MANAGEMENT'S DISCUSSION AND ANALYSIS

August 8, 2024

The following management's discussion and analysis ("MD&A") of Cineplex Inc.'s ("Cineplex") financial condition and results of operations should be read together with the consolidated financial statements and related notes (see Section 1, Overview of Cineplex). These financial statements, presented in Canadian dollars, were prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), defined as International Financial Reporting Standards ("IFRS") as set out in the Handbook of the Canadian Institute of Chartered Professional Accountants.

Unless otherwise specified, all information in this MD&A is as of June 30, 2024 and all amounts are in Canadian dollars.

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Non-GAAP and Other Financial Measures

Cineplex reports on certain non-GAAP measures, non-GAAP ratios, supplementary financial measures and total segments measures that are used by management to evaluate Cineplex's performance. In addition, non-GAAP measures are used in measuring compliance with debt covenants. Non-GAAP measures do not have standardized meaning under GAAP and may not be comparable to similar measures provided by other issuers. Cineplex includes these measures because management believes that they assist investors in assessing financial performance. The definition, calculation and reconciliation of non-GAAP measures are provided in Section 17, Non-GAAP and other financial measures.

Forward-Looking Statements

Certain information included in this MD&A contains forward-looking statements within the meaning of applicable securities laws. These forward-looking statements include, among others, statements with respect to Cineplex's objectives and goals, and the strategies to achieve such objectives and goals, as well as statements with respect to Cineplex's beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may", "will", "could", "should", "would", "suspect", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "forecast", "objective" and "continue" (or the negatives thereof), and words and expressions of similar import, are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, including those described in Cineplex's Annual Information Form ("AIF"), Cineplex's management's discussion and analysis for the year ended December 31, 2023 ("Annual MD&A") and in this MD&A. These risks and uncertainties, both general and specific, give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. Cineplex cautions readers not to place undue reliance on these statements as a number of important factors, many of which are beyond Cineplex's control, could cause actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements, including: Cineplex's expectations with respect to liquidity and capital expenditures; its ability to meet its ongoing capital, operating and other obligations, and anticipated needs for, and sources of, funds; Cineplex's ability to execute cost-cutting and revenue enhancement initiatives; the approval by the TSX of the NCIB and information concerning future purchases of Common Shares under the NCIB; and risks generally encountered in the relevant industry, competition, customer, legal, taxation and accounting matters.

The foregoing list of factors that may affect future results is not exhaustive. When reviewing Cineplex's forward-looking statements, readers should carefully consider the foregoing factors and other uncertainties and potential events. Additional information about factors that may cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the "Risks and Uncertainties" section of Cineplex's Annual MD&A.

Cineplex does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable Canadian securities law. Additionally, Cineplex undertakes no obligation to comment on analyses, expectations or statements made by third parties in respect of Cineplex, its financial or operating results or its securities. All forward-looking statements in this MD&A are made as of the date hereof and are qualified by these cautionary statements. Additional information, including Cineplex's AIF, can be found on SEDAR+ at www.sedarplus.ca.

1. OVERVIEW OF CINEPLEX

Cineplex (TSX:CGX) is a top-tier Canadian brand that operates in the Film Entertainment and Content, Amusement and Leisure, and Media sectors. Cineplex offers a unique escape from the everyday to millions of guests through its circuit of 169 movie theatres and location-based entertainment venues. In addition to being Canada's largest and most innovative film exhibitor, the company operates Canada's favourite destination for 'Eats & Entertainment' (The Rec Room), complexes specially designed for teens and families (Playdium), and an entertainment concept that brings movies, amusement gaming, dining, and live performances together under one roof (Cineplex Junxion). It also operates successful businesses in cinema media (Cineplex Media), alternative programming (Cineplex Events), motion picture distribution (Cineplex Pictures), digital commerce (CineplexStore.com), and digital place-based media (Cineplex Digital Media or CDM). Providing even more value for its guests, Cineplex is a partner in Scene+, Canada's largest entertainment and lifestyle loyalty program.

Proudly recognized as having one of the country's Most Admired Corporate Cultures, Cineplex employs over 10,000 people in its offices and venues across Canada. To learn more, visit Cineplex.com.

As of June 30, 2024, Cineplex owned, leased or had a joint venture interest in 1,618 screens in 156 theatres from coast to coast as well as 13 LBE venues in six provinces.

Cineplex

Theatre locations and screens at June 30, 2024

Province	Locations (i)	Screens	UltraAVX	IMAX Screens (ii)	VIP Auditoriums	D-BOX Auditoriums	Recliner Auditoriums	Other Screens (iii)
Ontario	67	716	42	14	48	49	114	13
Quebec	17	220	10	3	9	7	17	4
British Columbia	25	236	16	4	20	16	43	3
Alberta	18	195	19	3	16	17	93	6
Nova Scotia	9	80	1	1	—	2	—	1
Saskatchewan	6	54	4	—	3	3	16	1
Manitoba	5	49	3	1	3	4	16	1
New Brunswick	5	41	2	—	—	2	7	—
Newfoundland & Labrador	2	14	—	1	—	1	—	—
Prince Edward Island	2	13	—	—	—	1	—	—
TOTALS	**156**	**1,618**	**97**	**27**	**99**	**102**	**306**	**29**
Percentage of screens			6 %	2 %	6 %	6 %	19 %	2 %

(i) Includes *Junxion* theatres in Manitoba and Ontario.

(ii) All IMAX screens are 3D enabled. Total 3D screens including IMAX screens are 827 screens or 51% of the circuit.

(iii) Other screens includes 7 4DX screens, 5 *Cineplex Clubhouse* screens and 17 ScreenX screens.

Cineplex - Theatres, screens and premium offerings in the last eight quarters

	2024		2023				2022	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Theatres	156	158	158	158	158	157	158	158
Screens	1,618	1,631	1,631	1,631	1,631	1,625	1,637	1,637
UltraAVX Screens	97	98	97	97	96	95	95	94
IMAX Screens	27	26	26	25	25	25	25	25
VIP Auditoriums	99	99	99	99	99	99	99	99
D-BOX Auditoriums	102	102	102	102	101	100	100	98
Recliner Auditoriums	306	302	299	295	292	283	273	267
Other Screens	29	29	29	27	27	27	27	23

Cineplex - LBE - at June 30, 2024 and 2023	2024		2023	
Province	***The Rec Room***	***Playdium***	***The Rec Room***	***Playdium***
Ontario	4	2	4	2
Alberta	3	—	3	—
Manitoba	1	—	1	—
Newfoundland & Labrador	1	—	1	—
British Columbia	1	—	1	—
Nova Scotia	—	1	—	1
TOTALS	**10**	**3**	**10**	**3**

Sale of Player One Amusement Group

On November 22, 2023, Cineplex Entertainment Limited Partnership ("CELP") announced that it had entered into a definitive share purchase agreement to sell 100% of the issued and outstanding shares of Player One Amusement Group Inc. ("P1AG") for cash proceeds of $155.0 million, subject to customary post-closing adjustments (the "Sale Transaction"). The Sale Transaction closed on February 1, 2024. On closing of the Sale Transaction, P1AG and CELP entered into a long-term agreement under which P1AG will continue to supply and service amusement games in Cineplex's theatres and location-based entertainment venues. The proceeds from the Sale Transaction were used to repay bank debt. In connection with the sale of P1AG, Cineplex recognized total net income, net of taxes, from discontinued operations of $68.0 million. That income included a material gain of $67.2 million, net of income taxes.

In accordance with IFRS 5, *Non-current assets held for sale and discontinued operations,* the balance sheet discloses separately the assets and liabilities of P1AG at December 31, 2023, and **discontinued operations are excluded from the results of continuing operations** and are presented as a single amount as after tax profit or loss from discontinued operations in the consolidated statement of operations. The results of discontinued operations (P1AG) have been excluded from prior period figures as applicable per IFRS 5 to conform to current period presentation (see Section 12, Accounting policies). Other than where disclosed, discussions of results and Non-GAAP financial measures, including EBITDA, adjusted EBITDA and adjusted EBITDAaL, in this MD&A are of continuing operations.

While P1AG will continue to be a key supplier to Cineplex's exhibition and LBE businesses, its operations historically were managed separately, and Cineplex does not anticipate changes to its amusement revenue generating activities and margins, or operating costs, or general and administrative costs as a result of the sale of P1AG.

1.2 FINANCIAL HIGHLIGHTS

Financial highlights	Second Quarter			Year to Date		
(in thousands of dollars, except theatre attendance in thousands of patrons and per share and per patron amounts)	2024	2023 (Section 1) (i)	Change (ii)	2024	2023 (Section 1) (i)	Change (ii)
Total revenues	$ 277,336	$ 367,921	-24.6%	$ 572,095	$ 659,276	-13.2%
Theatre attendance	8,731	12,806	-31.8%	18,550	22,573	-17.8%
Net (loss) income from continuing operations	$ (21,312)	$ 158,863	NM	$ (84,282)	$ 125,686	NM
Net (loss) income from discontinued operations, including gain on disposition	$ (127)	$ 17,682	NM	$ 68,003	$ 20,686	228.7%
Net (loss) income (iii)	$ (21,439)	$ 176,545	NM	$ (16,279)	$ 146,372	NM
Net (loss) income as a percentage of sales from continuing operations (iii)	-7.7 %	43.2 %	NM	-14.7 %	19.1 %	NM
Cash provided by (used in) continuing operating activities	$ 997	$ 82,722	-98.8%	$ 36,951	$ 75,657	-51.2%
Box office revenues per patron ("BPP") (iv)	$ 13.11	$ 12.84	2.1%	$ 12.91	$ 12.75	1.3%
Concession revenues per patron ("CPP") (iv)	$ 9.56	$ 9.21	3.8%	$ 9.24	$ 9.06	2.0%
Adjusted EBITDA (v)	$ 42,472	$ 87,893	-51.7%	$ 89,207	$ 140,612	-36.6%
Adjusted EBITDAaL (v)	$ 925	$ 47,194	-98.0%	$ 5,510	$ 58,571	-90.6%
Adjusted EBITDAaL from discontinued operations (v)	$ —	$ 13,064	-100.0%	$ 508	$ 21,930	-97.7%
Adjusted EBITDAaL including discontinued operations (v)	$ 925	$ 60,258	-98.5%	$ 6,018	$ 80,501	-92.5%
Adjusted EBITDAaL margin from continuing operations (vi)	0.3 %	12.8 %	-12.5%	1.0 %	8.9 %	-7.9%
Adjusted free cash flow (v)	$ (13,049)	$ 30,183	NM	$ (19,054)	$ 24,971	NM
Adjusted free cash flow per share (vi)	$ (0.205)	$ 0.476	NM	$ (0.299)	$ 0.394	NM
(Loss) earnings per share from continuing operations - basic (iii)	$ (0.33)	$ 2.51	NM	$ (1.32)	$ 1.98	NM
Earnings per share from discontinued operations - basic	$ —	$ 0.28	NM	$ 1.07	$ 0.33	224.2%
(Loss) earnings per share - basic (iii)	$ (0.33)	$ 2.79	NM	$ (0.25)	$ 2.31	NM
(Loss) earnings per share from continuing operations - diluted (iii)	$ (0.33)	$ 1.80	NM	$ (1.32)	$ 1.51	NM
Earnings per share from discontinued operations - diluted	$ —	$ 0.19	-100.0%	$ 1.07	$ 0.23	365.2%
(Loss) earnings per share - diluted (iii)	$ (0.33)	$ 1.99	NM	$ (0.25)	$ 1.74	NM

(i) The results of discontinued operations (P1AG) have been excluded from prior period figures as applicable per IFRS 5 to conform to the current period presentation. All amounts are from continuing operations unless otherwise noted. See Section 12, Accounting policies.

(ii) Throughout this MD&A, changes in percentage amounts are calculated as 2024 value less 2023 value.

(iii) 2024 includes the loss on the 2024 Refinancing of $2.0 million during the second quarter and $56.0 million for year to date, and expenses related to other transactions or litigation outside the normal course of business in the amount of $0.5 million during the second quarter (2023 - $0.2 million) and $2.4 million (2023 - $1.1 million) for year to date.

(iv) Represents a supplementary financial measure. See Section 17, Non-GAAP and other financial measures.

(v) Represents a non-GAAP financial measure. See Section 17, Non-GAAP and other financial measures.

(vi) Represents a non-GAAP ratio. See Section 17, Non-GAAP and other financial measures.

Total revenues for the second quarter of 2024 decreased by 24.6%, or $90.6 million to $277.3 million as compared to the prior year.

Despite the success of *Inside Out 2* in June, the second quarter was impacted by the writer's and actor's strike, which caused the release of a number of films to shift to the second half of 2024.

July box office was $72.5 million, the highest box office revenue month so far in 2024, with *Deadpool & Wolverine*, and *Despicable Me 4* as the top two films.

1.3 KEY DEVELOPMENTS IN THE SECOND QUARTER OF 2024

The following describes certain key business initiatives undertaken and results achieved during 2024 in each of Cineplex's core business areas:

FILM ENTERTAINMENT AND CONTENT

Theatre Exhibition

- Reported second quarter box office revenues of $114.5 million, a decrease of $50.0 million or 30.4% from $164.5 million, due to a 31.8% decrease in theatre attendance as a result of the disruption of the release schedule from the writers' and actors' strikes in 2023. Box office revenues benefited in June from the success of the highly anticipated film, *Inside Out 2,* released during the quarter.
- Reported second quarter BPP of $13.11, an all-time quarterly record, $0.27 or 2.1% higher than the $12.84 reported during the prior year.
- Closed two locations in the second quarter at the end of their lease terms as part of Cineplex's portfolio optimization and rationalization strategy.
- Enhanced the theatre circuit with an IMAX screen at *Cineplex Odeon South Edmonton Cinemas* in Edmonton, Alberta.

Theatre Food Service

- Reported second quarter theatre food service revenues of $83.5 million, a decrease of $34.5 million or 29.2% compared to the prior year, primarily due to a 31.8% decrease in theatre attendance.
- Reported a second quarter CPP of $9.56, an all-time quarterly record, an increase of $0.35 or 3.8% compared to the prior year, primarily due to an increase in average spend.
- Enhanced guest experience through the use of mobile food and beverage pre-ordering which completed national roll out to 146 locations in the first quarter. Early results indicate higher transaction sales size compared to guests ordering at point of sale.

Alternative Programming and Distribution

- As part of the theatrical distribution partnership with Lionsgate, Cineplex Pictures (Cineplex's distribution business) distributed *Strangers Chapter 1* during the second quarter.
- Continued a leadership position in alternative programming, with 9.2% of second quarter box office revenues coming from international films, compared to those films having a 3.1% North-American share. Strong performing titles, *Jatt & Juliet 3* (Punjabi), *Shinda Shinda No Papa* (Punjabi) and *Shayar* (Punjabi), of which Cineplex represented over 75% of total North American box office.
- Event Cinema programming consisted of a variety of successful initiatives including matches from the *ICC Men's T20 Cricket World Cup 2024*, music/concert programming featuring *GHOST, SUGA* from BTS, and Pearl Jam, Metropolitan opera show-stoppers such as *Madama Butterfly* and *La Rondine*, anime events featuring *Mobile Suit Gundam: SEED Freedom*, and popular classics including the *Lord of the Rings* trilogy, all of the *Spider-Man* films and a full *Stanley Kubrick* career-retrospective.

Digital Commerce

- Curated Cineplex Store collections for Asian History Month and Pride Month to elevate Asian stories and 2SLGBTQ2IA+ voices.

MEDIA

- Reported second quarter media revenues of $29.1 million, an increase of $3.0 million or 11.6% compared to the prior year.
- Continued leveraging expertise in data and analytics to drive revenues.

Cinema Media

- Reported second quarter cinema media revenues of $18.5 million, an increase of $0.7 million or 4.0% over the prior year, despite lower attendance.
- Reported a second quarter cinema media per patron (CMPP) of $2.12, an increase of $0.73 or 52.5% over the prior year (see Section 17, Non-GAAP and other financial measures).

Digital Place-Based Media

- Reported second quarter revenues of $10.6 million, an increase of $2.3 million or 28.1% over the prior year, primarily due to the agreement with Cadillac Fairview that began in the first quarter.
- Non-project revenues accounted for $7.0 million, an increase of $1.4 million or 25.1% during the second quarter, compared to the prior year of $5.6 million, which primarily consists of media advertising, sales of software and IT support.
- In addition to the previously announced operating and sales agreement to sell digital and static media and sponsorships in 18 shopping centres, signed an agreement with Cadillac Fairview to sell, install and manage directory and media assets at 14 properties across Canada. This refresh of network assets is planned to start in the third quarter of 2024.

LOCATION-BASED ENTERTAINMENT

- Reported second quarter record revenues of $29.4 million, an increase of $0.3 million or 1.0% compared to the prior year.
- Reported second quarter adjusted store level EBITDAaL of $4.8 million, a decrease of $1.6 million or 25.0% compared to the prior year, primarily due to an increase in operating expenses.

LOYALTY

- Membership in the Scene+ loyalty program was over 15 million members as at June 30, 2024.

CORPORATE

- Celebrated Pride Month by hosting external in-person and virtual Pride-related events designed to uplift and empower the 2SLGBTQIA+ community and its allies. Cineplex employees donated to Rainbow Railroad, a global not-for-profit organization that helps at-risk 2SLGBTQIA+ people reach safety worldwide.
- During the second quarter, sold underutilized land adjacent to a theatre for cash proceeds of $11.9 million, resulting in a gain of $8.7 million.

2. CINEPLEX'S BUSINESS AND STRATEGY

Cineplex's mission statement is "Passionately delivering exceptional experiences." All of its efforts are focused on this mission and it is Cineplex's goal to consistently provide guests and customers with exceptional experiences.

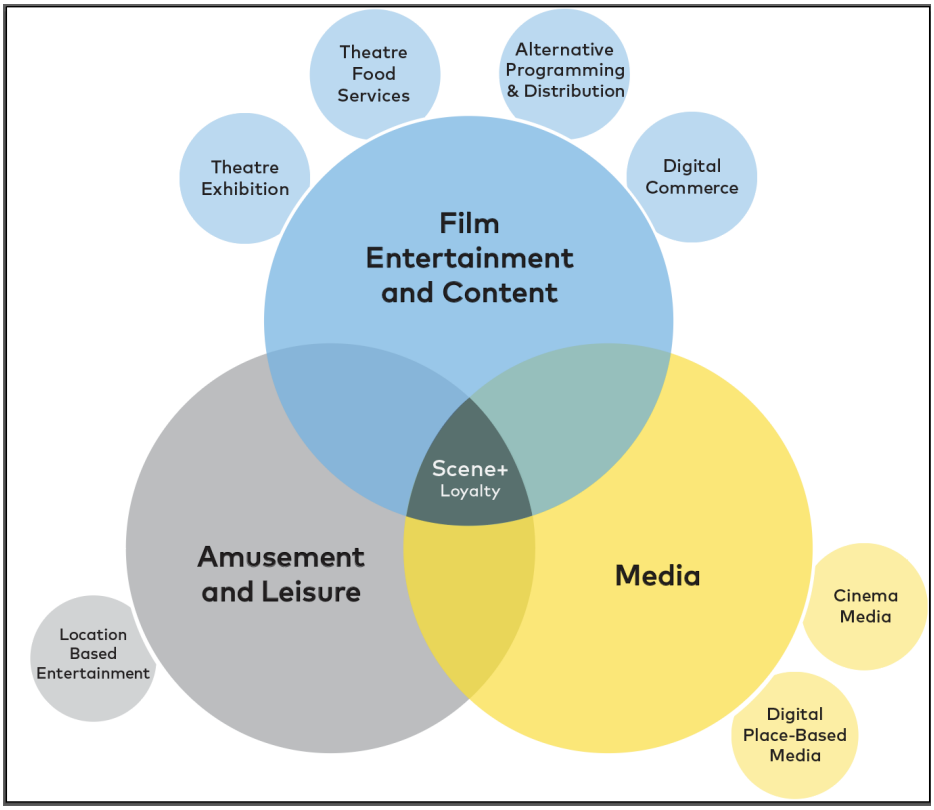
Cineplex's current operations are primarily conducted in three main areas: film entertainment and content, media, and amusement and leisure including location-based entertainment, all supported by the Scene+ loyalty program.

