

**DRAFT: 18 April  
2023**

# Cineworld Group plc – General meeting

20 April 2023

# Background to the General Meeting

- ☆ Where the value of a public company's net assets is less than half of its called-up share capital, there is a requirement under the Companies Act 2006 for its directors to convene a general meeting for the purpose of considering whether any, and, if so, what, steps should be taken to deal with the situation
- ☆ The Board has determined that the value of the Company's net assets is less than half of its called-up share capital and has called this General Meeting to ensure that this matter is addressed as required by statute
- ☆ This General Meeting will provide an opportunity for dialogue with shareholders of the Company
- ☆ The Board will start this General Meeting by updating shareholders on the Chapter 11 process and will then allow time for shareholders to raise questions
- ☆ No resolutions are being proposed at this General Meeting

# Chapter 11 process

- ☆ The COVID-19 pandemic materially impacted all aspects of the operations of the Company and its subsidiaries (together, the “Group”) from the first quarter of 2020
- ☆ While monthly admission levels progressively recovered, they remained below pre-pandemic levels and led to a general worsening of the Group's overall liquidity position
- ☆ In response to this slower-than-expected recovery, Cineworld Group plc and certain of its subsidiaries (collectively, the “Chapter 11 Companies”) commenced voluntary cases under title 11 of the United States Bankruptcy Code (the “Chapter 11 Cases”) on 7 September 2022
- ☆ On 3 April 2023, Cineworld announced that the Chapter 11 Companies had entered into a restructuring support agreement and a backstop commitment agreement with a group of lenders holding and controlling approximately 83% of the Group’s term loans due 2025 and 2026 and revolving credit facility due 2023 (the “Legacy Facilities”) (the “Legacy Lenders”) and approximately 69% of the outstanding indebtedness under the debtor-in-possession financing facility
- ☆ The Legacy Lenders have agreed, subject to the execution of definitive documentation and certain other conditions, to support a proposed restructuring of the Chapter 11 Companies
- ☆ On 11 April, the Company announced that the Chapter 11 Companies had filed the Plan and related disclosure statement with the United States Bankruptcy Court for the Southern District of Texas

# Key terms of the deal reached with lenders

- ☆ The proposed restructuring is expected to:
  - ☆ Reduce the Chapter 11 Companies' funded indebtedness by approximately \$4.53 billion, principally through the Legacy Lenders receiving equity in the reorganised Group in exchange for the release of their claims under the Legacy Facilities;
  - ☆ Raise \$800 million in aggregate gross proceeds, through a fully backstopped equity offering to the Legacy Lenders and a direct equity offering to certain Legacy Lenders; and
  - ☆ Provide \$1.46 billion in new debt financing to the Chapter 11 Companies upon their emergence from the Chapter 11 Cases
- ☆ The proceeds will be used, among other things, to: (i) repay in full the approximately \$1.94 billion debtor-in-possession financing facility; (ii) fund the costs associated with the Chapter 11 Companies' emergence from the Chapter 11 Cases; and (iii) fund the Chapter 11 Companies' go-forward business operations
- ☆ The proposed restructuring contemplates an equitisation of the debt held by the Legacy Lenders, resulting in an approximately 3.4% recovery for their legacy claims
- ☆ Under the United States Bankruptcy Code, recovery in Chapter 11 Cases is governed by the "absolute priority rule" which requires that a debtor's creditors must be made whole before equity holders can receive a recovery
- ☆ In light of the level of existing debt that is proposed to be released under the Plan, the proposed restructuring does not provide for any recovery for holders of Cineworld's existing equity interests

# Marketing process

- ☆ Additionally, pursuant to an agreement reached with the unsecured creditors committee, the Company has run a marketing process (the “Marketing Process”) in pursuit of a value-maximising transaction for the Group's assets
- ☆ Cineworld received non-binding proposals for some or all of the Group's business from a number of potential transaction counterparties but none of these involved an all-cash bid for the entire business
- ☆ Having discussed with its key stakeholders, and absent an all-cash bid significantly in excess of the value established under the proposed restructuring, the Group terminated the Marketing Process, as it related to its business in the United States, the United Kingdom and Ireland
- ☆ Cineworld and its key stakeholders also considered bids that were received in respect of its 'Rest of the World' business (outside of the United States, the United Kingdom and Ireland) (the “RoW Business”). The Group has also terminated the Marketing Process as it related to the RoW Business because the proposals for the RoW Business did not meet the value level required by the Group’s lenders

# Timeline and next steps

- ☆ Cineworld expects that the Chapter 11 Cases will proceed substantially in accordance with the following timetable:
  - ☆ Hearing on approval of the Disclosure Statement: **today, 20 April**
  - ☆ Deadline to provide solicitation materials to creditors: **25 April**
  - ☆ Deadline for creditors to vote to accept or reject the Plan: **23 May**
  - ☆ Hearing on confirmation of the Chapter 11 Plan: **26 May**
- ☆ Creditors who are projected to receive either: (a) a full recovery; or (b) no recovery on account of their claims (e.g. the shareholders of Cineworld Group plc) are not entitled to vote on the Chapter 11 Plan, as such creditors will respectively be deemed to accept or reject the Plan
- ☆ Cineworld expects to emerge from the Chapter 11 Cases during the first half of 2023