personalisation, micro targeting and performance optimisation
- Digital marketing partnerships with major studios

Price Optimisation

Pricing is a dynamic initiative enabled by in-house expertise, systems and processes. Price optimisation has long been a core competence for Vue and enables the Group to offer agile pricing strategies to customers that optimise admissions and profit as the industry recovers from the disruption caused by the pandemic. As a response to inflationary pressure on the business, Vue has accelerated dynamic pricing roll-outs in the UK, Germany and Poland during FY22 and will continue expansion across the Group in FY23.

Operational Best Practice

The Group remains focussed on ensuring continuous improvement in operational costs to achieve efficiencies.

This year the operational teams were focused on the refinement of operating protocols to ensure cinemas could operate in a COVID-19 safe manner through social distancing measures and scheduling alterations to ensure staff and customer safety.

The introduction of Auto Staff Rostering (ASR) software to optimise staff schedules based on daily admissions forecasts has driven a better balanced use of cinema operational service hours in the UK. During the year service hour optimisation models were introduced across the Group to improve alignment of variable staff costs to admissions forecasts resulting in reduced costs during low volume periods.

Vue International Bidco plc

STRATEGIC REPORT *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

Operational Best Practice *(continued)*

The Group has continued to leverage its scale in negotiating and securing enhanced supply contracts. High inflation across all food and drink categories remains a challenge and Vue has leant into its long standing relationships with key partners to ensure the increases are minimised as much as possible and in general are below the prevailing headline price increase of the raw materials.

The Group continues to proactively review and manage lease contracts to ensure rent, length of lease and space rented are all optimally configured. During the year, several leases were re-gearred to deliver additional value for the Group securing Landlord funding to support major site refurbishments, including the introduction of full recliner seating.

Technology

A major re-engineering of Vue website technology has been underway during 2022 and subject to completion and testing will be delivered to all territories starting with the UK in 2023. The Vue digital infrastructure is increasingly critical to operations due to the high and increasing numbers of online booking in all countries. The refresh will modernise and standardise the platform to enable agile development and operation for all websites going forward.

The initial rollout of the first phase of a cyber security platform is now broadly complete including consistent MultiFactor Authentication (MFA), Endpoint Detection Response (EDR) and Security Operations Centre as a Service (SOCaaS). A Group Head of Cybersecurity and Data Protection has been recruited and will take over and develop this platform.

Systems standardisation across the Vue Group continues to improve with the successful deployment of the Vista Cinema Operations system to all sites in Poland (joining those in Italy and the UK) and the Unique suite of theatre management tools being delivered in Italy, Poland and the Netherlands, with the UK rollout completing in Q1 2023.

This will further improve the Group's ability to operate the business with standard processes and techniques to streamline activities and make it more efficient.

Site Refurbishments

The Group continues to offer and operate a high quality multiplex estate and customer experience with a number of cinema refurbishments successfully completed in the year, which includes installation of full recliner leather seating and upgrading the foyer retail and bar offering, auditoria screens, sound and projector technology. 12 existing cinemas were fully refurbished with new recliner seating in 2022 taking the total recliner sites across the Group (including the new site) to 46 with 451 screens, 21% of the total portfolio. In addition, 2 cinemas were fully refurbished with new VIP seating in Italy.

A further 10 recliner refurbishment sites and 2 new recliner sites with 116 screens are planned to open in 2023.

New Sites

1 new recliner site opened in Poland, Tychy Gemini on 4 March 2022.

Vue International Bidco plc

STRATEGIC REPORT *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

Section 172(1) statement

The Directors of the Vue International Group continue to work to promote the success of the Group for the benefit of the members as a whole having regard to the interests of stakeholders including customers, employees, suppliers, and the wider community in which it operates.

Read more about:

- (a) the likely consequences for the Group of any decision in the long term, on pages 9 and 11 to 15;
- (b) the interests of the Group's employees, on pages 33 to 36
- (c) the need to foster the Group's business relationships with suppliers, customers and others, on page 9;
- (d) the impact of the Group's operations on the community and the environment on page 31;
- (e) the desirability of the Group maintaining a reputation for high standards of business conduct, on pages 17 and 18; and
- (f) the need to act fairly as between members of the Group on page 17.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has overall responsibility for risk management and internal controls, and for reviewing their effectiveness. The Group Audit Committee reviews the adequacy and effectiveness of the risk management process, approves internal and external audit plans and monitors risk reporting.

The Group's internal control environment is designed to facilitate the identification, assessment and management of risk, the protection of shareholders' investments and the Group's assets.

The Group has implemented a Group Risk Management Policy to manage the challenges that present threats or opportunities to the business and, as part of good business practice, how risks are identified, assessed, and managed across the Group.

The annual risk management process concludes with the Board's assessment of the Group's Principal Risks and Uncertainties disclosure, including those that would threaten its business model, future performance, solvency or liquidity, and the completion of an annual internal controls certification.

The key business risks affecting the Group are set out below:

Impact of COVID-19

The business continues to manage the ongoing impact of COVID-19 which has continued to evolve beyond cinema closure and become intrinsically linked with other factors contributing to uncertainty and volatility in the economic environment in which we operate. These include labour shortages, threats to supplier resilience, restrictions on trading, evolving customer behaviours and the threat of new variants.

Vue International Bidco plc

STRATEGIC REPORT *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

Impact of COVID-19 *(continued)*

The business monitors evolving customer behaviours closely and uses third party advanced analytics and surveys designed to identify cinema usage that informs strategic decisions in all areas of the Vue proposition. This includes tracking the percentage of cinema goers returning to the market in each territory, the differences by demographic and barriers to return. This enables the business to develop targeted strategic initiatives to bring back lapsed cinema goers, acquire new cinema goers and retain existing customers.

Whilst labour shortages continue to be an ongoing challenge trading has not been adversely affected. We continue to employ a pro-active approach to constantly monitoring local markets and using online recruitment platforms effectively.

General supply shortages have substantially abated in FY22 and where there have been challenges suitable alternatives have successfully been obtained. There continue to be global issues in particular with semi-conductor 'chips' which has led to delays in installing new equipment such as tills, laptops and new projectors but this has only resulted in a slower than planned rollout rather than any significant impact to operations.

Film production and quality risk

The number and quality of the films released in any reporting period is the main determinant of the Group's admissions which in turn drive revenue and profitability. There is an inherent reliance on major US studios and local film industries to continue to develop successful films and franchises that ensure a reliable and recurring stream of revenue.

The Group maintains close relationships with studios and local distributors to understand, as early as possible, the upcoming film release calendar and likely film performance. The Group has also significantly increased exposure to local, non-Hollywood film demand through increasing its presence in European markets. This helps to provide a robust hedging mechanism during phases where Hollywood content may not be as appealing to cinema audiences.

Competition risk

The Group operates in a competitive market place. Other operators have sites within the catchment areas of many of the Group's cinemas.

To mitigate this risk the local operations teams monitor the services provided to customers with a focus on continual improvement. Additionally, the Group invests significant amounts in maintaining and improving its cinema estate resulting in a high proportion of state-of-the-art, stadium seated, high quality multiplexes within its portfolio and improved customer facing digital platforms. Together these enhance the customer experience from awareness, choice and booking through to ticket collection and the screening experience itself.

The impact of COVID-19 on the entire cinema industry has been borne by all operators with similar response patterns prioritising liquidity. The Vue International Group assessed re-opening plans in detail on a site by site level basis to maximise the opportunity to open doors and showcase content where available during times best suited to customer demands whilst ensuring executed plans delivered positive liquidity.

Vue International Bidco plc

STRATEGIC REPORT *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

Competition risk *(continued)*

Out-of-home entertainment continues to play an important part in people's lives. Independent research conducted during 2022 showed the number of cinema goers that have returned to the cinema post pandemic has increased from FY21 to FY22 although still remains below pre pandemic levels.

Supplier risk

The Group's main suppliers are the distributors of the films that drive admissions and the suppliers of branded food, drink and confectionery offered at cinemas.

The relative importance of each distributor varies over time, in line with the relative success of the individual films that they release each year and this relationship is managed through the Group's Screen Content teams. The Territory teams report into the Group Director for Screen Content which ensures a consistent approach to strategy and delivery.

The Group has continued to develop its procurement capability for non-film purchasing activity.

Health and safety risk

The Group places paramount importance on ensuring its cinemas are physically safe environments and that its food and beverage products are maintained and served in accordance with food safety regulations. The Group employs ongoing compliance monitoring methods within its cinemas and conducts frequent and unannounced operational audits as part of its monitoring programme.

Information security and data protection risk

Vue International continues to run a Group-wide GDPR project. Individual territories continue to implement their territory specific plans to comply with account local requirements. Cyber security risks are being assessed and evaluated on an ongoing basis so that the company can react accordingly. Specific investments in cyber security tools were made in 2022 and will continue through 2023.

Continuity risk

A major incident, catastrophic event or material litigation could affect the Group's ability to trade and access to financing. This could lead to financial loss, customer loss, or full or partial business closure.

The Group has standard operating procedures designed to protect cinemas, staff, visitors and customers in the event of fire or similar major incident. Group management review these procedures periodically. In the event of any unplanned or unforeseen events, senior management is convened to manage the response and any associated risk to the business.

The biggest impact to business continuity in recent years, related to cinema closure as a result of the COVID-19 pandemic. The ability for the company to continue all critical activity and respond to the crisis was hugely successful with the mobilisation of task forces and implementation of technology tools to maintain continuity.

Vue International Bidco plc

STRATEGIC REPORT *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

People risk

Staffing levels have been more stable in FY22 despite remaining challenging in urban settings. To ensure appropriate staffing levels recruitment has been initiated earlier than typical of pre pandemic times. Vue UK&I are developing strategies to further attract and retain employees especially in highly competitive markets in 2023.

Despite these challenges the Vue management team have been able to respond with agility and develop strategies to limit the impact on operational performance.

The business continues to review and improve organisational structures for the ongoing needs of the business.

The Group's HR function establishes methods for overall talent management that includes succession planning and effective recruitment.

The Group is an equal opportunity employer and in employment-related decisions, the business complies with all relevant legislation, including that which is specifically targeted at preventing discrimination, and such principles are embedded through the business.

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks that include liquidity, interest rate and foreign exchange risks. The Group has mechanisms in place that seek to limit the impact of adverse effects of these risks on the financial performance of the Group.

Liquidity risk

Both short term and long term liquidity continued to remain a key priority for the Group through 2022.

The business monitors liquidity very closely. Detailed annual, monthly and bi-weekly cash flow forecasts are prepared and analysed to ensure the Group can efficiently access all funds available and meet liabilities as they fall due. The Board reviews forecasts regularly and these have formed an integral part of the Group's recent financial restructuring process.

Interest rate cash flow risk

Interest rate risk arises from the Group's borrowing facilities in which a variable rate of interest is charged. Exposure to interest rate risk is monitored through several measures including sensitivity and scenario testing and a cost benefit analysis of entering into interest rate hedges to mitigate this risk. This is reported regularly to the Board and reviewed alongside the Group's liquidity forecasts.

During November 2021 the Group entered into two interest rate hedges to mitigate the risk of increasing interest rates on its external debt and continue to monitor exposure on an ongoing basis.

Following the restructuring effective on the 26 January 2023 the Company terminated one of the two hedges and novated the other to Vue Entertainment International Limited.

Vue International Bidco plc

STRATEGIC REPORT (*continued*) FOR THE YEAR ENDED 30 NOVEMBER 2022

Foreign exchange risk

The Group has foreign currency assets and liabilities. The directors keep the exposure to currency fluctuations under constant review, particularly in light of recent volatility and are putting in measures to hedge against that volatility in 2023.

Inflation risk

2022 saw a significant increase in global inflation impacting all industries. Exposure to increased inflation has resulted in an increase to underlying operating costs as well as to the pricing strategy for the Group. This is monitored very closely and strategic initiatives have been put in place to mitigate the impact of rising costs including dynamic pricing models, driving efficiencies in energy usage and optimisation of service hours based on admission forecasts.

Ukraine conflict

On 24 February 2022 Russia invaded Ukraine. The humanitarian effects have been profound as were the effects on the global economy. The Group does not operate cinemas in Russia or Ukraine however it is impacted in the following ways;

Energy – Over several decades, Europe has come to depend heavily on Russian energy sources: coal, crude oil, fuel oil, and, especially, natural gas. Following the invasion of Ukraine, energy prices increased to an unprecedented level.

In the short term the Group is focused on a reduction of energy usage through the use of new operating protocols, KPIs and monitoring tools that will drive efficient energy usage and provide greater visibility. Europe is also working urgently to increase gas supplies from countries other than Russia and forecast energy prices have already begun to reduce from the early part of 2023. Together these demand reductions and supply increases could reduce Europe's need for Russian gas over the next year from 36 percent of its total use to about 10 percent driving prices down further.

The concentration of wheat, fertilizer, and related production in Russia and Ukraine have strained food supplies globally. The Group have managed the global issues in the supply chain through improved longer term planning. Pre-pandemic lead times for the manufacture of goods were 6 to 8 weeks however this is now 14 to 16 weeks and this is considered within project planning and ordering of goods, especially in high demand periods, for example 3D glasses for the start of Avatar The Way of Water in December 2022 were ordered in summer 2022.

Vue is currently updating its website and app platforms to Sitecore 10 and has continued to work with its long term partner, EPAM, who are based in Ukraine. Work has continued after a brief re-organisation in early 2022 and the website is scheduled to commence roll out in the first half of 2023.

Vue International Bidco plc

STRATEGIC REPORT *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

Group internal audit

The Group Head of Internal Audit reports to the Audit Committee and to the Group Chief Financial Officer functionally and administratively (i.e. day-to-day operations). The Group Head of Internal Audit oversees Group-wide auditing capability across the territories covering corporate, operational, financial, and strategic risk areas.

Group Internal Audit provides the Audit Committee and management with independent and objective assurance on the adequacy and effectiveness of governance, risk management, and internal controls through delivery of risk-based internal audit reviews and a cinema compliance audit programme. This includes assessing the design and effectiveness of financial and operational controls, standards and procedures, and compliance with laws, regulations and associated Group policies such as Anti-Bribery and Corruption, Health and Safety, and Whistle-Blowing.

Group Internal Audit reports the results of Internal Audit activities, together with key themes and trends, to the Audit Committee and management.

The scope of Internal Audit includes, but is not limited assessing and reporting (to the Audit Committee and to management as appropriate) on:

- the adequacy and effectiveness of financial and operational controls;
- compliance with laws, regulations, and contracts;
- opportunities for improving efficiency and reducing costs;
- Group wide policies, standards and procedures including their use and appropriateness;
- the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organisation;
- the integrity of processes and systems, including those under development, to ensure that controls offer adequate protection against error, fraud and loss;
- designated advisory projects for management, if they do not threaten the actual or perceived independence of Internal Audit from management; and
- cases of suspected financial crime, employee fraud, and malpractice.

Stakeholder engagement

The directors value contact with the Group's shareholders and loan investors. The Board is kept up to date at its regular meetings and receives reports on the operational performance of the Group.

In addition presentations are given to loan investors and ratings agencies following each quarter close and separate announcements of all material events are made as necessary ensuring that regular contact is maintained.

Vue International Bidco plc

STRATEGIC REPORT *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

Key performance indicators

The Board monitors Admissions, Group Turnover, Box Office Revenue, Adjusted EBITDA and Liquidity on a monthly basis. All figures stated below reflect the results of the Group:

	Year ended 30 November 2022	Year ended 30 November 2021
Admissions	63.3m	32.4m
Group Turnover	£633.8m	£386.1m
Box Office Revenue	£327.3m	£168.3m
Adjusted EBITDA	£25.7m	£35.7m
Unrestricted Cash	£119.8m	£144.7m

An admission is represented by a redeemed cinema ticket. The number of people that choose to visit the cinema has a major influence on industry revenue and profit levels. Higher numbers of cinema admissions increase box office revenue and support higher concession stands sales and as a result this measure is a key indicator of performance that is reviewed closely by the business.

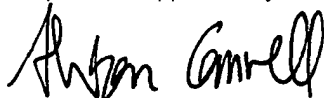
Group Turnover includes Box office revenue, concessions income, screen advertising and other income. Box office revenue relates to cinema ticket sales only. See note 5 for further information.

See page 6 for further detail on Adjusted EBITDA.

Future outlook

Our new financial year has started strongly with Avatar: The Way Of Water exceeding our expectations overall and breaking box office records in Germany and the Netherlands. The upcoming slate of theatrical titles includes a significant number of studio and franchise films, notably in the third quarter, and we are seeing increasing numbers of local productions being scheduled for release in our continental European markets.

This report was approved by the Board on 6 March 2023 and signed on its behalf by



Alison Cornwell
Director

Vue International Bidco plc

CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 NOVEMBER 2022

Introduction

In July 2018, the Financial Reporting Council published its new UK Corporate Governance Code (the 'Code'). The governance of the Group during the financial year operated in accordance with the governance structures established by the Group's ultimate parent company, Vue International Holdco Limited, and it is this overall governance structure which is described in this report. The Group is committed to maintaining business integrity, high ethical values, its corporate responsibility and professionalism. This section of the report outlines the approach adopted having consideration of and applying the principals in the Code to the extent considered appropriate by the directors given the context of being a private company.

Board Leadership and Group Purpose

The Role of the Board

The Board was responsible to the Group's shareholders and loan investors for the direction, performance and oversight of the Group to ensure the continued long-term success of its operations, and for contributing to the wider community in which it operates. The role and responsibilities of the Board are clearly defined, and an executive management team was responsible for day-to-day business conduct. As well as the main Group Board, there are Territory Boards that also meet regularly and consist of Group Executives and the local Executive teams.

Other core Board activities included, but were not limited to the following:

- setting the levels of delegated authority, whilst retaining overall responsibility for the governance of the Group; and
- obtaining assurance that material risks to the Group are identified, defining the Group's appetite for risk and ensuring that appropriate systems of risk management and internal control exist.

Purpose, Values and Strategy

The Group's vision is simple – to be the best in big screen entertainment. An integral part of successfully delivering the Group's vision and core strategic objectives is ensuring that effective governance underpins the corporate culture.

To ensure that the Group's purpose, values and strategy continue to align with our corporate culture, Group HR conducts regular reviews the Group's corporate culture to identify opportunities for further development and alignment.

Resources, Controls and Risk Management

The Board, supported by the Audit Committee and senior management, had overall responsibility for establishing, monitoring and maintaining effective risk management and internal control. During the year, the Board directly, and through delegated authority to senior management and the Audit Committee, oversaw and reviewed the performance and evolution of the approach to risk management and internal control.

Vue International Bidco plc

CORPORATE GOVERNANCE *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

Resources, Controls and Risk Management (continued)

Following the restructure on 26 January 2023 outlined on page 4, the Group is in the process of appointing new Board members and new Audit Committee members. A new Non-executive Chair, Stella David, was appointed on 26 January 2023 and an additional Non-executive Director, Tom Singer, was appointed on 13 February 2023 (who will be the VEIL Group's Audit Committee Chair). The Audit Committee will operate under updated terms of reference that reflect the new Group structure (see page 26, Corporate Restructuring) during Quarter 2 2023.

The Group has implemented a Group Risk Management Policy to manage the challenges that present threats or opportunities to the business and, as part of good business practice, how risks are identified, assessed, and managed across the Group (see Audit, Risk and Internal Control on page 23).

In addition, Group Internal Audit (page 17) is an independent review function set up as a service to all levels of management and the Board that assists the Group in accomplishing its objectives by bringing a systematic and disciplined approach to evaluating and enhancing the effectiveness of the Group's governance, risk management, and internal control.

The Board confirms that, the Group's risk management and internal control processes have been in place for the year under review, and were regularly reviewed by senior management and the Board (see Principal Risks and Uncertainties on pages 12 to 15). In addition, the Group Head of Internal Audit presents Group Territory risks, controls findings and mitigation plans to the Audit Committee at least annually (see Audit Risk and Internal Control page 23).

Stakeholder Engagement

The Board met regularly and received reports on the operational performance of the Group. The Board and Executive Directors were committed to maintaining an effective engagement with shareholders, loan investors, and wider stakeholders to ensure a mutual understanding of objectives and to deal with issues as they arise. Executive Directors presented to loan investors and ratings agencies following each quarter close and made separate announcements of all material events as required.

As detailed in the Section 172(1) statement on page 12, under its new structure the Group continues to work to promote the success of the Group for the benefit of the members as a whole having regard to the interests of stakeholders including customers, employees, suppliers, and the wider community in which it operates.

As per the Strategic Report (pages 3 to 18) the Board also continued to enhance its digital and technology offerings, optimise pricing, and offer high quality through the Group's state-of-the-art multiplex estate and customer experience with a number of cinema refurbishments successfully completed in the year. Customer engagement shows continued support of refurbishments that deliver full recliner leather seating and upgrading the foyer retail and bar offering, auditoria screens, and sound and projector technology.