Cineplex's key strategic areas of focus include:

- Continuing to enhance and expand Cineplex's presence as an entertainment destination for Canadians;
- Capitalizing on core media strengths and infrastructure to provide continued growth for Cineplex's media businesses both inside and outside theatres;
- Developing and scaling amusement and leisure concepts by extending existing capabilities and infrastructure;
- Driving value within businesses by leveraging opportunities to optimize value, realize synergies, implement customer-centric technology and leverage big data across Cineplex ecosystems; and
- Pursuing opportunities that capitalize on Cineplex's core strengths.

Cineplex uses the Scene+ loyalty program and database as a strategic asset to link these areas of focus and drive customer acquisition and spending across all lines of business.

Diversified Entertainment and Media Company



Key elements of this strategy include going beyond movies to reach customers in new ways and maximizing revenue per patron. Cineplex has implemented in-theatre initiatives to improve the overall entertainment experience, including increased premium offerings, enhanced in-theatre services, alternative pricing strategies, continued development of the Scene+ loyalty and CineClub subscription programs, and initiatives in theatre food service such as optimizing and adding product offerings and improving service execution. The ultimate goal of these in-theatre customer service initiatives is to maximize revenue per patron and increase the frequency of movie-going at Cineplex's theatres.

While box office revenues (which include alternative programming) typically account for the largest portion of Cineplex's revenues, Cineplex has diversified its revenue streams through cinema media, digital place-based media, location-based entertainment, the Cineplex Store, promotions and other revenue streams.

3. OVERVIEW OF OPERATIONS

Revenues

Cineplex generates revenues primarily from box office and food service sales. These revenues are affected primarily by theatre attendance levels and by changes in BPP and CPP. Box office revenue represented 41.3% of revenue in the second quarter of 2024.

The following table presents the revenue mix for comparative periods:

Revenue mix % by period	Q2 2024	Q2 2023 (Section 1)	Q2 2022 (Section 1)	Q2 2021 (Section 1)	Q2 2020 (Section 1)
Box office	**41.3 %**	44.7 %	44.7 %	28.1 %	0.2 %
Food service	**34.9 %**	35.7 %	36.3 %	29.8 %	17.6 %
Media	**10.5 %**	7.1 %	8.7 %	21.2 %	43.7 %
Amusement	**7.4 %**	5.9 %	6.8 %	3.9 %	0.2 %
Other	**5.9 %**	6.6 %	3.5 %	17.0 %	38.3 %
Total	**100.0 %**	100.0 %	100.0 %	100.0 %	100.0 %

After adjusting for the sale of P1AG, Cineplex has three reportable segments, film entertainment and content, media, and location-based entertainment. The reportable segments are business units offering differing products and services and are managed separately due to their distinct natures and are based on the information used by Cineplex's chief operating decision makers.

Revenue mix % by period	Second Quarter		Year to Date	
	2024	2023 (Section 1)	2024	2023 (Section 1)
Film Entertainment and Content	79.0 %	85.0 %	79.9 %	83.0 %
Media	10.4 %	7.1 %	8.9 %	7.3 %
LBE	10.6 %	7.9 %	11.2 %	9.7 %
Total	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**

A key component of Cineplex's business strategy is to position itself as the leading exhibitor in the Canadian market by providing customers with an exceptional entertainment experience.

The commercial appeal of the films and alternative content released during a given period, and the success of marketing as well as promotion for those films by film studios, distributors and content providers all drive theatre attendance. BPP is affected by the mix of film and alternative content product that appeals to certain audiences (such as children or seniors who pay lower ticket prices), ticket prices during a given period and the appeal of available premium priced product that increases BPP. While BPP is impacted by CineClub, the Cineplex Tuesdays program and the Scene+ loyalty program, these programs are designed to increase theatre attendance frequency at Cineplex's theatres. Cineplex's main focus is to drive incremental visits to theatres, to employ a ticket price strategy which takes into account the local demographics at each theatre and to maximize BPP through premium offerings.

Food service revenues are comprised primarily of concession revenues, arising from food and beverage sales at theatre locations including the *Junxion* concept, LBE venues including *The Rec Room* and *Playdium*. In addition, food service revenues include home delivery services by Uber Eats and Skip the Dishes. CPP represents theatre food service revenues divided by theatre attendance, and is impacted by the theatre food service product mix, theatre food service prices, film genre, promotions, discounts for CineClub members, and the Scene+ loyalty program. CPP can fluctuate from quarter to quarter depending on the genre of film product playing. Cineplex believes the Scene+ and CineClub programs drive incremental purchase incidence, increasing overall revenues. Cineplex focuses primarily on growing CPP by optimizing the product offerings, improving operational excellence, improving the guest experience with enhancements to the Cineplex Mobile App and providing greater flexibility with online food and beverage ordering, and strategic pricing to increase purchase incidence and transaction value. Food service revenues from LBE include food and beverage revenues from the various bars and restaurants located throughout the venues.

Media revenues include both cinema media (Cineplex Media) and digital place-based media (CDM) revenues. Cineplex Media generates revenues primarily from selling pre-show and show-time advertising in Cineplex's theatres. Cineplex's media advertising arrangements are impacted by theatre attendance levels which drive impressions and ultimately impact media revenue generated by Cineplex. Additionally, Cineplex Media sells media placements throughout Cineplex's circuit including digital poster cases, as well as sponsorship and advertising in LBE venues. Cineplex Media also sells digital advertising for cineplex.com, the Cineplex mobile app and on third

party networks operated by CDM. CDM designs, installs, maintains and operates digital signage networks in four verticals including DOOH in public spaces such as shopping malls and office towers, quick service restaurants, financial institutions and retailers. CDM advertising revenue is impacted by mall attendance which affect impressions and revenue generated.

Amusement revenues include revenues generated at LBE venues as well as XSCAPE Entertainment Centres and game rooms in theatres.

Cineplex generates other revenues from the Cineplex Store, online booking fees, promotional activities, screenings, private parties, corporate events and breakage on gift card sales and prepaid products.

Cost of Sales and Expenses

Film cost represents the film rental fees paid to distributors for films exhibited in Cineplex's theatres. Film costs are calculated as a percentage of box office revenue and are dependent on various factors including the performance of the film. Film costs are accrued on the related box office receipts at either mutually agreed-upon terms established prior to the opening of a film, or estimated terms where a mutually agreed settlement is reached upon conclusion of a film's run, depending upon the film licensing arrangement. There can be significant variances in film cost percentage between quarters due to, among other things, the concentration of box office revenues amongst the top films in the period with stronger performing films typically having a higher film cost percentage.

Cost of food service represents the cost of concession items and other theatre food service items sold, and varies with changes in concession and other theatre food service revenues as well as the quantity and mix of concession and other food service offerings sold. Cost of food and beverages sold at LBE is also included in cost of food service.

Depreciation - right-of-use assets, represents the depreciation of Cineplex's right-of-use assets related to leases. Depreciation is calculated on a straight-line basis from the date of commencement of the lease to the earlier of the end of the useful life of the asset or the end of the lease term.

Depreciation and amortization - other, represents the depreciation and amortization of Cineplex's property, equipment and leaseholds, as well as certain of its intangible assets. Depreciation and amortization are calculated on a straight-line basis over the useful lives of the assets.

(Gain) loss on disposal of assets represents the gain recognized on assets or components of assets that were sold or otherwise disposed.

Other costs are comprised of theatre occupancy expenses, other operating expenses and general and administrative expenses. These categories are described below.

Theatre occupancy expenses include lease related expenses, percentage rent, property related taxes, business related taxes and insurance and exclude cash rent accounted for as obligations or interest under IFRS 16, *Leases*.

Other operating expenses consist of fixed and variable expenses, with the largest component being theatre salaries and wages. Although theatre salaries and wages include a fixed cost component, these expenses vary in relation to revenues as theatre staffing levels are adjusted to handle fluctuations in theatre attendance. Other components of this category include cleaning, marketing which includes the cost of Scene+ points issued, advertising, media, LBE, loyalty, digital commerce, supplies and services, utilities and maintenance. To the extent these costs are variable, they can be managed with changes in business volumes.

General and administrative expenses are primarily costs associated with managing Cineplex's business, including film buying, marketing and promotions, operations and theatre food service management, accounting and financial reporting, legal, treasury, design and construction, real estate development, communications and investor relations, information systems and administration. Included in these costs are payroll (including Cineplex's Omnibus Incentive Plan costs), occupancy costs related to Cineplex's corporate offices, professional fees (such as public accountant and legal fees) and travel and related costs. Cineplex maintains general and administrative staffing and associated costs

at a level that it deems appropriate to manage and support the size and nature of its theatre and LBE portfolio and its business activities.

Accounting for Joint Arrangements

The financial statements incorporate the operating results of joint arrangements in which Cineplex has an interest using either the equity accounting method (for joint ventures and associates) or recognizing Cineplex's share of the assets, liabilities, revenues and expenses in Cineplex's consolidated results (for joint operations).

Under IFRS 11, Cineplex's 33.3% interest in Scene+ and 50% share of one IMAX auditorium in Ontario are classified as joint ventures or associates. Through equity accounting, Cineplex's share of the results of operations for these joint ventures and associates are reported as a single item in the statements of operations, 'Share of income of joint ventures and associates'. Theatre attendance for the IMAX auditorium held in a joint venture is not reported in Cineplex's consolidated theatre attendance as the line-by-line results of the joint venture are not included in the relevant lines in the statement of operations.

In addition to the joint ventures which are equity accounted, Cineplex consolidates its 50% share of assets, liabilities, revenues and expenses of its joint operation which recognizes the revenues and costs of redemptions of points issued prior to the launch of Scene+.

4. RESULTS OF OPERATIONS

Other than where disclosed, discussions of results and Non-GAAP financial measures, including EBITDA, adjusted EBITDA and adjusted EBITDAaL, in this MD&A are of continuing operations.

4.1. SELECTED FINANCIAL DATA

The following table presents summarized financial data for Cineplex for the three and six months ended June 30, 2024 and 2023 (expressed in thousands of dollars except shares outstanding, per share data and per patron data, unless otherwise noted):

	Three months ended June 30, 2024	Three months ended June 30, 2023 (Section 1) (vii)	Variance (%)	Six months ended June 30, 2024	Six months ended June 30, 2023 (Section 1) (vii)	Variance (%)
Box office revenues	$ 114,478	$ 164,491	-30.4 %	$ 239,539	$ 287,829	-16.8 %
Food service revenues	96,658	131,392	-26.4 %	198,484	232,468	-14.6 %
Media revenues	29,136	26,100	11.6 %	51,486	48,396	6.4 %
Amusement revenues	20,541	21,686	-5.3 %	46,317	47,847	-3.2 %
Other revenues	16,523	24,252	-31.9 %	36,269	42,736	-15.1 %
Total revenues	**277,336**	**367,921**	**-24.6 %**	**572,095**	**659,276**	**-13.2 %**
Film cost	60,296	90,471	-33.4 %	125,123	156,545	-20.1 %
Cost of food service	23,240	30,744	-24.4 %	47,744	54,981	-13.2 %
Depreciation - right-of-use assets	23,919	21,971	8.9 %	48,390	43,504	11.2 %
Depreciation and amortization - other assets	21,064	22,230	-5.2 %	42,859	45,103	-5.0 %
(Gain) loss on disposal of assets	(8,315)	336	NM	(8,706)	1,229	NM
Other costs including employee benefits (a)	151,742	158,431	-4.2 %	309,814	305,492	1.4 %
Costs of operations (viii)	**271,946**	**324,183**	**-16.1 %**	**565,224**	**606,854**	**-6.9 %**
Net (loss) income from continuing operations	(21,312)	158,863	NM	(84,282)	125,686	NM
Net (loss) income from discontinued operations, including gain on disposition (vii)	(127)	17,682	NM	68,003	20,686	228.7 %
Net (loss) income (vi)	(21,439)	176,545	NM	(16,279)	146,372	NM
Adjusted EBITDA (i)	$ 42,472	$ 87,893	-51.7 %	$ 89,207	$ 140,612	-36.6 %
Adjusted EBITDAaL (i)	$ 925	$ 47,194	-98.0 %	$ 5,510	$ 58,571	-90.6 %
Adjusted EBITDAaL from discontinued operations (i)	$ —	$ 13,064	-100.0 %	$ 508	$ 21,930	-97.7 %
Adjusted EBITDAaL including discontinued operations (i)	$ 925	$ 60,258	-98.5 %	$ 6,018	$ 80,501	-92.5 %
(a) Other costs include:						
Theatre occupancy expenses	19,053	18,118	5.2 %	38,300	37,366	2.5 %
Other operating expenses including employee benefits	114,335	123,634	-7.5 %	232,126	232,468	-0.1 %
General and administrative expenses including employee benefits (v)	18,354	16,679	10.0 %	39,388	35,658	10.5 %
Total other costs including employee benefits	**$ 151,742**	**$ 158,431**	**-4.2 %**	**$ 309,814**	**$ 305,492**	**1.4 %**
(Loss) earnings per share from continuing operations - basic (v)	$ (0.33)	$ 2.51	NM	$ (1.32)	$ 1.98	NM
Earnings per share from discontinued operations - basic	$ —	$ 0.28	-100.0 %	$ 1.07	$ 0.33	224.2 %
(Loss) earnings per share - basic (v)	$ (0.33)	$ 2.79	NM	$ (0.25)	$ 2.31	NM
(Loss) earnings per share from continuing operations - diluted (v)	$ (0.33)	$ 1.80	-118.3 %	$ (1.32)	$ 1.51	NM
Earnings per share from discontinued operations - diluted	$ —	$ 0.19	-100.0 %	$ 1.07	$ 0.23	365.2 %
(Loss) earnings per share - diluted (v)	$ (0.33)	$ 1.99	-116.6 %	$ (0.25)	$ 1.74	NM
Total assets	$ 2,247,472	$ 2,234,792	0.6 %	$ 2,247,472	$ 2,234,792	0.6 %
Long-term debt (iv)	$ 733,026	$ 838,484	-12.6 %	$ 733,026	$ 838,484	-12.6 %
Shares outstanding at period end	63,684,281	63,376,721	0.5 %	63,684,281	63,376,721	0.5 %
Adjusted free cash flow per share (ii)	$ (0.205)	$ 0.476	NM	$ (0.299)	$ 0.394	NM
Box office revenue per patron (iii)	$ 13.11	$ 12.84	2.1 %	$ 12.91	$ 12.75	1.3 %

Concession revenue per patron (iii)	$ 9.56	$ 9.21	3.8 %	$ 9.24	$ 9.06	2.0 %
Film cost as a percentage of box office revenues	52.7%	55.0%	-2.3 %	52.2%	54.4%	-2.2 %
Theatre attendance (in thousands of patrons) (iii)	8,731	12,806	-31.8 %	18,550	22,573	-17.8 %
Theatre locations (at period end)	156	158	-1.3 %	156	158	-1.3 %
Theatre screens (at period end)	1,618	1,631	-0.8 %	1,618	1,631	-0.8 %

(i) Represents a non-GAAP financial measure. See Section 17, Non-GAAP and other financial measures.

(ii) Represents a non-GAAP ratio. See Section 17, Non-GAAP and other financial measures.

(iii) Represents a supplementary financial measure. See Section 17, Non-GAAP and other financial measures.

(iv) Represents the principal component as presented on the financial statements net of any equity component and unamortized costs of long-term debt, Convertible Debentures, and Notes Payable. Excludes share-based compensation, lease obligations, fair value of interest rate swap agreements, post-employment benefit obligations and other liabilities.

(v) 2024 includes expenses related to transactions or litigation outside the normal course of business in the amount of $0.5 million during the second quarter (2023 - $0.2 million) and $2.4 million (2023 - $1.1 million) for year to date.

(vi) 2024 includes the loss on the 2024 Refinancing of $2.4 million during the second quarter and $56.0 million for year to date, and expenses related to other transactions or litigation outside the normal course of business in the amount of $0.5 million during the second quarter (2023 - $0.2 million) and $2.4 million (2023 - $1.1 million) for year to date.

(vii) The results of discontinued operations (P1AG) have been excluded from prior period figures as applicable per IFRS 5 to conform to current period presentation. All amounts are from continuing operations unless noted. See Section 13, Accounting policies.

(viii) Cost of operations excludes certain financial statement line items presented in the consolidated financial statements.

4.2. OPERATING RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024

Total revenues

Total revenues for the three months ended June 30, 2024 decreased $90.6 million or 24.6% to $277.3 million as compared to the prior year. Total revenues for the six months ended June 30, 2024 decreased $87.2 million or 13.2% to $572.1 million as compared to the prior year. A discussion of the factors affecting the changes in box office, food service, media, amusement and other revenues for the period is provided below.

Non-GAAP and other financial measures discussed throughout this MD&A, including adjusted EBITDA, adjusted EBITDAaL, adjusted store level EBITDAaL, adjusted EBITDAaL margin, adjusted store level EBITDAaL margin, adjusted free cash flow, theatre attendance, BPP, premium priced product, same theatre metrics, CPP, film cost percentage, food service cost percentage and concession margin per patron are defined and discussed in Section 17, Non-GAAP and other financial measures.

Box office revenues

The following table highlights the movement in box office revenues, theatre attendance and BPP for the quarter and year to date (in thousands of dollars, except theatre attendance reported in thousands of patrons and per patron amounts, unless otherwise noted):

Box office revenues	Second Quarter			Year to Date		
	2024	2023	Change	2024	2023	Change
Box office revenues	$ 114,478	$ 164,491	-30.4%	$ 239,539	$ 287,829	-16.8%
Theatre attendance (i)	8,731	12,806	-31.8%	18,550	22,573	-17.8%
Box office revenue per patron (i)	$ 13.11	$ 12.84	2.1%	$ 12.91	$ 12.75	1.3%
BPP excluding premium priced product (i)	$ 11.35	$ 11.02	3.0%	$ 11.13	$ 10.88	2.3%
Same theatre box office revenues (i)	$ 113,177	$ 163,351	-30.7%	$ 236,831	$ 286,410	-17.3%
Same theatre attendance (i)	8,637	12,717	-32.1%	18,348	22,458	-18.3%
% Total box from premium priced product (i)	41.4%	46.6 %	-5.2%	41.3 %	47.8 %	-6.5%

(i) Represents a supplementary financial measure. See Section 17, Non-GAAP and other financial measures.

Box office continuity	Second Quarter		Year to Date	
	Box Office	Theatre Attendance	Box Office	Theatre Attendance
2023 as reported	$ 164,491	12,806	$ 287,829	22,573
Same theatre attendance change	(52,400)	(4,078)	(52,407)	(4,109)
Impact of same theatre BPP change	2,227	—	2,829	—
New and acquired theatres (i)	470	30	1,642	117
Disposed and closed theatres (i)	(310)	(27)	(354)	(31)
2024 as reported	**$ 114,478**	**8,731**	**$ 239,539**	**18,550**

(i) See Section 17, Non-GAAP and other financial measures. Represents theatres opened, acquired, disposed or closed subsequent to the start of the prior year comparative period and is used to report on Cineplex's supplementary financial measures.

	Second Quarter 2024 Top Cineplex Films	3D	% Box		Second Quarter 2023 Top Cineplex Films	3D	% Box
1	Inside Out 2	✔	21.1 %	1	The Super Mario Bros. Movie	✔	24.2 %
2	Kingdom of the Planet of the Apes		7.5 %	2	Guardians of the Galaxy Vol. 3	✔	13.0 %
3	The Fall Guy		6.2 %	3	Spider-Man: Across The Spider-Verse		12.1 %
4	Godzilla x Kong: The New Empire	✔	5.8 %	4	The Little Mermaid	✔	6.5 %
5	Bad Boys: Ride or Die		4.9 %	5	Fast X		6.4 %

	Full Year 2024 Top Cineplex Films	3D	% Box		Full Year 2023 Top Cineplex Films	3D	% Box
1	Dune: Part Two		11.2 %	1	The Super Mario Bros. Movie	✔	13.8 %
2	Inside Out 2	✔	10.1 %	2	Avatar: The Way of Water	✔	9.6 %
3	Kung Fu Panda 4	✔	6.9 %	3	Guardians of the Galaxy Vol. 3	✔	7.4 %
4	Godzilla x Kong: The New Empire	✔	4.6 %	4	Spider-Man: Across The Spider-Verse		6.9 %
5	Kingdom of the Planet of the Apes		3.6 %	5	John Wick: Chapter 4		5.5 %

Second Quarter

Box office revenues decreased by $50.0 million or 30.4% to $114.5 million, compared to $164.5 million recorded in the prior year. This decrease was primarily due to a 4.1 million or 31.8% decrease in theatre attendance to 8.7 million. Industry observers expected the second quarter's box office results to be challenging as a number of films shifted release to the second half of 2024 as a result of marketing and production delays related to the impact of the writers' and actors' strikes.