Vue International Bidco plc

CORPORATE GOVERNANCE (*continued*) FOR THE YEAR ENDED 30 NOVEMBER 2022

Workforce Policies and Practices

The Group has workforce policies and practices in place that are consistent with the Group's values and support its long-term sustainable success. Key Group policies and practices include and are available to employees as follows:

- All new employees receive a copy of the Group's Code of Conduct that describes the framework and guidance for employees, and therefore the Group, to conduct its business in accordance with the expected ethical and moral standards. To ensure that the Group's Code of Conduct remains up to date with latest best practice and legislation, Group HR conduct periodic reviews of the policy and update as required.
- In accordance with the Group's disclosure obligations under the Modern Slavery Act 2015, the Group has published its Slavery and Human Trafficking Statement on the Vue International website.
- The Group has an Anti-Bribery and Corruption Policy in place designed to ensure compliance with the UK Bribery Act 2010, and other international regulations and best practice relating to the prevention of corruption.
- The Group is committed to conducting its business with honesty and integrity and expects all employees to maintain its high standards. The Group encourages the raising of any genuine and justified concerns personnel have about suspected wrongdoing or inappropriate action by fellow employees without fear of reprisal in accordance with its Whistle-blowing Policy. The General Counsel and Group Head of Internal Audit routinely review the whistle-blowing telephone line and email inbox, available to all employees, and escalate any reports arising to the Audit Committee and Board as applicable to ensure independent investigation of such matters, supported by follow-up action as required.
- An Employee Assistance Programme is available to all employees designed to help employees deal with personal and professional problems that could be affecting their home or work life, health and general wellbeing. Services available include formal counselling, in the form of either face-to-face or telephone sessions, and a health and wellbeing portal.
- The Group is an equal opportunity employer and seeks to recruit, retain and promote staff based on their qualifications, skills, aptitude and attitude. Wide ranges of applicants are encouraged to apply for all roles. In employment-related decisions, the business complies with all relevant legislation, including that which is specifically targeted at preventing discrimination, and such principles are embedded through the business by requisite policies.
- The Group promotes a philosophy of access for all by offering accessible cinemas for disabled employees and customers that show a wide range of films. Many of our cinemas offer audio-descriptive and subtitled performances, and the Group ensures customers with disabilities can be accompanied by a carer, free of charge.

Division of responsibilities

The Role of Chair

The Chair lead the Board and was responsible for its overall effectiveness in directing the Group. In addition, the Chair facilitated constructive Board relations within the Board and the effective contribution of all non-executive directors, and ensured that directors received accurate, timely and clear information as set out below. The Chair was not previously Chief Executive of the Group.

Vue International Bidco plc

CORPORATE GOVERNANCE *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

Board Balance and Division of Responsibilities

Information about the Board members is on pages 29 to 30. At the balance sheet date, the Board comprised three experienced executive directors namely, the Group CEO, Deputy CEO & Group MD and the Group CFO. The Board have extensive knowledge and expertise and update their skills as required in continuing to fulfil their role on the Board.

The Role of the Non-Executive Directors

Non-executive directors had sufficient time to meet their Board responsibilities. They provided constructive challenge, strategic guidance, offer specialist advice and held management to account.

Policies, Processes, Information, Time and Resources

The Chair, working with the Group Company Secretary, and in consultation with the Group CEO and other Board members set the agenda for Board meetings and encouraged an open and constructive debate, ensuring that members had the policies, processes, information, time and resources it needed in order to function effectively and efficiently.

The standing agenda items considered at every meeting included:

- reports from senior management on strategic and business developments, together with relevant operational updates, and the key actions taken since the previous Board meeting;
- reports from the Group CFO which include all aspects of liquidity management, commentary and highlights from the latest available management accounts, budgets and forecasts; and
- Board papers prepared for capital investment projects requiring Board approval.

Composition, Succession and Evaluation

Board Appointments, Succession Planning and Diversity

A shareholder agreement governed the Group and stated those matters that required Board approval, including Board appointments. All senior nominations were discussed and agreed by members of the Remuneration Committee.

The Board, supported by Group HR, were developing succession plans based on objective criteria and, within this context, aimed to promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths in accordance with the Code.

Board Skills, Experience, Knowledge and Tenure

These financial statements detail who served on the Board together with details of member skills, expertise, and experience. The Board considered that the skills and experience of its individual members, particularly in the areas of entertainment, hospitality, film, corporate finance, governance, and risk management, have provided both support and challenge to the Chair, and the Executive Management team during the year. This is in terms of the Group strategy as well as significant commercial projects and contracts.

Vue International Bidco plc

CORPORATE GOVERNANCE *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

Board Evaluation

The Board considered its overall size and composition to be appropriate, having regard to the experience and skills that individual Board members brought to their duties.

Audit, Risk and Internal Control

The Group's internal control environment is designed to facilitate the identification, assessment and management of risk, the protection of shareholders' investments and the Group's assets. The Board delegated responsibility for reviewing and monitoring the Group's internal control environment to the Audit Committee. All members had relevant financial experience, and as a whole, had competence relevant to the sector in which the Group operates.

The key features of the Group's internal control systems are set out in the Audit Committee Terms of Reference. The main roles and responsibilities of the Audit Committee are:

- to assess the integrity of the financial statements of the Group, and any formal announcements and practices relating to the Group's financial performance;
- to review and monitor the effectiveness of the Group's internal financial controls and to review the Group's internal control and risk management systems;
- to assess the effectiveness of the Internal Audit function;
- to assess the independence and objectivity of the external auditor and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;
- to make recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor; and
- to report to the Board on how it has discharged its responsibilities.

Internal and External Auditor Independence and the Integrity of Financial Statements

The Audit Committee met on four occasions during FY22. The members of the Audit Committee, who were also directors of Vue International Bidco plc, were Robert Barr, Matthew Baird and Lance Pridham. The Chair of the Audit Committee was Matthew Baird. See pages 4 and 28 for changes to Board and Audit Committee members following the restructure that became effective on 26 January 2023.

The Audit Committee monitored the integrity of the financial statements of the Group, reviewing and reporting to the Board significant financial reporting issues and judgements which they contain, having regard to matters communicated to it by the external auditor. In particular, during the period, the Audit Committee reviewed and challenged where necessary:

- the consistency of, and any changes to, significant accounting policies;
- significant issues and how these were addressed;
- significant estimates and judgements;
- the clarity and completeness of disclosure in the Group's annual report and the context in which the statements are made;
- the assumptions or qualifications in support of the going concern statement; and
- material information presented in the annual report and corporate governance statements relating to audit and risk management.

Vue International Bidco plc

CORPORATE GOVERNANCE *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

Internal and External Auditor Independence and the Integrity of Financial Statements (continued)

Through the attendance of Group Internal Audit, Group Financial Control and other key functional Directors as required, and review of risk and control information presented, the Audit Committee also reviewed and monitored the adequacy and effectiveness of the internal financial controls and internal control and risk management systems of the Group.

The Audit Committee monitored, reviewed, and approved the remit of the Group Internal Audit function and ensured it has the necessary resources and access to information to enable it to fulfil its mandate. During the year, the Audit Committee approved the annual Group Internal Audit plan and received reports at each meeting on the results of the work of Group Internal Audit.

The Audit Committee continued to assess the relationship with the external auditor and determined and agreed their terms of engagement and their remuneration (including fees for audit and non-audit services), so as to ensure that the level of fees was appropriate to enable an effective and high quality audit to be undertaken. In addition, the Audit Committee reviewed the results of the audit with the external auditor including the management letter and management's response to the external auditor's findings and recommendations, and reviewed any representation letters requested by the external auditor before they are signed by management.

Principal Risks, Risk Management, Internal Control

Risk management is a continuous process involving risk identification, risk assessment, identifying actions to manage risk, and consideration of residual risks after implementation of controls. The management of the business and the execution of the Group strategy are subject to a number of risks. Understanding the risks that the Group faces and managing them appropriately enhanced the Board's ability to make better decisions, deliver objectives, manage performance, and meet business obligations.

The Group policy towards managing risk is as follows:

- the management of risk is integrated into the day-to-day management of the business;
- all colleagues actively engage in risk management in their own areas of responsibility;
- risk is primarily assessed and managed by the Territory/ function conducting the business which gives rise to the risk;
- the escalation of risk information is timely, accurate and gives full visibility of the key risks, to support management decision making at all levels;
- an appropriate risk management framework and risk assessment process is in place that is aligned to the business strategy. This is supported by an appropriate organisational structure; and
- an assessment on an ongoing basis of the effectiveness of the risk management framework is integral to the continuous improvement of our risk management capabilities.

Vue International Bidco plc

CORPORATE GOVERNANCE (*continued*) FOR THE YEAR ENDED 30 NOVEMBER 2022

Principal Risks, Risk Management, Internal Control (continued)

Management considers risks within day-to-day activities ensuring that initiatives and appropriate processes are in place to monitor and mitigate them. A number of guiding principles that determine how the Group put risk management into practice at all levels underpins the policy. These principles are as follows:

- based on the principle of delegated authority for managing and taking risk at all levels, the Board will be responsible for decisions where risks are seen to present a potentially significant impact to the Group as a whole;
- business as usual (i.e. core operations) related risks are primarily managed and monitored at a Territory and functional level;
- management need to have confidence in the effectiveness of the framework at all levels of the business to ensure that the Group meets corporate governance best practices;
- management support, involvement, and enforcement is fundamental to the success of the framework;
- key risks are continuously monitored by management through risk maps and registers (where appropriate) and are mitigated to an acceptable level; and
- the risk management processes are dynamic rather than static, to accommodate a constantly changing business environment.

The purpose of the risk management structure is to ensure that risk is considered from both a 'top-down' and 'bottom-up' perspective. In addition to the Principal Risks and Uncertainties (pages 12 to 15), the Group maintains Territory level risk maps and registers, and operational risk registers for key support functions, cinema operations and specific projects as required. At the Territory risk level, the risk assessment process is based on key steps including the following:

- risk identification, assessment of inherent risk impact and likelihood;
- identification of existing controls and assessment of effectiveness;
- assessment of residual risk impact and likelihood; and
- development and implementation of actions to reduce or mitigate risk exposure.

The Audit Committee had oversight of the internal and external assurance activities to allow for its ongoing review of the effectiveness of internal control (see page 23, Audit, Risk and Internal Control). Details of the responsibilities and activities of the Audit Committee during the year are set out above on pages 23 to 25. The delivery of this activity is undertaken by the Group Internal Audit team, which is supported by specialist advisers as required.

The Group Internal Audit plan is a combination of Group-wide risk-based reviews (providing assurance over the key controls relied upon for the principal risks), financial and information technology controls testing and additional specific reviews requested by Management (see page 17, Group Internal Audit).

Vue International Bidco plc

CORPORATE GOVERNANCE *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

Remuneration and Nomination

Policies and Practices

Group remuneration policies and practices are designed to support strategy and promote long-term sustainable success. The Remuneration Committee consisted of three non-executive directors and the Group CEO. Their responsibilities included the following:

- all aspects concerning the terms of employment of any senior employee (including the terms of their bonus or other remuneration, termination or dismissal);
- any other arrangement between a Group Company and a senior employee or persons connected with a senior employee; and
- review and assessment of all senior nominations.

The Remuneration Committee met on several occasions during the financial year.

Corporate Restructuring

On 26 January 2023, the Group's restructuring transaction became effective. The assets of Vue International Bidco Plc, including the shares in its direct subsidiary Vue Entertainment International Limited (VEIL), were sold to a new holding structure. As a result, VEIL and its underlying subsidiaries (collectively, the VEIL Group) have become majority owned by the Senior Lenders.

The VEIL Group is in the process of appointing a new Board of Non-Executive Directors. The existing management and executive directors will retain their positions within the Board of the VEIL Group. A new Non-executive Chair, Stella David, was appointed on 26 January 2023 and an additional Non-executive Director, Tom Singer, was appointed on 13 February 2023 (who will be the VEIL Group's Audit Committee Chair). The Group intends to continue with the same Corporate Governance framework as set out above.

Vue International Bidco plc

DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2022

The directors present their report and the audited consolidated financial statements of Vue International Bidco plc ("the Company") and its subsidiaries (together "the Group") for the year ended 30 November 2022. The comparative period is for the year ended 30 November 2021.

RESULTS AND DIVIDENDS

The consolidated loss for the financial year after tax amounted to £331.4m (restated 2021: £189.4m – see note 3.22). Further discussion of the results and performance of the Group is provided in the Strategic Report on pages 3 to 18.

The directors do not recommend that a dividend be paid (2021: £nil).

FUTURE DEVELOPMENTS

A discussion of future developments of the Group and Company has been included in the Strategic Report and Going Concern notes on pages 59 and 114.

As part of the Group's restructuring, the Company intends to undergo a solvent liquidation.

EMPLOYEE AND STAKEHOLDER ENGAGEMENT

The directors have always recognised the importance of engagement with suppliers, customers and employees. The impact of COVID-19 has resulted in even greater levels of enhanced communications with all stakeholders in steering through the pandemic towards a common goal. Actions taken in pursuit of this are cross referenced in the strategic report page 12 under the Section 172 (1) statement.

GOING CONCERN

As at 30 November 2022 the Group had significant liquidity comprising £119.8m unrestricted cash (total cash of £123.8m less £4.0m cash in escrow in support of landlord guarantees in Germany and the Netherlands). Of the Group's £65m revolving credit facility, £50m had been drawn at the balance sheet date and £15m was undrawn but ring-fenced in support of landlord guarantees. Following the Group's restructuring the RCF is no longer available and has been rolled into the new reinstated debt facility which expires on 31 December 2027.

The Group's restructuring was agreed on 14 July 2022 and the transaction took effect on 26 January 2023 with 100% consent from all its stakeholders and included the following core elements:

- Participating senior lenders provided additional financing of €87.4m (net of fees) in September 2022 to address immediate liquidity needs. This was achieved through a super senior new money facility maturing on 30 June 2027. This is reflected in the balance sheet as at 30 November 2022.
- The assets of Vue International Bidco Plc, including the shares in its direct subsidiary Vue Entertainment International Limited (VEIL), were sold to a new holding structure.
- A debt-for-equity swap was implemented with approximately £470m of existing senior 1st lien and 2nd lien debt removed from the balance sheet.
- As a result, VEIL and its underlying subsidiaries (collectively, the VEIL Group) have become majority owned by the Senior Lenders.

Vue International Bidco plc

DIRECTORS' REPORT *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

Following the restructuring, the VEIL Group has one financial covenant; a minimum liquidity covenant of £35m unrestricted cash which is tested at the end of each month.

The restructuring set out above gives the VEIL Group access to additional liquidity, delivers a substantial deleveraging of its balance sheet and provides it with a robust capital structure to operate in the post-pandemic market.

The directors have, at the time of approving the financial statements, a reasonable expectation that the VEIL Group has adequate resources to continue in operational existence for the foreseeable future.

In considering the going concern position of the VEIL Group, a 21 month liquidity model has been developed which has been used to generate a Base Case and a 'Severe but Plausible' Downside Case. The key assumptions underpinning these scenarios are set out in note 3.3.

Under the Base Case scenario, the VEIL Group does not project any potential covenant breaches or additional liquidity needs during the 21 month period.

The Downside case which is described in note 3.3 presents some liquidity pressure in October 2024 however the directors have a reasonable expectation this will be managed through the mitigating actions outlined in that note.

The Group's net liability position of £1,453.3m is driven primarily by shareholder loan notes of £1,232.9m (see note 25) which have been waived under the terms of the restructuring effective 26 January 2023 along with the 2nd lien notes £230.8m, and are no longer payable. Adjusting for this liability and the proposed debt for equity swap on the remaining debt leaves the VEIL Group in a positive net asset position which further supports the directors' view on the going concern of the business.

PRIVATE EQUITY OWNERSHIP

On 26 January 2023, the assets of Vue International Bidco Plc (the Company), including the shares in its direct subsidiary Vue Entertainment International Limited (VEIL), were sold to a new holding structure. As a result, VEIL and its underlying subsidiaries (collectively, the VEIL Group) have become majority owned by the Senior Lenders.

The Company is controlled by Vue International Holdco Limited a company incorporated in Jersey. Vue International Holdco Limited is an investment vehicle for OMERS Administration Corporation ("OMERS") and certain clients of Alberta Investment Management Corporation ("AIMCo").

Ownership structure

The ownership structure in Vue International Holdco Limited, the ultimate controlling party, including the shares allocated through the executive incentive scheme was as follows at 30 November 2022:

OMERS	37.1%
AIMCo	37.1%
Management and other	25.8%

Vue International Bidco plc

DIRECTORS' REPORT (*continued*) FOR THE YEAR ENDED 30 NOVEMBER 2022

DIRECTORS

The directors who held office during the period and up to the date of signing these financial statements were as follows:

J. Timothy Richards

Stephen Knibbs

Alison Cornwell

Jason Peters – Non-Executive (Resigned on 16 February 2023)

Philip Mauchel – Non-Executive (Resigned on 11 April 2022)

Matthew Baird – Non-Executive (Resigned on 16 February 2023)

Lance Pridham – Non-Executive (Resigned on 16 February 2023)

Robert Barr – Non-Executive (Appointed on 11 April 2022 and Resigned on 16 February 2023)

J. Timothy “Tim” Richards - Founder and Chief Executive Officer

Prior to entering the entertainment industry Tim was a Wall Street lawyer engaged in international finance and cross-border mergers and acquisitions. In 1999, Tim left Warner Bros. Studio in Los Angeles and founded the start-up cinema exhibition company now known as Vue International.

Over the course of the past 30 years Tim has developed extensive international experience in all major markets. In December 2020, Variety Magazine named Tim as one of the 500 most influential business leaders shaping the global \$2 trillion entertainment industry. The Hollywood Reporter named Tim as one of the top five entertainment innovators of the Year and The Independent newspaper named Tim as one of the “20 Most Influential People in Film”. In February 2021, the UK Government appointed Tim as Chair of the British Film Institute (BFI).

Tim and his wife Sylvie have supported a number of charities through their family charitable foundation. In 2015, Tim was awarded the Variety International Children's Fund Humanitarian Award for his charitable work.

Vue International Bidco plc

DIRECTORS' REPORT *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

DIRECTORS *(continued)*

Stephen "Steve" Knibbs – Deputy Chief Executive Officer and Group Managing Director

Steve joined Vue in 2003 and is a key member of the senior executive team which has grown the business to its current scale across Europe.

Prior to joining Vue, Steve worked at United Cinemas International (UCI) owned by Paramount and Universal Studios. Having started at the beginning of the Multiplex Cinema building boom in the late 1980's at The Point, Milton Keynes, Steve was a key part of the senior Management team at UCI from 1987 to 2003 that opened and operated highly successful Multiplexes in many European countries, including UK, Ireland, Germany, Austria, Spain and Italy. He was involved in establishing the first Multiplex in Ireland at Tallaght, Dublin in 1990 and the first Multiplex to open in Poland in 1998 with UCI's Joint venture partner ITI Media.

Steve was Senior Vice President for UCI in Europe, overseeing Operations in the UK, Ireland, Germany, Austria and Poland and reporting to the main JV Board. Prior to this Steve was Managing Director of the UCI UK and Ireland business.

Steve served on the UK Cinema Exhibitors Association Board for many years and was the first cinema exhibitor to be invited to sit on the UK Film Council (UKFC) Board and served two terms from 2003 to 2011. He was awarded the UKCA Exhibition Achievement Award in 2017.

Prior to moving into the cinema industry Steve worked in the hospitality sector for Cavalier Restaurants, part of the Joshua Tetley & Sons brewery business based in Yorkshire. He worked with the management team that opened one of the UK's first American themed Diner Restaurants, the 'Boston Diner' in Headingley, Leeds in 1982 and then was responsible for leading the team that developed and opened a ground breaking all-day deli restaurant 'The Park Restaurant' in Coppergate, York in 1985.

Alison Cornwell – Chief Financial Officer

Alison joined Vue as Chief Financial Officer in 2014.

She is a Chartered Accountant and spent 5 years in corporate finance before joining The Walt Disney Company where she was Senior Vice President and CFO for Disney's TV distribution, Disney Channel and TV equity portfolio driving its expansion in all markets outside the USA.

Subsequently Alison became CFO of a private equity backed international broadcasting business which was transformed and sold to NBC Universal in 2007. Following this she was appointed CFO of another private equity backed business operating in the international film distribution and film financing sectors with notable titles including *The Woman in Black* starring Daniel Radcliffe. She led the successful sale of the business to a listed trade player in 2013.

Alison is a former Governor of the British Film Institute and was also the Chair of its audit committee. She is currently a non executive director of Moonriver TV Ltd, a high end TV production company, and is also a member of the Governing Council of the Institute of Chartered Accountants of Scotland.

Vue International Bidco plc

DIRECTORS' REPORT *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

DIRECTORS *(continued)*

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

During the period to 30 November 2022 and to the date of approval of the financial statements, the Company and Group maintained liability insurance for its directors and officers.

POLITICAL AND CHARITABLE CONTRIBUTIONS

No political contributions (2021: £nil) or charitable contributions (2021: £nil) were made in the financial year.

SOCIAL AND COMMUNITY ISSUES

As a cinema operator, responsibility to the community is very important to the Group. A variety of special screenings are run to facilitate accessibility to the diverse communities within which we operate include Autism friendly, subtitled, audio description and family friendly morning screenings. Vue UK is part of the national CEA card scheme which provides free tickets to carers of disabled cinema guests and is also a proud supporter of Medicinema a charity that provides relief to hospital patients through the power of film.

It is important to the Group to represent the diverse nature of the communities in which we operate and we work hard to attract people to fill vacancies from those communities.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Group continues to invest in the design, maintenance and operation of its sites in order to ensure customers are provided with the ultimate guest experience every time they visit one of the Group's cinemas.

Areas of development include food and beverage products, ensuring a state-of-the-art audio and visual experience through the latest technologies, investing to remain at the cutting edge of our digital offering and software solutions, such as automated scheduling and cinema operating systems, as well as continued improvement in guest comfort from providing enhanced premium seating offers.

ENVIRONMENTAL MATTERS

While the risks associated with climate change are not expected to directly impact the future of the business, the Group does consider the consequences of its operations on the environment. The Group territories continue to measure energy consumption (see Energy and Carbon Report on page 38) and through operational excellence deliver reductions in usage and seek to minimise adverse impacts on the environment from its activities. Similarly, through working with suppliers and customers, the Group territories continue to increase the percentage of waste that is diverted from landfill to be recycled, whilst continuing to address health, safety and economic issues through various initiatives.

An increase in the number of digital screens and improved facilities for paperless ticketing promote a reduction in the use of paper resources.