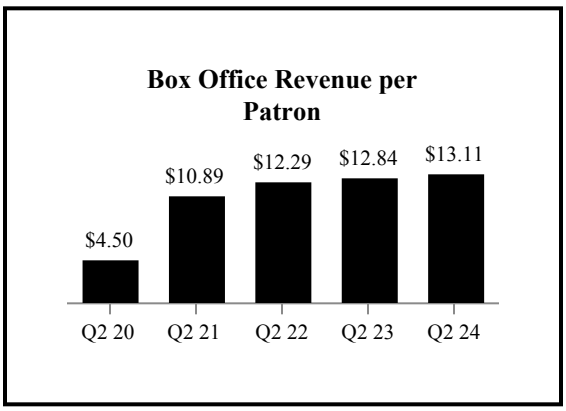
Second quarter box office revenues which included only 16 days of the highly anticipated film *Inside Out 2*, which generated $154.2 million during its North American opening weekend. The prior year is a tough comparator primarily due to the performance of *The Super Mario Bros. Movie*, which included 86 days as it was released at the start of the quarter in 2023, with the biggest opening for an animated film ever.

BPP for the three months ended June 30, 2024 was $13.11, representing a second quarter and all-time record, and an increase of $0.27 or 2.1% from $12.84 reported in the prior year. The increase in BPP is primarily due to inflationary and strategic pricing initiatives. Premium priced products decreased to 41.4% of the total box office during the second quarter, compared to 46.6% in the prior year. The decrease was primarily due to the longer time in theatres of *The Super Mario Bros. Movie* during the second quarter of 2023.

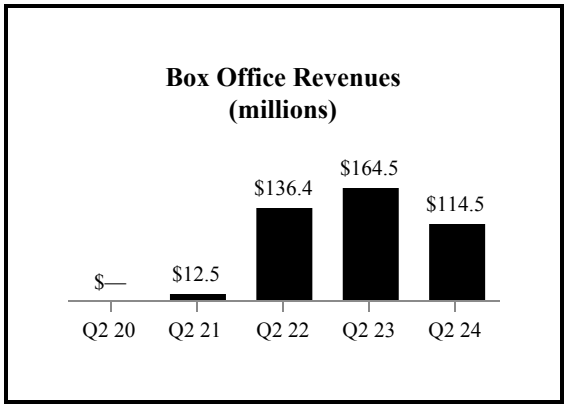
Year to Date

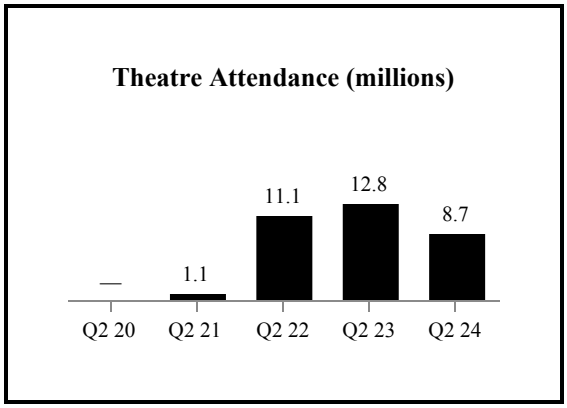
For the year to date period, box office revenues decreased $48.3 million to $239.5 million, compared to $287.8 million recorded in the prior year period. This decrease was primarily due to a 4.0 million or 17.8% decrease in theatre attendance from 22.6 million to 18.6 million, as a result of strong titles in prior year, including *Avatar: The Way of Water*, one of Cineplex's highest grossing titles ever.

Cineplex's BPP for the period ended June 30, 2024 was $12.91, which increased $0.16 or 1.3% from $12.75 reported in the prior year period. This increase was due to inflationary and strategic pricing initiatives. Cineplex's main focus is to drive incremental visits to theatres, and employ a ticket price strategy which takes into account the local demographics at each theatre while maximizing BPP through premium offerings.



(i) Q2 2020 is not a meaningful metric as a majority of Cineplex's theatres were closed for the period.





(i) Q2 2020 is not a meaningful metric as a majority of Cineplex's theatres were closed for the period.

Food service revenues

The following table highlights the movement in food service revenues, theatre attendance and CPP for the quarter and year to date (in thousands of dollars, except theatre attendance and same store attendance reported in thousands of patrons and per patron amounts):

Food service revenues	Second Quarter			Year to Date		
	2024	2023	Change	2024	2023	Change
Food service - theatres	$ 83,464	$ 117,958	-29.2 %	$ 171,316	$ 204,402	-16.2 %
Food delivery - theatres	1,863	2,076	-10.3 %	3,947	4,371	-9.7 %
Food service - LBE	11,331	11,358	-0.2 %	23,221	23,695	-2.0 %
Total food service revenues	**$ 96,658**	**$ 131,392**	**-26.4%**	**$ 198,484**	**$ 232,468**	**-14.6 %**
Theatre attendance (i)	8,731	12,806	-31.8 %	18,550	22,573	-17.8 %
CPP (i) (ii)	$ 9.56	$ 9.21	3.8 %	$ 9.24	$ 9.06	2.0 %
Same theatre food service revenues (i)	$ 82,521	$ 117,079	-29.5 %	$ 169,342	$ 203,319	-16.7 %
Same theatre attendance (i)	8,637	12,717	-32.1 %	18,348	22,458	-18.3 %

(i) Represents a supplementary financial measure. See Section 17, Non-GAAP and other financial measures.
(ii) Food service revenue from LBE and delivery is not included in the CPP calculation.

Theatre food service revenue continuity	Second Quarter		Year to Date	
	Theatre Food Service	Theatre Attendance	Theatre Food Service	Theatre Attendance
2023 as reported	$ 117,958	12,806	$ 204,402	22,573
Same theatre attendance change	(37,557)	(4,078)	(37,204)	(4,109)
Impact of same theatre CPP change	3,000	—	3,226	—
New and acquired theatres (i)	297	30	1,145	117
Disposed and closed theatres (i)	(234)	(27)	(253)	(31)
2024 as reported	**$ 83,464**	**8,731**	**$ 171,316**	**18,550**

(i) Represents theatres opened, acquired, disposed or closed subsequent to the start of the prior year comparative period and is used to report on Cineplex's supplementary financial measures. See Section 17, Non-GAAP and other financial measures

Food service revenues are comprised primarily of concession revenues, which includes food service sales at theatre locations, and through delivery services including Uber Eats and Skip the Dishes. Food service revenues also include food and beverage sales at *The Rec Room* and *Playdium.*

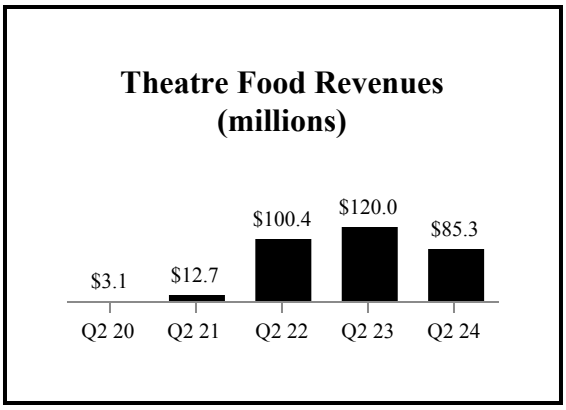
Second Quarter

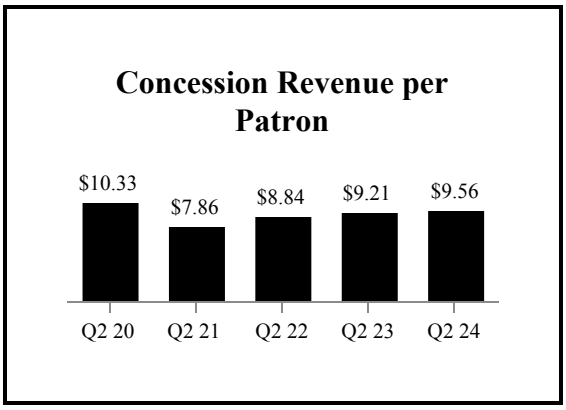
Food service revenues decreased by $34.7 million or 26.4% to $96.7 million during the second quarter, compared to $131.4 million recorded in the prior year. Theatre food service revenues decreased by $34.5 million or 29.2% to $83.5 million as compared to the prior year. The decrease in theatre food service revenue was primarily due to a 31.8% decrease in theatre attendance. During the second quarter, CPP increased by $0.35 or 3.8% from the prior year, from $9.21 to an all-time quarterly record of $9.56, partially attributed to price increases resulting in an increase in average guest spend compared to prior year.

Year to Date

For the year to date period, food service revenues decreased by $34.0 million or 14.6% from $232.5 million to $198.5 million, primarily due to a $33.1 million decrease in theatre food service revenues. The decrease in theatre food service revenues is primarily due to decreases in theatre attendance which decreased by 4.0 million to 18.6 million. LBE food service revenue also decreased $0.5 million from $23.7 million to $23.2 million.

Cineplex's CPP during the year to date period was $9.24, which increased by $0.18 or 2.0%.





(i) Q2 2020 is not a meaningful metric as a majority of Cineplex's theatres were closed for the period.

Media revenues

The following table highlights the movement in media revenues for the quarter and year to date (in thousands of dollars):

Media revenues	Second Quarter			Year to Date		
	2024	2023	Change	2024	2023	Change
Cinema media	$ 18,546	$ 17,833	4.0%	$ 30,971	$ 32,126	-3.6%
Digital place-based media	10,590	8,267	28.1%	20,515	16,270	26.1%
Total media revenues	**$ 29,136**	**$ 26,100**	**11.6%**	**$ 51,486**	**$ 48,396**	**6.4%**
Attendance	8,731	12,806	-31.8%	18,550	22,573	-17.8%
Cinema media per patron (CMPP) (i)	$ 2.12	$ 1.39	52.5%	$ 1.67	$ 1.42	17.6%

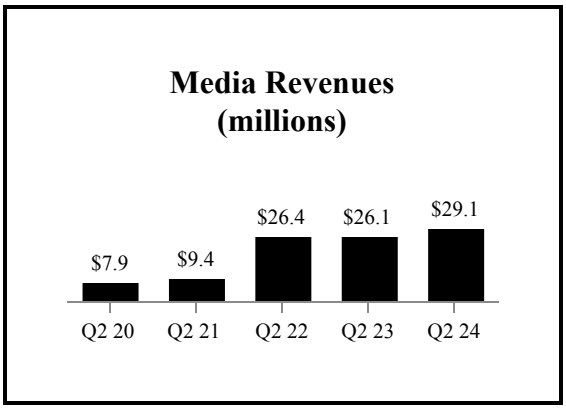
(i) Represents a supplementary financial measure. See Section 17, Non-GAAP and other financial measures.

Second Quarter

Total media revenues increased by $3.0 million or 11.6% to $29.1 million during the second quarter, compared to $26.1 million recorded in the prior year. The increase during the second quarter was primarily due to the $2.3 million or 28.1% increase in digital place-based media revenues, including digital out of home ("DOOH") media revenue related to the agreement with Cadillac Fairview that began in the first quarter. The increase is also attributed to growth in digital services due to the increased size of active networks, and incremental creative project revenue. Cinema Media revenues increased by $0.7 million or 4.0% during the second quarter.

Year to Date

For the year to date period, total media revenues increased $3.1 million or 6.4% to $51.5 million. Cineplex's cinema media decreased by $1.2 million as arrangements are impacted by theatre attendance levels which drive impressions and ultimately impact media revenue generated by Cineplex. Digital placed-based media revenues increased by $4.2 million for the year to date period compared to the prior year period as a result of digital advertising on DOOH networks and higher project installation revenues.



(i) Q2 2020 is not a meaningful metric as a majority of Cineplex's theatres were closed for the period.

The following table shows a breakdown of the nature of digital place-based media revenues for the quarter and year to date (in thousands of dollars):

Digital place-based media revenues	Second Quarter			Year to Date		
	2024	2023	Change	2024	2023	Change
Project revenues (i)	$ 3,590	$ 2,672	34.4 %	$ 6,442	$ 5,578	15.5 %
Other revenues (ii)	7,000	5,595	25.1 %	14,073	10,692	31.6 %
Total digital place-based media revenues	**$ 10,590**	**$ 8,267**	**28.1%**	**$ 20,515**	**$ 16,270**	**26.1%**

(i) Project revenues include hardware sales and professional services.

(ii) Other revenues include sales of software and its support as well as media advertising.

Amusement revenues

The following table highlights the movement in amusement revenues for the quarter and year to date (in thousands of dollars):

Amusement revenues	Second Quarter			Year to Date		
	2024	2023 (Section 1) (ii)	Change	2024	2023 (Section 1) (ii)	Change
Amusement revenue - LBE	$ 17,375	$ 17,194	1.1 %	$ 39,353	$ 39,429	-0.2 %
Amusement revenue - exhibition (i)	3,166	4,492	-29.5 %	6,964	8,418	-17.3 %
Total amusement revenues from continuing operations	**$ 20,541**	**$ 21,686**	**-5.3%**	**$ 46,317**	**$ 47,847**	**-3.2%**

(i) Cineplex receives a venue revenue share on games revenues earned at in-theatre game rooms and XSCAPE Entertainment Centres. Amusement - Cineplex exhibition reports the total of this venue revenue share which is consistent with the historical presentation of Cineplex's amusement revenues.

(ii) The results of discontinued operations (P1AG) have been excluded from prior period figures as applicable per IFRS 5 to conform to current period presentation. All amounts are from continuing operations unless noted. See Section 12, Accounting policies.

Second Quarter and Year to Date

Compared to the prior year, amusement revenues decreased by $1.1 million or 5.3% during the second quarter, to $20.5 million primarily due to lower exhibition attendance. For the year to date period, amusement revenues decreased $1.5 million or 3.2% to $46.3 million, also primarily due to lower exhibition attendance. Following the sale of P1AG, and under the same terms as the prior agreement, Cineplex continues to receive a venue revenue share on games revenues earned at in-theatre game rooms and XSCAPE Entertainment Centres.

The following table presents the LBE adjusted store level EBITDAaL for the quarter and year to date (in thousands of dollars):

LBE Summary	**Second Quarter**			**Year to Date**		
	2024	**2023**	**Change**	**2024**	**2023**	**Change**
Food service revenues	$ 11,331	$ 11,358	-0.2 %	$ 23,221	$ 23,695	-2.0 %
Amusement revenues	17,375	17,194	1.1 %	39,353	39,429	-0.2 %
Media and other revenues	697	561	24.2 %	1,326	1,072	23.7 %
Total revenues	**$ 29,403**	**$ 29,113**	**1.0 %**	**$ 63,900**	**$ 64,196**	**-0.5 %**
Cost of food service	3,151	3,267	-3.6 %	6,465	6,751	-4.2 %
Operating expenses before adjustments (i)	18,707	16,756	11.6 %	37,440	33,488	11.8 %
Cash rent related to lease obligations (ii)	2,785	2,742	1.6 %	5,533	5,472	1.1 %
Total expenses	**$ 24,643**	**$ 22,765**	**8.2 %**	**$ 49,438**	**$ 45,711**	**8.2 %**
Adjusted store level EBITDAaL (iii)	**$ 4,760**	**$ 6,348**	**-25.0 %**	**$ 14,462**	**$ 18,485**	**-21.8 %**
Adjusted store level EBITDAaL Margin (iv)	**16.2 %**	**21.8 %**	**-5.6 %**	**22.6 %**	**28.8 %**	**-6.2 %**

(i) Includes operating costs of LBE. Pre-opening costs relating to LBE and overhead relating to management of LBE portfolio are not included as they are non-recurring costs.
(ii) Cash rent that has been reallocated to offset the lease obligations.
(iii) Represents a non-GAAP financial measure. See Section 17, Non-GAAP and other financial measures.
(iv) Represents a non-GAAP ratio. See Section 17, Non-GAAP and other financial measures.

Second Quarter

During the second quarter, revenues increased by $0.3 million or 1.0% from the prior year to $29.4 million. Adjusted store level EBITDAaL during the second quarter was $4.8 million, and adjusted store level EBITDAaL margin was 16.2%. The decrease in both adjusted store level EBITDAaL and adjusted store level EBITDAaL margin are primarily attributed to an increase in payroll (related to the minimum wage increases in several provinces), marketing and utilities expenses.

Year to Date

For the year to date period, revenues decreased by $0.3 million or 0.5% from the prior year. Adjusted store level EBITDAaL for the year to date period was $14.5 million and adjusted store level EBITDAaL margin during the year to date period was 22.6%. The decrease in adjusted store level EBITDAaL is due to higher operating costs including payroll, marketing and utilities costs.

Other revenues

The following table highlights the other revenues which includes revenues from online booking fees, Cineplex Pictures distribution, the Cineplex Store, promotional activities, screenings, private parties, corporate events, breakage on gift card sales and revenues from management fees for the quarter (in thousands of dollars):

Other revenues	Second Quarter			Year to Date		
	2024	2023	Change	2024	2023	Change
Total other revenues	$ 16,523	$ 24,252	-31.9%	$ 36,269	$ 42,736	-15.1%

Second Quarter and Year to Date

The quarterly and year to date decrease is primarily due to the decrease in online booking fee revenue related to lower attendance compared to the prior year, lower revenues from distribution revenue as *John Wick 4* was included in the prior year, venue rentals and breakage related to gift cards and coupons, also related to lower attendance.

Film cost

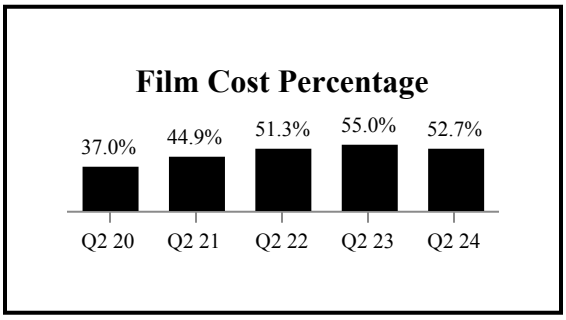
The following table highlights the movement in film cost and the film cost percentage for the quarter and the year to date (in thousands of dollars, except film cost percentage):

Film cost	Second Quarter			Year to Date		
	2024	2023	Change	2024	2023	Change
Film cost	$ 60,296	$ 90,471	-33.4%	$ 125,123	$ 156,545	-20.1%
Film cost percentage (i)	52.7%	55.0%	-2.3%	52.2%	54.4%	-2.2%
(i) Represents a supplementary financial measure. See Section 17, Non-GAAP and other financial measures.						

Second Quarter and Year to Date

Film cost varies primarily with box office revenues and can vary from quarter to quarter usually based on the relative strength of the titles exhibited during the period, impacted by film cost terms which vary by title and distributor.

The lower film cost during the second quarter and year to date, over the prior year, is due to the top films in the current period having lower settlement rates compared to the prior year.



(i) Q2 2020 is not a meaningful metric as a majority of Cineplex's theatres were closed for the period.

Cost of food service

The following table highlights the movement in cost of food service and food service cost as a percentage of food service revenues ("concession cost percentage") for both theatres and LBE for the quarter and year to date (in thousands of dollars, except percentages and margins per patron):

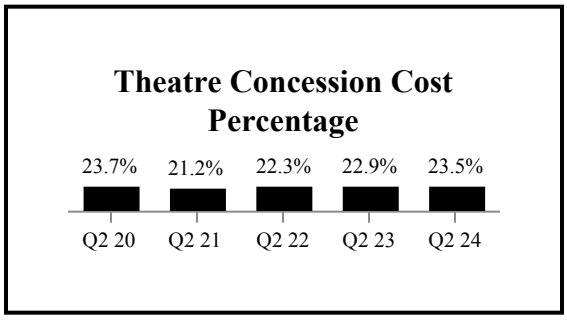
Cost of food service	Second Quarter			Year to Date		
	2024	2023	Change	2024	2023	Change
Cost of food service - theatre	$ 20,089	$ 27,477	-26.9 %	$ 41,279	$ 48,230	-14.4 %
Cost of food service - LBE	3,151	3,267	-3.6 %	6,465	6,751	-4.2 %
Total cost of food service	**$ 23,240**	**$ 30,744**	**-24.4%**	**$ 47,744**	**$ 54,981**	**-13.2%**
Theatre concession cost percentage (i)	23.5%	22.9%	0.6 %	23.6%	23.1%	0.5 %
LBE food cost percentage (i)	27.8%	28.8%	-1.0 %	27.8%	28.5%	-0.7 %
Theatre concession margin per patron (i)	$ 7.31	$ 7.10	3.0 %	$ 7.06	$ 6.97	1.3 %

(i) Represents a supplementary financial measure. See Section 17, Non-GAAP and other financial measures.