Vue International Bidco plc

DIRECTORS' REPORT (*continued*) FOR THE YEAR ENDED 30 NOVEMBER 2022

POST BALANCE SHEET EVENTS

The Group's restructuring was agreed on 14 July 2022 and the transaction took effect on 26 January 2023 with 100% consent from all its stakeholders and included the following core elements:

- Participating senior lenders provided additional financing of €87.4m (net of fees) in September 2022 to address immediate liquidity needs. This was achieved through a super senior new money facility maturing on 30 June 2027. This is reflected in the balance sheet as at 30 November 2022.
- The assets of Vue International Bidco Plc, including the shares in its direct subsidiary Vue Entertainment International Limited (VEIL), were sold to a new holding structure.
- A debt-for-equity swap was implemented with approximately £470m of existing senior 1st lien and 2nd lien debt removed from the balance sheet.
- As a result, VEIL and its underlying subsidiaries (collectively, the VEIL Group) have become majority owned by the Senior Lenders.

Jubilee Newco Limited, a company incorporated in Jersey, is the new ultimate parent company of the VEIL Group. FY23 consolidated Group financial statements will be prepared for the VEIL Group.

Vue International Bidco plc

DIRECTORS' REPORT (*continued*) FOR THE YEAR ENDED 30 NOVEMBER 2022

FINANCIAL RISK MANAGEMENT

The Board regularly reviews the financial requirements of the Group and the risks associated therewith. Full details of the Group's principal risks and uncertainties are set out in the Strategic Report.

CORPORATE GOVERNANCE

The Group's corporate governance framework, and how it is applied, is set out on pages 19 to 26.

EMPLOYEE INVOLVEMENT

Our people

People are at the core of delivering the best cinema experience across all territories in which we operate. Therefore, creating and retaining high performing teams and individuals is a key focus.

Following COVID-19 induced working from home policies, during 2022, the business put in place hybrid working policies to help facilitate head office employees returning to the office. The plans were developed after consultation with employees and management, which resulted in the implementation of well-received new working practices. These are being constantly evaluated and will continue to evolve to ensure they meet both business and employee needs. They are also continuously being refined and adapted to respond to government advice in the respective territories. The Group is committed to being able to quickly respond to employee needs, as well as ensuring ongoing business continuity in an ever changing landscape.

Aligned organisational structures

In order to maximise international synergies and local opportunities in each of our markets, we develop global strategies which we tailor and roll out to each of our operating businesses such that we capitalise quickly on local prospects. To deliver this strategy and to ensure that organisational structures continue to meet business requirements, our structures are reviewed on an ongoing basis and continuously evolve within each territory.

Developing and retaining talented employees is a fundamental part of the Group strategy. With similar organisational structures in place across all territories, we can improve the way we offer employee career paths across the Group and also maximise commercial opportunities by identifying, sharing and implementing best practice.

Employee recognition and reward

The Group's reward and recognition strategy is designed to ensure that employees are aligned to the Group's goals and are rewarded for the contribution that they make to the Group's success. Performance is driven by ensuring that incentive and recognition plans align all employees to the delivery of key business priorities and targets. Pay and benefit structures are competitive and are regularly benchmarked against relevant external data.

Vue International Bidco plc

DIRECTORS' REPORT (*continued*) FOR THE YEAR ENDED 30 NOVEMBER 2022

Employee recognition and reward (*continued*)

The incentive plans that are in place include both a company and personal element. Employees are rewarded on the basis of both overall company performance and individual business contribution. Where teams have direct responsibility for specific revenue lines and profitability, bonuses have been designed to share with the team a percentage of the incremental revenue and profit that they generate.

Within our territories, there are local recognition and incentivisation schemes that reward great customer service and sales within our busiest periods. We continue to build on this.

Annual awards ceremonies are usually held where we bring together senior managers from each country and recognise high performance in all areas of the business (e.g. retail, people development, rising star etc.). Where a week delivers high volume admissions and performance, we pay for "pizza parties", where cinema and head office employees informally get together over a pizza to celebrate the week's success.

Communication and engagement

The Group seeks to engage all employees in both its short and long-term goals. This is achieved through a number of two-way communication methods.

Weekly cascade forums take place that enable the Group Executive leadership team to communicate with each of the country General Managers and they cascade relevant information within their businesses.

Senior management liaise regularly with employee forums and work councils on new initiatives and business updates.

Cinema Management teams come together annually to hear key messages from Senior Leadership, discuss priorities for the year and network with colleagues

Film Days are held each year to enable Cinema operators to meet with representatives from the film studios and experience previews of future films to be released in the year ahead.

Finding and developing our top talent

The Group is committed to finding and appointing top talent as well as providing training and ongoing development aligned to business and employee needs.

Designing effective recruitment tools and clearly defining role accountabilities, skills and capabilities are a prime focus across all territories.

Vue International Bidco plc

DIRECTORS' REPORT (*continued*) FOR THE YEAR ENDED 30 NOVEMBER 2022

Finding and developing our top talent (*continued*)

As part of our standardised cinema operational excellence model, we are committed to continue building on what currently exists across the Group. This includes the modular training frameworks that help create clear career paths, ensuring that teams fulfil their potential and continue to develop their skills and ability within their current position but also for potential future opportunities. As the organisation continues to change, develop and grow, focused internal training and development programmes are delivered in order to support employees with the acquisition of business skills and capabilities. There are also bespoke and targeted development programmes for employees in the internal talent pools that support cinema management succession plans. Examples of these development programmes include Leadership, Personal Impact and Commercial Acumen. The talent pipelines ensure that critical vacancies are filled quickly and cost effectively.

Employee involvement and implementation of best practice

The Group seeks to engage all employees in both its short and long-term goals. This is achieved through a number of two-way communication methods including senior management briefings, employee forums and work councils.

Best practice is proactively identified and implemented across the Group using various methods such as setting up regular workshops that bring together key specialist managers from each territory in areas such as, but not limited to, Retail, Pricing, Marketing, Screen Content, HR and Finance.

Equality of opportunity and human rights

The Group is committed to its obligations under the Equality Act 2010 and the Modern Slavery Act 2015 and has policies in place to ensure an ethical and legal framework is provided to employees.

The Group is committed to making full use of the talents within the business and therefore provides equal opportunities for all. Employment decisions which include recruitment, promotion, compensation, benefits, performance management and training are based on an individual's skills, performance and behaviour and how these relate to the requirements of the business. The Group seeks to treat all its employees with dignity and respect.

The procurement teams manage many suppliers across food and beverage and take responsibility to manage the supply base and source ethically.

The Group procurement policy provides guidance that, any potential supplier must provide confirmation that no instance of modern slavery or human trafficking has occurred (or is occurring) within their business and they must also demonstrate that they have in place suitable procedures and safeguards to prevent such issues occurring.

The Group's whistle-blowing policy details how any member of staff with concerns about a potential issue (including potential occurrences of modern slavery or human trafficking) should bring the matter to the attention of senior management. This includes an option to raise the matter through a confidential whistle-blowing hotline and email contact address.

Further details around the Group's commitments to human rights can be found on the Vue website.

Vue International Bidco plc

DIRECTORS' REPORT *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

Gender breakdown

The average monthly gender diversity within the Group during the year ended 30 November 2022 was:

Level	Definition	Male No.	Male %	Female No.	Female %	Total No.
Board directors	Statutory Board Members	6	86%	1	14%	7
Senior Managers	Group Executive Directors, Territory Managing Directors ("MDs") and Directors reporting to the above	43	73%	16	27%	59
Employees	All employees excluding those mentioned above	4,154	49%	4,394	51%	8,548
Total		4,203	49%	4,411	51%	8,614

The average monthly gender diversity within the Group during the year ended 30 November 2021 was:

Level	Definition	Male No.	Male %	Female No.	Female %	Total No.
Board directors	Statutory Board Members	6	86%	1	14%	7
Senior Managers	Group Executive Directors, Territory Managing Directors ("MDs") and Directors reporting to the above	40	73%	15	27%	55
Employees	All employees excluding those mentioned above	3,852	48%	4,109	52%	7,961
Total		3,898	49%	4,125	51%	8,023

The Group recognises the value of a diverse management and although there is more to do we are pleased that our female representation for senior managers and employees has increased in recent years.

DISABLED EMPLOYEES

It is the policy of the Group that disabled people, whether registered or not, should receive full and fair consideration when applying for job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining. The Group is prepared to modify procedures or equipment, wherever this is practicable, so that full use can be made of an individual's abilities.

Vue International Bidco plc

DIRECTORS' REPORT *(continued)* FOR THE YEAR ENDED 30 NOVEMBER 2022

STATEMENT OF DISCLOSURE TO AUDITORS

In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date the directors' Report is approved, confirms that:

- so far as the director is aware, there is no relevant audit information of which the Group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and company's auditors are aware of that information.

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed in accordance with section 489(4) of the Companies Act 2006.

This report was approved by the Board on 6 March 2023 and signed on its behalf by



Alison Cornwell
Director

Vue International Bidco plc

ENERGY AND CARBON REPORT FOR THE YEAR ENDED 30 NOVEMBER 2022

The Group's Streamlined Energy and Carbon Reporting (SECR) disclosures for the current financial year are shown below. Only businesses registered in the UK are considered within scope, please refer to note 30 of the financial statements for details.

Energy consumption used to calculate emissions: *Transport combustion of fuel has been estimated from business mileage claims, and cannot be reliably converted to kWh.	2022		2021	
	Gas	31,014,462	17,747,664	kWh
	Electricity	55,253,517	41,646,815	kWh
	Transport fuels	638,622	296,479	miles*
Emissions from combustion of gas tCO ₂ e		5,661.38	3,250.66	t CO ₂ e
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel		169.90	77.85	t CO ₂ e
Emissions from purchased electricity (location based) t CO ₂ e		10,684.93	8,842.87	t CO ₂ e
Total gross tCO ₂ e based on the above		16,516.21	12,171.38	t CO ₂ e
Intensity ratio (location based): tCO ₂ e per box office admission		0.0005	0.0007	t CO ₂ e per admit
Emissions from purchased electricity (market based) t CO ₂ e		1,053.24	N/A	t CO ₂ e
Total gross tCO ₂ e based on the above		6,884.53	N/A	t CO ₂ e
Intensity ratio (market based): tCO ₂ e per box office admission		0.0002	N/A	t CO ₂ e per admit

Methodology (location based)

The Group uses an energy management company who has provided the gas and electric consumption for all sites under their management. A small number of cinema sites have their energy managed by landlords, in this case we have estimated consumption based on other similar sized sites.

Mileage has been collected from business mileage claims.

We have used the UK Government GHG Conversion Factors for Company Reporting (2022 edition) for emissions factors used for calculations.

Emissions factors for natural gas have used a gross CV basis.

The methodology used is consistent to the prior year.

Methodology (market based)

The majority of the Group's electricity is supplied by zero carbon, 100% renewable electricity sourced solely from solar, wind and hydro power. All sites supplied in this way have reported zero carbon emissions for electricity consumption in Scope 2 in line with the Greenhouse Gas (GHG) Protocol market-based method. Sites that are landlord managed are reported using location based conversion factors. Market based conversion factors are not available for prior year comparatives.

Energy efficiency action

Towards the end of 2021 the group moved to a green energy provider to minimise its environmental footprint. This resulted in a reduction of over nine thousand tonnes of carbon dioxide equivalent when comparing location based and market based emissions. A climate team has also been established to identify further opportunities for reducing our carbon impact across the group.

Vue International Bidco plc

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 30 NOVEMBER 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and Financial Statements and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This responsibility statement was approved by the Board of directors on 6 March 2023 and is signed on its behalf by



Alison Cornwell
Director

Report on the audit of the Group financial statements

Opinion

In our opinion, Vue International Bidco plc's Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 November 2022 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated Balance Sheet as at 30 November 2022; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 9 of the consolidated financial statements, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We performed audit procedures in five of the Group's key trading divisions which are located in the UK & Ireland, Germany, Poland, Italy and the Netherlands.
- Full scope audits were performed over the financial information of the trading divisions of CinemaxX (Germany) and Vue Nederland (Netherlands), as well as full scope entity audits over four legal entities in Vue UK & I (UK & Ireland), one legal entity in Multikino (Poland) and The Space Cinema (Italy). We have determined Vue Entertainment Limited (a legal entity within the UK & Ireland) and CinemaxX (Germany) to be financially significant components, with Vue Nederland, Multikino, The Space Cinema and three other Vue UK & I entities included to increase overall coverage.
- Our scoping has provided 95% (2021: 95%) coverage of consolidated revenue.

Key audit matters

- Carrying value of goodwill, intangible assets, right of use assets and property, plant & equipment
- Ability of the Group to continue as a going concern

Vue International Bidco plc

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VUE INTERNATIONAL BIDCO PLC FOR THE YEAR ENDED 30 NOVEMBER 2022

Materiality

- Overall materiality: £6.0 million (2021: £5.9 million) based on 1% of consolidated revenue.
- Performance materiality: £4.5 million (2021: £4.4 million).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

'Ability of the Group to continue as a Going concern' is a new key audit matter this year following the inclusion of a material uncertainty paragraph relating to Going concern in last year's audit opinion. 'Accounting for the impact of lease modifications' and 'Accounting for government support measures', which were key audit matters last year, are no longer included because of a reduction in the assessed risk of material misstatement within these areas given a return to more normalised levels of trading. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<i>Carrying value of goodwill, intangible assets, right of use assets and property, plant & equipment</i> At 30 November 2022, the Group balance sheet included goodwill of £824.9m, (2021: £850.2m), intangible assets of £6.4m (2021: £6.7m), right of use assets of £521.4m (2021: £577.3m) and property, plant & equipment of £237.1m (2021: £240.3m). See Notes 4, 15, 16 and 17. Management undertook a site level impairment assessment of the right of use assets, property, plant & equipment and intangible assets. Each cinema site was treated as a cash generating unit ('CGU') and a discounted cashflow calculation based on future trading projections over the remaining lease term was performed. The Group is also required to annually assess the carrying value of goodwill at the level at which goodwill is monitored by the business. The groups of CGUs for goodwill impairment testing are the individual territories in which the Group operates. Management's impairment assessment for goodwill was performed by aggregating the individual site level cashflows across the territory CGU, taking into account adjustments required to take site cashflows beyond their lease term into perpetuity.	We obtained the discounted cashflow forecasts prepared by management for all CGUs. Details of the key assumptions included in the cashflow forecasts are disclosed in Notes 16 and 17 of the financial statements. We evaluated the appropriateness of the model used by management for the impairment assessment and considered the reasonableness of the future cashflow forecasts in the model by agreeing them through to the Board approved budget (for FY23) and the Board approved Long Range Plan (for FY24 and FY25).

Vue International Bidco plc

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VUE INTERNATIONAL BIDCO PLC FOR THE YEAR ENDED 30 NOVEMBER 2022

The Group's site level assessment has resulted in an impairment of £28.6m (2021: net reversal of £18.2m) being recognised against the carrying value of property, plant & equipment, right of use assets and other intangible assets. An impairment charge of £32.6m has been recognised against the goodwill carrying value (2021: £nil). We focused on this area because the value in use calculation included key assumptions and judgements in the calculation of the recoverable amounts, in particular, the continued recovery of the business and anticipated customer demand, the release dates and performance of the future film slate, growth rates assumed in the Board-approved Long Range Plan, territory specific long term growth rates and the discount rates. Each of these assumptions had a significant impact on the discounted cashflow forecast.	We specifically challenged management on: - forecast revenue growth for the CGUs; - territory specific long term growth rates; - territory specific discount rates; and - forecast energy costs. We corroborated the forecast revenue growth to industry reports and external data regarding the future film slate. We recalculated territory specific long term growth rates and discount rates using market comparable information and compared these rates to those used by management. We assessed the appropriateness of forecast energy costs by comparing these to recent independent industry reports and actual energy costs incurred from Q4 FY22. We also performed sensitivity analysis on the discounted cashflow forecasts considering both the quantum and likelihood of potential sensitivities. We concluded that the impairment charges recognised are appropriate and we also considered the disclosures provided in the financial statements to be sufficient and in line with IAS 36 ('Impairment of Assets').
<i>Ability of the Group to continue as a going concern</i> See Note 3.3 to the Consolidated Financial Statements Covid-19 and the impact of lockdowns on the leisure and entertainment market, as well as on film production, had a significant impact on the Group's cash generation in the last three years. Historically the Group had a highly leveraged balance sheet and in the 2021 financial statements management highlighted material uncertainties relating to the ability to obtain additional liquidity financing and the potential covenant implications of a Request for Arbitration regarding an aborted acquisition. During 2022, the Group has made a full and final settlement with regard to the aborted acquisition (as described on Page 4), obtained further financing (as detailed in Note 25) and has completed an extensive restructuring of the Group (as explained in Note 34). The impact of these actions has significantly deleveraged the balance sheet and reduced the level of uncertainty involved in management's assessment of going concern. Whilst the balance sheet position of the Group has been strengthened as a result of the restructure in January 2022, there are still challenges in the industry in forecasting consumer demand and film slate releases from which management's forecasts are derived. Management has modelled Base Case and 'Severe but Plausible' Downside case scenarios to estimate liquidity headroom as part of their going concern assessment. The Directors have concluded that the Group has adequate resources to continue in operation for the foreseeable future and thus adopt the going concern basis. We focused on this matter because the going concern assessment is dependent on significant management judgement and estimation of future cashflows and we therefore consider it to be a key audit matter.	Our procedures and conclusions in respect of going concern are set out below in the 'Conclusions relating to going concern' section.

Vue International Bidco plc

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VUE INTERNATIONAL BIDCO PLC FOR THE YEAR ENDED 30 NOVEMBER 2022

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which it operates.

We performed audit procedures in the Group's key operating divisions which are located in the UK & Ireland, Germany, Poland, Italy and The Netherlands.

The Group consists of a centralised Head Office function based in the UK, and operates six trading divisions; Vue UK & I (UK & Ireland), CinemaxX (Germany & Denmark), The Space Cinema (Italy), Multikino (Poland & the Baltics), Vue Nederland (The Netherlands) and SBC (Taiwan). Each of these trading divisions contains a number of legal entities.

Individual components or reporting units for the purpose of Group reporting are considered to be either an entire trading division, or an individual legal entity. The distinction has been made based upon how the results are consolidated into the Group's financial statements.

In our view, due to their significance and/or risk characteristics, we determined that there were eight reporting units that required a full scope audit. As such, full scope audits were performed over the financial information of CinemaxX and Vue Nederland as well as full scope audits over four legal entities in Vue UK & I, one legal entity in Multikino and The Space Cinema. We have determined that Vue Entertainment Limited (a legal entity within the UK & Ireland) and CinemaxX are financially significant components. Our scoping has provided 95% coverage of consolidated revenue (2021: 95%).

The Group's accounting process is structured around a local finance function for each division who maintain their own accounting records, processes and controls and report to the centralised head office function in the UK through submission of monthly reporting packs. The head office finance function consolidates the results of all of the divisions. The Group consolidation, financial statements and a number of complex areas were audited by the Group team as part of the overall Group audit - these areas include asset impairment assessments, IFRS 16 lease accounting, deferred tax accounting and going concern.

The audit of the UK & Ireland components was performed by the Group engagement team. Where the work was performed by a component team, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole. As a result, instructions were issued by the Group audit team to the component teams and discussions were held between Group and component teams throughout the audit process. The Group audit team used video calls to attend interim and final clearance meetings with all of the component teams, and to facilitate remote work paper reviews for the financially significant components and workpapers relating to significant risk areas for the other components. Formal reporting was received from all full scope component teams.

Vue International Bidco plc

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VUE INTERNATIONAL BIDCO PLC FOR THE YEAR ENDED 30 NOVEMBER 2022

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	£6.0 million (2021: £5.9 million).
How we determined it	1% of consolidated revenue
Rationale for benchmark applied	Based on the benchmarks used in the annual report, revenue is one of the primary measures used by the shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark. In the prior year, a five-year average was used given the continued impact of Covid-19, however we have not applied an average approach in FY22 given the return to more normalised levels of trading.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £1.0 million and £5.6 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £4.5 million (2021: £4.4 million) for the Group financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £301,000 (2021: £294,450) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- Agreeing the underlying cash flow projections in the Base Case scenario to the latest Board approved forecasts, assessing how these forecasts are prepared and comparing them to external data sources (including industry forecasts) and historical company data (including cinema admissions and margins);
- Considering the sensitivities applied to the Base Case scenario to develop a 'Severe but Plausible' Downside Case that appropriately reflects potential risks within the Base Case scenario;
- Reading the latest debt facility agreements to understand the terms of the facilities (including covenants) and confirming that these have been appropriately considered in management's going concern assessment;
- Checking the mathematical accuracy of the spreadsheet model used to support management's Base Case and 'Severe but Plausible' Downside case;
- Considering the mitigating actions that have been modelled in the 'Severe but Plausible' Downside Case to understand the extent to which they are within management's control; and
- Reviewing the disclosures presented in Note 3.3 to determine whether these accurately reflect the process performed by the Directors and that the disclosure adequately captures the key assumptions in management's assessment, including the potential mitigating actions available to the Group.

Vue International Bidco plc

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VUE INTERNATIONAL BIDCO PLC FOR THE YEAR ENDED 30 NOVEMBER 2022

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 Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 November 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Vue International Bidco plc

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VUE INTERNATIONAL BIDCO PLC FOR THE YEAR ENDED 30 NOVEMBER 2022

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to data protection legislation, anti-bribery and corruption legislation, health and safety laws and The International Stock Exchange Listing Rules, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as The Companies Act 2006 and UK and international tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting for estimates and judgements. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Discussions with management, internal audit, and internal legal counsel, including consideration of non-compliance with laws and regulation and fraud;
- Review of minutes of meetings for those charged with governance;
- Agreeing financial statement disclosures to underlying supporting documentation to assess compliance with applicable laws and regulations;
- Testing of assumptions and judgements made by management in making significant accounting estimates; and
- Identifying and testing journal entries, including those impacting revenue, in particular any journal entries posted with unusual account combinations or by individuals with superuser access to systems.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Vue International Bidco plc

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VUE INTERNATIONAL BIDCO PLC FOR THE YEAR ENDED 30 NOVEMBER 2022

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the Company financial statements of Vue International Bidco plc for the year ended 30 November 2022.

Christopher Burns (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
6 March 2023

Vue International Bidco plc

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2022

		Year ended 30 November 2022 £000	⁽¹⁾ Restated Year ended 30 November 2021 £000
	Note(s)		
Revenue	5, 6	633,751	386,088
Cost of sales		(212,151)	(106,443)
Gross profit		421,600	279,645
Administrative expenses		(468,739)	(275,532)
Operating profit	8	(47,139)	4,113
Finance income	10	240	257
Finance expenses	10	(277,582)	(232,388)
Net finance costs		(277,342)	(232,131)
Share of jointly controlled entities using equity accounting method		(161)	(444)
Loss before tax		(324,642)	(228,462)
Taxation	14	(6,782)	39,048
Loss for the year		(331,424)	(189,414)
Attributable to:			
- Owners of the parent		(331,424)	(189,414)
- Non-controlling interests		-	-
		(331,424)	(189,414)

(1) Refer to note 3.22

The notes on pages 54 to 109 are an integral part of these consolidated financial statements.

Vue International Bidco plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 NOVEMBER 2022

	Year ended 30 November 2022 £000	⁽¹⁾ Restated Year ended 30 November 2021 £000
Loss for the year	(331,424)	(189,414)
Items that will not subsequently be reclassified to profit or loss		
Net remeasurement gain on retirement benefit obligations	243	83
Items that may subsequently be reclassified to profit or loss		
Gain/(loss) on cash flow hedges	23,960	(660)
Hedging gains reclassified to profit or loss	(23,300)	-
Translation gain/(loss) on net investments	7,563	(34,743)
Other comprehensive gain/(loss) for the year, net of tax	8,466	(35,320)
Total comprehensive loss for the year	(322,958)	(224,734)
Attributable to:		
- Owners of the parent	(322,958)	(224,734)
- Non-controlling interests	-	-

(1) Refer to note 3.22

The notes on pages 54 to 109 are an integral part of these consolidated financial statements.

Vue International Bidco plc

CONSOLIDATED BALANCE SHEET AS AT 30 NOVEMBER 2022

		As at 30 November 2022	⁽¹⁾ Restated As at 30 November 2021	⁽¹⁾ Restated As at 1 December 2020
	Note	£000	£000	£000
Non-current assets				
Property, plant and equipment	15	237,072	240,326	264,630
Right-of-use assets	16	521,426	577,328	668,153
Goodwill and intangible assets	17	831,296	856,886	889,642
Investments	18	126	282	122
Deferred tax asset	19	97,150	100,183	65,013
Trade and other receivables	21	34,598	36,047	22,837
Derivative financial instruments	28	-	20	-
Total non-current assets		1,721,668	1,811,072	1,910,397
Current assets				
Inventories	20	6,504	5,547	3,049
Trade and other receivables	21	65,214	63,275	43,986
Derivative financial instruments	28	23,300	-	-
Corporate tax receivable		-	-	1,375
Cash and cash equivalents	22	123,794	149,391	181,170
Assets held for sale	23	5,696	-	-
Total current assets		224,508	218,213	229,580
Total assets		1,946,176	2,029,285	2,139,977
Current liabilities				
Trade and other payables	24	268,685	289,623	207,033
Corporate tax payable		2,114	537	-
Interest-bearing loans and other liabilities	25	2,186,800	23,226	30,000
Lease liabilities	16	111,318	105,496	95,811
Provisions	27	307	981	892
Derivative financial instruments	28	-	680	-
Total current liabilities		2,569,224	420,543	333,736
Non-current liabilities				
Trade and other payables	24	5,035	7,186	9,465
Interest-bearing loans and other liabilities	25	76,057	1,972,519	1,863,783
Lease liabilities	16	745,344	755,141	829,757
Provisions	27	1,439	2,130	3,308
Deferred tax liability	19	2,411	2,142	5,488
Total non-current liabilities		830,286	2,739,118	2,711,801
Total liabilities		3,399,510	3,159,661	3,045,537
Net liabilities		(1,453,334)	(1,130,376)	(905,560)
Equity				
Share capital	29	4,718	4,718	4,718
Foreign currency translation reserve		3,725	(3,838)	30,905
Share-based payment reserve	26	10,274	10,274	10,274
Hedging reserve		-	(660)	-
Accumulated losses		(1,472,051)	(1,140,870)	(951,539)
Equity attributable to owners of the parent		(1,453,334)	(1,130,376)	(905,642)
Non-controlling interests		-	-	82
Total equity		(1,453,334)	(1,130,376)	(905,560)

(1) Refer to note 3.22

The notes on pages 54 to 109 are an integral part of these consolidated financial statements.

Vue International Bidco plc

CONSOLIDATED BALANCE SHEET *(continued)*
AS AT 30 NOVEMBER 2022

The financial statements were authorised for issue by the Board of directors on 6 March 2023 and are signed on its behalf by



Alison Cornwell
Director

Vue International Bidco plc

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 NOVEMBER 2022

		Year ended 30 November 2022 £000	⁽¹⁾ Restated Year ended 30 November 2021 £000
	Notes		
Net cash inflow from operating activities	32	76,604	143,829
Net cash inflow from operating activities		76,604	143,829
Cash flows from investing activities			
Interest received		240	257
Acquisition of property plant and equipment and intangibles		(47,284)	(24,352)
Payment for acquisition of subsidiary net of cash		-	(860)
Distributions paid to non-controlling interest		-	(82)
Net cash outflow from investing activities		(47,044)	(25,037)
Cash flow from financing activities			
Interest paid		(22,945)	(41,215)
RCF drawdown / (repayment)		27,500	(7,254)
Proceeds from borrowings		83,771	-
Fees paid on issuance of borrowings		(17,195)	(34)
Payment of lease liabilities		(126,293)	(98,618)
Net cash outflow from financing activities		(55,162)	(147,121)
Net decrease in cash and cash equivalents		(25,602)	(28,329)
Cash and cash equivalents at the beginning of the period		149,391	181,170
Exchange gain / (loss) on cash and cash equivalents		5	(3,450)
Cash and cash equivalents at the end of the year	22	123,794	149,391

(1) Refer to note 3.22

The notes on pages 54 to 109 are an integral part of these consolidated financial statements.

Vue International Bidco plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2022

	Note	Share capital £000	Share-based payments reserve £000	Accumulated losses £000	Hedging reserve £000	Foreign currency translation reserve £000	Total £000	Non- controlling interest £000	Total equity £000
Original stated balance at 1 December 2020		4,718	10,274	(940,476)	-	30,905	(894,579)	82	(894,497)
Restatement of 2020 balance	3.22	-	-	(11,063)	-	-	(11,063)	-	(11,063)
Restated balance at 1 December 2020		4,718	10,274	(951,539)	-	30,905	(905,642)	82	(905,560)
Original stated loss for the year		-	-	(186,741)	-	-	(186,741)	-	(186,741)
Restatement of 2021 balance	3.22	-	-	(2,673)	-	-	(2,673)	-	(2,673)
Restated loss for the year		-	-	(189,414)	-	-	(189,414)	-	(189,414)
Other comprehensive loss for the year		-	-	83	(660)	(34,743)	(35,320)	-	(35,320)
Total comprehensive loss for the year		-	-	(189,331)	(660)	(34,743)	(224,734)	-	(224,734)
Distributions to non-controlling interests		-	-	-	-	-	-	(82)	(82)
Balance at 30 November 2021	29	4,718	10,274	(1,140,870)	(660)	(3,838)	(1,130,376)	-	(1,130,376)
Balance at 1 December 2021		4,718	10,274	(1,140,870)	(660)	(3,838)	(1,130,376)	-	(1,130,376)
Loss for the year		-	-	(331,424)	-	-	(331,424)	-	(331,424)
Gains on cash flow hedge		-	-	-	23,960	-	23,960	-	23,960
Hedging gains reclassified to profit or loss		-	-	-	(23,300)	-	(23,300)	-	(23,300)
Other comprehensive income for the year		-	-	243	-	7,563	7,806	-	7,806
Total comprehensive loss for the year		-	-	(331,181)	660	7,563	(322,958)	-	(322,958)
Balance at 30 November 2022	29	4,718	10,274	(1,472,051)	-	3,725	(1,453,334)	-	(1,453,334)

The notes on pages 54 to 109 are an integral part of these consolidated financial statements.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

1. General information

Vue International Bidco plc ("the Company") is a Public Limited Company domiciled and incorporated in the United Kingdom under the Companies Act 2006. The address of the Company's registered office is 10 Chiswick Park, 566 Chiswick High Road, London, W4 5XS.

The Company and its subsidiaries develop and operate state-of-the-art multiplex cinemas. Further information on the principal activities of the Group and its operations are set out in the Strategic Report.

The consolidated and company financial statements and the related notes are presented in Pounds Sterling as it is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 3.9.

2. New accounting standards, amendments and interpretations

2.1 New standards and interpretations applied

The accounting policies adopted are consistent with those of the previous year.

2.2 New standards and interpretations not applied

At the date of authorisation of these financial statements the following new standards, amendments and interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 3 (Amendments)	Business combinations
IAS 16 (Amendments)	Property, plant and equipment
IAS 37 (Amendments)	Provisions, contingent liabilities and contingent assets
IAS 1 (Amendments)	Presentation of financial statements
IAS 12 (Amendments)	Income taxes
IFRS 17	Insurance contracts

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

3. Significant accounting policies

3.1 Basis of preparation

The financial statements of Vue International Bidco plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared on the historical cost basis, except for where required, certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4. The principal accounting policies adopted are set out below and have been applied consistently to all periods presented in these financial statements.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

3. Significant accounting policies (*continued*)

3.2 Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) as listed in note 30. Consolidation of a subsidiary occurs when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the date the Group gains control until the date when the Group ceases to control the subsidiary. Control exists where the Group has the right to variable returns arising from power over the entity which is derived from the ability to direct the relevant activities.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. They are entitled to a proportionate share of net assets upon liquidation which may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

Joint ventures

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Assets and liabilities of joint ventures are accounted for using the equity method of accounting.

Investments in associates

Associates are entities where the Group has significant influence but not control, accompanying a shareholding of between 20% - 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting from the date on which the investee becomes an associate. The investment is initially recognised at cost and then increased or decreased in relation to the Group's share of post-acquisition profits or losses and reduced by any dividends received.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

3. Significant accounting policies (*continued*)

3.3 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the VEIL Group has adequate resources to continue in operational existence for the foreseeable future. The directors have considered the principal risks and uncertainties set out in the Strategic Report alongside the balance sheet, cash flows, borrowing capacity and liquidity position.

As at 30 November 2022 the Group had significant liquidity comprising £119.8m unrestricted cash (total cash of £123.8m less £4.0m cash in escrow in support of landlord guarantees in Germany and the Netherlands). Of the Group's £65m revolving credit facility, £50m had been drawn at the balance sheet date and £15m was undrawn but ring-fenced in support of landlord guarantees. Following the Group's restructuring the RCF is no longer available and has been rolled into the new reinstated debt facility which expires on 31 December 2027.

The Group's restructuring was agreed on 14 July 2022 and the transaction took effect on 26 January 2023 with 100% consent from all its stakeholders and included the following core elements:

- Participating senior lenders provided additional financing of €87.4m (net of fees) in September 2022 to address immediate liquidity needs. This was achieved through a super senior new money facility maturing on 30 June 2027. This is reflected in the balance sheet as at 30 November 2022.
- The assets of Vue International Bidco Plc, including the shares in its direct subsidiary Vue Entertainment International Limited (VEIL), were sold to a new holding structure.
- A debt-for-equity swap was implemented with approximately £470m of existing senior 1st lien and 2nd lien debt removed from the balance sheet.
- As a result, VEIL and its underlying subsidiaries (collectively, the VEIL Group) have become majority owned by the Senior Lenders.

Following the restructuring, the VEIL Group has one financial covenant; a minimum liquidity covenant of £35m unrestricted cash which is tested at the end of each month.

The restructuring set out above gives the VEIL Group access to additional liquidity, delivers a substantial deleveraging of its balance sheet and provides it with a robust capital structure to operate in the post-pandemic market.

Furthermore, during the year the formal request for arbitration that was filed by Greater Union International B.V. on 24 May 2022 in relation to the CineStar transaction (described further in Note 34, "Post Balance Sheet Events" in the Vue International Bidco plc financial statements for the year ended 30 November 2021) was settled whereby all claims were released by Event Hospitality and the arbitration was discontinued. As a result, there is no longer a risk of the Material Adverse Effect covenant in the debt facility being triggered.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

3. Significant accounting policies (*continued*)

3.3 Going concern (*continued*)

In assessing the going concern position of the VEIL Group, the Directors have considered the performance of the VEIL Group's business operations in each territory together with the upcoming film slate and external factors such as increased energy costs, inflation and cost of living pressures.

The VEIL Group has developed a Base Case liquidity model which runs to 30 November 2024. The key assumptions supporting this forecast include the following:

- FY23 budget admissions by month by Territory supported by a detailed film model. The market admissions average 80% of the three-year average market size FY17-FY19. Vue admissions are determined by applying the latest admissions share to the market size by territory.
- In FY24, Territory market admissions average 94% of the three-year average market size FY17-FY19.
- Following a successful series of negotiations with landlords during the pandemic which delivered discounts, landlord contributions to capex and rent deferrals, the VEIL Group is now paying the agreed rent deferrals and these payments have been included in the projections. Rent deferrals amounted to £22.3m at the end of FY22 with £12.3m expected to be paid in 2023 and the residual balance of £10.0m in 2024.
- In line with recent results, SPP (sales per person) is expected to continue to perform well above pre-pandemic levels (for example FY22 averaged £2.98 vs FY19 of £2.37).
- Actions are in place to optimise ticket pricing, operating costs and corporate (B2B) revenue streams.
- The forecasts include the current view of cost inflation, including higher than pre-pandemic energy costs and the latest national minimum wage increases announced in each territory.
- Interest on the reinstated debt is partly capitalised in April and October 2023 and April 2024 (2% cash and 6.5% PIK) in accordance with the new facility agreement.
- Capital expenditure is broadly at pre-pandemic (FY19) levels, and includes some catch-up of delayed repairs and maintenance investment, as well as investment in projector replacements. Landlord funded recliner seat conversions continue, with 10 sites planned in 2023 and a further 17 in 2024, as well as energy saving projects and key IT system enhancements.
- Sale of the Polish freehold at Ursynow for net proceeds of £20m is expected by the end of May 2023. The Preliminary Sale Agreement was signed in October 2022 and is likely to complete towards the end of April 2023.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

3. Significant accounting policies (*continued*)

3.3 Going concern (*continued*)

The Base Case demonstrates sufficient headroom in respect of the minimum cash liquidity throughout the assessed period.

The VEIL Group has developed a 'Severe but Plausible' Downside Case to stress test the Group's financial projections. This case includes the impact of:

- A 10ppt reduction in market admissions from February 2023 to November 2024 to reflect a conservative trading position, taking into consideration economic factors which could impact demand and reduce the market size to 71% (from 80%) and 84% (from 94%) of the three-year average market size respectively. This compares to 65% achieved in FY22, which was impacted by Omicron in H1 and resulted in circuit closures in Denmark and the Netherlands and a number of operating restrictions across all the Territories, and a slower market recovery and lack of film availability during H2 2022. Vue admissions are determined by applying the latest admissions share to the reduced market size by territory.
- The impact of this reduction in admissions could be partially offset by capitalising an additional period of interest in October 2024 in line with the facility agreements.

The Downside Case results in the Group's liquidity falling below the minimum liquidity covenant of £35m in June 2024 if no mitigating action is taken.

The directors believe there to be a number of mitigating actions that could be taken if necessary:

- The new financing agreement allows for raising super senior debt up to £25m without seeking further approvals from the lenders.
- The Group owns three freehold properties in Poland which could be marketed for sale to realise funds.
- Further negotiation of rent and supplier payments, following successful negotiations with landlords and suppliers in 2020 and 2021.

Taking the above into consideration, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future, a period of at least 12 months from the date of this report. Accordingly, the Group continues to adopt the going concern basis in preparing these financial statements.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

3. Significant accounting policies (*continued*)

3.4 Revenue recognition

Revenue represents the total amount receivable for goods sold and services provided, excluding sales related taxes and intra-group transactions. The entire Group's revenue is received from the sale of goods and services. The recognition of revenue under each of the Group's material revenue streams is as follows:

- Box office revenue is recognised on the date of showing the film which reflects the satisfaction of the company's performance obligation
- Concessions revenue is recognised at the point of sale at which time the company's performance obligation to the customer has been satisfied
- Screen advertising revenue is recognised in the period that the advertisement is shown in the cinema reflecting the satisfaction of the company's performance obligations as the advertisement is displayed
- Corporate partnership revenues are recognised in the period the event takes place given the company's performance obligation has been met on completion of the event
- The Group records proceeds from the sale of gift cards and other advanced bulk tickets in deferred income and recognises admissions or revenue when redeemed. Additionally, the Group recognises unredeemed gift cards and bulk tickets as other revenues based on a proportion of redemptions, which is estimated primarily based on the Group's historical experience
- Other revenue is recognised in the period to which it relates provided the associated performance obligation has been met

3.5 Barter transactions

The Group engages in certain non-monetary barter transactions where cinema on-screen advertising space is exchanged for external advertising on other third party mediums.

In accounting for barter transactions, the associated sales and cost of sales are valued at the weighted average sales price achieved for equivalent cash sales of the Group's own on-screen advertising space.

3.6 Net financing costs

Net financing costs comprise interest payable, amortisation of financing costs, unwind of discount on property provisions, finance lease interest, interest receivable on funds invested and net foreign exchange gains or losses on financing activities.

3. Significant accounting policies (*continued*)

3.7 Retirement benefit costs

The Group operates a number of defined contribution schemes for its employees. The assets of the plans are held separately from those of the Group in independently administered funds. The Group retains no obligations in respect of these independent funds. Contributions to these funds are made by employees and are supplemented by contributions from the Group which are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group also participates in mandatory government schemes in applicable territories. In such cases an obligation is retained by the Group until retirement of the employees and any resulting liability is held as a provision calculated on an actuarial basis.

3.8 Leases

From 1 December 2019, the Group applied IFRS 16 using the modified retrospective approach.

The Group's lease portfolio relates, predominantly, to property leases for each cinema site, however also includes other assets such as motor vehicles.

Under IFRS 16, at inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date the identified asset is available to the Group a right-of-use asset and a lease liability is recognised.

The Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed payments, less any lease incentives receivable; and
- Variable lease payments that depend on an index or a rate.

Future increases in variable lease payments based on an index or rate, are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The incremental borrowing rate is defined as the rate the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The incremental borrowing rates applied to leases ranged between 4.8% and 15.2% (2021: 4.8% and 15.2%). The weighted average incremental borrowing rate applied to leases was 10.5% (2021: 9.8%).

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

3. Significant accounting policies (*continued*)

3.8 Leases (*continued*)

Movement in the lease liability results from:

- Increasing the carrying amount to reflect interest on the lease liability;
- Reducing the carrying amount to reflect the lease payments made; and
- Re-measuring the carrying amount to reflect any reassessment or lease modifications.

The lease liability is re-measured when there are changes to lease payments or lease length and the corresponding adjustment is made to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement through the Consolidated Income Statement.

The cost of the right-of-use asset is calculated as:

- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised immediately before the date of initial application; and
- Any lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are depreciated over the lease term on a straight-line basis and reported through the Consolidated Income Statement within Administrative expenses.

Right-of-use assets are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss which is recognised in the income statement.

An impairment is reversed when there is an indication that the impairment loss may no longer exist as a result of a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Where leases have been modified, resulting in a reduction in the carrying value of the right-of-use asset, the impairment loss reversal will not exceed the modified carrying amount.

Interest on the lease liability in each period during the lease term is charged to the Consolidated Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Both principal and interest are recognised within financing cash flows in the Consolidated Statement of Cash Flows.

3. Significant accounting policies (*continued*)

3.8 Leases (*continued*)

Low value and short term exempt leases

Payments associated with short-term leases and leases of low-value assets are exempt from IFRS 16 and as such continue to be recognised on a straight-line basis as an expense in the Consolidated Income Statement. Short-term leases are leases with a lease term of 12 months or less or leases on adoption date which has a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office and cinema equipment.

Lease incentives

Lease incentives predominantly relate to rent free periods or cash contributions from landlords for agreed investment in property, plant or equipment.

Where the Group receives contributions and incentives from landlords at the start of the lease or later following subsequent negotiations, these are recorded against the right-of-use asset. Where conditions are met after the start of the lease, these are reflected in the future lease payments resulting in a re-measurement of lease liability and adjustment to right-of-use asset.

Lease incentives are only recognised once all conditions of the incentive are met.

Variable lease payments

Some property leases contain variable payment terms that are linked to performance measures generated from a particular cinema site. Variable payment terms are common in the cinema and retail industries in the countries where the Group operates. Variable lease payments are recognised in administrative expenses within the Consolidated Income Statement in the period in which the condition that triggers those payments occurs.

3.9 Foreign currencies

For each group company the presentation currency used in the individual financial statements is the same as the company's functional currency. For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in Pounds Sterling, which is the functional currency of the Company.

In preparing the financial statements of the individual companies and the consolidated financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date and income and expense items are translated at the average exchange rates for the period.

3. Significant accounting policies (*continued*)**3.9 Foreign currencies (*continued*)**

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate. Exchange differences arising are recognised in other comprehensive income.

3.10 Taxation***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

3. Significant accounting policies (*continued*)

3.10 Taxation (*continued*)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.11 Business combinations

The acquisitions of subsidiaries are accounted for using the acquisition method. The cost of acquisition is measured as the fair value of assets transferred, the liabilities incurred or assumed at the date of exchange of control and equity instruments issued by the Group in exchange for control of the acquiree. Control is achieved where the Company has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities. Costs directly attributable to business combinations are recognised as an expense in the income statement as incurred.