Second Quarter and Year to Date

Cost of food service at the theatres varies primarily with theatre attendance, the cost of food and materials purchased as well as the quantity and mix of offerings sold. Cost of food service at LBE venues varies primarily with the volume of guests who visit the location as well as the quantity and mix between food and beverage items sold.

The decrease in cost of food service during the second quarter and year to date is positively correlated to the decrease in food service revenues recognized during the quarter. Theatre concession cost percentage increased and LBE food cost percentage decreased marginally during the second quarter compared to the prior year.



(i) Q2 2020 is not a meaningful metric as a majority of Cineplex's theatres were closed for the period.

Depreciation and amortization

The following table highlights the movement in depreciation and amortization expenses during the quarter and year to date (in thousands of dollars):

Depreciation and amortization expenses	Second Quarter			Year to Date		
	2024	2023 (Section 1)	Change	2024	2023 (Section 1)	Change
Depreciation of property, equipment and leaseholds	$ 18,479	$ 19,877	-7.0 %	$ 37,697	$ 40,181	-6.2 %
Amortization of intangible assets and other	2,585	2,353	9.9 %	5,162	4,922	4.9 %
Sub-total - depreciation and amortization - other assets	**$ 21,064**	**$ 22,230**	**-5.2%**	**$ 42,859**	**$ 45,103**	**-5.0%**
Depreciation - right-of-use assets	23,919	21,971	8.9 %	48,390	43,503	11.2 %
Total depreciation and amortization from continuing operations	**$ 44,983**	**$ 44,201**	**1.8%**	**$ 91,249**	**$ 88,606**	**3.0%**

Second Quarter and Year to Date

Depreciation of property, equipment and leaseholds decreased by $1.4 million, or 7.0% during the quarter compared to the prior year period due to fully depreciated assets.

Amortization of intangible assets remained flat during the quarter compared to the prior year.

Depreciation of right-of-use assets increased by $1.9 million or 8.9% during the quarter compared to the prior year. The increase was primarily due to the addition of right-of-use assets associated with Cadillac Fairview in conjunction with the agreement at the beginning of 2024.

(Gain) loss on disposal of assets

The following table shows the movement in the (gain) loss on disposal of assets during the quarter and year to date (in thousands of dollars):

(Gain) loss on disposal of assets	Second Quarter			Year to Date		
	2024	2023 (Section 1)	Change	2024	2023 (Section 1)	Change
(Gain) loss on disposal of assets	$ (8,315)	$ 336	NM	$ (8,706)	$ 1,229	NM

Second Quarter and Year to Date

During the second quarter, sold underutilized land adjacent to a theatre for cash proceeds of $11.9 million, resulting in a gain of $8.7 million.

Other costs

Other costs include three main sub-categories of expenses: theatre occupancy expenses, which capture associated occupancy costs for Cineplex's theatre operations; other operating expenses, which include the costs related to running Cineplex's film entertainment and content, media, and LBE businesses; and general and administrative expenses, which includes costs related to managing Cineplex's operations, including head office expenses. Please see the discussions below for more details on these categories.

The following table highlights the movement in other costs for the quarter and year to date (in thousands of dollars):

Other costs including employee benefits	Second Quarter			Year to Date		
	2024	2023 (Section 1)	Change	2024	2023 (Section 1)	Change
Theatre occupancy expenses	$ 19,053	$ 18,118	5.2%	$ 38,300	$ 37,366	2.5%
Other operating expenses	114,335	123,634	-7.5%	232,126	232,468	-0.1%
General and administrative expenses	18,354	16,679	10.0%	39,388	35,658	10.5%
Total other costs	**$ 151,742**	**$ 158,431**	**-4.2%**	**$ 309,814**	**$ 305,492**	**1.4%**

Theatre occupancy expenses

The following table highlights the movement in theatre occupancy expenses for the quarter and year to date (in thousands of dollars):

Theatre occupancy expenses	Second Quarter			Year to Date		
	2024	2023	Change	2024	2023	Change
Cash rent paid/payable (i)	$ 35,908	$ 36,140	-0.6 %	$ 74,435	$ 74,617	-0.2 %
Other occupancy	18,841	18,359	2.6 %	37,636	37,230	1.1 %
One-time items (ii)	(90)	(520)	-82.7 %	91	(518)	-117.6 %
Total theatre occupancy including cash lease payments	**$ 54,659**	**$ 53,979**	**1.3%**	**$ 112,162**	**$ 111,329**	**0.7%**
IFRS 16 adjustment (iii)	(35,606)	(35,861)	-0.7 %	(73,862)	(73,963)	-0.1 %
Theatre occupancy as reported	**$ 19,053**	**$ 18,118**	**5.2%**	**$ 38,300**	**$ 37,366**	**2.5%**

(i) Represents the cash payments for theatre rent paid or payable during the quarter.

(ii) One-time items include amounts related to both theatre rent and other theatre occupancy costs including real estate taxes, business taxes and common area maintenance. They are isolated here to illustrate Cineplex's theatre rent and other theatre occupancy costs excluding these one-time, non-recurring items.

(iii) Cash rent paid/payable related to lease obligations.

Theatre occupancy continuity	Second Quarter Occupancy	Year to Date Occupancy
2023 as reported	$ 18,118	$ 37,366
Impact of new and acquired theatres	148	434
Impact of disposed theatres	(100)	(398)
Same store rent change (i)	(262)	(236)
One-time items	431	610
Other	463	423
Impact of IFRS 16:		
Cash rent related to lease obligations	255	101
2024 as reported	**$ 19,053**	**$ 38,300**

(i) Represents a supplementary financial measure. See Section 17, Non-GAAP and other financial measures.

Second Quarter and Year to Date

Theatre occupancy expenses remained flat during the second quarter compared to the prior year.

Other operating expenses

The following table highlights the movement in other operating expenses during the quarter and year to date (in thousands of dollars):

Other operating expenses	Second Quarter			Year to Date		
	2024	2023 (Section 1)	Change	2024	2023 (Section 1)	Change
Theatre payroll	$ 35,780	$ 41,920	-14.6 %	$ 74,202	$ 77,811	-4.6 %
Theatre operating expenses	29,175	28,994	0.6 %	58,300	57,296	1.8 %
Media	15,113	12,408	21.8 %	28,867	25,433	13.5 %
LBE operating expenses (i)	21,492	19,498	10.2 %	42,973	38,960	10.3 %
Redemption cost of legacy loyalty points	1,522	3,575	-57.4 %	3,543	10,614	-66.6 %
Marketing	1,901	1,946	-2.3 %	3,673	4,182	-12.2 %
Scene+ point issuance	5,115	7,342	-30.3 %	10,456	12,116	-13.7 %
Other (ii)	9,184	11,808	-22.2 %	19,607	13,770	42.4 %
Other operating expenses including cash lease payments	**$ 119,282**	**$ 127,491**	**-6.4%**	**$ 241,621**	**$ 240,182**	**0.6%**
IFRS 16 adjustment (iii)	(4,947)	(3,857)	28.3 %	(9,495)	(7,714)	23.1 %
Total other operating expenses from continuing operations	**$ 114,335**	**$ 123,634**	**-7.5%**	**$ 232,126**	**$ 232,468**	**-0.1%**

(i) Includes operating costs of LBE locations. Overhead relating to management of LBE portfolio are included in the 'Other' line.

(ii) Other category includes direct costs of Cineplex Pictures, Cineplex Store and overhead costs related to LBE and other Cineplex internal departments.

(iii) Cash rent paid/payable related to lease obligations.

Other operating expenses continuity	Second Quarter	Year to Date
2023 as reported/revised	$ 123,634	$ 232,468
Impact of new and acquired theatres	223	952
Impact of disposed theatres	(186)	(238)
Same theatre payroll change (i)	(6,072)	(3,999)
Same theatre operating expenses change (i)	105	768
Media operating expenses change	2,705	3,434
LBE operating expenses change	1,994	4,013
Redemption cost of legacy loyalty points	(2,053)	(7,071)
Marketing change	(45)	(509)
Scene+ point issuance change	(2,227)	(1,660)
Other	(2,653)	5,749
Impact of IFRS 16:		
Cash rent related to lease obligations	$ (1,090)	$ (1,781)
2024 as reported	**$ 114,335**	**$ 232,126**

(i) See Section 17, Non-GAAP and other financial measures. These are measures included as part of Cineplex's supplementary financial measure calculations.

Second Quarter

Other operating expenses decreased by $9.3 million or 7.5% during the second quarter compared to the prior year. The decrease in theatre payroll expenses is correlated to the decrease in attendance and related box office and theatre food service revenues recognized during the quarter. Cineplex also recognized a $2.2 million or 30.3% decrease in marketing expenses relating to the cost of issuance of Scene+ points due to lower box office and food service sales, and $2.0 million decrease in redemption costs of legacy loyalty points outstanding before the launch of the Scene+ program. Media operating expenses increased $2.4 million for CDM on higher revenues and $0.3 million for cinema media, and LBE expenses increased $2.0 million due to payroll, marketing, distribution costs, and other operating expenses.

Year to Date

For the year to date period, the overall decrease in other operating expenses of $0.3 million, was primarily due to a $7.1 million decrease in SCENE operating costs, and lower attendance resulting in $3.6 million lower theatre payroll and a $1.7 million decrease in marketing expenses relating to the issuance of Scene+ points. Lower SCENE and exhibition costs were offset by $3.0 million for CDM on higher revenues and $0.4 million for cinema media, $5.8 million of higher other operating expenses, and a $4.0 million increase in LBE other operating expenses compared to the prior year.

General and administrative expenses

The following table highlights the movement in general and administrative ("G&A") expenses during the quarter and year to date, including share-based compensation costs, and G&A net of these costs (in thousands of dollars):

G&A expenses	Second Quarter			Year to Date		
	2024	2023	Change	2024	2023	Change
G&A excluding the following items	$ 16,093	$ 15,305	5.1%	$ 34,133	$ 30,600	11.5%
Restructuring	383	—	NM	522	1,127	-53.7%
Transaction / Litigation costs	495	192	157.8%	2,412	1,052	129.3%
LTIP (i)	1,581	1,444	9.5%	2,726	3,389	-19.6%
Option plan	386	322	19.9%	762	657	16.0%
G&A expenses including cash lease payments	**$ 18,938**	**$ 17,263**	**9.7%**	**$ 40,555**	**$ 36,825**	**10.1%**
IFRS 16 adjustment (ii)	(584)	(584)	—%	(1,167)	(1,167)	—%
G&A expenses as reported	**$ 18,354**	**$ 16,679**	**10.0%**	**$ 39,388**	**$ 35,658**	**10.5%**

(i) LTIP includes the expense for RSUs and PSUs, as well as the expense for the executive and Board deferred share unit plans.
(ii) Cash rent paid/payable included as part of lease obligations.

Second Quarter

G&A expenses increased by $1.7 million or 10.0% during the second quarter compared to the prior year. The increase is primarily due to higher professional fees, software, and payroll costs. Cineplex incurred $0.5 million (2023 - $0.2 million) of expenses related to litigation and other transactions outside the normal course of business during the second quarter.

Year to Date

G&A expenses for the year to date period increased $3.7 million compared to the prior year. The increase is primarily due to higher professional fees, software, and payroll related costs.

Share of (income) loss of joint ventures and associates

Cineplex's joint ventures and associates include its 33.3% interest in Scene+ (2023 - 33.3%) and 50% interest in one IMAX screen in Ontario (2023 - 50%).

The following table highlights the components of share of (income) loss of joint ventures and associates during the quarter and year to date (in thousands of dollars):

Share of (income) loss of joint ventures and associates	Second Quarter			Year to Date		
	2024	2023	Change	2024	2023	Change
Share of (income) loss of Scene+	$ (166)	$ 618	NM	755	2,017	-62.6%
Share of income of other joint ventures and associates	(37)	(48)	-22.9%	(129)	(28)	360.7%
Total (income) loss of joint ventures and associates	**$ (203)**	**$ 570**	**NM**	**$ 626**	**$ 1,989**	**-68.5%**

Second Quarter and Year to Date

Cineplex's (income) loss from its joint ventures and associates consisted primarily of a $0.2 million income related to Scene+ during the second quarter and a $0.8 million loss during the year to date period. Cineplex, expects losses from its joint ventures and associates through 2024 as it scales to expected operating levels.

Interest expense

The following table highlights the movement in interest expense during the quarter and year to date (in thousands of dollars):

Interest expense	Second Quarter			Year to Date		
	2024	2023 (Section 1)	Change	2024	2023 (Section 1)	Change
Interest expense on long-term debt	$ 15,436	$ 14,904	3.6%	$ 29,717	$ 30,059	-1.1%
Lease interest expense (i)	17,677	16,346	8.1%	35,206	32,485	8.4%
Financing fees	87	—	NM	823	406	102.7%
Sub-total - cash interest expense from continuing operations	**$ 33,200**	**$ 31,250**	**6.2%**	**$ 65,746**	**$ 62,950**	**4.4%**
Deferred financing fee accretion and other non-cash interest	508	8	NM	933	63	NM
Accretion expense on Convertible Debentures and Notes Payable	1,578	5,315	-70.3%	7,091	10,595	-33.1%
Interest rate swap - non-cash	—	(2,032)	-100.0%	(1,020)	587	NM
Sub-total - non-cash interest expense from continuing operations	**2,086**	**3,291**	**-36.6%**	**7,004**	**11,245**	**-37.7%**
Total interest expense from continuing operations	**$ 35,286**	**$ 34,541**	**2.2%**	**$ 72,750**	**$ 74,195**	**-1.9%**
Total cash interest paid from continuing operations	**$ 25,074**	**$ 22,979**	**9.1%**	**$ 59,935**	**$ 63,884**	**-6.2%**
(i) Represents total cash interest paid and accrued cash interest related to lease obligations.						

Lease interest expense breakdown	Second Quarter			Year to Date		
	2024	2023 (Section 1)	Change	2024	2023 (Section 1)	Change
Cash interest paid - lease obligation	$ 17,682	$ 16,515	7.1%	$ 35,210	$ 32,880	7.1%
Change in accrued interest - lease obligation	(5)	(169)	-97.0%	(4)	(395)	-99.0%
Total lease interest expense from continuing operations	**$ 17,677**	**$ 16,346**	**8.1%**	**$ 35,206**	**$ 32,485**	**8.4%**

Second Quarter

Total interest expense increased by $0.7 million or 2.2% for the quarter when compared to the prior year.

Year to Date

For the year to date period, interest expense decreased $1.4 million compared to the prior year period.

Interest income

The following table highlights interest income received during the quarter and year to date (in thousands of dollars):

Interest income	Second Quarter			Year to Date		
	2024	2023	Change	2024	2023	Change
Interest income	$ 461	$ 282	63.5%	$ 736	$ 493	49.3%

Foreign exchange

The following table highlights the movement in foreign exchange during the quarter (in thousands of dollars):

Foreign exchange	Second Quarter			Year to Date		
	2024	2023 (Section 1)	Change	2024	2023 (Section 1)	Change
Foreign exchange loss (gain) from continuing operations	$ 4	$ 88	-95.5%	$ (232)	$ 817	NM

Second Quarter

The movement in the foreign exchange during the quarter was due to the change in the CAD/USD foreign exchange month end rate from 1.3550 at March 31, 2024 to 1.3687 at June 30, 2024.

Year to Date

For the six months ended June 30, 2024, the movement in foreign exchange was due to the change in the CAD/USD foreign exchange month end rate from 1.3226 at December 31, 2023 to 1.3687 at June 30, 2024.

Change in fair value of financial instruments

The following table highlights the movement in change in fair value of financial instruments during the quarter and year to date (in thousands of dollars):

Change in fair value of financial instruments	Second Quarter			Year to Date		
	2024	2023	Change	2024	2023	Change
Loss on financial instruments recorded at fair value and loss on extinguishment of debt	$ 2,122	$ 1,020	108.0%	$ 54,068	$ 1,290	NM

Second Quarter and Year to Date

The change in the loss in the fair value of financial instruments recognized during the second quarter is due adjustments related to the loss on the 2024 Refinancing and the revaluation of Cineplex's call option relating to the 2021 Notes and the 2024 Notes, as applicable (Section 6.4, Long-term debt) during the current period.

Loss on financial instruments recorded at fair value	Three months ended June 30, 2024	Six months ended June 30, 2024
Bank Fees and other fees	$ 666	$ 2,027
Loss on settlement of notes	1,243	14,165
Loss on settlement of debentures	103	39,764
Loss on 2024 Refinancing	2,012	55,956
Remeasurement of financial instruments recognized in profit or loss	110	(1,888)
Loss on financial instruments recorded at fair value	**$ 2,122**	**$ 54,068**

Income taxes

The following table highlights the movement in current and deferred income tax recovery during the quarter and year to date (in thousands of dollars):

Income taxes	Second Quarter			Year to Date		
	2024	2023 (Section 1)	Change	2024	2023 (Section 1)	Change
Current income tax recovery	$ (2,112)	$ (837)	152.3 %	$ (2,752)	$ (837)	228.8 %
Deferred income tax recovery	(7,934)	(150,225)	-94.7 %	(32,571)	(150,225)	-78.3 %
Provision for income taxes	**$ (10,046)**	**$ (151,062)**	**-93.3%**	**$ (35,323)**	**$ (151,062)**	**-76.6%**

At December 31, 2020 the recoverability of the net deferred income tax assets was uncertain and accordingly the net deferred tax assets were derecognized. During the second quarter of 2023, Cineplex assessed the recoverability of net deferred income tax assets and determined that the expected return to profitability provided a reasonable expectation that previously derecognized net deferred income tax assets will be utilized to offset future periods of taxable income, resulting in income tax recovery of approximately $150.2 million relating to continuing operations. The provision for income taxes in the second quarter reflects the impact of timing differences in the timing of deductions for tax as compared to accounting, particularly the reduction of losses carried forward. Cineplex's continuing operation businesses had $380,266 of non-capital losses available based on income tax returns filed up to tax year ending December 31, 2023. Cineplex will utilize a portion of its net operating losses against the taxable gain from the sale of P1AG, which resulted in no taxes payable resulting from the disposition.

Cineplex's combined statutory income tax rate at June 30, 2024 was 26.3% (2023 - 26.3%).

By Notice of Reassessment ("NOR") dated January 22, 2019, the Canada Revenue Agency ("CRA"), disallowed the deduction of $26.6 million of losses of AMC Ventures Inc. ("AMC") that Cineplex had obtained on the acquisition of AMC in 2012. The disallowance of the losses, which offset taxable income generated in 2014, increased taxes and interest payable by approximately $8.6 million, 50% of which was required to be paid immediately (interest continues to accrue on the unpaid amount). Cineplex disagrees with the CRA's position, and has filed an appeal to the Tax Court of Canada in respect of the NOR. On June 28, 2021, Cineplex received a response from the Attorney General of Canada representing the CRA confirming its position with respect to the disallowance of the losses. The appeal is currently proceeding through the pre-trial steps and Cineplex believes that it should prevail in defending its original filing position, although no assurance can be given in this regard as the appeal process proceeds.

4.3. NET LOSS, EBITDA AND ADJUSTED EBITDAaL (see Section 17, Non-GAAP and other financial measures)

The following table presents net (loss) income, EBITDA, adjusted EBITDA and adjusted EBITDAaL for the six months ended June 30, 2024 as compared to the prior year (expressed in thousands of dollars, except adjusted EBITDAaL margin):

NET INCOME (LOSS), EBITDA AND ADJUSTED EBITDAaL	Second Quarter			Year to Date		
	2024	2023 (Section 1)	Change	2024	2023 (Section 1)	Change
Net (loss) income from continuing operations (i)	$ (21,312)	$ 158,863	NM	$ (84,282)	$ 125,686	NM
Net (loss) income from discontinued operations, including gain on disposition	$ (127)	$ 17,682	NM	$ 68,003	$ 20,686	228.7%
Net (loss) income (i)	$ (21,439)	$ 176,545	NM	$ (16,279)	$ 146,372	NM
Net (loss) income as a percentage of sales from continuing operations	-7.7 %	43.2 %	NM	-14.7 %	19.1 %	NM
EBITDA	$ 48,450	$ 86,261	-43.8%	$ 43,658	$ 136,933	-68.1%
Adjusted EBITDA	$ 42,472	$ 87,893	-51.7%	$ 89,207	$ 140,612	-36.6%
Adjusted EBITDAaL	$ 925	$ 47,194	-98.0%	$ 5,510	$ 58,571	-90.6%
Adjusted EBITDAaL from discontinued operations	$ —	$ 13,064	-100.0%	$ 508	$ 21,930	-97.7%
Adjusted EBITDAaL including discontinued operations	$ 925	$ 60,258	-98.5%	$ 6,018	$ 80,501	-92.5%
Adjusted EBITDAaL margin from continuing operations	0.3 %	12.8 %	-12.5%	1.0 %	8.9 %	-7.9%

(i) 2024 includes the loss on the 2024 Refinancing of $2.0 million during the second quarter and $56.0 million for year to date, and expenses related to other transactions or litigation outside the normal course of business in the amount of $0.5 million during the second quarter (2023 - $0.2 million) and $2.4 million (2023 - $1.1 million) for year to date.

Second Quarter

Net loss from continuing operations for the second quarter of 2024 was $21.3 million, compared to net income from continuing operations of $158.9 million in the prior year. The decrease in net income is primarily due to the second quarter of 2023 including the benefit of $158.4 million related to deferred income tax assets, and decrease in theatre attendance in the second quarter of 2024 with a number of films shifting release to the second half of 2024 as a result of the 2023 writers' and actors' strikes.

Adjusted EBITDAaL from continuing operations for the second quarter of 2024 was $0.9 million compared to $47.2 million in the prior year. The decrease is primarily due to the decrease in theatre attendance with a number of films shifting release to the second half of 2024, as a result of the 2023 writers' and actors' strikes.

Year to Date

Net loss from continuing operations for the six months ended June 30, 2024 was $84.3 million compared to net income from continuing operations of $125.7 million in the prior year period. The movement in net income (loss) was primarily a result of lower exhibition attendance in 2024, the deferred tax expense benefit recognized in 2023, and the loss on the 2024 Refinancing

Adjusted EBITDAaL from continuing operations for the six months ended June 30, 2024 was $5.5 million compared to $58.6 million in the prior year period. The decrease was primarily due to lower exhibition attendance.

5. BALANCE SHEETS

The following sets out significant changes to Cineplex's consolidated balance sheets during the six months ended June 30, 2024 as compared to December 31, 2023 (in thousands of dollars):

	June 30, 2024	December 31, 2023	Change ($)	Change (%)
Assets				
Current assets				
Cash and cash equivalents	$ 56,711	$ 36,666	$ 20,045	54.7%
Trade and other receivables	57,725	97,689	(39,964)	-40.9%
Income taxes receivable	5,615	2,766	2,849	103.0%
Inventories	16,793	17,624	(831)	-4.7%
Prepaid expenses and other current assets	17,787	11,481	6,306	54.9%
Fair value of interest rate swap agreements	—	3,217	(3,217)	-100.0%
Assets held for sale (i)	—	93,322	(93,322)	-100.0%
	154,631	262,765	(108,134)	-41.2%
Non-current assets				
Property, equipment and leaseholds	384,427	394,382	(9,955)	-2.5%
Right-of-use assets	832,342	754,793	77,549	10.3%
Deferred income taxes	154,355	146,784	7,571	5.2%
Fair value of interest rate swap agreements	—	1,109	(1,109)	-100.0%
Interests in joint ventures	8,674	4,896	3,778	77.2%
Intangible assets	80,793	80,873	(80)	-0.1%
Goodwill	620,300	620,300	—	—%
Derivative financial instrument	11,950	5,590	6,360	113.8%
	$ 2,247,472	$ 2,271,492	$ (24,020)	-1.1%
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	$ 173,135	$ 172,482	$ 653	0.4%
Income taxes payable	234	173	61	35.3%
Deferred revenue and other	176,948	197,329	(20,381)	-10.3%
Lease obligations	81,987	85,030	(3,043)	-3.6%
Liabilities related to assets held for sale (i)	—	27,241	(27,241)	-100.0%
	432,304	482,255	(49,951)	-10.4%
Non-current liabilities				
Share-based compensation	6,391	4,470	1,921	43.0%
Long-term debt	733,026	817,439	(84,413)	-10.3%
Lease obligations	1,076,640	993,404	83,236	8.4%
Post-employment benefit obligations	6,905	7,114	(209)	-2.9%
Other liabilities	6,329	6,245	84	1.3%
	2,261,595	2,310,927	(49,332)	-2.1%
Shareholders' deficit				
Total shareholders' deficit	(14,123)	(39,435)	25,312	-64.2%
	$ 2,247,472	$ 2,271,492	$ (24,020)	-1.1%

(i) See Section 12, Accounting policies for discontinued operations.

Cash and cash equivalents. Cash and cash equivalents includes operations petty cash and outstanding deposits and fluctuates with business activities.

Trade and other receivables. The decrease in trade and other receivables is primarily due to the collection of trade receivables from the sale of gift cards, vouchers and media sales from the 2023 holiday period. December represents the highest volume month for gift card and voucher sales.

Income taxes receivable. The increase in income taxes receivable is primarily due to timing of installments and estimated taxable income.

Inventories. The decrease in inventories is primarily due to concession inventories. The overall movement remains fairly consistent with the prior period.

Prepaid expenses and other current assets. The increase in prepaid expenses and other current assets is primarily due to prepayments for insurance and the 2024 technology service contracts extending into the next period.

Assets held for sale. P1AG was classified as a discontinued operation in accordance with the application of IFRS 5, *Non-current assets held for sale and discontinued operations,* as at December 31, 2023. The sale of P1AG was completed on February 1, 2024.

Property, equipment and leaseholds. The decrease in property, equipment and leaseholds is due to amortization expense ($37.7 million) and asset dispositions ($3.5 million) in excess of additions to new build and other capital expenditures ($33.9 million) and maintenance capital expenditures ($4.4 million).

Right-of-use assets. The increase in right-of-use assets is due to lease additions, extensions and modifications ($125.9 million), offset by amortization expense of $48.3 million.

Deferred income taxes. The increase in net deferred income taxes is primarily due to the use of non-capital losses to shield the taxable capital gain from the sale of P1AG, offset by the deferred tax liabilities associated with the financing arrangements.

Interests in joint ventures. The increase in interest in joint ventures is primarily due to $4.5 million of capital contributions made to Cineplex's investment in Scene+, net of $0.6 million losses in 2024.

Intangible assets. The decrease in intangible assets is due to the capitalization of software development costs ($5.1 million), offset by amortization expense ($5.2 million).

Goodwill. There was no change in goodwill for the quarter.

Derivative financial instrument. The increase in derivative financial instrument reflects the $5.6 million derecognition of the derivative associated with the 2021 Notes, and the recognition of $10.1 million fair value derivative related to the 2024 Notes prepayment option. The derivative value increased $2.1 million to $12.0 million at June 30, 2024

Accounts payable and accrued expenses. The slight increase in accounts payable and accrued expenses is primarily due to timing of the settlement of year end liabilities.

Share-based compensation. The increase in share-based compensation is primarily due to members of Cineplex's board of directors electing to receive payment in deferred equity units, offset by the decrease in the common share price, which was $8.22 per share at June 30, 2024 as compared to $8.37 at December 31, 2023 (see Section 9, Share activity). Additionally, 2024 PSU and RSU grant will be cash settled and included as part of this liability.

Income taxes payable. The increase in income taxes payable is immaterial for this quarter.

Deferred revenue and other. The decrease in deferred revenue is primarily due to the redemption and associated breakage of gift cards and vouchers in excess of current period sales.

Lease obligations. The increase in lease obligations is primarily due to $128.7 million new, extended and modified leases which is partially offset by $48.5 million payment of lease obligations.

Liabilities related to assets held for sale. P1AG was classified as a discontinued operation in accordance with the application of IFRS 5, *Non-current assets held for sale and discontinued operations,* as at December 31, 2023. The sale of P1AG was completed on February 1, 2024.

Fair value of interest rate swap agreements. Represented the fair values of Cineplex's interest rate swap agreements (see Section 6.4, Long-term debt). The final interest rate swap with a notional value of $150.0 million and a maturity date of November 13, 2025 was wound up during the first quarter for a gain of $1.0 million.

Long-term debt. Long-term debt consists of the Credit Facilities (nil drawn at June 30, 2024), Convertible Debentures and 2024 Notes. The decrease in long-term debt reflects use of the proceeds of the sale of P1AG to repay a portion of the credit facility and the impact of the 2024 Refinancing steps (Section 6.4, Long-term debt).

6. LIQUIDITY AND CAPITAL RESOURCES

6.1. OPERATING ACTIVITIES

Cash flow is generated primarily from film entertainment (the sale of admission tickets and food service sales), media sales and services, location-based entertainment revenues (amusement and food service sales) and other revenues. Generally, this provides Cineplex with positive working capital, since certain cash revenues are normally collected in advance of the payment of certain expenses. Box office revenues are directly related to the success and appeal of the film product produced and distributed by the studios. The following table highlights the movements in cash from operating activities for the three and six months ended June 30, 2024 and 2023 (in thousands of dollars):

Cash flows provided by (used in) operating activities	**Second Quarter**			**Year to Date**		
	2024	**2023**	**Change**	**2024**	**2023**	**Change**
		(Section 1)			**(Section 1)**	
Net (loss) income from continuing operations	$ (21,312)	$ 158,863	$ (180,175)	$ (84,282)	$ 125,686	$ (209,968)
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation and amortization of other assets (i)	21,064	22,230	(1,166)	42,859	45,103	(2,244)
Depreciation of right-of-use assets	23,919	21,971	1,948	48,390	43,504	4,886
Interest rate swap agreements - non-cash interest	—	(2,032)	2,032	(1,020)	587	(1,607)
Accretion of Convertible Debentures and notes payable	1,578	5,315	(3,737)	7,091	10,596	(3,505)
Other non-cash interest (ii)	508	9	499	933	64	869
(Gain) loss on disposal of assets	(8,315)	336	(8,651)	(8,706)	1,229	(9,935)
Deferred income taxes	(7,934)	(150,225)	142,291	(32,571)	(150,225)	117,654
Non-cash share-based compensation	1,234	1,604	(370)	2,092	3,703	(1,611)
Loss on fair value of financial instruments and extinguishment of debt	2,122	1,020	1,102	54,068	1,290	52,778
Financing fees	(87)	—	(87)	(17,871)	(406)	(17,465)
Net change in interests in joint ventures and associates	(166)	985	(1,151)	755	1,650	(895)
Net cash received from unwinding swap	—	—	—	4,583	—	4,583
Changes in operating assets and liabilities	(11,614)	22,646	(34,260)	20,630	(7,124)	27,754
Net cash provided by operating activities from continuing operations	**$ 997**	**$ 82,722**	**$ (81,725)**	**$ 36,951**	**$ 75,657**	**$ (38,706)**

(i) Includes depreciation of property, equipment and leaseholds and amortization of intangible assets.
(ii) Includes accretion of asset retirement obligations and non-cash interest costs on lease obligations.

Second Quarter and Year to Date

Cash provided by operating activities during the second quarter of 2024 was $1.0 million compared to $82.7 million in the prior year. For the six months ended June 30, 2024, cash provided by operating activities was $37.0 million compared to $75.7 million in the prior year. The decrease in both periods is primarily due to lower income on lower revenues and the timing of settlement of operating assets and liabilities in the period, particularly accounts receivable, accounts payable and deferred revenue.

6.2. INVESTING ACTIVITIES

The following table highlights the movements in cash used in investing activities for the three and six months ended June 30, 2024 and 2023 (in thousands of dollars):

Cash flows used in investing activities	Second Quarter			Year to Date		
	2024	2023 (Section 1)	Change	2024	2023 (Section 1)	Change
Proceeds from disposal of assets, including asset related insurance recoveries	$ 11,886	$ —	$ 11,886	$ 12,689	$ 4	$ 12,685
Purchases of property, equipment and leaseholds	(19,733)	(12,183)	(7,550)	(35,090)	(26,991)	(8,099)
Intangible assets additions	(2,634)	(2,646)	12	(4,815)	(5,477)	662
Tenant inducements	897	1,497	(600)	3,074	4,072	(998)
Investment in joint ventures and associates	(3,333)	(3,400)	67	(4,533)	(5,866)	1,333
Net cash used in investing activities from continuing operations	**$ (12,917)**	**$ (16,732)**	**$ 3,815**	**$ (28,675)**	**$ (34,258)**	**$ 5,583**

Second Quarter and Year to Date

Cash used in investing activities during the second quarter of 2024 was $12.9 million, as compared to $16.7 million in the prior year, reflecting $11.9 million proceeds on sale of surplus land and $7.6 million higher equipment and leasehold purchases. Cash used in investing activities during six months ended June 30, 2024 was $28.7 million, as compared to $34.3 million in the prior year. The decrease is primarily due higher proceeds from disposal of capital assets, net of higher purchases of equipment and leaseholds.

Cineplex's continues to focus on managing capital expenditures and believes that it has adequate liquidity to fund operations in the regions in which Cineplex operates. Components of capital expenditures include (in thousands of dollars):

Capital expenditures	Second Quarter			Year to Date		
	2024	2023 (Section 1)	Change	2024	2023 (Section 1)	Change
Gross capital expenditures	$ 19,733	$ 12,183	$ 7,550	$ 35,090	$ 26,991	$ 8,099
Less: tenant inducements	(897)	(1,497)	600	(3,074)	(4,072)	998
Net capital expenditures	**$ 18,836**	**$ 10,686**	**$ 8,150**	**$ 32,016**	**$ 22,919**	**$ 9,097**
Net capital expenditures consists of:						
Growth and acquisition capital expenditures (i)	$ 12,317	$ 2,726	$ 9,591	$ 21,797	$ 9,765	$ 12,032
Tenant inducements	(897)	(1,497)	600	(3,074)	(4,072)	998
Media growth capital expenditures	20	13	7	70	309	(239)
Premium formats (ii)	3,391	2,160	1,231	4,919	3,139	1,780
Maintenance capital expenditures	2,141	3,902	(1,761)	4,395	6,429	(2,034)
Other (iii)	1,864	3,382	(1,518)	3,909	7,349	(3,440)
	$ 18,836	**$ 10,686**	**$ 8,150**	**$ 32,016**	**$ 22,919**	**$ 9,097**

(i) Growth and acquisition capital expenditures include expenditures on the construction of new Exhibition and LBE locations.
(ii) Premium formats include capital expenditures for recliner seating, IMAX, UltraAVX, 3D, 4DX and ScreenX.
(iii) Primary component of Other is the impact of the timing of cash payments relating to the purchases of property, equipment and leaseholds.

6.3. FINANCING ACTIVITIES

The following table highlights the movements in cash from financing activities for the three and six months ended June 30, 2024 and 2023 (in thousands of dollars):

Cash flows (used in) provided by financing activities	Second Quarter			Year to Date		
	2024	2023 (Section 1)	Change	2024	2023 (Section 1)	Change
(Repayments) borrowings under credit facility, net	$ —	$ (26,000)	$ 26,000	(298,000)	3,000	$ (301,000)
(Repayments) of lease obligations - principal	(23,573)	(24,796)	1,223	(49,342)	(51,283)	1,941
Issuance of notes payable	—	—	—	575,000	—	575,000
(Settlement) of former notes payable	—	—	—	(254,688)	—	(254,688)
(Settlement) of Convertible Debentures	—	—	—	(102,350)	—	(102,350)
Net cash (used in) financing activities from continuing operations	**$ (23,573)**	**$ (50,796)**	**$ 27,223**	**$ (129,380)**	**$ (48,283)**	**$ (81,097)**

Second Quarter and Year to Date

Cash flows used in financing activities were $23.6 million during the second quarter of 2024, as compared to cash flows used in financing activities of $50.8 million in the prior year, with net repayments of $26.0 million on the credit facility in 2023 being the difference. Cash flows used in financing activities were $129.4 million during the six months ended June 30, 2024, as compared to cash flows used in financing activities of $48.3 million in the prior year. The movement was primarily due to the full redemption of the 2021 Notes; partial redemption of the Convertible Debentures; and repayment in full and termination of the Eighth Amended and Restated Credit Agreement. These repayments were funded by the proceeds from the sale of P1AG and the 2024 Notes Offering. Refer to Section 6.4, Long-term debt.

6.4. LONG-TERM DEBT

Long-term debt consists of the following as at June 30, 2024 and December 31, 2023:

	June 30, 2024		December 31, 2023	
	Book Value	Face Value	Book Value	Face Value
Credit Facilities	$ —	$ —	$ 298,000	$ 298,000
Convertible Debentures - 7.75% due March 1, 2030	158,026	216,250	—	—
Notes payable - 7.625% due March 31, 2029	575,000	575,000	—	—
Convertible Debentures - 5.75% due September 30, 2025	—	—	272,469	316,250
Notes payable - 7.5% due February 26, 2026	—	—	246,970	250,000
Total	$ 733,026	$ 791,250	$ 817,439	$ 864,250

(i) Book value represents the carrying value of the debt component, which is the initial fair value of the instrument, plus cumulative accretion.

2024 Refinancing

On March 4, 2024, Cineplex completed a comprehensive refinancing plan (the "**2024 Refinancing**") the 2024 Refinancing. The 2024 Refinancing resulted in cash fees of $21.5 million and loss on fair value of financial instruments of $1.8 million.

During the second quarter additional cash fees were incurred to the value of $2.0 million which has resulted in a loss of fair value of financial instruments of $56.0 million for the six months ended June 30, 2023.

Credit facilities

2024 Credit Facility

On March 4, 2024, Cineplex entered into a new credit agreement with a syndicate of banks led by Scotiabank (the "**2024 Credit Agreement**"), terminating and replacing the Eighth Amended and Restated Credit Agreement in its entirety. The 2024 Credit Facility provides for a new $100 million "covenant-lite" revolving credit facility with a maturity date of March 4, 2027.

At Cineplex's election, borrowings under the 2024 Credit Agreement will bear interest at a floating rate based on the Canadian dollar prime rate, U.S. Base Rate, SOFR (Secured Overnight Financing Rate) or CORRA (Canadian Overnight Repo Rate Average) plus, in each case, an applicable margin to those rates. Borrowings are available in either Canadian or US dollars.

The 2024 Credit Agreement does not contain financial maintenance covenants, unless borrowings utilized under the agreement (including issued letters of credit) exceed 40% (the "Utilization Threshold") of the total available credit facility measured as at the end of a fiscal quarter of Cineplex. In the event that Utilization Threshold is exceeded, Cineplex will be required to maintain a Total Leverage Ratio of not greater than 4.75 to 1 thereafter until the borrowings drop below 40% utilization.

As a so-called "covenant-lite" credit facility, as long as the Utilization Threshold has not been exceeded, the 2024 Credit Agreement does not restrict the discretion of Cineplex's management with respect to matters such as the payment of dividends or making certain other payments, making investments, loans and guarantees and otherwise being able to sell or dispose of assets. Cineplex's ability to take such actions when the Utilization Threshold has been exceeded require that Cineplex's Total Leverage Ratio be less than 4.25 to 1.00, on a pro forma basis after giving effect to such payment or transaction.

The obligations under the 2024 Credit Agreement are guaranteed jointly and severally, by Cineplex and each direct or indirect restricted subsidiary of Cineplex, other than certain excluded immaterial subsidiaries.

This summary of the 2024 Credit Facility is qualified in its entirety by reference to the provisions of the Credit Agreement which contains a complete statement of those terms and conditions, and was filed on SEDAR+ on March 4, 2024.

The 2024 Credit Facility is drawn upon and repaid on a regular basis and as such is presented on a net basis in the Statement of Cash flows.

	Available	Drawn	Reserved	Remaining
Revolving Facility	$ 100.0	$ —	$ 8.0	$ 92.0

At June, 2024, Cineplex was subject to a margin of 2.75% (2023 - 2.50%) on the prime rate and margin of 3.75% (2023 - 3.50% on bankers' acceptances) on the CORRA advances and SOFR advances, plus a 0.25% (2023 - 0.25%) per annum fee for letters of credit issued. Cineplex pays a commitment fee on the daily unadvanced portion of the 2024 Credit Agreement, which will vary based on the Total Leverage Ratio and was 0.75% at June 30, 2024 (2023 - 0.875%).

Convertible debentures

Cineplex's 7.75% convertible unsecured subordinated debentures are due March 1, 2030 (the "**Convertible Debentures**"), with interest paid semi-annually on March 1 and September 1.