3. Significant accounting policies (*continued*)

3.11 Business combinations (*continued*)

The acquired identifiable assets and liabilities are measured at their fair value at the date of acquisition except those where specific guidance is provided by IFRSs as outlined below:

- Non-current assets and directly attributable liabilities that are classified as held for sale in accordance with IFRS 5, are recognised and measured at fair value less costs to sell;
- Deferred tax assets and liabilities are recognised and measured in accordance with IAS 12;
- Liabilities and assets related to employee benefit arrangements are recognised and measured in accordance with IAS 19; and
- Share-based payments reserves are measured in accordance with IFRS 2.

Any excess of the cost of the acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts where appropriate. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum period of one year.

Goodwill on acquisition is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised immediately in income statement as a bargain purchase gain.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units acquired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which goodwill relates.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

3. Significant accounting policies (*continued*)

3.11 Business combinations (*continued*)

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement and is not subsequently reversed. When there is a disposal of a cash-generating unit, goodwill relating to the operation disposed of is taken into account in determining the gain or loss on disposal of that operation. The amount of goodwill allocated to a partial disposal is measured on the basis of the relative values of the operation disposed of and the operation retained.

3.12 Goodwill

Goodwill is initially recognised and measured as set out in the business combinations note (note 3.11).

The Group considers each cinema site to be a cash-generating unit ("CGU") however, for the purposes of goodwill, the Group considers each territory grouping of individual sites to be a CGU as permitted by IAS 36. Goodwill is allocated to each CGU and is reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

The need for an impairment is assessed by a comparison of the carrying value of a CGU or group of CGUs with its recoverable amount being the future value in use to the business. The value in use is assessed with reference to the future business forecasts of the Group making certain adjustments as required by the accounting standard.

The discount rate used in assessing the value in use is the estimated weighted average cost of capital employed by the Group, adjusted as necessary for any particular risks of the CGU being reviewed. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.13 Intangible assets other than goodwill

The Group holds the following intangible assets: customer relationships and software. Intangible assets with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recorded at their fair value at the acquisition date. Following initial recognition, these assets are carried at cost less any accumulated amortisation or impairment losses, on the same basis as intangible assets that are acquired separately. The useful economic lives of acquired intangible assets are estimated based on discounted future cash flows of the acquired business.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

3. Significant accounting policies (*continued*)

3.13 Intangible assets other than goodwill (*continued*)

Computer software is initially recorded at cost. Where these assets have been acquired through a business combination, this will be the fair value allocated in the acquisition accounting. Where these have been acquired other than through a business combination, the initial cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Customer relationships	6 years
Computer software	3 - 7 years

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset are recognised in the income statement when the asset is derecognised.

Intangible assets are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment losses are measured on a similar basis to property, plant and equipment and recognised in the income statement. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

An impairment is reversed when there is an indication that the impairment loss may no longer exist as a result of a change in the estimates used to determine the recoverable amount. 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.

3.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

3.15 Inventories

Inventories are valued on a first-in, first-out (FIFO) basis and are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving inventory. Inventory cost includes all direct costs.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

3. Significant accounting policies (*continued*)

3.16 Provisions

Provisions for property, restructuring or other legal costs are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material), discounted using an appropriate discount rate to reflect the risks of those cash flows.

3.17 Financial instruments

Financial instruments are classified as financial assets, financial liabilities or equity instruments, and are initially recognised when the Group becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through income statement) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through Income Statement are recognised immediately in the Income Statement.

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, credit and debit card debtors, short-term deposits and other short-term highly liquid investments with original maturities of three months or less held for the purpose of meeting short-term cash commitments. Bank overdrafts are presented in current liabilities to the extent that there is no right of offset with cash balances.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

3. Significant accounting policies (*continued*)

3.17 Financial instruments (*continued*)

Trade and other receivables

Trade receivables are measured at amortised cost using the effective interest method, less any impairment. The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on aging. The expected loss rates are based on the Group's historical credit losses experienced over the three year period prior to the year end. The carrying amount of other receivables is reduced by the impairment loss directly and a charge is recorded in the income statement. Intercompany receivables balances with the Group are assessed for impairment under IFRS 9.

Impairment of financial assets

Loss allowances will be measured on either of the following bases: i. 12-month expected credit losses ('ECLs') are the ECLs that result from possible default events within 12 months after the reporting date; and ii. Life time ECLs which are ECLs that result from all possible default events over the expected life of a financial instruments. The Group measures expected credit losses using a lifetime expected loss allowance for all intercompany receivables. The expected loss rates are based on historical loss rates which reflect current and forward looking information on macroeconomic factors.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Trade and other payables

Trade and other payables are initially measured at fair value. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term payables where the recognition of interest would be immaterial. Trade and other payables principally comprise of amounts owed to suppliers, accrued expenses and social security and other taxes.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

3. Significant accounting policies (*continued*)

3.17 Financial instruments (*continued*)

Interest-bearing loans

Interest-bearing loans are initially measured at fair value of the consideration received net of issue costs associated with the borrowings. After initial recognition, loan capital and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Cash flow hedges

Derivatives are initially recognised at fair value on the date a derivative contract is entered into. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Income Statement, within Finance Expenses.

3.18 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss, with the exception of freehold land which is not depreciated. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement to write assets down to their residual values on a straight line basis over the estimated useful lives on the following basis:

Freehold Buildings	10 - 40 years
Long-term Leasehold Land and Buildings	15 - 40 years
Short-term Leasehold Land and Buildings	Over the life of the lease capped at 25 years
Furniture, Fittings and Equipment	3 -15 years
Freehold land	Not depreciated

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Assets under construction are not depreciated until projects are completed and brought into use.

3. Significant accounting policies (*continued*)

3.18 Property, plant and equipment (*continued*)

Property, plant and equipment are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss which is recognised in the income statement.

An impairment is reversed when there is an indication that the impairment loss may no longer exist as a result of a change in the estimates used to determine the recoverable amount. 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.

3.19 Pre-opening and initial site development expenses

Start up, pre-opening and pre-operating costs are written off in the period in which they are incurred.

Expenditure of capital nature, as set out in IAS 16, is not incurred until the Board approves the development of the cinema site.

3.20 Government assistance

Government assistance is recognised in the income statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Where government assistance has been received in relation to specific costs the expenses are recognised net of the government assistance. All other government assistance is recognised as other income when there is reasonable assurance and it is virtually certain that they will be received, and the Group will comply with the conditions associated with the grant. This applies to government assistance received in relation to COVID-19.

3.21 Non-current assets classified as held for sale

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

3. Significant accounting policies (*continued*)

3.22 Prior year adjustments

The accounts have been restated to reflect the impact of correctly applying the Initial Recognition Exemption under IAS 12 'Income Taxes' to UK landlord contributions recognised on and since transition to IFRS 16 'Leases' in 2020. This has led to the de-recognition of deferred tax assets previously recognised in both 2020 and 2021. The original treatment was based on external advice obtained at the time. However, it has since been determined that the Initial Recognition Exemption should have been applied to the relevant temporary differences, such that no deferred tax assets are recognised.

	Year Ended 30 November 2021 £000
Consolidated statement of comprehensive income (extract)	
Taxation (as previously reported)	41,721
Decrease in taxation income	(2,673)
Taxation (as restated)	39,048

	As at 30 November 2021 £000	As at 1 December 2020 £000
Consolidated balance sheet		
Non-current assets		
Deferred tax asset (as previously reported)	113,919	76,076
Decrease in deferred tax asset	(13,736)	(11,063)
Deferred tax asset (as restated)	100,183	65,013
Equity		
Accumulated losses (as previously reported)	(1,127,134)	(940,476)
Increase in accumulated losses	(13,736)	(11,063)
Accumulated losses (as restated)	(1,140,870)	(951,539)

The accounts have been restated to reflect a change in accounting policy in presenting the consolidated statement of cash flows. Previously, the Group presented the cash outflow for acquisition of property, plant and equipment and intangibles net of landlord contributions. It is management's opinion that disclosing acquisition of property, plant and equipment and intangibles excluding the impact of contributions is better aligned with the Group's reporting obligations. The impact of this change has been illustrated in the below table.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

3. Significant accounting policies (*continued*)

3.22 Prior year adjustments (*continued*)

	Year Ended 30 November 2021 £000
Consolidated statement of cash flows (extract)	
Acquisition of property, plant and equipment and intangibles (as previously reported)	(10,017)
Increase in acquisition of property, plant and equipment and intangibles	(14,335)
Acquisition of property, plant and equipment and intangibles (as restated)	(24,352)
Net cash inflow from operating activities (extract)	
Increase in trade and other payables (as previously reported)	70,894
Increase in trade and other payables	14,335
Increase in trade and other payables (as restated)	85,229

If the previous accounting policy was applied in FY22, the result would be an £18.4m decrease in outflows for acquisition of property, plant and equipment and intangibles, and a £18.4m increase in outflows for trade and other payables.

4. Critical accounting estimates and judgements

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions including about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Apart from the judgement on going concern discussed in note 3.3, the following are the critical estimates and judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of goodwill (estimate and judgement)

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date and details of any impairment are set out in note 17. Management has applied sensitivity analysis to the estimates, see note 17.

4. Critical accounting estimates and judgements (*continued*)**Impairment charge and reversals of impairment charges of right-of-use assets property, plant and equipment (estimate and judgement)**

When indicators of impairment exist the Group determines whether the right-of-use asset or property, plant and equipment are impaired. The impairment is determined by estimating the value in use of the cash-generating units to which the assets are allocated, which involves making an estimate of the expected future cash flows from the cash-generating units that hold the fixed assets at a suitable discount rate to calculate the present value of those future cash flows. The Group is required to make certain assumptions about the future cash flows to be generated from the individual cinema sites; it is also required to discount these cash flows using an appropriate discount rate. The resulting calculation is sensitive to these assumptions. The directors consider the assumptions to represent the best estimate of the future cash flows generated by the cinema sites and that the discount rate used is appropriate given the risks. Management has applied sensitivity analysis to the estimates, see note 15 and 16.

Valuation of right-of-use assets and lease liabilities (estimate and judgement)

The application of IFRS 16 requires the Group to make estimates and judgements that affect the measurement of right-of-use assets and lease liabilities, at inception for new leases or during modifications of existing leases. In determining the lease term the Group must consider all facts and circumstances that create an economic incentive to exercise renewal options (or not exercise termination options). This includes the length of time remaining before the option is exercisable; current and future trading forecast as to the ongoing profitability of the site; and the level and type of planned future capital investment. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Estimates are required to determine the appropriate incremental borrowing rate used to recognise lease liabilities at fair value.

Under IFRS 16 the cost of a right-of-use asset includes the costs of dismantling and removing the item and restoring the site on which it is located i.e. dilapidations. Judgement is required in determining if a contract includes an obligation to cover these costs and that future outflow of resources is probable in order to settle the obligation. Estimates are required in determining the amount where these conditions exist.

Recognition of deferred tax assets (estimate and judgement)

The recognition of deferred tax assets, particularly in respect of tax losses, is based upon whether it is probable that there will be sufficient taxable profits in the relevant legal entity or tax group against which to utilise the assets in the future. Management therefore exercises judgement in assessing the future financial performance of the particular entity or tax group in which the deferred tax asset is to be recognised. In assessing the recoverability of deferred tax assets, the Group has considered future projections of profitability consistent with those underpinning other areas of financial reporting, such as impairment testing.

Gain/loss on financial derivatives (estimates)

The Group uses derivative contracts to manage its exposure to interest rate fluctuations. There is potential for changes based on interest rate forecast shifts and as such they are a source of estimation uncertainty with a potentially significant impact.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

5. Revenue

The Group derives revenue from the transfer of goods and services over time and at a point in time in the follow territories:

	Year ended 30 November 2022 £000	Year ended 30 November 2021 £000
Revenue by geographical market		
United Kingdom	301,061	162,913
Germany	123,762	103,553
Poland	57,399	30,795
Netherlands	39,426	24,823
Italy	74,912	44,008
Ireland	9,830	4,661
Denmark	21,420	11,618
Lithuania	2,246	977
Taiwan	3,695	2,740
Total revenue	633,751	386,088

Revenue per operating segment can be broken down by product and services provided as follows:

	Year ended 30 November 2022 £000	Year ended 30 November 2021 £000
United Kingdom		
Revenue by product and service provided		
Box office	158,185	83,817
Concessions	97,302	55,825
Screen advertising and other income	45,574	23,271
Total revenue	301,061	162,913
Continental Europe & Ireland		
Revenue by product and service provided		
Box office	166,197	82,186
Concessions	90,828	45,012
Screen advertising and other income	71,970	93,237
Total revenue	328,995	220,435
Rest of world		
Revenue by product and service provided		
Box office	2,901	2,292
Concessions	741	418
Screen advertising and other income	53	30
Total revenue	3,695	2,740

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

5. Revenue (*continued*)

Timing of revenue recognition is split as follows:

	Year ended 30 November 2022 £000	Year ended 30 November 2021 £000
Timing of revenue recognition is split as follows		
At a point in time	537,984	282,961
Over time	95,767	103,127
Total revenue	633,751	386,088

6. Segment information

Segment information is presented in accordance with IFRS 8, which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reported to the Group's Chief Operating Decision Maker in order to allocate resources to the segments and assess their performance.

The Group considers the Board to be the Chief Operating Decision Maker. The Group's operating segments comprise geographical territories in the UK, Continental Europe and the Rest of World. In accordance with IFRS 8, the Group believes that it has three reportable segments: UK, Continental Europe and the Rest of World.

Transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Inter-segment sales are not material and have not been disclosed.

The following tables present the results and certain asset and liability information regarding the Group's reportable segments and central cost centres for the year ended 30 November 2022 and the comparative period.

	Year ended 30 November 2022 £000	Year ended 30 November 2021 £000
Revenue		
United Kingdom	301,061	162,913
Continental Europe & Ireland	328,995	220,435
Rest of World	3,695	2,740
Total	633,751	386,088

	Year ended 30 November 2022 £000	⁽¹⁾ Restated Year ended 30 November 2021 £000
(Net liabilities) / net assets		
United Kingdom	(1,683,094)	(1,427,655)
Continental Europe & Ireland	231,352	297,457
Rest of World	(1,592)	(178)
Total	(1,453,334)	(1,130,376)

(1) Refer to note 3.22

7. Barter transactions

The value recognised in revenue during the year was £0.3m (2021: £0.2m) in relation to barter transactions. This was as a result of 71 (2021: 71) individual transactions.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

8. Operating profit

Included in operating profit for the year are the following:

	Year ended 30 November 2022 £000	Year ended 30 November 2021 £000
Government assistance received	(36,842)	(96,297)
Realised foreign exchange losses	1,009	94
Depreciation of property, plant and equipment	41,604	43,399
Depreciation of right-of-use assets	60,624	68,158
Remeasurement gains on right-of-use assets	(7,733)	(4,878)
Impairment of property, plant and equipment	5,012	2,818
Impairment reversal of property, plant and equipment	-	(6,677)
Impairment of right-of-use assets	23,596	5,372
Impairment reversal of right-of-use assets	-	(19,663)
Impairment of intangible assets	32,864	-
Impairment reversal of intangible assets	-	(95)
Impairment of amounts receivable from parent undertakings	20,226	-
Loss / (profit) on disposal of property, plant and equipment	172	(37)
Amortisation of intangibles assets	2,267	2,835

Government assistance received relates to various government support schemes put in place in response to COVID-19. See note 3.20 for further details on the Group's recognition policy.

In line with the Group policy £31.0m (2021: £74.4m) has been recognised within other income and the remaining £5.8m (2021: £21.9m) against costs for which the schemes are intended to compensate.

9. Auditors' remuneration

	Year ended 30 November 2022 £000	Year ended 30 November 2021 £000
Fees payable to the Company's auditors for the audit of the Group and Company financial statements	420	363
Fees payable to the Company's auditors and its associates in respect of:		
- Audit of the financial statements of the subsidiaries	778	788
- Tax advisory services not included above	-	57
- Other non-audit services	42	276
Total audit and non-audit fees	1,240	1,484

Revisions to the Ethical Standard (ES 2019) were introduced by the Financial Reporting Council (FRC) in 2020 for Other Entities of Public Interest (OEPI). As the company is an OEPI, the statutory auditor is restricted from providing non-audit services (other than required by law or regulation and permissible under ES 2019) for the period beyond 15 December 2020 unless, under the transition provisions, those services commenced before 15 December 2020 and were anticipated to be completed in a relatively short time period. The Other non-audit services related to advice and regulatory confirmation of certain Covid-related claims in the financial year, all of which were completed within 12 months of the transition date in addition to the remaining services being permitted services to be performed by the Statutory auditor.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

10. Finance income and expenses

Finance income	Year ended 30 November 2022 £000	Year ended 30 November 2021 £000
Interest income	240	250
Dividends receivable	-	7
Total finance income	240	257
Finance expenses	Year ended 30 November 2022 £000	Year ended 30 November 2021 £000
Interest on bank loans and amortisation of capitalised finance costs	76,992	71,795
Shareholder loan interest	121,177	109,836
Fair value gain on interest rate swaps designated as cash flow hedges – transfer from OCI	660	-
Unrealised foreign exchange gain	(9,770)	(29,869)
Right-of-use liability lease interest	88,523	80,626
Total finance expenses	277,582	232,388

The fair value gain relating to the ineffective portion of the hedging arrangement is transferred from Other Comprehensive Income to profit or loss, refer to the Consolidated Statement of Comprehensive Income. The fair value gain on interest rate swaps is the result of the increase in forecasted interest rates.

Unrealised foreign exchange gains and losses arise on the translation of the Euro denominated Senior Term Loan and Super Senior Facility Debt are classified as financing items.

11. Employees

	Year ended 30 November 2022 £000	Year ended 30 November 2021 £000
Wages and salaries	103,807	72,255
Social security costs	13,681	9,231
Other pension costs	2,468	2,279
Total	119,956	83,765

During the year the Group received government assistance for staff costs due to COVID-19 of £3.0m (2021: £17.4m). The above figures are shown net of government assistance received.

The average monthly number of employees, including Executive Directors and part-time employees, during the year was as follows:

	Year ended 30 November 2022 No.	Year ended 30 November 2021 No.
Cinema	8,161	7,572
Administration	453	451
Total	8,614	8,023

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

12. Directors' remuneration

	Year ended 30 November 2022 £000	Year ended 30 November 2021 £000
Wages and salaries	1,881	3,173
Social security costs	272	843
Other pension costs	5	5
Total	2,158	4,021

The highest paid director received remuneration of £0.8m (2021: £1.3m) excluding company paid social security of £116k (2021: £391k) and pension payments of £5k (2021: £5k).

The executive directors of the Company are remunerated in respect of their executive management services to both the Company and Group as a whole. Their remuneration is borne by the Company and a portion is recharged to some of the Group undertakings as part of a management service fee. Non-executive directors are not remunerated for their services to the Company and Group.

13. Pension commitments

The Group operates a number of defined contribution schemes for its employees. The assets of the plans are held separately from those of the Group in independently administered funds. The Group retains no obligations in respect of these independent funds. Contributions to these funds are made by employees and are matched by equal contributions from the Group. The amount charged to the income statement in respect of these Group funds for the year ended 30 November 2022 amounted to £1.6m (2021: £1.4m).

The Group participates in a mandatory government scheme in Italy where obligations are retained to the date that employees leave the Group. The amount charged to the income statement for the year ended 30 November 2022 amounted to £0.8m (2021: £0.8m).