The Convertible Debentures are not redeemable by Cineplex prior to March 1, 2027. On or after March 1, 2027 and prior to March 1, 2029, Cineplex may, at its option, redeem the Convertible Debentures in whole or in part from time to time provided that the volume weighted average trading price of the share on the Toronto Stock Exchange (the "TSX") during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. On or after March 1, 2029, the Convertible Debentures may be redeemed in whole or in part from time to time at the option of Cineplex at a price equal to their principal amount plus accrued and unpaid interest. Redemption may be in the form of cash or in the form of shares, at the option of Cineplex.

At the holder's option, the Convertible Debentures may be converted into shares at a conversion price of $10.29 per share at any time prior to the close of business on the earlier of: (i) five business days prior to the Maturity Date, and (ii) if called for redemption, five business days immediately preceding the dated fixed for redemption of the Convertible Debentures, at a conversion price to be determined at the time of pricing. Holders who convert their Convertible Debentures into shares will receive accrued and unpaid interest for the period from the date of the latest interest payment date to the date of conversion. Conversion of outstanding Convertible Debentures will result in the issuance of shares from treasury.

The foregoing is a summary of the key terms of the Convertible Debentures. This summary is qualified in its entirety by reference to the provisions of the Convertible Debentures trust indenture which contains a complete statement of those terms and conditions. The trust indenture for the Convertible Debentures and the Supplemental Indenture were filed on SEDAR+ on July 15, 2020 and March 4, 2024, respectively.

The fair value of the liability component of the Convertible Debentures was assessed at inception based on an estimated market discount rate of 14.88% , and will be accreted to the full face value of $216,250 over the term of the Convertible Debentures. The residual value of $54.3 million ($70.2 million net of $15.8 million deferred income taxes) was allocated to the equity component less the pro-rata portion of transaction costs as prescribed by IFRS 9, *Financial instruments* and IAS 32, *Financial instruments: Presentation*.

The Unaccreted deferred financing fees and discount as at June 30, 2024 related to the 7.75% Convertible Debentures due March 1, 2030 is $58.2 million.

Cineplex recorded cash interest expense on the Convertible Debentures during the quarter and year to date period of $4.2 million (2023 - $4.5 million) and $8.4 million (2023 - $9.0 million), respectively. Cineplex recorded accretion expense during the quarter and year to date period of $1.6 million (2023 - $5.0 million) and $6.7 million (2023 - $9.9 million), respectively, both of which are included as part of the interest expense in the consolidated statement of operations..

As at June 30, 2024, Cineplex has $216.25 million principal amount of Convertible Debentures outstanding.

Notes Payable

The 2021 Notes and the 2024 Notes (as applicable) payable are as follows:

	June 30, 2024	December 31, 2023
Face value of Notes payable [(i)]	$ 575,000	$ 250,000
Unaccreted deferred financing fees and discount [(ii)]	—	(3,030)
Notes payable	$ 575,000	$ 246,970

(i) See descriptions of the 2021 Notes and the 2024 Notes below.

(ii) No accretion of the 2024 Notes is required as the notes were initially recognized at face value. The underwriter's fees and financial asset derivative being had equal values of $10,1 million.

Cineplex recorded cash interest expense on the Notes Payable during the quarter and year to date period of $10.9 million (2023 - $4.7 million) and $17.4 million (2023 - $9.2 million), respectively. Cineplex recorded accretion expense during the quarter and year to date period of $nil (2023 - $0.3 million) and $0.4 million (2023 - $0.7 million), respectively, both of which are included as part of interest expense in the consolidated statement of operations. As at June 30, 2024, Cineplex has $575.0 million principal amount of 2024 Notes outstanding. Cineplex's derivative financial instrument on the outstanding 2021 Notes and 2024 Notes, as applicable, relates to the early prepayment option that fluctuates in value based on market interest rates. The fair value of the embedded derivative was determined using an option pricing model with observable market inputs and are consistent with accepted methods for valuing financial instruments. Cineplex has estimated the fair value of this embedded derivative at $12.0 million as at June 30, 2024 (2023 - $5.6 million) which is presented on the consolidated balance sheets as a derivative financial instrument.

2024 Notes

On March 4, 2024, in connection with the 2024 Refinancing, Cineplex closed a private placement offering of $575.0 million aggregate principal amount of 7.625% senior secured notes due March 31, 2029. The 2024 Notes were issued pursuant to an indenture entered into among Cineplex and TSX Trust Company, as trustee and collateral agent, dated March 4, 2024 (the "2024 Notes Indenture"). Interest is paid semi-annually on March 31 and July 31.

The 2024 Notes contain a number of prepayment options, and Cineplex recognized a fair value derivative asset of $10.1 million on issuance. Issuance costs of $10.1 million resulted in the 2024 Notes being presented at face value on the balance sheet, and no non-cash interest will be recognized.

The 2024 Notes are fully and unconditionally guaranteed, jointly and severally, by Cineplex and each direct or indirect restricted subsidiary of Cineplex that is a borrower or guarantees the obligations of Cineplex or any other borrower under the 2024 Credit Facility.

At any time from and after January 31, 2026, Cineplex may, at its option, redeem the 2024 Notes, in whole or in part, at the redemption prices set forth in the 2024 Notes Indenture, plus accrued and unpaid interest thereon to, but excluding, the applicable redemption date. In addition, at any time prior to January 31, 2026, Cineplex may, at its option, on one or more occasions, redeem up to 40% of the aggregate principal amount of the 2024 Notes at a redemption price equal to 107.625% of the aggregate principal amount thereof redeemed plus accrued and unpaid interest thereon to, but excluding, the applicable redemption date, with the net cash proceeds of one or more equity offerings; provided that (a) the aggregate principal amount of the 2024 Notes outstanding immediately after the occurrence of each such redemption is equal to not less than 60% of the original aggregate principal amount of the 2024 Notes; and (b) each such redemption occurs within 90 days of the date of closing of each such equity offering. If Cineplex sells certain assets without applying the proceeds in a permitted manner within 365 days of receipt thereof, Cineplex must make an offer to each holder of 2024 Notes to purchase all or a portion of its Notes at 100% of the aggregate principal amount of the 2024 Notes so repurchased plus accrued and unpaid interest to, but not including, the date of repurchase. If Cineplex undergoes certain change of control events, Cineplex must make an

offer to repurchase the 2024 Notes at a purchase price equal to 101% of the aggregate principal amount of the 2024 Notes so repurchased plus accrued and unpaid interest to, but not including, the date of repurchase.

If Cineplex, any guarantor or other payor is required to withhold or deduct any amount for or on account of taxes from any payment made under or with respect to the 2024 Notes or any guarantee, as the case may be, Cineplex, such guarantor or other payor, as applicable, will pay (together with such payment) such additional amounts as may be necessary so that the net amount received by each holder or beneficial owner of a 2024 Note after such withholding or deduction (including any such withholding or deduction from such additional amounts) will not be less than the amount the holder or beneficial owner would have received if such taxes had not been withheld or deducted (subject to certain exceptions).

In addition to the restrictions on asset sales and change of control events described above, the 2024 Notes Indenture contains covenants that restrict, among other things, Cineplex's ability to incur liens other than permitted liens, make restricted payments, incur certain indebtedness and enter into certain transactions with affiliates, in each case, subject to certain conditions.

The 2024 Notes Indenture contains customary events of default substantially similar to those set out in the trust indenture governing the 2021 Notes, and as more specifically set out in the 2024 Notes Indenture. Upon the occurrence of an event of default under the 2024 Notes Indenture, the trustee thereunder, acting on the instruction of the requisite majority of holders of the 2024 Notes, and subject to the Intercreditor Agreement, would be entitled to accelerate all amounts outstanding under the 2024 Notes and, upon such acceleration, to instruct the collateral agent under the Intercreditor Agreement to enforce the security granted to the lenders by Cineplex and the guarantors. Following repayment of the lenders under the 2024 Credit Facility and any other priority lien obligations under the Intercreditor Agreement, the holders of the 2024 Notes would then be repaid from the proceeds of such security, using all available assets. Only after such repayment and the payment of any other secured and unsecured creditors would the holders of common shares of Cineplex (the "Common Shares") receive any proceeds from the liquidation of Cineplex's assets.

The foregoing is a summary of the key terms of the 2024 Notes. This summary is qualified in its entirety by reference to the provisions of the 2024 Notes Indenture which contains a complete statement of those terms and conditions. The 2024 Notes Indenture was filed on SEDAR+ on March 4, 2024.

Security and Ranking

The obligations under both the 2024 Credit Facility and the 2024 Notes are secured by charges granted in favour of TSX Trust Company, as collateral agent, over substantially all of the personal and real property owned by Cineplex its subsidiaries that are guarantors of such debt, other than certain excluded immaterial subsidiaries. The priorities of the liens securing the obligations under the 2024 Credit Agreement and the 2024 Notes are governed by the terms of a collateral agent and intercreditor agreement (the "Intercreditor Agreement"). Pursuant to the Intercreditor Agreement and the security granted in connection therewith: (i) the 2024 Notes rank effectively junior, to the extent of the value of the collateral, to Cineplex's and the guarantor's obligations under the 2024 Credit Agreement and any other priority lien debt set out therein; (ii) rank pari passu in right of payment with all existing and future senior indebtedness of Cineplex and the guarantors and senior in right of payment to any future subordinated indebtedness of Cineplex and the guarantors; (iii) rank effectively senior to any existing and future unsecured obligations of Cineplex and the guarantors to the extent of the value of the collateral securing the 2024 Notes (subject to the prior payment of any priority lien debt including under the 2024 Credit Agreement); and (iv) are structurally subordinated to all existing and future indebtedness, claims of holders of preferred stock and other liabilities of subsidiaries of Cineplex that do not guarantee the 2024 Notes.

6.5. FUTURE OBLIGATIONS

Cineplex has aggregate gross capital commitments of $31.7 million ($23.7 million net of tenant inducements) related to the completion of construction of one theatre, three location-based entertainment locations and other premium experiences.

Management will continue to assess its future capital spending taking into consideration its legal commitments, and requirements of the business on a short and long-term basis and believes that it has adequate liquidity to fund operations.

Cineplex conducts a significant part of its operations in leased premises. Cineplex's leases generally provide for minimum rent and a number of the leases also include percentage rent based primarily upon sales volume. Cineplex's leases may also include escalation clauses, guarantees and certain other restrictions, and generally require it to pay a portion of the real estate taxes and other property operating expenses. Initial lease terms generally range from 15 to 20 years and contain various renewal options, generally in intervals of five to ten years.

7. ADJUSTED FREE CASH FLOW AND DIVIDENDS (see Section 17, Non-GAAP and other financial measures)

7.1. ADJUSTED FREE CASH FLOW

The following table illustrates adjusted free cash flow per share for the three and six months ended June 30, 2024 and 2023 and measures relevant to the discussion of adjusted free cash flow per share (expressed in thousands of dollars except shares outstanding):

	Second Quarter			Year to Date		
	2024	2023 (Section 1)	Change	2024	2023 (Section 1)	Change
Cash flows provided by operating activities from continuing operations	$ 997	$ 82,722	-98.8%	$ 36,951	$ 75,657	-51.2%
Net (loss) income from continuing operations (ii)	$ (21,312)	$ 158,863	NM	$ (84,282)	$ 125,686	NM
Standardized free cash flow (i)	$ (6,850)	$ 70,539	NM	$ 14,550	$ 48,670	-70.1%
Adjusted free cash flow (i)	$ (13,049)	$ 30,183	NM	$ (19,054)	$ 24,971	NM
Average number of shares outstanding	63,684,281	63,376,043	0.5%	63,684,281	63,375,758	0.5%
Adjusted free cash flow per share (i)	$ (0.205)	$ 0.476	NM	$ (0.299)	$ 0.394	NM

(i) Represents a non-GAAP financial measure. See Section 17, Non-GAAP and other financial measures.

(ii) 2024 includes the loss on the 2024 Refinancing of $2.0 million during the second quarter and $56.0 million for year to date, and expenses related to other transactions or litigation outside the normal course of business in the amount of $0.5 million during the second quarter (2023 - $0.2 million) and $2.4 million (2023 - $1.1 million) for year to date.

Adjusted free cash flow per share decreased during the second quarter due to working capital movements.

7.2. DIVIDENDS

Cineplex's dividend policy is subject to the discretion of the Board and may vary depending on, among other things, Cineplex's results of operations, cash requirements, financial condition, contractual restrictions, business opportunities, provisions of applicable law and other factors that the Board may deem relevant. Cineplex does not expect to return to paying dividends until liquidity has improved and target leverage ratios of 2.5x to 3.0x are achieved. Cineplex hereby currently designates all dividends paid or deemed to be paid as "eligible dividends" for purposes of subsection 89(14) of the *Income Tax Act* (Canada), and similar provincial and territorial legislation, unless indicated otherwise. Cineplex has not paid any dividends after the dividend that was paid on February 28, 2020.

8. SHARE ACTIVITY

Share capital balances at June 30, 2024 and 2023 and transactions during the periods are as follows: (expressed in thousands of dollars except share amounts):

	Shares	Amount
	Number of Common Shares issued and outstanding	Share capital
Balance - December 31, 2023	63,684,281	$ 856,696
Balance - June 30, 2024	**63,684,281**	**$ 856,696**

	Shares	Amount
	Number of Common Shares issued and outstanding	Share capital
Balance - December 31, 2022	63,375,400	$ 852,697
Issuance of shares on exercise of options	1,321	44
Balance - June 30, 2023	**63,376,721**	**$ 852,741**

Omnibus Incentive Plan

On November 12, 2020, Cineplex's board of directors approved an Omnibus Incentive Plan (the "Incentive Plan"). This plan supersedes the former incentive plans (collectively, the "Legacy Plan") that included Options, Performance Share Units ("PSUs") and Restricted Share Units ("RSUs"). All employees and consultants are eligible to participate in the Incentive Plan. The Incentive Plan consists of stock options, RSUs and PSUs. Awards of RSUs and PSUs granted during a service year will be subject to a service period as determined by management at the time of issuance. The aggregate number of shares that may be issued under the Incentive Plan is 3,529,879 provided that no more than 696,130 shares may be issued in aggregate pursuant to the settlement of RSUs and PSUs. Options that were issued under the Legacy Plan and are subsequently cancelled will be available to be issued under the Incentive Plan. The base share equivalents granted as RSU and PSU awards attract compounding notional dividends at the same rate as outstanding shares, which are notionally re-invested as additional base share equivalents. PSU and RSU awards may be settled in shares issued from treasury, cash, or a mix of shares and cash, at Cineplex's option at the time of settlement. Awards outstanding under prior plans shall remain in full force and effect under the prior plans according to their respective terms. Under the prior plans, the effects of changes in estimates of performance results are recognized in the year of change. As at June 30, 2024, 70,661 (2023 - 720,646) shares are available to be issued under the Incentive Plan.

Stock Options

Stock options issued under the Incentive Plan will be administered by Cineplex's board of directors which will establish the exercise price at the time each option is granted, which in all cases will not be less than the market price on the grant date. All of the options must be exercised over specified periods not to exceed ten years from the date granted. Options issued under the Incentive Plan may be exercised for cash or on a cashless basis, both of which result in the issuance of shares from treasury. Options granted will be accounted for as equity-settled.

Cineplex recognized employee benefits expense of $0.4 million and $0.8 million with respect to options during the three and six months ended June 30, 2024 (2023 - $0.3 million and $0.7 million, respectively).

A summary of option activities for the six months ended June 30, 2024 and 2023 is as follows:

	2024			2023	
	Weighted average remaining contractual life (years)	Number of underlying shares	Weighted average exercise price	Number of underlying shares	Weighted average exercise price
Options outstanding - January 1	6.71	2,360,605	$ 16.51	2,102,818	18.90
Granted		641,553	8.03	461,786	8.71
Exercised		—	—	(13,877)	8.25
Forfeited		(108,829)	16.37	(154,228)	22.60
Options outstanding – end of period	5.66	2,893,329	$ 14.63	2,396,499	$ 16.76
Options vested and exercisable		1,400,782		1,520,403	

Upon cashless exercises, the options exercised in excess of shares issued are cancelled and returned to the pool available for future grants. At June 30, 2024, 706,661 options (2023 - 313,736) are available for grant.

RSU and PSU awards

	PSU share equivalents granted	RSU share equivalents granted	PSU share equivalents minimum payout	PSU share equivalents maximum payout
2024 LTIP awards granted in Q1 2024	381,265	541,347	—	762,530
2023 LTIP awards granted in Q1 2023	307,551	477,254	—	615,102
2022 LTIP awards granted in Q1 2022	177,973	284,661	—	355,946

During the first quarter of 2024, Cineplex issued 541,347 cash settled RSUs with a fair value $8.03 per unit (total fair value of $4,347 on issuance) and 381,265 cash settled PSUs with a fair value of $8.03 per unit (total fair value of $3,062 on issuance). The fair value was initially assessed based on Cineplex's closing Common Share price on the grant date, and fluctuates with the Common Share price at each balance sheet date. The value of the award is reflected in non-current share-based compensation liability on the balance sheet.

The RSU and PSU awards issued will vest in the third quarter of 2026. The RSU and PSU awards granted in 2022 and 2023 will be equity settled. The unvested value of the awards is reflected in contributed surplus.

Compensation expense is recorded based on the number of units expected to vest, the current market price of Cineplex's Common Shares, and the application of a performance multiplier that ranges from a minimum of zero to a maximum of two. Performance multipliers are developed based on Total Shareholder Return percentile rank relative to a select peer group and composite group. Participants will receive one fully paid Share issued from treasury that can vary depending on the achievement of established performance targets. Performance conditions are reflected in Cineplex's estimate of the grant-date fair value for equity instruments granted.

Incentive Plan costs are estimated at the grant date based on expected performance results then accrued and recognized on a graded basis over the vesting period. Forfeitures are estimated to be nominal, based on historical forfeiture rates. Cineplex recognized compensation expense of $1.5 million, and $3.1 million for the three and six months ended June 30, 2024 (2023 - $1.3 million and $3.1 million) under the Incentive Plan relating to RSU and PSU awards. At June 30, 2024, $1.8 million (2023 - $0.0 million) was included in share-based compensation liability and $6.7 million in contributed surplus (2023 - $7.5 million).

Deferred equity units

Members of Cineplex's board of directors and certain officers of Cineplex may elect to defer a portion of their compensation in the form of deferred equity units. Cineplex recognized compensation expense of $0.1 million and a recovery of $0.4 million for the three and six months ended June 30, 2024 (2023 - $0.2 million and $0.3 million, respectively) associated with the deferred equity units. At June 30, 2024, $4.6 million (2023 - $4.2 million) was included in share-based compensation liability.

9. SEASONALITY AND QUARTERLY RESULTS

Historically, Cineplex's revenues have been seasonal, coinciding with the timing of major film releases as the most marketable motion pictures were traditionally released during the summer and holiday seasons in Canada. This caused changes from quarter to quarter in theatre attendance, affecting theatre exhibition and Cinema Media revenues and operating cash flows. The seasonality of theatre attendance has become less pronounced as film studios have trended to releasing content more evenly throughout the year, but the unexpected emergence of a hit film can impact seasonality results. The timing, quantity, and quality of film releases can have a significant impact on Cineplex's results of operations, and the results of one period are not necessarily indicative of future results. Cineplex's diversification into other businesses such as digital media and location-based entertainment, which are not dependent on motion picture content, has contributed to reduce the impact of this seasonality on Cineplex's consolidated results. To meet working capital requirements during lower revenue quarters, Cineplex can draw upon the 2024 Credit Agreement, which had $nil drawn and cash on hand of $56.7 million available as of June 30, 2024, subject to restrictions described above (Section 6.4, Long-term debt).

Summary of Quarterly Results (in thousands of dollars except per share, per patron, theatre attendance and theatre location and screen data, unless otherwise noted):

	2024		2023				2022	
	Q2	**Q1**	Q4	Q3 **(Section 1) (iv)**	Q2 **(Section 1) (iv)**	Q1 **(Section 1) (iv)**	Q4 **(Section 1) (iv)**	Q3 **(Section 1) (iv)**
Revenues								
Box office revenues	**$ 114,478**	$125,061	$123,841	$188,233	$164,491	$123,338	$120,248	$124,700
Food service revenues	**96,658**	101,826	104,453	146,228	131,392	101,076	97,168	105,193
Media revenues	**29,136**	22,350	41,302	28,957	26,100	22,296	44,553	25,224
Amusement revenues	**20,541**	25,776	22,502	26,158	21,686	26,161	20,643	24,066
Other revenues	**16,523**	19,746	22,980	24,964	24,252	18,484	27,308	15,113
	277,336	294,759	315,078	414,540	367,921	291,355	309,920	294,296
Expenses								
Film cost	**60,296**	64,827	65,357	101,510	90,471	66,074	63,567	66,356
Cost of food service	**23,240**	24,504	25,786	33,220	30,744	24,237	22,671	24,839
Depreciation - right-of-use assets	**23,919**	24,471	22,259	21,894	21,971	21,533	22,799	22,618
Depreciation and amortization - other	**21,064**	21,795	21,819	21,959	22,230	22,873	22,179	22,236
(Gain) loss on disposal of assets	**(8,315)**	(391)	1,553	128	336	893	(3,327)	(49,879)
Other costs	**151,742**	158,072	156,394	162,885	158,431	147,061	153,835	149,507
Reversal of impairment of long-lived assets	**—**	—	—	—	—	—	(19,880)	—
	271,946	293,278	293,168	341,596	324,183	282,671	261,844	235,677
Subtotal	**$ 5,390**	$ 1,481	$ 21,910	$ 72,944	$ 43,738	$ 8,684	$ 48,076	$ 58,619
Adjusted EBITDA (i)	**$ 42,472**	$ 46,735	$ 65,902	$116,448	$ 87,893	$ 52,719	$ 67,744	$ 53,094
Adjusted EBITDAaL (i)	**$ 925**	$ 4,585	$ 24,178	$ 74,614	$ 47,194	$ 11,377	$ 25,830	$ 11,429
Net (loss) income from continuing operations	**$ (21,312)**	$(62,970)	$(12,102)	$ 24,467	$158,863	$(33,177)	$ 9,572	$ 27,093
Net (loss) income from discontinued operations, including gain on disposition	(127)	68,130	3,148	5,279	17,682	3,004	596	3,764
Net (loss) income (iii)	**$ (21,439)**	$ 5,160	$ (8,954)	$ 29,746	$176,545	$(30,173)	$ 10,168	$ 30,857
(Loss) earnings per share from continuing operations - basic	**$ (0.33)**	$ (0.99)	$ (0.19)	$ 0.39	$ 2.51	$ (0.52)	$ 0.15	$ 0.43
Earnings per share from discontinued operations - basic	**$ —**	$ 1.07	$ 0.05	$ 0.08	$ 0.28	$ 0.04	$ 0.01	$ 0.06
(Loss) earnings per share - basic	**$ (0.33)**	$ 0.08	$ (0.14)	$ 0.47	$ 2.79	$ (0.48)	$ 0.16	$ 0.49
(Loss) earnings per share from continuing operations - diluted	**$ (0.33)**	$ (0.99)	$ (0.19)	$ 0.34	$ 1.80	$ (0.52)	$ 0.15	$ 0.39
Earnings per share from discontinued operations - diluted	**$ —**	$ 1.07	$ 0.05	$ 0.06	$ 0.19	$ 0.04	$ 0.01	$ 0.04
(Loss) earnings per share - diluted	**$ (0.33)**	$ 0.08	$ (0.14)	$ 0.40	$ 1.99	$ (0.48)	$ 0.16	$ 0.43
Cash provided by (used in) operating activities from continuing operations	**$ 997**	$ 35,954	$ 83,385	$ 36,646	$ 82,722	$ (7,065)	$ 51,107	$ (1,387)
Cash used in investing activities from continuing operations	**(12,917)**	(15,758)	(19,331)	(8,786)	(16,732)	(17,526)	(17,849)	(12,930)
Cash (used in) provided by financing activities from continuing operations	**(23,573)**	(105,807)	(27,790)	(53,916)	(50,796)	2,513	(30,956)	11,998
Effect of exchange rate differences on cash from continuing operations	**39**	55	(68)	64	(49)	34	(88)	220
Net change in cash from continuing operations	**$ (35,454)**	$(85,556)	$ 36,196	$(25,992)	$ 15,145	$(22,044)	$ 2,214	$ (2,099)
Cash flows (used in) provided by discontinued operations	**$ (127)**	$141,182	$(18,562)	$ 5,029	$ 5,151	$ 7,069	$ 3,605	$ 4,369
BPP (ii)	**$ 13.11**	$ 12.74	$ 12.90	$ 12.00	$ 12.84	$ 12.63	$ 13.06	$ 11.25
CPP (ii)	**$ 9.56**	$ 8.95	$ 9.28	$ 8.44	$ 9.21	$ 8.85	$ 8.93	$ 8.35
Film cost percentage (ii)	**52.7 %**	51.8 %	52.8 %	53.9 %	55.0 %	53.6 %	52.9 %	53.2 %

Theatre attendance (in thousands of patrons) (ii)	**8,731**	9.819	9,599	15,690	12,806	9,767	9,208	11,084
Theatre locations (at period end)	**156**	158	158	158	158	158	158	157
Theatre screens (at period end)	**1,618**	1,631	1,631	1,631	1,631	1,631	1,631	1,625

(i) Represents a non-GAAP financial measure. See Section 17, Non-GAAP and other financial measures.

(ii) Represents a supplementary financial measure. See Section 17, Non-GAAP and other financial measures.

(iii) 2024 includes the loss on the 2024 Refinancing of $2.0 million during the second quarter and $56.0 million for year to date, and expenses related to other transactions or litigation outside the normal course of business in the amount of $0.5 million during the second quarter (2023 - $0.2 million) and $2.4 million (2023 - $1.1 million) for year to date.

(iv) The results of discontinued operations (P1AG) have been excluded from prior period figures as applicable per IFRS 5 to conform to current period presentation. All amounts are from continuing operations unless noted. See Section 12, Accounting policies.

Summary of adjusted free cash flow by quarter

Management calculates adjusted free cash flow per share as follows (see Section 17, Non-GAAP and other financial measures, for a discussion of adjusted free cash flow) (in thousands of dollars except per share data and number of shares outstanding):

	2024		**2023**				**2022**	
	Q2	**Q1**	Q4	Q3 **(Section 1) (iii)**	Q2 **(Section 1) (iii)**	Q1 **(Section 1) (iii)**	Q4 **(Section 1) (iii)**	Q3 **(Section 1) (iii)**
Cash provided by (used in) operating activities	**$ 997**	$ 35,954	$ 83,385	$ 36,646	$ 82,722	$ (7,065)	$ 51,107	$ (1,387)
Less: Total capital expenditures net of proceeds on sale of assets	**(7,847)**	(14,554)	(18,595)	(6,897)	(12,181)	(14,804)	(23,488)	(12,873)
Standardized free cash flow	**(6,850)**	21,400	64,790	29,749	70,541	(21,869)	27,619	(14,260)
Add/(Less):								
Changes in operating assets and liabilities	**11,614**	(32,244)	(47,152)	51,380	(22,646)	29,770	(12,189)	25,713
Changes in operating assets and liabilities of joint ventures	**(37)**	(92)	(732)	229	(415)	754	(746)	1,892
Principal component of lease obligations	**(23,573)**	(25,769)	(24,135)	(24,916)	(24,796)	(26,487)	(25,204)	(25,460)
Principal portion of cash rent paid not pertaining to current period	**(410)**	1,237	(398)	(397)	(398)	1,201	(381)	(381)
Growth capital expenditures and other	**5,706**	12,300	8,220	4,198	8,279	12,277	12,677	9,246
Share of income of joint ventures, net of non-cash depreciation	**414**	(621)	(1,640)	(476)	(382)	(1,264)	(2,103)	(500)
Financing fees	**87**	17,784	—	—	—	406	—	—
Net cash received from CDCP	**—**	—	—	—	—	—	62	—
Adjusted free cash flow (i)	**$ (13,049)**	$ (6,005)	$ (1,047)	$ 59,767	$ 30,183	$ (5,212)	$ (265)	$ (3,750)
Average number of shares outstanding	**63,684,281**	63,684,281	63,477,036	63,376,721	63,376,043	63,375,471	63,366,796	63,362,713
Adjusted free cash flow per share (ii)	**$ (0.205)**	$ (0.094)	$ (0.016)	$ 0.943	$ 0.476	$ (0.082)	$ (0.004)	$ (0.059)

(i) Represents a non-GAAP financial measure. See Section 17, Non-GAAP and other financial measures.

(ii) Represents a non-GAAP ratio. See Section 17, Non-GAAP and other financial measures.

(iii) The results of discontinued operations (P1AG) have been excluded from prior period figures as applicable per IFRS 5 to conform to current period presentation. All amounts are from continuing operations unless noted. See Section 12, Accounting policies.

10. RELATED PARTY TRANSACTIONS

Cineplex may have transactions in the normal course of business with entities whose management, directors or trustees are also directors of Cineplex. Any such transactions are in the normal course of operations and are measured at market-based exchange amounts. Unless otherwise noted, these transactions are not considered related party transactions for financial statement purposes.

11. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTIES

Cineplex makes estimates and assumptions concerning the future that may not equal actual results. The following are the estimates and judgments applied by management that most material impact Cineplex's consolidated financial statements. These estimates and judgments have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Goodwill and long lived assets - recoverable amount

Cineplex tests at least annually whether goodwill suffered any impairment. Assessment of impairment for long-lived assets, including property, equipment, leaseholds, right-of-use assets, intangible assets and goodwill is performed as specific events or circumstances dictate triggering events and changes in circumstances indicate that the carrying amount of the asset group may not be fully recoverable. Management makes assumptions and estimates in determining the recoverable amount of its long lived assets and groups of CGUs' goodwill, including significant key assumptions relating to attendance and the related revenue growth rates and discount rates. Further, other assumptions are required pertaining to variable and fixed cash flows, and operating margins.

At the end of each future reporting period Cineplex will assess whether there are indications that the impairment loss recognized for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, Cineplex will estimate the recoverable amount of that asset and may reverse previously recorded impairment.

Revenue recognition - gift cards and prepaid certificates

Management estimates the value of gift cards that are not expected to be redeemed by customers, based on the terms of the gift cards and historical redemption patterns, including industry data. The estimates are reviewed annually, or when evidence indicates the existing estimate is not valid.

Income taxes

The timing of reversal of timing differences and the expected income allocation to various tax jurisdictions within Canada affect the effective income tax rate used to compute the deferred income tax asset. During the second quarter of 2023, Cineplex assessed the recoverability of net deferred income tax assets and determined that the continued strong return to profitability provided a reasonable expectation that previously derecognized net deferred income tax assets will be utilized to offset future periods of taxable income, resulting in income taxes recovery of approximately $150.2 million. In addition, management occasionally estimates the current or future deductibility of certain expenditures, affecting current or deferred income tax balances and expenses.

Lease terms

Some leases of property contain extension options exercisable by Cineplex up to one year before the end of the non-cancellable contract period. Where practicable, Cineplex seeks to include extension options in new leases to provide operational flexibility. In determining the lease term, Cineplex considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed upon a trigger by a significant event or a significant change in circumstances.

12. ACCOUNTING POLICIES

Basis of preparation and measurement
Cineplex prepares its unaudited interim condensed consolidated financial statements in accordance with IFRS Accounting Standards applicable to the preparation of interim financial statements, under International Accounting Standard 34, *Interim Financial Reporting*. The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires that management exercise judgment in applying Cineplex's accounting policies. The disclosures contained in these unaudited interim condensed consolidated financial statements do not contain all requirements of Canadian GAAP for annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year

ended December 31, 2023. These unaudited interim condensed consolidated financial statements follow the same accounting policies and methods of application as the audited financial statements for the year ended December 31, 2023, with the exception of accounting standards issued in the current quarter.

Accounting standards issued

Management of Cineplex reviews all changes to the IFRS when issued. The International Accounting Standards Board ("IASB") has published a number of amendments to existing accounting standards effective for years beginning on or after January 1, 2024. The following amendments have been adopted or are being evaluated by Cineplex:

IAS 1, Classification of liabilities as current or non-current

In December 2020 the IASB issued classification of liabilities as current or non-current (2020 amendments). The 2020 amendments clarified aspects of how entities classify liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Cineplex has determined that the changes have no material impact on Cineplex's interim condensed consolidated financial statements.

13. RISKS AND UNCERTAINTIES

Cineplex is exposed to a number of risks and uncertainties in the normal course of business that have the potential to affect operating performance. Cineplex has operating and risk management strategies and insurance programs to help minimize these operating risks and uncertainties. In addition, Cineplex has entity level controls and governance procedures including a corporate code of business conduct and ethics, whistle blowing procedures, clearly articulated corporate values and detailed policies outlining the delegation of authority within Cineplex.

Cineplex conducts an annual enterprise risk management assessment which is overseen by Cineplex's executive management team and the Audit Committee, and is reported to the Board. The enterprise risk management framework sets out principles and tools for identifying, evaluating, prioritizing and managing risk effectively and consistently across Cineplex. On an annual basis, all members of senior management participate in a detailed review of enterprise risk in four major categories: environment risks, process risks, information risks and business unit risks. The results of such analysis are presented to the Audit Committee for its review and then reviewed with the whole of the Board. In addition, Cineplex monitors risks and changing economic conditions on an ongoing basis and adapts its operating strategies as required.

Any discussion about risks should be read in conjunction with "Forward-Looking Statements". The principal risks and uncertainties described in the 2023 Annual MD&A have not materially changed since December 31, 2023 other than the following:

Competition Bureau's Allegation that Cineplex's Online Booking Fee constitutes Misleading Advertising and Drip Pricing

On May 18, 2023, the Competition Bureau filed a Notice of Application, commencing legal action against Cineplex, alleging that Cineplex's online booking fee is misleading and constitutes "drip pricing". The Competition Bureau is not contesting Cineplex's right to charge the online booking fee; it is only contesting the manner in which the online booking fee is presented to consumers.

The Notice of Application lists various grounds of relief including an administrative penalty and an order requiring the return of online booking fee sums in an amount to be determined. The Notice of Application does not specify a figure or quantum of damages sought. On a finding of contravention, the *Competition Act (Canada)* provides for a wide range of amounts regarding administrative monetary penalties, some of which could be material.

Cineplex strongly denies the allegations and believes that they are without merit. Cineplex believes that the online booking fee fully complies with the letter and spirit of the law. Cineplex filed its response to the Notice of Application on June 30, 2023 and the Competition Bureau filed its reply on July 14, 2023.

The trial of this matter was held in February, 2024.

Cineplex believes that this matter will not have a material adverse effect on its operating results, financial position, or cash flows. No amount has been accrued in Cineplex's consolidated financial statements, and online booking fee revenue continues to be recognized. Cineplex has recognized approximately $48.0 million in online booking fee revenues since inception through June 30, 2024.

Class Action Lawsuits regarding Cineplex's Online Booking Fee

In January, 2024, class-action lawsuits were initiated in British Columbia and Quebec with respect to Cineplex's online booking fee. Both lawsuits allege that the online booking fee is misleading and constitutes "drip pricing".

The lawsuits seek to include all Canadians who purchased a Cineplex movie ticket and were charged an online booking fee. Cineplex believes that this matter will not have a material adverse effect on its operating results, financial position, or cash flows, and no amount has been accrued in Cineplex's consolidated financial statements as at June 30, 2024.

14. CONTROLS AND PROCEDURES

14.1. DISCLOSURE CONTROLS AND PROCEDURES

Cineplex's management is responsible for establishing and maintaining disclosure controls and procedures for Cineplex as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. Management has designed such disclosure controls and procedures, or caused them to be designed under its supervision, to provide reasonable assurance that material information relating to Cineplex, including its consolidated subsidiaries, is made known to the Chief Executive Officer and the Chief Financial Officer by others within those entities, particularly during the period in which the annual filings are being prepared.

14.2. INTERNAL CONTROLS OVER FINANCIAL REPORTING

Cineplex's management is responsible for designing and evaluating the effectiveness of internal controls over financial reporting for Cineplex as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. Management has designed such internal controls over financial reporting using the Integrated Control - Integrated Framework: 2017 issued by the Committee of Sponsoring Organizations of the Treadway Commission, or caused them to be designed under its supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with GAAP.

There has been no change in Cineplex's internal controls over financial reporting that occurred during the most recently completed interim period that has materially affected, or is reasonably likely to materially affect, Cineplex's internal control over financial reporting.

15. SUBSEQUENT EVENT

Cineplex's board of directors has approved a normal course issuer bid ("NCIB") for its Common Shares, as opportunities arise from time to time, and subject to the approval of the TSX.

Under the NCIB, Cineplex proposes to purchase for cancellation up to a maximum of 6,318,346 Common Shares, or approximately 10% of its public float of 63,183,455 Common Shares as of August 8, 2024, over the 12 month period following TSX approval of the NCIB. As at August 8, 2024, there were 63,684,281 Common Shares issued and outstanding. Purchases under the NCIB will be made through the facilities of the TSX or through alternative Canadian trading systems and in accordance with applicable regulatory requirements at a price per Common Share equal to the market price at the time of acquisition.

Cineplex intends to enter into an automatic share purchase plan with a designated broker that contains specified parameters regarding how its Common Shares can be purchased under the NCIB during times when Cineplex would ordinarily not be permitted to purchase Common Shares due to regulatory restrictions or self-imposed blackout periods.

Cineplex is commencing the NCIB because the board of directors believes that the market price of the Common Shares does not reflect the intrinsic value of the company and the repurchase of shares would be in the best interests of Cineplex and its shareholders and would represent an attractive and appropriate use of available funds. Decisions regarding the amount and timing of future purchases of Common Shares will be based on market conditions, share price and other factors.

The NCIB remains subject to the approval of the TSX and will begin on the date that is two trading days after the receipt of TSX approval. A further news release with additional details of the NCIB will be issued upon approval of the NCIB by the TSX.

16. OUTLOOK

The following discussion is qualified in its entirety by the caution regarding forward-looking statements at the beginning of this MD&A and Section 13, Risks and uncertainties.

FILM ENTERTAINMENT AND CONTENT

Theatre Exhibition

Cineplex reported a decrease of $48.3 million to $114.5 million in second quarter box office revenues compared to the prior year. The decrease can be seen as a direct result of the disruption of the release schedule from the writer's and actor's strike in 2023. A number of films shifted release to the second half of 2024, as a result of film release date shifting and production delays related to the impact of the writers' and actors' strikes. Cineplex believes that compelling content will continue to strengthen consumer enthusiasm for the theatrical movie-going experience and will bring people to Cineplex theatres during the remainder of 2024. This is evidenced by the strong openings in July of *Deadpool & Wolverine* and *Twisters*. However, Cineplex remains encouraged by the commitments from non-traditional studios and international content which further validate the importance of the cinematic experience and the role theatrical exhibition plays in elevating content to its full potential. Upcoming film releases for the year include the following: *Beetlejuice Bettlejuice, Joker: Folie à Deux, Smile 2, Venom: The Last Dance, Gladiator 2, Moana 2, Wicked, Mufasa: The Lion King,* and *Sonic the Hedgehog 3*.

Cineplex continues to focus on providing guests with a variety of premium viewing options through which to enjoy the theatre experience. These premium-priced offerings, which include UltraAVX, VIP Cinemas, IMAX, D-BOX, 3D, 4DX, Cineplex Clubhouse and ScreenX generate higher revenues per patron and expand the customer base. Cineplex believes that these premium formats provide an enhanced guest experience and will continue to charge a ticket price premium for films and events presented in these formats. Cineplex will continue to expand those offerings throughout its circuit during the remainder of 2024 and beyond. In addition, Cineplex offers CineClub membership, providing members with benefits accessible across Cineplex's businesses nationwide including Cineplex theatres, the Cineplex Store and LBE venues.

Cineplex will continue to use data analytics and marketing personalization to drive theatrical and LBE visitation, and food and gaming purchase incidence. Cineplex continues to hold its North American leadership position in alternative programming, with 9.2% of second quarter box office revenues coming from international films.

Cineplex is also focused on maintaining and improving the guest experience, including recliner seating, and will continue to expand those offerings throughout its circuit during the remainder of 2024 and beyond. VIP Cinemas and other premium viewing options are a key component to Cineplex's theatre exhibition strategy, and continue to be valued by audiences.

Cineplex operates *Cineplex Junxion Kildonan* in Winnipeg, Manitoba and *Cineplex Junxion Erin Mills* in Mississauga, Ontario. The *Cineplex Junxion* entertainment concept features a cinema with reclining seats, an open lobby and stage for events and performances, amusement gaming, and expanded food offerings.

Cineplex plans to open a new Cineplex Cinema, *Royalmount* in Montreal, Quebec in the fourth quarter of 2024.