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

14. Taxation

	Year ended 30 November 2022 £000	⁽¹⁾ Restated Year ended 30 November 2021 £000
Corporation tax:		
Current year	3	3
Group relief receipts	-	0
Over provision for prior years	(905)	(295)
Overseas tax charge	3,227	2,173
Total current tax charge	2,325	1,881
Deferred tax (see note 19)		
Timing differences, origination and reversal	5,429	(21,377)
Adjustment attributable to changes in tax rates and laws	(1,087)	(14,119)
Over provision for prior years	115	(5,433)
Total deferred tax	4,457	(40,929)
Total tax credited on loss on ordinary activities	6,782	(39,048)

(1) Refer to note 3.22

UK Corporation tax is calculated at 19.00% (2021: 19.00%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax charge for the year can be reconciled as follows:

	Year ended 30 November 2022 £000	⁽¹⁾ Restated Year ended 30 November 2021 £000
Loss on ordinary activities before tax	(324,642)	(228,462)
Tax at the UK corporation tax rate of 19% (2020: 19%)	(61,682)	(43,408)
Expenses not deductible for tax	36,214	14,004
Non-taxable income	(1,691)	(3,254)
Effect of different tax rates of foreign subsidiaries and branch	761	94
Adjustment attributable to changes in tax rates and laws	(1,730)	(14,119)
Tax over provided in prior periods	(790)	(5,728)
Derecognition / (recognition) of deferred tax	13,424	(7,878)
Tax losses carried forward / (utilised)	8,107	373
Group relief	14,169	20,868
Tax credit for the year	6,782	(39,048)

(1) Refer to note 3.22

In the Spring Budget 2021, the UK government announced that from 1 April 2023 the UK corporation tax rate would increase from 19% to 25%. Relevant deferred taxes at the balance sheet date have been measured using this enacted tax rate

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

15. Property, plant and equipment

	Freehold Land and Buildings	Long Leasehold Land and Buildings	Short Leasehold Land and Buildings	Furniture, Fixtures and Equipment	Assets under Construction	Total
Cost	£000	£000	£000	£000	£000	£000
At 1 December 2020 (restated)	6,356	93,340	277,646	188,502	7,269	573,113
Additions	186	94	4,772	10,764	6,748	22,564
Disposals	-	-	(165)	(1,018)	-	(1,183)
Transfers (note 17)	38	35	3,470	877	(4,451)	(31)
Foreign exchange movement	(252)	(5,418)	(4,615)	(8,109)	(377)	(18,771)
As at 30 November 2021 (restated)	6,328	88,051	281,108	191,016	9,189	575,692

Accumulated depreciation and impairment

At 1 December 2020 (restated)	3,403	59,267	128,843	116,970	-	308,483
Charge for the year	332	2,360	19,134	21,573	-	43,399
Impairment	-	-	482	2,336	-	2,818
Impairment reversal	-	-	-	(6,677)	-	(6,677)
Disposals	-	-	(164)	(1,384)	-	(1,548)
Transfers (note 17)	-	-	-	(31)	-	(31)
Foreign exchange movement	(82)	(3,280)	(2,732)	(4,984)	-	(11,078)
As at 30 November 2021 (restated)	3,653	58,347	145,563	127,803	-	335,366

Cost

At 1 December 2021	6,328	88,051	281,108	191,016	9,189	575,692
Additions	-	206	7,160	20,077	21,380	48,823
Disposals	-	-	(374)	(3,384)	(28)	(3,786)
Transfers (note 17)	-	49	9,038	8,197	(18,062)	(778)
Reclassification to assets held for sale (note 23)	-	(7,914)	-	(1,427)	(40)	(9,381)
Foreign exchange movement	68	1,145	1,324	2,726	295	5,558
As at 30 November 2022	6,396	81,537	298,256	217,205	12,734	616,128

Accumulated depreciation and impairment

At 1 December 2021	3,653	58,347	145,563	127,803	-	335,366
Charge for the year	131	605	28,073	12,795	-	41,604
Impairment	-	-	2,697	2,315	-	5,012
Disposals	-	-	(371)	(2,478)	-	(2,849)
Transfers (note 17)	-	-	-	(17)	-	(17)
Reclassification to assets held for sale (note 23)	-	(2,705)	-	(980)	-	(3,685)
Foreign exchange movement	27	1,022	1,141	1,435	-	3,625
As at 30 November 2022	3,811	57,269	177,103	140,873	-	379,056

Net Book Value

At 30 November 2022	2,585	24,268	121,153	76,332	12,734	237,072
At 30 November 2021	2,675	29,704	135,544	63,213	9,189	240,326
At 30 November 2020	2,953	34,073	148,803	71,532	7,269	264,630

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

15. Property, plant and equipment (*continued*)

The 2021 opening cost and accumulated depreciation of Short Leasehold Land and Buildings, and Furniture, Fixtures and Equipment have been restated due to assets identified on the fixed asset register for previously exited cinema sites. The net book value for these assets were nil value at the point of exiting the sites and had a cost and accumulated depreciation of £12.3m.

Previously, the 2021 opening cost balance for Short Leasehold Land and Buildings was disclosed as £287.6m and Furniture, Fixtures and Equipment was disclosed as £190.8m, and the 2021 opening accumulated depreciation for Short Leasehold Land and Buildings was disclosed as £138.8m and Furniture, Fixtures and Equipment was disclosed as £119.3m.

The restatement has not had an impact on the comparatives of the primary statements as the total net presentation of property, plant and equipment has remained unchanged.

Assets under construction mainly relates to assets placed into new cinema sites that had yet to commence trading at the date of these financial statements.

In the year £0.8m of items have been reclassified as intangible assets (2021: £nil). Refer to note 17 for further details.

The directors do not consider that there is a material difference between the fair value and cost less depreciation and any impairment of freehold land and buildings.

Impairment

Management approved three year plans are driven by a combination of local management assumptions and Group led strategic initiatives. Key assumptions include market size, competitor behaviour, initiatives related to pricing, and cost efficiencies.

The Group considers each cinema site to be a cash-generating unit ("CGU") and each CGU is reviewed annually for indicators of impairment. The Group estimates value in use using a discounted cash flow model, applying a pre-tax discount rate of:

	Year ended 30 November 2022 %	Year ended 30 November 2021 %
Denmark	14.2	12.8
Germany	13.5	12.8
Italy	15.7	12.7
Netherlands	14.8	11.6
Poland and Baltics	17.4	11.7
United Kingdom and Ireland	14.0	11.3

After transition to IFRS16 the cost of leases forms a key assumption in determining an appropriate discount rate.

The future cash flows are based on management approved forecasts which have been prepared up to the end of FY25. Expected future cash flows are primarily based on available distributor film slate data and expected market size.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

15. Property, plant and equipment (*continued*)

Territory specific growth rates of 0.4% to 2.2% (2021: 1.2% to 3.5%) are applied to estimate the cash flows beyond the forecast period up to the end of the life of the lease and all future cash flows are then discounted to their present value.

Sensitivity to changes in assumptions

Impairment reviews are sensitive to changes in key assumptions. Sensitivity analysis has been performed on the CGU's calculated recoverable amounts giving consideration to incremental changes in the key assumptions of EBITDA and discount rates.

Discount rate calculations are derived from market data, in part and as a result the models are sensitive to changes. Increases by a factor of 1% and 2% have been applied in the sensitised scenarios on the basis they reflect the range of likely to maximum variances in the rates applied.

The growth rates for EBITDA have been reduced by 1% and 2%. EBITDA sensitivities reflect reductions in growth which would largely be driven by changes in admissions and ticket prices. Given admissions trends and ticket price inflation, sensitivities applied are believed to reflect a potential downside scenario.

Market size and admissions are key assumptions within our forecasts. We have run a scenario with a 10ppt reduction in market admissions from February 2023 to reflect a conservative trading position taking into consideration economic factors which could impact demand and reduce the market size to 71% (from 80%) and 84% (from 94%) of the 3yr av. market size respectively.

The impact on the total impairment charge after applying different assumptions to growth rates, discount rates and lockdown scenarios would be as follows:

	Additional impairment £000
EBITDA growth rate in future periods reduced by 1%	3,150
EBITDA growth rate in future periods reduced by 2%	6,127
Discount rate increased by 1 percentage point	3,921
Discount rate increased by 2 percentage points	7,860
Sensitivity scenario	22,749

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

16. Leases

	Land and Buildings	Other	Total
	£000	£000	£000
Right-of-use assets			
At 1 December 2020	665,748	2,405	668,153
Additions	13,830	-	13,830
Lease modifications	(28,344)	24	(28,320)
Disposals	-	(392)	(392)
Foreign exchange movement	(21,879)	(197)	(22,076)
Impairment	(5,372)	-	(5,372)
Impairment reversal	19,663	-	19,663
Depreciation	(67,739)	(419)	(68,158)
As at 30 November 2021	575,907	1,421	577,328
Lease liabilities			
At 1 December 2020	923,689	1,879	925,568
Additions	13,731	-	13,731
Interest expense related to lease liabilities	80,569	57	80,626
Lease modifications	(33,942)	17	(33,925)
Disposals	-	(126)	(126)
Foreign exchange movement	(26,601)	(18)	(26,619)
Repayment of lease liabilities	(97,640)	(978)	(98,618)
As at 30 November 2021	859,806	831	860,637
Lease liabilities			
Current	104,855	641	105,496
Non-current	754,951	190	755,141
As at 30 November 2021	859,806	831	860,637
Right-of-use assets			
At 1 December 2021	575,907	1,421	577,328
Additions	4,188	296	4,484
Lease modifications	19,424	-	19,424
Disposals	-	(79)	(79)
Foreign exchange movement	5,004	(515)	4,489
Impairment	(23,596)	-	(23,596)
Depreciation	(60,385)	(239)	(60,624)
As at 30 November 2022	520,542	884	521,426
Lease liabilities			
At 1 December 2021	859,806	831	860,637
Additions	5,176	288	5,464
Interest expense related to lease liabilities	88,480	43	88,523
Lease modifications	15,547	-	15,547
Foreign exchange movement	12,763	21	12,784
Repayment of lease liabilities	(125,558)	(735)	(126,293)
As at 30 November 2022	856,214	448	856,662
Lease liabilities			
Current	111,047	271	111,318
Non-current	745,167	177	745,344
As at 30 November 2022	856,214	448	856,662

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

16. Leases (*continued*)

Impairment

The Group recognised an impairment charge of £23.6m (2021: £5.4m) against right-of-use assets, note 15 summarises the assumptions and sensitivities applied.

The Consolidated Income Statement shows the following amounts relating to leases:

	Year ended 30 November 2022 £000	Year ended 30 November 2021 £000
Depreciation charge of right-of-use assets	60,624	68,158
Remeasurement gain on right-of-use assets	(7,733)	(4,878)
Impairment of right-of-use assets	23,596	5,372
Impairment reversal of right-of-use assets	-	(19,663)
Expenses relating to short-term leases	333	317
Expenses relating to low-value leases	127	239
Expenses relating to variable lease payments	3,676	2,209
Charge to operating profit	80,623	51,754
Interest expense	88,523	80,626
Charge to loss before taxation	169,146	132,380

The total cash outflow for leases was £126.3m (2021: £98.6m).

Commitments for short-term leases at 30 November 2022 was £0.2m (2021: £0.1m).

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

17. Goodwill and intangible assets

	Goodwill	Customer Relationships	Computer software & other development costs	Total
Cost	£000	£000	£000	£000
At 1 December 2020	880,343	5,549	32,290	918,182
Additions	987	-	389	1,376
Transfers (note 15)	-	-	31	31
Foreign exchange movement	(31,127)	(248)	(1,183)	(32,558)
As at 30 November 2021	850,203	5,301	31,527	887,031
Accumulated amortisation and impairment				
At 1 December 2020	-	4,974	23,566	28,540
Charge for the year	-	548	2,287	2,835
Impairment reversal	-	-	(95)	(95)
Transfers (note 15)	-	-	31	31
Foreign exchange movement	-	(221)	(945)	(1,166)
As at 30 November 2021	-	5,301	24,844	30,145
Cost				
At 1 December 2021	850,203	5,301	31,527	887,031
Additions	-	-	1,657	1,657
Transfers (note 15)	-	-	778	778
Foreign exchange movement	7,507	71	345	7,923
As at 30 November 2022	857,710	5,372	34,307	897,389
Accumulated amortisation and impairment				
At 1 December 2021	-	5,301	24,844	30,145
Charge for the year	-	-	2,267	2,267
Impairment	32,833	-	31	32,864
Transfers (note 15)	-	-	17	17
Foreign exchange movement	-	71	729	800
As at 30 November 2022	32,833	5,372	27,888	66,093
Net Book Value				
At 30 November 2022	824,877	-	6,419	831,296
At 30 November 2021	850,203	-	6,683	856,886
At 30 November 2020	880,343	575	8,724	889,642

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

17. Goodwill and intangible assets (*continued*)

Impairment testing of goodwill and intangible assets

The Group allocates goodwill to territories which are considered to be groups of cash-generating units ("CGUs") for the purposes of goodwill impairment testing. The carrying amount of each CGU is then compared to the recoverable amount. The recoverable amount is deemed to be the higher of the CGU's value in use or fair value less costs to sell. Value in use for each GCU is determined by aggregating the value in use calculations from right-of-use asset, property, plant and equipment impairment testing.

The Group considers each cinema site to be a cash generating unit ("CGU") and each CGU is reviewed annually for indicators of impairment. The Group estimates value in use using a discounted cash flow model, applying a pre-tax discount rate of:

	Year ended 30 November 2022 %	Year ended 30 November 2021 %
Denmark	14.2	12.8
Germany	13.5	12.8
Italy	15.7	12.7
Netherlands	14.8	11.6
Poland and Baltics	17.4	11.7
United Kingdom and Ireland	14.0	11.3

The future cash flows are based on management approved forecasts which have been prepared up to the end of FY25. Expected future cash flows are primarily based on available distributor film slate data and expected market size

Territory specific growth rates of 0.4% to 2.2% (2021: 1.2% to 3.5%) are applied to estimate the cash flows beyond the forecast period into perpetuity and all future cash flows are then discounted to their present value.

Management has conducted sensitivity analysis of the key assumptions in the impairment test of each CGU and the group of units carrying value. Management believe that any reasonably possible change in the growth or discount rate on which recoverable amounts are based would not cause the carrying value to exceed its recoverable amount for any of the CGUs assessed.

As a result of the Group impairment test impairment charges of £32.8m (2021: nil) was booked against goodwill and £31k (2021: nil) to intangible assets.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

17. Goodwill and intangible assets (*continued*)

Sensitivity to changes in assumptions

Impairment reviews are sensitive to changes in key assumptions. Sensitivity analysis has been performed on the CGU's calculated recoverable amounts giving consideration to incremental changes in the key assumptions of EBITDA and discount rates.

Discount rate calculations are derived from market data, in part and as a result the models are sensitive to changes. Increases by a factor of 1% and 2% have been applied in the sensitised scenarios on the basis they reflect the range of likely to maximum variances in the rates applied.

The growth rates for EBITDA have been reduced by 1% and 2%. EBITDA sensitivities reflect reductions in growth which would largely be driven by changes in admissions and ticket prices. Given admissions trends and ticket price inflation, sensitivities applied are believed to reflect a potential downside scenario.

Market size and admissions are key assumptions within our forecasts. We have run a scenario with a 10ppt reduction in market admissions from Feb 2023 to reflect an extremely conservative trading position taking into consideration economic factors which could impact demand and reduce the market size to 71% (from 80%) and 84% (from 94%) of the 3yr av. market size respectively.

The impact on the total impairment charge after applying different assumptions to growth rates, discount rates and lockdown scenarios would be as follows:

	Additional impairment £000
EBITDA growth rate in future periods reduced by 1%	26,388
EBITDA growth rate in future periods reduced by 2%	89,516
Discount rate increased by 1 percentage point	42,405
Discount rate increased by 2 percentage points	133,463
Sensitivity scenario	153,095

18. Investments

The investments in which the Company has an interest are listed in note 30. An analysis of the Group's investments is as follows:

	Investments in associates £000	Investments in joint ventures £000	Total £000
At 1 December 2021	75	207	282
Share of loss	-	(161)	(161)
Foreign exchange movement	1	4	5
At 30 November 2022	76	50	126
Net book value			
As at 30 November 2022	76	50	126
As at 30 November 2021	75	207	282

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

19. Deferred tax

	Asset		Liabilities		Net	
	⁽¹⁾ Restated				⁽¹⁾ Restated	
	Year ended 30 November 2022	Year ended 30 November 2021	Year ended 30 November 2022	Year ended 30 November 2021	Year ended 30 November 2022	Year ended 30 November 2021
	£000	£000	£000	£000	£000	£000
Fixed assets	28,128	24,735	(661)	(448)	27,467	24,287
Provisions	2,776	2,954	-	-	2,776	2,954
Tax losses	33,248	48,118	-	-	33,248	48,118
Intangibles including goodwill	-	-	(1,750)	(1,694)	(1,750)	(1,694)
Lease accounting differences	27,209	19,204	-	-	27,209	19,204
Other temporary differences	5,789	5,172	-	-	5,789	5,172
Tax assets/(liabilities)	97,150	100,183	(2,411)	(2,142)	94,739	98,041

(1) Refer to note 3.22

	As at 1 December 2021	Recognised in income 2022	Foreign exchange 2022	As at 30 November 2022
	£000	£000	£000	£000
Fixed assets	24,287	3,146	34	27,467
Provisions	2,954	(222)	44	2,776
Tax losses	48,118	(15,107)	237	33,248
Intangibles including goodwill	(1,694)	(29)	(27)	(1,750)
Lease accounting differences	19,204	7,502	503	27,209
Other temporary differences	5,172	253	364	5,789
Tax assets/(liabilities)	98,041	(4,457)	1,155	94,739

The Group reviews the carrying amount of deferred tax assets the end of each reporting period and reduces them to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. The Group recognises deferred tax assets for any unused tax losses carried forward on the basis of the Group's forecasted future profits and it is considered probable that there will be sufficient future taxable profit against which the recognised carried forward losses can be utilised.

During the year ended 30 November 2022 the Group partially derecognised deferred tax assets relating to tax losses in the UK and Italy on the basis it is not probable that sufficient future taxable profits will be available to allow all deferred tax assets to be utilised. The amounts derecognised are £6.4m and £7.8m respectively and have been calculated based on the Group's forecasted future profits. In addition, deferred tax assets relating to current year movements in temporary differences, mainly tax losses, have also not been recognised in the UK and Italy. These amount to £2.2m in the UK and £8.0m in Italy.

The Group continues to not recognise a deferred tax asset in relation to interest expenses restricted by the UK Corporate Interest Restriction provisions as these are not expected to be recoverable in future periods. The deferred tax asset unrecognised at 30 November 2022 is £52.8m (30 November 2021: £41.5m).

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

20. Inventories

	Year ended 30 November 2022 £000	Year ended 30 November 2021 £000
Inventories	6,504	5,547
Total	6,504	5,547

During the year ended 30 November 2022 £1.1m (2021: £1.2m) was charged to the Consolidated Income Statement for slow moving and obsolete inventories. This includes £0.1m (2021: £1.1m) of stock wastage as a result of the COVID-19 pandemic, see page 7.

The cost of inventories recognised as an expense amounted to £37.7m (2021: £18.0m).

21. Trade and other receivables

	30 November 2022 £000	30 November 2021 £000
Trade receivables	20,846	24,383
Allowance for doubtful debts	(4,413)	(4,442)
Amounts receivable from parent undertakings	-	19,259
Other receivables	49,914	36,207
Prepayments	33,465	23,915
Total	99,812	99,322

	30 November 2022 £000	30 November 2021 £000
Non-current	34,598	36,047
Current	65,214	63,275
Total	99,812	99,322

Trade receivables are non-interest bearing. Credit terms offered to customers vary based on the territory of operation. As at 30 November 2022 trade receivables of £4.4m (2021: £4.4m) were provided for.

Other receivables include unbilled debtors and rental deposits. The movement in Other Receivables and Prepayments from 2021 is as a result of normal trading business and is not as a result of any material acquisitions or disposals.

Amounts receivable from parent undertakings are unsecured and non-interest bearing. The movement in Amounts receivable from group and parent undertakings is as a result of impairments recognised due to the Corporate Restructuring (see page 4).

Receivables are classified as non-current when, at the balance sheet date, there is no expectation to settle the receivables in the next 12 months.

Vue International Bidco plc**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

21. Trade and other receivables (*continued*)

The ageing of trade receivables is as follows:

	30 November 2022 £000	30 November 2021 £000
0-30 days	12,305	13,469
31-90 days	1,689	2,690
90+ days	6,851	8,224
Total	20,845	24,383

The ageing of the Group provision for impairment of trade receivables is as follows:

	30 November 2022 £000	30 November 2021 £000
0-30 days	-	-
31-90 days	-	-
90+ days	4,413	4,442
Total	4,413	4,442

Movements on the Group provision for impairment of trade receivables are as follows:

	30 November 2022 £000	30 November 2021 £000
Opening balance	4,442	4,903
Provision for impairment	133	(347)
Receivables written off during the year as uncollectable	(164)	(145)
Unused amounts reversed	(29)	18
Foreign exchange movements	31	13
Closing balance	4,413	4,442

22. Cash and cash equivalents

	30 November 2022 £000	30 November 2021 £000
Cash at bank	123,794	149,391
Total	123,794	149,391

The cash held in bank deposits includes £4.0m (2021: £4.7m) relating mainly to restricted cash for landlord guarantees in Germany and the Netherlands.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

23. Assets held for sale

During 2022, management committed to a plan to sell a Polish freehold property. An agreement was signed in October 2022 with the sale expected to complete during 2023. Accordingly, the freehold property is presented as an asset held for sale.

Since the agreed consideration is greater than the carrying value of the assets classified as held for sale, no impairment losses have been applied.

At 30 November 2022, the assets were stated at carrying value and comprised the following:

	Assets held for sale
	£000
Long leasehold land and buildings	5,209
Furniture, fixtures and equipment	447
Assets under construction	40
Total	5,696

There are no cumulative income or expenses included in OCI relating to the assets held for sale.

24. Trade and other payables

	30 November	30 November
	2022	2021
	£000	£000
Trade payables	59,879	56,374
Accrued expenses	173,342	186,237
Other payables	7,538	14,336
Amounts payable to parent undertakings	966	-
Other taxation and social security	3,034	7,248
Deferred income	28,961	32,614
Total	273,720	296,809

	30 November	30 November
	2022	2021
	£000	£000
Non-current	5,035	7,186
Current	268,685	289,623
Total	273,720	296,809

Trade payables are non-interest bearing. Normal settlement terms vary based on the territory of operation.

Deferred income includes gift vouchers of £15.3m (2021: £20.5m).

The movement in Accrued expenses and Deferred income from 2021 is as a result of normal trading business and is not as a result of any material acquisitions or disposals; materially all the prior year deferred income relating to gift vouchers has been recognised as revenue within the year.

Other payables include wages payable, payroll deductions, pension payables and deferred consideration. The movement in other payables is mainly as a result of a timing difference in payments of wages.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

25. Interest-bearing loans and other liabilities

The contractual terms of the Group's interest-bearing loans and other financial liabilities together with details of the Group's exposure to credit, liquidity, interest rate and foreign currency risk are as follows:

	30 November 2022 £000	30 November 2021 £000
Non-current	76,057	1,972,519
Current	2,186,800	23,226
Total	2,262,857	1,995,745

The terms and conditions of outstanding loans as at 30 November 2022 were as follows:

	Current		Non-Current		Total	
	30 November 2022 £000	30 November 2021 £000	30 November 2022 £000	30 November 2021 £000	30 November 2022 £000	30 November 2021 £000
1st Lien - Senior Term Loan (€634m)	547,780	-	-	539,345	547,780	539,345
2nd Lien - PIK notes (£165m)	230,789	-	-	205,058	230,789	205,058
(SSTL) - Senior Secured Term Loan (£150m)	150,000	-	-	150,000	150,000	150,000
RCF (£65m)	50,246	22,746	-	-	50,246	22,746
Super Senior Facility Debt (€94.8m)	-	-	81,935	-	81,935	-
External loans	414	480	536	662	950	1,142
Shareholder loan notes	1,232,869	-	-	1,111,689	1,232,869	1,111,689
Total	2,212,098	23,226	82,471	2,006,754	2,294,569	2,029,980
Less:						
Revolving credit facility capitalised fees	(421)	-	-	(583)	(421)	(583)
1st Lien capitalised fees	(6,002)	-	-	(7,787)	(6,002)	(7,787)
2nd Lien capitalised fees	(2,668)	-	-	(3,199)	(2,668)	(3,199)
Super Senior Facility capitalised fees	-	-	(6,414)	-	(6,414)	-
SSTL capitalised fees	(16,207)	-	-	(22,666)	(16,207)	(22,666)
Total interest-bearing loans and borrowings	2,186,800	23,226	76,057	1,972,519	2,262,857	1,995,745

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

25. Interest-bearing loans and other liabilities (*continued*)

Revolving credit facility

The Group was able to draw on a £65m multicurrency revolving credit and overdraft facility with Lloyds Bank plc (£35m), Morgan Stanley (£15m), and J.P. Morgan (£15m). The facility was due to mature on 3 July 2025. At 30 November 2022 there was a £50.2m (2021: £22.7m) drawing on the facility. The facility bore interest at LIBOR, EURIBOR, CIBOR (Denmark) or WIBOR (Poland) depending on the currency drawn down plus a margin of 3.75% (subject to ratchet).