The following table compares 2024 monthly box office revenues to 2019 monthly box office revenues:

Month	2019 Box office (i)	2023 Box office (i)	2024 Box office (i)	2024 as a percentage of 2019	2024 as a percentage of 2023
January	$52,034	$45,744	$37,620	72%	82%
February	$41,892	$36,950	$28,222	67%	76%
March	$62,571	$40,644	$59,219	95%	146%
April	$63,759	$61,278	$29,183	46%	48%
May	$68,697	$47,514	$33,936	49%	71%
June	$56,918	$55,701	$51,359	90%	92%
July	$76,935	$86,388	$72,468	94%	84%
	$422,806	$374,219	$312,007	74%	83%

(i) Amounts are in thousands of dollars.

Theatre Food Service

Cineplex's core focus is on operational execution, marketing and providing the optimal product mix to provide further growth in this area. As part of this strategy, Cineplex continues to expand its product offering through its in-house brands across the circuit, as well as leveraging digital menu board technologies which provide guests with enhanced messaging during visits to the theatre food service locations and expanding VIP cinema menu offerings. Cineplex also leverages mobile technology to enhance the food service experience in its theatres and has VIP in-seat ordering. Cineplex continues to focus on its home delivery services of concessions in partnership with Uber Eats, Skip The Dishes and others.

Alternative Programming & Distribution

Cineplex Pictures focuses on the acquisition of feature film rights for both theatrical release and in home release in Canada. Upcoming films that will be distributed as part of the distribution partnership with Lionsgate for the year include the following: *Borderlands, Never Let Go, White Bird: A Wonder Story, Flight Risk, and The Best Christmas Pageant Ever.*

Cineplex offers a wide variety of alternative programming, including international film programming; the popular *Metropolitan Opera Live in HD* series; sports programming; and various concert performances by popular recording artists. Cineplex continues to look for compelling content to offer as alternative content to attract a wider audience to its locations, in addition to adding dedicated event screens.

Digital Commerce

The Cineplex Store offers thousands of movies and other content that can be rented or purchased digitally and viewed on multiple devices. The Cineplex Store is available on a wide range of mobile and smart TV devices in Canada. Studios continue to provide TVOD windows, and the Cineplex Store is committed to bringing these titles to its customers as soon as they become available.

MEDIA

Cinema Media

Research has shown that cinema media advertising reaches the most sought-after demographics, as well as Canada's high-income households and educated populations. In March of 2024, Cineplex Media released the results of its proprietary Canadian Cinema Attention Results from Lumen, a well known and respected global research company. These results were consistent with studies undertaken in the USA, UK and Australia and demonstrated the superior impact of the big screen in terms of advertising viewability, attention to the creative and brand recall. These results far outperform any other video media option in the marketplace. Attention, as a means of measuring advertising impact and effectiveness, is gaining traction in the media community. With a strong slate in back half of 2024 and beyond, Cineplex believes its cinema media business will continue to grow through its advertising and attention metrics and innovative media opportunities within Cineplex's theatres, including data services to clients. Cineplex Media also sells media for CDM DOOH clients and LBE. Cineplex Media's revenues are impacted by venue traffic, economic factors, and client marketing strategies. As attendance continues to rebound, Cineplex expects advertisers to continue to return to cinema, resulting in a positive upturn in media revenues. Cineplex is leveraging data to better serve its advertising customers and grow revenues.

Digital Place-Based Media

Cineplex's digital place-based media business will continue to roll out its world-class solutions in quick service restaurants, financial services and retail sectors as well as immersive DOOH media networks including at Cadillac Fairview and Cominar properties in 2024. Cineplex will continue to explore opportunities across North America, in order to better service its current customer base, to attract new clients and roll out retail media networks. Cineplex believes that the strengths of its digital place-based media business makes Cineplex a leader in the indoor digital signage industry and will provide a platform for significant growth throughout Canada and the United States.

AMUSEMENT AND LOCATION-BASED ENTERTAINMENT

Amusement

Cineplex's in-theatre gaming, including XSCAPE amusement revenues have exceeded pre-pandemic levels, reflecting strong consumer demand for out-of-home entertainment.

Location-Based Entertainment

Cineplex's LBE business features entertainment destination locations that cater to a wide range of guests through *The Rec Room,* a social entertainment destination targeting millennials featuring a wide range of entertainment options including an attractions area featuring recreational gaming, a live entertainment and high definition screens for watching a wide range of entertainment programming, and *Playdium*, complexes specially designed for teens and families. *The Rec Room* is complemented with an upscale casual dining environment, as well as an expansive bar with a wide range of digital monitors and a large screen for watching sporting events and bookings for corporate events. Cineplex plans to open new *The Rec Room* locations in Vancouver, British Columbia and Montreal, Quebec, and a *Playdium* in Fairview Mall in Toronto, Ontario in Q4 2024.

Cineplex's LBE revenues, adjusted EBITDAaL and adjusted EBITDAaL margins reflect more locations, indicate strong consumer demand and operational efficiencies.

LOYALTY

Membership in the Scene+ loyalty program increased to over 15 million members as at June 30, 2024. The growth in the Scene+ loyalty program provides Cineplex with opportunities to grow its customer base across all of its businesses, including Scene+ ability to engage members who are not existing Cineplex customers.

FINANCIAL OUTLOOK

Cineplex remains confident in the long-term fundamentals of theatrical exhibition and the other businesses it operates. Over the last several months, Cineplex executed several important strategic initiatives designed to reduce leverage, improve financial flexibility, and position Cineplex for accelerated long-term growth.

With our strategic initiatives and an encouraging film slate on the horizon, Cineplex is on the path of achieving its target leverage ratio of 2.5x to 3.0x. With the launch of an NCIB, Cineplex sees tremendous value in opportunistically repurchasing its Common Shares in an accretive manner with excess free cash flow while balancing its target leverage ratio and high return-on-investment initiatives. Once its leverage target is achieved on a sustained basis, Cineplex will assess other shareholder capital return options, including the re-introduction of dividends.

17. NON-GAAP AND OTHER FINANCIAL MEASURES

National Instrument 52-112, *Non-GAAP and Other Financial Measures Disclosure* ("NI 52-112") imposes obligations regarding disclosure of non-GAAP financial measures, non-GAAP ratios, and other financial measures. Cineplex reports on certain non-GAAP measures, non-GAAP ratios, supplementary financial measures and total segment measures that are used by management to evaluate Cineplex's performance. The following measures included in this MD&A do not have a standardized meaning under GAAP and may not be comparable to similar measures provided by other issuers. Cineplex includes these measures because management believes that they assist investors in assessing financial performance. These non-GAAP and other financial measures are used throughout this report and are defined below.

NON-GAAP FINANCIAL MEASURES
A non-GAAP financial measure is defined in 52-112 as a financial measure disclosed that (a) depicts the historical or expected future financial performance, financial position or cash flow of an entity, (b) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity, (c) is not disclosed in the financial statements of the entity, and (d) is not a ratio, fraction, percentage or similar representation.

NON-GAAP RATIOS
A non-GAAP ratio is defined in NI 52-112 as a financial measure disclosed that (a) is in the form of a ratio, fraction, percentage or similar representation, (b) has a non-GAAP financial measure as one or more of its components, and (c) is not disclosed in the financial statements.

Below are non-GAAP financial measures or non-GAAP ratios for continuing operations that are reported by Cineplex.

17.1. EBITDA, ADJUSTED EBITDA AND ADJUSTED EBITDAaL

Management defines EBITDA as earnings before interest income and expense, income taxes and depreciation and amortization expense. Adjusted EBITDA excludes the change in fair value of financial instrument, loss (gain) on disposal of assets, foreign exchange, the equity income of CDCP, and impairment, depreciation, amortization, interest and taxes of Cineplex's other joint ventures and associates. Adjusted EBITDAaL modifies adjusted EBITDA to deduct current period cash rent paid or payable related to lease obligations.

Subsequent to the adoption of IFRS 16, *Leases*, by Cineplex effective January 1, 2019, the calculation of EBITDA no longer includes a charge for amounts paid or payable with respect to leased property and equipment. Given the majority of Cineplex's businesses are carried on in leased premises, Cineplex introduced the measure of adjusted EBITDAaL which includes a deduction for cash rent paid/payable related to lease obligations. Cineplex's management believes that adjusted EBITDAaL is an important supplemental measure of Cineplex's profitability at an operational level and provides analysts and investors with comparability in evaluating and valuing Cineplex's performance period over period. EBITDA, adjusted for various unusual items, is also used to define certain financial covenants in Cineplex's Credit Facilities. Management calculates adjusted EBITDAaL margin by dividing adjusted EBITDAaL by total revenues.

EBITDA, adjusted EBITDA and adjusted EBITDAaL are non-GAAP measures generally used as an indicator of financial performance and they should not be seen as a measure of liquidity or a substitute for comparable metrics prepared in accordance with GAAP. Cineplex's EBITDA, adjusted EBITDA and adjusted EBITDAaL may differ from similar calculations as reported by other entities and accordingly may not be comparable to EBITDA, adjusted EBITDA or adjusted EBITDAaL reported by other entities.

Adjusted Store Level EBITDAaL Metrics

Cineplex reviews and reports adjusted EBITDAaL at the location level for LBE which is calculated as total LBE revenues from all locations less total LBE operating expenses, which excludes pre-opening costs and overhead relating to the management of LBE.

Adjusted Store Level EBITDAaL Margin

Calculated as adjusted store level EBITDAaL divided by total revenues for LBE for the period.

The following represents management's calculation of EBITDA, adjusted EBITDA, and adjusted EBITDAaL (expressed in thousands of dollars):

Reconciliation of reported net income (loss) to adjusted EBITDAaL	Three months ended June 30,		Six months ended June 30,	
	2024	2023 (Section 1) (iii)	2024	2023 (Section 1) (iii)
Net (loss) income (ii)	**$ (21,312)**	**$ 158,863**	**$ (84,282)**	**$ 125,686**
Depreciation and amortization - other	21,064	22,230	42,859	45,103
Depreciation - right-of-use assets	23,919	21,971	48,390	43,504
Interest expense - lease obligations	18,142	16,312	36,052	32,463
Interest expense - other	17,144	18,229	36,698	41,732
Interest income	(461)	(282)	(736)	(493)
Current income tax recovery	(2,112)	(837)	(2,752)	(837)
Deferred income tax recovery	(7,934)	(150,225)	(32,571)	(150,225)
EBITDA	**$ 48,450**	**$ 86,261**	**$ 43,658**	**$ 136,933**
(Gain) loss on disposal of assets, including businesses	(8,315)	336	(8,706)	1,229
Loss on financial instruments recorded at fair value	2,122	1,020	54,068	1,290
Foreign exchange loss (gain)	4	88	(232)	817
Depreciation and amortization - joint ventures and associates	203	187	404	329
Taxes and interest of joint ventures and associates	8	1	15	14
Adjusted EBITDA	**$ 42,472**	**$ 87,893**	**$ 89,207**	**$ 140,612**
Cash rent paid/payable related to lease obligations	(41,137)	(40,301)	(84,524)	(82,844)
Cash rent paid not pertaining to current period	(410)	(398)	827	803
Adjusted EBITDAaL (i)	**$ 925**	**$ 47,194**	**$ 5,510**	**$ 58,571**
Adjusted EBITDAaL from discontinued operations (i)	**$ —**	**$ 13,064**	**$ 508**	**$ 21,930**
Adjusted EBITDAaL including discontinued operations (i)	**$ 925**	**$ 60,258**	**$ 6,018**	**$ 80,501**

(i) See Section 17, Non-GAAP and other financial measures.

(ii) 2024 includes the loss on the 2024 Refinancing of $2.0 million during the second quarter and $56.0 million for year to date, and expenses related to other transactions or litigation outside the normal course of business in the amount of $0.5 million during the second quarter (2023 - $0.2 million) and $2.4 million (2023 - $1.1 million) for year to date.

(iii) The results of discontinued operations (P1AG) have been excluded from prior period figures as applicable per IFRS 5 to conform to current period presentation. All amounts are from continuing operations unless noted. See Section 12, Accounting policies.

17.2. ADJUSTED FREE CASH FLOW

Free cash flow is a non-GAAP measure generally used by Canadian corporations as an indicator of financial performance and it should not be viewed as a measure of liquidity or a substitute for comparable metrics prepared in accordance with GAAP. Standardized free cash flow adjusts the amount of cash from operating activities to deduct capital expenditures net of proceeds on sale of assets in ordinary business operations. Standardized free cash flow is a non-GAAP measure recommended by the CICA in its 2008 interpretive release, *Improved Communication with Non-GAAP Financial Measures: General Principles and Guidance for Reporting EBITDA and Free Cash Flow*, and is designed to enhance comparability. Adjusted free cash flow is also a non-GAAP measure used by Cineplex to modify standardized free cash flow to exclude certain cash flow activities and to measure the amount available for activities such as repayment of debt, dividends to owners and investments in future growth through acquisitions. Adjusted free cash flow includes repayments of lease obligations that represented the principal portion of rent expenses that were included in net income calculation prior to the adoption of accounting standard IFRS 16, *Leases,* by Cineplex. Given that the materiality of the principal portion of the rent expenses and comparability of adjusted free cash flow disclosure for comparative periods, adjusted free cash flow also adjusts standard free cash flow to deduct principal amount of repayment of lease obligation.

Cineplex presents standardized free cash flow and adjusted free cash flow per share because they are key measures used by investors to value and assess Cineplex. Cineplex's management defines adjusted free cash flow as standardized free cash flow adjusted for certain items, and considers adjusted free cash flow the amount available for

distribution to shareholders. Standardized free cash flow is defined by the CICA as cash from operating activities as reported in the GAAP financial statements, less total capital expenditures minus proceeds from the disposition of capital assets other than those of discontinued operations, as reported in the GAAP financial statements; and dividends, when stipulated, unless deducted in arriving at cash flows from operating activities. The standardized free cash flow calculation excludes common dividends and others that are declared at the Board's discretion.

Management calculates adjusted free cash flow per share as follows (expressed in thousands of dollars except shares outstanding and per share data):

Reconciliation of reported cash provided by (used in) operating activities to adjusted free cash flow per share	**Three months ended June 30,**		**Six months ended June 30,**	
	2024	**2023 (Section 1) (iii)**	**2024**	**2023 (Section 1) (iii)**
Cash provided by operating activities	$ 997	$ 82,722	$ 36,951	$ 75,657
Less: Total capital expenditures net of proceeds on sale of assets	(7,847)	(12,183)	(22,401)	(26,987)
Standardized free cash flow	**(6,850)**	**70,539**	**14,550**	**48,670**
Add/(Less):				
Changes in operating assets and liabilities (i)	11,614	(22,646)	(20,630)	7,124
Changes in operating assets and liabilities of joint ventures and associates (i)	(37)	(415)	(129)	339
Repayments of lease obligations - principal	(23,573)	(24,796)	(49,342)	(51,283)
Principal portion of cash rent paid not pertaining to current period	(410)	(398)	827	803
Growth capital expenditures and other (ii)	5,706	8,281	18,006	20,558
Share of income of joint ventures and associates, net of non-cash depreciation	414	(382)	(207)	(1,646)
Financing fees	87	—	17,871	406
Adjusted free cash flow	**$ (13,049)**	**$ 30,183**	**$ (19,054)**	**$ 24,971**
Average number of shares outstanding	63,684,281	63,376,043	63,684,281	63,375,758
Adjusted free cash flow per share	**$ (0.205)**	**$ 0.476**	**$ (0.299)**	**$ 0.394**

(i) Changes in operating assets and liabilities are not considered a source or use of adjusted free cash flow. Refer to note 24, Changes in operating assets and liabilities of Cineplex's 2024 Annual Consolidated Financial Statements for further details.

(ii) Growth capital expenditures and other represent expenditures on Board approved projects, exclude maintenance capital expenditures and are net of proceeds on asset sales. The Revolving Facility (discussed above in Section 6.4, Long-term debt) is available to Cineplex to fund Board approved projects.

(iii) The results of discontinued operations (P1AG) have been excluded from prior period figures as applicable per IFRS 5 to conform to current period presentation. All amounts are from continuing operations unless noted. See Section 12, Accounting policies.

Alternatively, the calculation of adjusted free cash flow using adjusted EBITDAaL as a reference point would be as follows (expressed in thousands of dollars):

Reconciliation of adjusted EBITDAaL to adjusted free cash flow	Three months ended June 30,		Six months ended June 30,	
	2024	2023 (Section 1) (i)	2024	2023 (Section 1) (i)
Adjusted EBITDAaL	$ 925	$ 47,194	$ 5,510	$ 58,571
Adjust for:				
Interest expense - other	(17,144)	(18,229)	(36,698)	(41,732)
Interest rate swap agreements - non-cash interest	—	(2,032)	(1,020)	587
Accretion of convertible debentures and notes payable	1,578	5,315	7,091	10,596
Non-cash share-based compensation	1,234	1,604	2,092	3,703
Foreign exchange	(4)	(88)	232	(817)
Interest income	461	282	736	493
Maintenance capital expenditures	(2,141)	(3,902)	(4,395)	(6,429)
Cash received from unwinding swap	—	—	4,583	—
Current income taxes	2,112	837	2,752	837
Cash foreign exchange	(70)	(798)	63	(838)
Adjusted free cash flow	**$ (13,049)**	**$ 30,183**	**$ (19,054)**	**$ 24,971**

(i) The results of discontinued operations (P1AG) have been excluded from prior period figures as applicable per IFRS 5 to conform to current period presentation. All amounts are from continuing operations unless noted. See Section 12, Accounting policies.

SUPPLEMENTARY FINANCIAL MEASURES

Supplementary financial measures are financial measures that are not (a) presented in the financial statements and (b) is, or is intended to be, disclosed periodically to depict the historical or expected future financial performance, financial position or cash flow, that is not a non-GAAP financial measure or a non-GAAP ratio as defined in the instrument. Below are supplementary financial measures that Cineplex uses to depict its financial performance, financial position or cash flows.

Earnings (loss) per Share Metrics

Cineplex has presented basic and diluted earnings (loss) per share net of this item to provide a more comparable loss per share metric between the current periods and prior year periods. In the non-GAAP and other financial measures, earnings is defined as net income or net loss attributable to Cineplex excluding the change in fair value of financial instruments.

Per Patron Revenue Metrics

Cineplex reviews per patron metrics as they relate to box office revenue, theatre food service revenue and cinema media revenue such as BPP, CPP, BPP excluding premium priced product, concession margin per patron, and CMPP, as these are key measures used by investors to value and assess Cineplex's performance, and are widely used in the theatre exhibition industry. Cineplex's management defines these metrics as follows:

Theatre attendance: Theatre attendance is calculated as the total number of paying patrons that frequent Cineplex's theatres during the period.

BPP: Calculated as total box office revenues divided by total paid theatre attendance for the period.

BPP excluding premium priced product: Calculated as total box office revenues for the period, less box office revenues from 3D, 4DX, UltraAVX, VIP, ScreenX and IMAX product; divided by total paid theatre attendance for the period, less paid theatre attendance for 3D, 4DX, UltraAVX, VIP, ScreenX and IMAX product.

CPP: Calculated as total theatre food service revenues divided by total paid theatre attendance for the period.

CMPP: Calculated as total cinema media revenues divided by total paid theatre attendance for the period.

Premium priced product: Defined as 3D, 4DX, UltraAVX, IMAX, ScreenX and VIP film product.

Theatre concession margin per patron: Calculated as total theatre food service revenues less total theatre food service cost, divided by theatre attendance for the period.

Same Theatre Analysis

Cineplex reviews and reports same theatre metrics relating to box office revenues, theatre food service revenues, theatre rent expense and theatre payroll expense, as these measures are widely used in the theatre exhibition industry as well as other retail industries.

Same theatre metrics are calculated by removing the results for all theatres that have been opened, acquired, closed or otherwise disposed of subsequent to the start of the prior year comparative period. For the three months ended June 30, 2024 the impact of one location that was opened or acquired and two locations that were closed or otherwise disposed of have been excluded, resulting in 156 theatres being included in the same theatre metrics. For the six months ended June 30, 2024 the impact of one location that was opened or acquired and three locations that were closed or otherwise disposed of have been excluded, resulting in 156 theatres being included in the same theatre metrics.

Cost of sales percentages

Cineplex reviews and reports cost of sales percentages for its two largest revenue sources; box office revenues and food service revenues, as these measures are widely used in the theatre exhibition industry. These measures are reported as film cost percentage and concession cost percentage, respectively, and are calculated as follows:

Film cost percentage: Calculated as total film cost expense divided by total box office revenues for the period.

Theatre concession cost percentage: Calculated as total theatre food service costs divided by total theatre food service revenues for the period.

LBE food cost percentage: Calculated as total LBE food costs divided by total LBE food service revenues for the period.