Costs incurred in obtaining the revolving credit facility were capitalised and allocated to the Consolidated Income Statement over the life of the related debt facility. At 30 November 2022 the unamortised issue costs were £0.4m (2021: £0.6m).

Senior Term Loans & PIK notes

On 3 July 2019, the Group issued the following debt:

- €634m EUR Senior Secured Term Loan B, maturing in 2026, with a variable margin of EURIBOR + 475 bps. A zero percent floor applies to EURIBOR.
- £165m 2nd Lien PIK Notes provided by OMERS, maturing in 2027, with a variable margin of SONIA + 1,000 bps. A one percent floor applies to SONIA.

On 3 November 2020, the Group issued the following debt:

- £150m Senior Secured Term Loan B (SSTL), maturing in 2024, with a variable margin of SONIA + 900 bps. A quarter of a percent floor applies to SONIA.

On 23 September 2022, the Group issued the following debt:

- €94.8m Super Senior Facility Debt (SSFD), maturing in 2027, with a variable margin of EURIBOR + 800 bps. A zero percent floor applies to EURIBOR.

Shareholder loan notes

Shareholder loans bore interest of 11.0% and had a termination date of 9 August 2033. Early repayment could not be requested by the shareholders before the termination of the Senior Secured Term Loan and 2nd Lien PIK Notes. Interest roll up and capital was repayable on the termination date.

Security

The Senior debt, which included the Super Senior Facility debt, and revolving credit facility were secured by cross guarantees and charges over certain of the Group's shares and assets.

Senior debt capitalised issue costs

Costs incurred in issuing the senior debt and the credit facility were capitalised and allocated to the Consolidated Income Statement over the life of the related debt facility. At 30 November 2022 borrowings are stated net of unamortised issue costs of £31.7m (2021: £34.2m).

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

25. Interest-bearing loans and other liabilities (*continued*)

External loans

External loans relate to loans from the German Federal Film Fund (FFA). These loans have a variety of maturity dates with the last due to be repaid in 2025.

Corporate restructuring

On 26 January 2023 the Vue International Group's restructuring became effective completed its corporate re-organisation. As a result of this, all interest-bearing loans and other financial liabilities held by the Company were reclassified to Current. See page 4 for more information.

26. Share-based payment reserve

Vue International Holdco Limited, the ultimate parent undertaking, operates one senior executive share-based payment scheme.

The scheme is accounted for in accordance with IFRS 2 'Share-based Payments' as an equity settled share-based payment scheme. The fair value of this benefit as at the 8 August 2013 grant date was expensed evenly to the income statement over the vesting period with a corresponding increase in the share-based payment reserve in equity. The fair value of the benefit has been fully expensed over the vesting period of the agreement. The charge booked to the income statement was £nil (2021: £nil).

27. Provisions

Analysis of total provisions:

	As at 30 November 2022 £000	As at 30 November 2021 £000
Current	307	981
Non-current	1,439	2,130
	1,746	3,111

	Property provisions £000	Jubilee retirement £000	Other provisions £000	Total £000
At 1 December 2021	251	1,879	981	3,111
Additions during year	-	-	197	197
Utilised during the year / released during the year	(251)	(460)	(892)	(1,603)
Foreign exchange movement	-	27	14	41
At 30 November 2022	-	1,446	300	1,746

Property provisions

Property provisions mainly relate to an onerous property contract. The contract is a short term lease and so is exempt from IFRS 16. The provisions were fully utilised during the year.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

27. Provisions (*continued*)

Jubilee retirement provision

This provision is for one-off payments to Italian employees upon retirement as required by Italian law. The provision is calculated by local Italian actuaries annually with reference to assumptions on final salary, employee movements and inflation rates. Actuarial gains and losses are recorded in other comprehensive income with the provision being discounted at the Italian actuarial rate.

Other provisions

Other provisions relate to claims currently going through legal process.

28. Financial instruments

(a) Cash flow hedge

	30 November 2022 £000	30 November 2021 £000
Non-current assets		
Interest rate cap - cash flow hedge	-	20
Total	-	20
Current assets		
Interest rate cap - cash flow hedge	23,300	-
Total	23,300	-
Current liabilities		
Interest rate cap - cash flow hedge	-	680
Total	-	680

Derivatives are only used for economic hedging purposes and not as speculative investments. The Group's accounting policy for its cash flow hedges is set out in note 3.17.

	Total £000
Interest Rate cap - cash flow hedge	
Opening balance 1 December 2021	(660)
Gains on cash flow hedge	23,960
Closing balance 30 November 2022	23,300

The fair value gain relates to the ineffective portion of the hedging arrangement. This is transferred from OCI to profit or loss, refer to the Consolidated Statement of Comprehensive Income.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

28. Financial instruments (*continued*)

(b) Fair value of financial instruments

Fair value hierarchy

Financial instruments are held at amortised cost. The carrying values of each class of financial assets and liabilities are considered to be the fair value amounts at the balance sheet date, with the exception of borrowings and finance leases. The classifications of the Group's financial assets and liabilities at the balance sheet date, and contractual cash outflows are shown in the tables below:

30 November 2022		
Financial Assets per the balance sheet		
	Assets at amortised cost	Fair value of assets at amortised cost
Group	£000	£000
Trade and other receivables excluding prepayments	86,573	66,347
Cash and cash equivalents	123,794	123,794
Derivative financial instruments	23,300	23,300
Total	233,667	213,441

Financial Liabilities per the balance sheet		
	Liabilities at amortised cost	Fair value of liabilities at amortised cost
Group	£000	£000
Borrowings	2,262,857	1,204,920
Lease liabilities	856,662	856,662
Trade and other payables excluding non-financial liabilities	241,725	241,725
Total	3,361,244	2,303,307

30 November 2022	Carrying amount	Contractual cash flows	0-1 Year	2-5 years	More than 5 years
	£'000	£'000	£'000	£'000	£'000
1st Lien and 2nd Lien	769,899	(778,569)	-	(778,569)	-
SSFD	75,521	(81,935)	-	(81,935)	-
SSTL	133,793	(150,000)	-	(150,000)	-
RCF	49,825	(50,246)	(50,246)	-	-
Shareholder loan notes	1,232,869	(1,232,869)	-	-	(1,232,869)
Leases	856,662	(2,265,073)	(181,405)	(652,061)	(1,431,607)
Trade payables	241,725	(241,725)	(241,725)	-	-
External Loans	950	(950)	(414)	(536)	-
Total	3,361,244	(4,801,367)	(473,790)	(1,663,101)	(2,664,476)

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

28. Financial instruments (*continued*)

(b) Fair value of financial instruments (*continued*)

Fair value hierarchy (*continued*)

30 November 2021		
Assets per the balance sheet	Assets at amortised cost	Fair value of assets at amortised cost
Group	£000	£000
Trade and other receivables excluding prepayments	75,407	75,407
Cash and cash equivalents	149,391	149,391
Derivative financial instruments	20	20
Total	224,818	224,818

Liabilities per the balance sheet		
	Liabilities at amortised cost	Fair value of liabilities at amortised cost
Group	£000	£000
Borrowings	1,995,745	986,725
Lease liabilities	860,637	860,637
Trade and other payables excluding non-financial liabilities	256,947	256,947
Derivative financial instruments	680	680
Total	3,114,009	2,104,989

30 November 2021	Carrying amount	Contractual cash flows	0-1 Year	2-5 years	More than 5 years
	£'000	£'000	£'000	£'000	£'000
1st Lien and 2nd Lien	733,417	(744,403)	-	-	(744,403)
SSTL	127,334	(150,000)	-	(150,000)	-
RCF	22,163	(22,746)	(22,746)	-	-
Shareholder loan notes	1,111,689	(1,111,689)	-	-	(1,111,689)
Leases	860,637	(1,693,654)	(143,259)	(517,608)	(1,032,787)
Trade payables	256,947	(256,947)	(256,947)	-	-
External Loans	1,142	(1,142)	(480)	(662)	-
Derivative financial instruments	680	(2,964)	(741)	(2,223)	-
Total	3,114,009	(3,983,545)	(424,173)	(670,493)	(2,888,879)

Trade and other receivables

Trade and other receivables are carried at recoverable amount, less provisions for any amount where recovery is doubtful. All trade and other receivables are expected to be short-term and therefore no discounting of future cash flow is required.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated at its carrying amount.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

28. Financial instruments (*continued*)

(b) Fair value of financial instruments (*continued*)

Interest-bearing borrowings and finance lease liabilities

Fair value, which, after initial recognition is determined for disclosure purposes only, is calculated discounting the current value at prevailing interest rates.

Trade and other payables

Trade and other payables are carried at the face value of the payable. All trade and other payables are expected to be short-term and therefore no discounting of future cash flow is required. The fair value of trade and other payables approximate the carrying value.

(c) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions and from the Group's receivables from customers.

The Group seeks to ensure that the banks used for the financing of the loan facilities have an acceptable credit rating by independent credit rating agencies.

The Group's operations are principally retail and so the exposure to credit risk is minimal. The Group periodically reviews its receivables and makes appropriate allowances where recovery is deemed to be doubtful.

(d) Liquidity risk

Liquidity risk is risk that the Group will not be able to meet its financial obligations as they fall due.

The directors believe that the Group will be able to continue to meet its need for liquidity from the Group's existing cash balances and facilities. The Group monitors its headroom monthly, forecasts its cash flow on a quarterly basis for approximately a year ahead, and monitors its financing agreements on a monthly basis to ensure that there are no unforeseen liquidity issues. Furthermore, the financial restructuring which took effect on 26 January 2023 gives the Group access to additional liquidity, delivers a substantial deleveraging of its balance sheet and provides it with a robust capital structure to operate in the post-pandemic market. See Going Concern note 3.3 for further detail.

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

28. Financial instruments (*continued*)

(e) Market risk (*continued*)

Market risk – foreign currency risk

The Group has operations in Ireland, Continental Europe and Taiwan where businesses buy and sell goods and services in their local currencies rather than Pounds Sterling. As a result, the value of the Group's non-sterling revenues, purchases, financial assets and liabilities, and cash flows can be affected by movements in exchange rates. The majority of foreign operations income and expenditure are within the functional currency of the foreign operator providing natural hedging in these currencies. The Board does not consider there to be any significant unmitigated foreign currency risk in relation to the Group's pre-tax result.

Sensitivity analysis

In managing currency risks, the Group aims to reduce the impact of short-term fluctuations on the Company and foreign

Group's earnings. Over the longer term, however, permanent changes in foreign exchange rates would have an impact on consolidated earnings. This impact would be mitigated by many factors both internal and external, making it impossible to estimate the size of that impact. A change of €0.01 in foreign exchange rates applied to the Group's borrowings as at the balance sheet date would increase or decrease profit or loss for a full year by £5.4m (2021: £4.6m). Due to the natural hedge inbuilt in the Group's operations any movements in Euro denominated borrowings are offset by movements in the Euro denominated earnings.

Market risk – interest rate risk

At the balance sheet date, the interest rates for the Group's interest-bearing financial instruments are as described in note 25.

During November 2021 the Group entered into two interest rate hedges to mitigate the risk of increasing interest rates on its external debt. The directors continue to monitor the exposure on an ongoing basis.

Sensitivity analysis

A change of 10 basis points in interest rates applied to the Group's borrowings (excluding 1st Lien - Senior Term Loan) as at the balance sheet date would increase or decrease profit or loss for a full year by £0.5m (2021: £1.0m).

The 1st Lien debt has not been included in the sensitivity analysis on the basis that the interest rate hedge mitigates the market risk.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

28. Financial instruments (*continued*)

(f) Capital management

The Group's objective when managing capital is to enable its ongoing operations and to safeguard its ability to continue as a going concern in order to provide returns for shareholders, provide benefits for the other stakeholders, and to maintain an optimal capital structure.

The directors look to optimise the debt and equity balance and to maintain adequate liquidity. The funding requirements of the Group are met by cash generated from operations and access to external borrowings. Furthermore, the financial restructuring which took effect on 26 January 2023 gives the VEIL Group access to additional liquidity, delivers a substantial deleveraging of its balance sheet and provides it with a robust capital structure to operate in the post-pandemic market. See Going Concern note 3.3 for further detail.

29. Share capital

	30 November 2022	30 November 2021
	£000	£000
Allotted, issued and fully paid		
4,718,100 Ordinary shares of £1 each (2021: 4,718,100)	4,718	4,718
Total	4,718	4,718

The Company has one class of ordinary shares which carry no right to fixed income.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

30. Subsidiaries, joint ventures and associates

The Group, headed by Vue International Bidco plc, is incorporated in the UK and holds a number of subsidiaries and associates directly and indirectly which operate and are incorporated around the world.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in subsidiary undertakings do not differ from the voting rights held. This note lists all related undertakings of the Group. Information about the composition of the Group at the end of the reporting period is as follows:

Name of undertaking	Country of Registration	Proportion of shares held (ordinary shares)	Address of registered office
Direct subsidiary undertakings			
Vue Entertainment International Limited	Jersey	100%	44 Esplanade, St Helier, Jersey, JE4 9WG
Indirect subsidiary undertakings			
Vue Holdings (Jersey) Limited	Jersey	100%	44 Esplanade, St Helier, Jersey, JE4 9WG
Vue Holdings (UK) Limited	UK	100%	10 Chiswick Park 566 Chiswick High Road London, W4 5XS
Vue Entertainment Investment Limited	UK	100%	
Vue Booking Services Limited	UK	100%	
Vue Entertainment Holdings Limited	UK	100%	
Vue Entertainment Holdings (UK) Limited	UK	100%	
A3 Cinema Limited	UK	100%	
Aurora Holdings Limited	UK	100%	
Aurora Cinema Limited	UK	100%	
Ster Century (UK) Limited	UK	100%	
SBC Portugal Limited	UK	100%	
Vue Theatres (UK) Limited	UK	100%	
Vue Cinemas Limited	UK	100%	
Vue Cinemas (UK) Limited	UK	100%	
Apollo Cinemas Limited	UK	100%	
Vue Services Limited	UK	100%	
Shake UK Newco Limited	UK	100%	
Treganna Bidco Limited	UK	100%	
Vue Properties Limited	UK	100%	
Tulip UK Newco Limited	UK	100%	
Vue Entertainment Limited	UK	100%	

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

30. Subsidiaries, joint ventures and associates (*continued*)

Name of undertaking	Country of Registration	Proportion of shares held (ordinary shares)	Address of registered office
Spean Bridge Luxembourg S.a.r.l	Luxembourg	100%	49 boulevard du Prince Henri Luxembourg
Spean Bridge Luxembourg Investments S.a.r.l	Luxembourg	100%	
Spean Bridge Taiwan S.a.r.l	Luxembourg	100%	
CinemaxX Danmark A/S	Denmark	100%	Kalvebod Brygge 57 1560 Copenhagen V. Denmark
CinemaxX Entertainment GmbH & Co. KG	Germany	100%	Valentinskamp 18-20 20354 Hamburg Germany
CinemaxX MaxXtainment GmbH	Germany	100%	
CinemaxX Movietainment GmbH	Germany	100%	
CinemaxX Cinema GmbH & Co. KG	Germany	100%	
Verwaltung CinemaxX Cinema GmbH	Germany	100%	
CinemaxX Cinetainment GmbH	Germany	100%	
CinemaxX Holdings GmbH	Germany	100%	
CinemaxX Entertainment Verwaltungsgesellschaft GmbH	Germany	100%	
Vue Beteiligungs GmbH	Germany	100%	
CinemaxX Multiplex Mülheim GmbH	Germany	100%	
Multikino Media Sp. z o.o.	Poland	100%	2 ul. Przesko Warsaw 00-032 Poland
Multikino S.A.	Poland	100%	
SBC Taiwan Limited	Taiwan	100%	4F, 5F, 6F and 7F. No.501, Sec. 2 Zhongyuan Rd. Zhongli Dist. Taoyuan City 320 Taiwan
UAB Multikino Lietuva	Lithuania	100%	J.Jasinskio str. 16B Vilnius Lithuania
The Space Cinema 1 SpA	Italy	100%	Piazza Augusto Imperatore 3 - 00186 - Roma

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

30. Subsidiaries, joint ventures and associates (*continued*)

Name of undertaking	Country of Registration	Proportion of shares held (ordinary shares)	Address of registered office
Vue Nederland B.V.	Netherlands	100%	Danzigerkade 2D 1013 AP Amsterdam The Netherlands
Vue Cinemas B.V.	Netherlands	100%	
Vue Kerkrade B.V.	Netherlands	100%	
Vue Deventer B.V.	Netherlands	100%	
Vue Steenwijk B.V.	Netherlands	100%	
Vue Meppel B.V.	Netherlands	100%	
Vue Hoogeveen B.V.	Netherlands	100%	
Vue Deutschland B.V.	Netherlands	100%	
Aurora Cinema (Ireland) Limited	Ireland	100%	70 Sir John Rogerson's Quay Dublin 2, Ireland
Vue Entertainment Holdings (Ireland) Limited	Ireland	100%	6 th Floor, South Bank House, Barrow St, Dublin 4
Showtime Cinemas (Ashbourne) Limited	Ireland	100%	6 th Floor, South Bank House, Barrow St, Dublin 4
Showtime Cinemas (Limerick) Limited	Ireland	100%	6 th Floor, South Bank House, Barrow St, Dublin 4
Joint Ventures			
Red Carpet Cinema Communication Verwaltungs GmbH (Liquidated 23/03/2022)	Germany	50%	Valentinskamp 18-20 20354 Hamburg Deutschland Germany
Red Carpet Cinema Communication GmbH & Co. KG (Liquidated 08/03/2022)	Germany	50%	
Digital Cinema Advertising – DCA S.r.l	Italy	50%	Piazza Duse Eleonora 2 20122 Milan Italy
Associates			
Kino.dk A/S	Denmark	26%	Kalvebod Brygge 57, 1560 Copenhagen V., Denmark
Multiplex-Kino GmbH & Co. Objekt Veitschochheimer Straße KG	Germany	5.5%	Nonnenstraße 44; 04229 Leipzig; Germany

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

31. Commitments

(a) Capital commitments

The Group had capital commitments as follows:

	30 November 2022 £000	30 November 2021 £000
Contracted for but not provided for in these financial statements	11,731	3,854
Total	11,731	3,854

(b) Operating lease commitments

From 1 December 2019, following adoption of IFRS 16 the Group has recognised right-of-use assets for these leases, except for short-term leases. Refer to note 16 for further details.

32. Net cash inflow from operating activities

	Year ended 30 November 2022 £000	⁽¹⁾ Restated Year ended 30 November 2021 £000
Operating (loss) / profit before tax	(47,139)	4,113
Adjustment for:		
Depreciation	102,228	111,557
Amortisation	2,267	2,835
Remeasurement gains on right-of-use assets	(2,807)	(4,878)
Impairment	81,698	8,190
Impairment reversal	-	(26,435)
Decrease in provisions	(1,400)	(848)
Increase in inventories	(925)	(2,626)
Decrease / (increase) in trade and other receivables	1,868	(33,732)
(Decrease) / increase in trade and other payables	(59,575)	85,229
Loss / (profit) on disposals	172	(37)
Other non cash	652	360
Cash generated from operations	77,039	143,728
Income taxes (paid) / received	(435)	101
Net cash inflow from operating activities	76,604	143,829

(1) Refer to note 3.22

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

32. Net cash inflow from operating activities (*continued*)

Net debt reconciliation

	Cash and Bank £'000	1st Lien £'000	2nd Lien £'000	Senior Secured Term Loan £'000	RCF £'000	Super Senior Facility Debt £'000	Share- holder loans £'000	External Loans £'000	Capital- ised fees £'000	Lease liabilities £'000	Total £'000
Net debt as at 30 November 2020	181,170	(568,712)	(183,968)	(150,000)	(30,000)	-	(1,001,851)	(740)	41,487	(925,568)	(2,638,182)
Cash flows	(28,329)	-	-	-	7,254	-	-	-	-	98,618	77,543
Foreign exchange adjustments	(3,450)	29,367	-	-	-	-	-	(38)	-	(26,619)	(740)
Non-cash movement	-	-	(21,090)	-	-	-	(109,838)	(364)	(7,252)	(7,068)	(145,612)
Net debt as at 30 November 2021	149,391	(539,345)	(205,058)	(150,000)	(22,746)	-	(1,111,689)	(1,142)	34,235	(860,637)	(2,706,991)
Cash flows	(25,602)	-	-	-	(27,500)	(83,771)	-	-	-	126,293	(10,580)
Foreign exchange adjustments	5	(8,435)	-	-	-	1,836	-	(14)	-	(12,784)	(19,392)
Non-cash movement	-	-	(25,731)	-	-	-	(121,180)	206	(2,523)	(109,534)	(258,762)
Net debt as at 30 November 2022	123,794	(547,780)	(230,789)	(150,000)	(50,246)	(81,935)	(1,232,869)	(950)	31,712	(856,662)	(2,995,725)

Non-cash movements include capitalised interest charges.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

33. Contingent liabilities

As at 30 November 2022 no contingent liabilities existed (2021: nil).

34. Post balance sheet events

The Group's restructuring was agreed on 14 July 2022 and the transaction took effect on 26 January 2023 with 100% consent from all its stakeholders and included the following core elements:

- Participating senior lenders provided additional financing of €87.4m (net of fees) in September 2022 to address immediate liquidity needs. This was achieved through a super senior new money facility maturing on 30 June 2027. This is reflected in the balance sheet as at 30 November 2022.
- The assets of Vue International Bidco Plc, including the shares in its direct subsidiary Vue Entertainment International Limited (VEIL), were sold to a new holding structure.
- A debt-for-equity swap was implemented with approximately £470m of existing senior 1st lien and 2nd lien debt removed from the balance sheet.
- As a result, VEIL and its underlying subsidiaries (collectively, the VEIL Group) have become majority owned by the Senior Lenders.

Jubilee Newco Limited, a company incorporated in Jersey, is the new ultimate parent company of the VEIL Group. FY23 consolidated Group financial statements will be prepared for the VEIL Group.

35. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its other related parties are disclosed below.

Management fee services

The Company was party to a management services agreement with OMERS Private Equity Inc., PE12GV (Artist) Ltd. and PE12PX (Artist Management) Ltd, as service providers. Each service provider provides corporate finance, strategic corporate planning and other services. The charge for the year ended 30 November 2022 was waived (2021: £0.4m). The charge for the year ended 30 November 2021 was also subsequently waived so there were no payments made during the year.

Key management remuneration

The remuneration of key management personnel of the Group is set out below. Refer to note 12 for Directors' remuneration.

	Year ended 30 November 2022 £000	Year ended 30 November 2021 £000
Remuneration	8,367	12,736
Contributions to defined contribution pension schemes	158	196
Total	8,525	12,932

Key management personnel comprise of the Managing Directors of each major market and the Group senior team who are not statutory directors.

Vue International Bidco plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

35. Related party transactions (*continued*)

Other Related Party Transactions

During the year the Group paid £77k to AIMCo for recharged professional fees relating to the financial restructuring.

Ron Sterk, CEO of Vue Netherlands, is a member of the Board of NVBF (the Dutch Exhibitors Association) and Stichting Bio Kinderrevalidatie. Remon Guitjens, CFO of Vue Netherlands, is a director of Stichting Nationale Bioscoopbon a non profit company that operates the Dutch National Cinema Card for all cinemas in the Netherlands. J. Timothy Richards, CEO of the Group, is Chair of the BFI. Martin Kelleher, acting as non-executive director of Irish subsidiaries, is a senior partner of Mason Hayes & Curran LLP. Alison Cornwell, CFO of the Group, was a non-executive director of Centre For The Moving Image which operates the Edinburgh international film festival, but stepped down as a director in October 2022. Toby Bradon, General Manager of Vue UK & Ireland, is director of UK Cinema Association Ltd.

During the year the Group had the following transactions take place as part of normal trading activities and amounts outstanding at balance date with these related parties:

	Year ended 30 November 2022		Year ended 30 November 2021	
	Income / (Expense)	Receivable / (Payable)	Income / (Expense)	Receivable / (Payable)
	£000	£000	£000	£000
NVBF	(310)	-	(188)	(87)
Stichting Nationale Bioscoopbon	1,498	24	789	22
Stichting Bio Kinderrevalidatie	(21)	(2)	(18)	(3)
BFI	-	-	77	-
Edinburgh International Film Festival Limited	43	(1)	-	-
UK Cinema Association Ltd	(91)	-	-	-
Mason Hayes & Curran LLP	(17)	-	(32)	(1)
Total	1,102	21	628	(69)

Other Group Entity Related Party Transactions

During the year the Group incurred interest charges of £121.2m (2021: £109.8m) by companies under the ownership of Vue International Holdco Limited Group which are not eliminated on consolidation. As at 30 November 2022, £1,232.9m (2021: £1,111.7m) is owed in respect of shareholder loans.

36. Ultimate parent company and controlling party

At 30 November 2022, the immediate parent undertaking of the Company is Vue International Midco Limited.

This set of financial statements, with the Company as parent undertaking, is the smallest group of undertakings for which consolidated Group financial statements are drawn up and publicly available.

At 30 November 2022, Vue International Holdco Limited, a company incorporated in Jersey, is the parent undertaking of the largest Group in which the results of the Company are consolidated.

At 30 November 2022, the ultimate controlling party is Vue International Holdco Limited, an investment vehicle for OMERS Administration Corporation and certain clients of Alberta Investment Management Corporation.

Report on the audit of the Company financial statements

Opinion

In our opinion, Vue International Bidco plc's Company financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 November 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Company balance sheet as at 30 November 2022; and the Company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 9 of the consolidated financial statements, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 to the financial statements which describes the Directors' reasons why the Company financial statements have been prepared on a basis other than going concern.

Our audit approach

Overview

Audit scope

- Audit testing was performed over all material balances within the Company's financial statements.

Key audit matters

- Impairment assessment of intercompany receivables and investments

Vue International Bidco plc

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VUE INTERNATIONAL BIDCO PLC FOR THE YEAR ENDED 30 NOVEMBER 2022

Materiality

- Overall materiality: £5 million (2021: £19.25 million) based on 1% of total assets.
- Performance materiality: £3.75 million (2021: £14.4 million).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matter below is consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<i>Impairment assessment of intercompany receivables and investments</i> See Note 6 (Investments) and Note 7 (Trade and other receivables) Prior to the impairment assessment performed, the Company had investments in subsidiaries of £205.0m (2021: £205.0m), intercompany trade and loan receivables of £1,929.1m (2021: £1,691.2m). At the balance sheet date, planning for the post year end restructuring transaction described in Note 13 was well progressed and the impact was considered in light of a potential indicator of impairment of the balances held by the Company. As such, an impairment charge of £1,573.7m has been recognised, reducing the investment and intercompany trade receivable balances to nil, and recognising a remaining carrying value of £560.4m in relation to the intercompany loan receivable balances, representing the agreed value of reinstated debt in the Group following completion of the restructuring. We considered this to be a key audit matter given the materiality of these balances to the Company and the significant judgement and estimation involved in management's assessment.	We obtained management's impairment assessment and performed the following procedures: - Understood and reviewed the proposed restructuring steps; - Agreed the detailed listing of intercompany balances and investment values to the general ledger and the Group's intercompany matrix; - Agreed the remaining value of the Company's interests in the Group to third party lender documentation confirming the value of the reinstated debt in the group; - Reperformed management's calculation of the impairment charge recognised including consideration of the order in which the impairment charge has been recognised; and - Challenged management on the completeness of the impairment charge recognised to ensure all balances impacted by the restructure were considered. We consider management's impairment assessment to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements of the Company taking into account the nature of the entity being a holding company only.

Vue International Bidco plc

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VUE INTERNATIONAL BIDCO PLC FOR THE YEAR ENDED 30 NOVEMBER 2022

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<i>Overall Company materiality</i>	£5 million (2021: £19.25 million).
<i>How we determined it</i>	1% of total assets
<i>Rationale for benchmark applied</i>	Given the Company is a holding entity, we consider total assets to be the primary measure of performance of the entity and is a generally accepted auditing benchmark.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £3.75 million (2021: £14.4 million) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £250,000 (2021: £962,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 November 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Vue International Bidco plc

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VUE INTERNATIONAL BIDCO PLC FOR THE YEAR ENDED 30 NOVEMBER 2022

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to data protection legislation (GDPR), anti-bribery and corruption legislation and The International Stock Exchange Listing Rules, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting for estimates. Audit procedures performed by the engagement team included:

- Discussions with management, internal audit and internal legal counsel, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes of meetings of those charged with governance;
- Agreeing financial statement disclosures to underlying supporting documentation to assess compliance with applicable laws and regulations;
- Testing of assumptions and judgements made by management in making significant accounting estimates; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Vue International Bidco plc

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VUE INTERNATIONAL BIDCO PLC FOR THE YEAR ENDED 30 NOVEMBER 2022

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the Group financial statements of Vue International Bidco plc for the year ended 30 November 2022.

Christopher Burns (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
6 March 2023

Vue International Bidco plc

COMPANY BALANCE SHEET AS AT 30 NOVEMBER 2022

		As at 30 November 2022 £000	As at 30 November 2021 £000
Non-current assets	Note		
Property, plant and equipment		-	37
Right-of-use assets		-	379
Intangible assets		-	863
Deferred tax asset		-	128
Investments	6	-	204,976
Trade and other receivables	7	-	1,672,954
Derivative financial instruments		-	20
Total non-current assets		-	1,879,357
Current assets			
Property, plant and equipment		14	-
Intangible assets		360	-
Derivative financial instruments		23,300	-
Trade and other receivables	7	560,412	29,378
Cash and cash equivalents		3	15,327
Total current assets		584,089	44,705
Total assets		584,089	1,924,062
Current liabilities			
Trade and other payables	8	321,728	228,894
Interest-bearing loans and borrowings	9	2,186,386	22,746
Lease liabilities		-	297
Derivative financial instruments		-	680
Total current liabilities		2,508,114	252,617
Non-current liabilities			
Interest-bearing loans and borrowings	9	-	1,971,857
Lease liabilities		-	75
Total non-current liabilities		-	1,971,932
Total liabilities		2,508,114	2,224,549
Net liabilities		(1,924,025)	(300,487)
Equity			
Share capital	10	4,718	4,718
Share-based payment reserve		10,274	10,274
Hedging reserve		-	(660)
Accumulated losses		(1,939,017)	(314,819)
Total equity		(1,924,025)	(300,487)

Vue International Bidco plc

COMPANY BALANCE SHEET (*continued*) AS AT 30 NOVEMBER 2022

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company income statement. The loss of the Company for the year was £1,624.2m (2021: £32.9m loss).

The financial statements on pages 115 to 124 were authorised for issue by the Board of directors on 6 March 2023 and are signed on its behalf by



Alison Cornwell
Director

Vue International Bidco plc

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2022

		Share capital	Share-based payments reserve	Hedging Reserve	Accumulated losses	Total equity
	Note	£000	£000	£000	£000	£000
Balance at 1 December 2020		4,718	10,274	-	(281,956)	(266,964)
Loss for the year		-	-	(660)	(32,863)	(33,523)
Total comprehensive loss for the year		-	-	(660)	(32,863)	(33,523)
Balance at 30 November 2021	10	4,718	10,274	(660)	(314,819)	(300,487)
Balance at 1 December 2021		4,718	10,274	(660)	(314,819)	(300,487)
Loss for the year		-	-	-	(1,624,198)	(1,624,198)
Gains on cash flow hedge		-	-	23,960	-	23,960
Hedging gains reclassified to profit or loss		-	-	(23,300)	-	(23,300)
Total comprehensive loss for the year		-	-	660	(1,624,198)	(1,623,538)
Balance at 30 November 2022	10	4,718	10,274	-	(1,939,017)	(1,924,025)

Vue International Bidco plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

1. Accounting policies

Basis of preparation

As a result of the corporate restructuring (see page 119) the company accounts have been prepared on a basis other than going concern. This entails:

- Reclassification of non-current assets and non-current liabilities as current assets and current liabilities respectively.
- Writing down of assets to their recoverable value (that is, lower of cost or recoverable value/fair value).
- Providing for liabilities arising as a result of the decision to liquidate the entity if an obligation exists at the balance sheet date.

The financial statements of the Company have been prepared in accordance with the Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by accordance with the Companies Act 2006 as applicable to companies using FRS 101. The accounting policies have been applied consistently with the prior year.

The following exemptions from the requirements of IFRS have been applied in these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: Disclosures'
- Paragraphs 91-99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for the fair value measurement of assets and liabilities)
- Paragraphs 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - Paragraph 79 (a)(iv) of IAS 1
 - Paragraph 73(e) of IAS Property, plant and equipment; paragraph 118(e) of IAS 30 Intangible assets (reconciliations between carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows),
 - 10(f), (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements,
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement of minimum two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third statements of financial position),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Vue International Bidco plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

1. Accounting policies (*continued*)

Going concern

On 26 January 2023 the Vue International Group's corporate restructuring became effective.

Since March 2020 the Group's financial performance has been materially impacted by COVID-19. The Group's cinemas were forced to close for extended periods of time on numerous occasions due to government restrictions and continued to face a challenging trading environment due to a disrupted film slate and numerous operating restrictions once cinemas were allowed to re-open. These factors caused a deterioration in liquidity for the Group.

Against the above challenges, the Group began a restructuring process with support of its lenders to address its capital structure and reduce the overall debt burden and ensure a resilient balance sheet and sufficient liquidity moving forwards.

The Group's restructuring was agreed on 14 July 2022 and the transaction took effect on 26 January 2023 with 100% consent from all its stakeholders and included the following core elements:

- Participating senior lenders provided additional financing of €87.4m (net of fees) in September 2022 to address immediate liquidity needs. This was achieved through a super senior new money facility maturing on 30 June 2027. This is reflected in the balance sheet as at 30 November 2022.
- The assets of Vue International Bidco Plc, including the shares in its direct subsidiary Vue Entertainment International Limited (VEIL), were sold to a new holding structure.
- A debt-for-equity swap was implemented with approximately £470m of existing senior 1st lien and 2nd lien debt removed from the balance sheet.
- As a result, VEIL and its underlying subsidiaries (collectively, the VEIL Group) have become majority owned by the Senior Lenders.

As a result of the intended solvent liquidation of Vue International Bidco Plc the company accounts have been prepared on a basis other than going concern.

Trade and other receivables

Trade receivables are measured at amortised cost using the effective interest method, less any impairment. The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on aging. The expected loss rates are based on the Company's historical credit losses experienced over the three year period prior to the year end. The carrying amount of other receivables is reduced by the impairment loss directly and a charge is recorded in the income statement. Intercompany receivables balances with the Group are assessed for impairment under IFRS 9.

Investment in subsidiary undertakings

Investments in subsidiaries are held at cost, less any provision for impairment.

Vue International Bidco plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

1. Accounting policies (*continued*)

Interest-bearing loans, capital and borrowings

Interest-bearing loans, capital and borrowings are initially measured at the fair value of the consideration received net of issue costs associated with the borrowings. After initial recognition, loan capital and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to income statement.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Taxation

Current tax including UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. Critical accounting estimate and judgements

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions including about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical estimates and judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Vue International Bidco plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

2. Critical accounting estimate and judgements

Carrying value of investments

The Company is required to make certain assumptions about the carrying value of investments. In doing so the Company has made certain assumptions about cash flows to be generated from each subsidiary. The resulting conclusion is therefore sensitive to these assumptions in respect of future cash flows. However, where amounts are not deemed to be recoverable due to the Corporate Restructuring (see page 119), impairments are recognised.

Recoverability of trade and other receivables

The Company is required to make certain assumptions to assess the recoverability of trade and other receivables. The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables (see note 1). In doing so the Company has made certain assumptions about cash flows to be generated from each debtor. The resulting conclusion is therefore sensitive to these assumptions in respect of future cash flows. However, the directors consider that the assumptions made represent their best estimate of the future cash flows generated by each debtor, and of the discount rate used to calculate the present value of those cash flows.

Where amounts are not deemed to be recoverable due to the Corporate Restructuring (see page 119), impairments are recognised.

3. Auditors' remuneration

The audit fee for the Company of £5k (2021: £5k) was paid by the Group. Refer to note 9 in the consolidated financial statements for full detail.

4. Loss

The Company made an after tax loss of £1,624.2m during the year (2021: £32.9m).

5. Directors' remuneration

	Year ended 30 November 2022 £000	Year ended 30 November 2021 £000
Wages and salaries	1,881	3,173
Social security costs	272	843
Other pension costs	5	5
Total	2,158	4,021

The highest paid director received remuneration of £0.8m (2021: £1.3m) excluding company paid social security of £116k (2021: £391k) and pension payments of £5k (2021: £5k).

The directors of the Company are remunerated in respect of their executive management services to both the Company and Group as a whole. Their remuneration is borne by the Company and a portion is recharged to some of the Group undertakings as part of a management service fee. Non-executive directors are not remunerated for their services to the Company and Group.

Vue International Bidco plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

6. Investments

The investment balances held by the Company during the year are as follows:

	30 November 2022 £000	30 November 2021 £000
Cost	204,976	204,976
Provision for impairment	(204,976)	-
Total	-	204,976

The provision for impairment has been made due to the Corporate Restructuring (see note 1).

Refer to note 30 in the consolidated financial statements for a list of subsidiaries.

7. Trade and other receivables

	30 November 2022 £000	30 November 2021 £000
Non-current	-	1,672,954
Current	560,412	29,378
Total	560,412	1,702,332

	30 November 2022 £000	30 November 2021 £000
Amounts receivable from parent undertakings	-	19,259
Amounts receivable from group undertakings	560,412	1,671,955
Prepayments	-	93
Other debtors	-	11,025
Total	560,412	1,702,332

Amounts receivable from group undertakings are loan balances which are unsecured and primarily repayable on demand. The interest rates on these receivable vary from 5% to 9%.

The movement in both Amounts receivable from group and parent undertakings is as a result of impairments recognised due to the Corporate Restructuring (see note 1). Balances have been reallocated to current due to the accounts being prepared under the break up basis.

Receivables are classified as non-current when, at the balance sheet date, there is no expectation to settle the receivables in the next 12 months.

Vue International Bidco plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

8. Trade and other payables

	30 November 2022 £000	30 November 2021 £000
Amounts payable to group undertakings	306,648	211,380
Accrued expenses	15,080	17,514
Total	321,728	228,894

Amounts payable to group undertakings are trading balances which are unsecured, repayable on demand and non-interest bearing.

9. Interest-bearing loans and borrowings

	Current		Non-Current		Total	
	30 November 2022 £000	30 November 2021 £000	30 November 2022 £000	30 November 2021 £000	30 November 2022 £000	30 November 2021 £000
1st Lien - Senior Term Loan (€634m)	547,780	-	-	539,345	547,780	539,345
2nd Lien - PIK notes (£165m)	230,789	-	-	205,058	230,789	205,058
(SSTL) -Senior Secured Term Loan (£150m)	150,000	-	-	150,000	150,000	150,000
RCF (£65m)	50,246	22,746	-	-	50,246	22,746
Shareholder loan notes	1,232,869	-	-	1,111,689	1,232,869	1,111,689
Total	2,211,684	22,746	-	2,006,092	2,211,684	2,028,838
Less:						
Revolving credit facility capitalised fees	(421)	-	-	(583)	(421)	(583)
1st Lien capitalised fees	(6,002)	-	-	(7,787)	(6,002)	(7,787)
2nd Lien capitalised fees	(2,668)	-	-	(3,199)	(2,668)	(3,199)
SSTL capitalised fees	(16,207)	-	-	(22,666)	(16,207)	(22,666)
Total interest-bearing loans and borrowings	2,186,386	22,746	-	1,971,857	2,186,386	1,994,603

Balances have been reallocated to current due to the accounts being prepared under the break up basis.

10. Share capital

	30 November 2022 £000	30 November 2021 £000
Allotted, issued and fully paid	£000	£000
4,718,100 Ordinary shares of £1 each (2021: 4,718,100)	4,718	4,718
Total	4,718	4,718

Vue International Bidco plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

11. Related parties

The Company has taken advantage of the exemption under IAS 24 available to parent companies not to disclose transactions with its wholly owned subsidiaries within its financial statements.

Other Group Entity Related Party Transactions

During the year the Company incurred interest charges of £121.2m (2021: £109.8m) by companies under the ownership of Vue International Holdco Limited. J. Timothy Richards, Stephen Knibbs, Alison Cornwell, Jason Peters, Matthew Baird, Lance Pridham and Robert Barr were directors of both companies during the year. As at 30 November 2022, £1,232.9m (2021: £1,111.7m) are owed in respect of shareholder loans.

12. Ultimate parent company and controlling party

At 30 November 2022, the immediate parent undertaking of the Company is Vue International Midco Limited.

At 30 November 2022, Vue International Holdco Limited, a company incorporated in Jersey, is the ultimate parent undertaking. The consolidated financial statements of Vue International Holdco Limited are publicly available and may be obtained from Vue International Holdco Limited, 44 Esplanade, St Helier, Jersey, JE4 9WG.

At 30 November 2022, the ultimate controlling party is Vue International Holdco Limited, an investment vehicle for OMERS Administration Corporation and certain clients of Alberta Investment Management Corporation.

13. Post balance sheet events

The Group's restructuring was agreed on 14 July 2022 and the transaction took effect on 26 January 2023 with 100% consent from all its stakeholders and included the following core elements:

- Participating senior lenders provided additional financing of €87.4m (net of fees) in September 2022 to address immediate liquidity needs. This was achieved through a super senior new money facility maturing on 30 June 2027. This is reflected in the balance sheet as at 30 November 2022.
- The assets of Vue International Bidco Plc, including the shares in its direct subsidiary Vue Entertainment International Limited (VEIL), were sold to a new holding structure.
- A debt-for-equity swap was implemented with approximately £470m of existing senior 1st lien and 2nd lien debt removed from the balance sheet.
- As a result, VEIL and its underlying subsidiaries (collectively, the VEIL Group) have become majority owned by the Senior Lenders.
- The Group's legacy holding companies including Vue International Bidco Plc will be solvently liquidated.

On 16 February 2023, Jason Peters, Philip Mauchel, Matthew Baird, Lance Pridham and Robert Barr resigned as directors of the Company.

Jubilee Newco Limited, a company incorporated in Jersey, is the new ultimate parent company of the VEIL Group. FY23 consolidated Group financial statements will be prepared for the VEIL Group.