

Management's Report to Shareholders

Management is responsible for the preparation of the accompanying consolidated financial statements and all other information contained in this Annual Report. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, which involve management's best estimates and judgments, based on available information.

Management maintains a system of internal accounting controls designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are reliable for preparing consolidated financial statements.

The Board of Directors of Cineplex Inc. (the "Board" of the "Company") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board is assisted in exercising its responsibilities through the Audit Committee of the Board (the "Audit Committee"). The Audit Committee meets periodically with management and the independent auditor to satisfy itself that management's responsibilities are properly discharged and to recommend approval of the consolidated financial statements to the Board.

PricewaterhouseCoopers LLP serves as the Company's auditor. PricewaterhouseCoopers LLP's report on the accompanying consolidated financial statements follows. It outlines the extent of its examination as well as an opinion on the consolidated financial statements.

"Ellis Jacob"

Ellis Jacob
Chief Executive Officer

Toronto, Ontario

February 10, 2026

"Gord Nelson"

Gord Nelson
Chief Financial Officer



Independent auditor's report

To the Shareholders of Cineplex Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Cineplex Inc. and its subsidiaries (together, the Company) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2025 and 2024;
- the consolidated statements of operations for the years then ended;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows or the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and indefinite-lived intangible assets	
<p>Refer to note 10 – Intangible assets, note 11 – Impairment of long-lived assets and note 28 – Material accounting policies, judgments and estimation uncertainty to the consolidated financial statements.</p> <p>As at December 31, 2025, the Company had \$576 million of goodwill and \$64 million of indefinite-lived intangible assets from continuing operations. Goodwill and indefinite-lived intangible assets are tested for impairment annually or more frequently if specific events or circumstances dictate that the carrying amount of the asset group may not be fully recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none">• Evaluated how management determined the recoverable amounts of goodwill and indefinite-lived intangible assets groups of CGUs, which included the following:<ul style="list-style-type: none">- Tested the appropriateness of the method used and the mathematical accuracy of the discounted cash flow models.- Tested the reasonableness of the significant key assumptions used by management, including attendance (applicable for the exhibition CGUs only) and the related revenue growth rates applied by

there are separately identifiable cash inflows relating to the relevant intangible asset (cash-generating units or CGUs). A group of CGUs represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. An impairment loss, if estimated, is recognized for the amount by which the CGU's or group of CGUs' carrying value exceeds its recoverable amount. The recoverable amounts were determined based on the fair value less costs to sell (the method) using discounted cash flow models. The significant key assumptions applied by management in estimating the recoverable amounts of the groups of CGUs included attendance (applicable for the exhibition CGUs only) and the related revenue growth rates and discount rates. No impairment loss was required for goodwill and indefinite-lived intangible assets.

We considered this a key audit matter due to significant judgment made by management in determining the recoverable amounts of the goodwill and indefinite-lived intangible assets groups of CGUs, including the use of significant key assumptions. This has resulted in a high degree of subjectivity and audit effort in performing audit procedures to test the significant key assumptions used by management. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.

management by comparing them to the budget, management's strategic plans approved by the Board of Directors and industry forecasts and historical trends

- Professionals with specialized skill and knowledge in the field of valuation assisted in testing the reasonableness of the discount rates applied by management based on available data of comparable companies.
- Tested the underlying data used in the discounted cash flow models.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Adam Boutros.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

February 10, 2026

Cineplex Inc.

Consolidated Balance Sheets

(expressed in thousands of Canadian dollars)

	Notes	December 31, 2025	December 31, 2024
Assets			
Current assets			
Cash and cash equivalents	3	\$ 133,997	\$ 83,871
Trade and other receivables	4	108,082	116,533
Income taxes receivable		5,234	5,529
Inventories	5	15,901	20,724
Prepaid expenses and other current assets		13,286	11,003
		<u>276,500</u>	<u>237,660</u>
Non-current assets			
Property, equipment and leaseholds	6	350,281	399,115
Right-of-use assets	7	727,129	773,372
Deferred income taxes	8	152,354	149,547
Interests in joint ventures and associates	9	8,543	6,771
Intangible assets	10	78,679	81,132
Derivative financial instrument	15	18,380	19,420
Goodwill	11	575,614	620,300
		<u>\$ 2,187,480</u>	<u>\$ 2,287,317</u>
Contingent liabilities and assets	25		
Subsequent events	29		

The accompanying notes are an integral part of these consolidated financial statements.

Cineplex Inc.

Consolidated Balance Sheets...continued

(expressed in thousands of Canadian dollars)

	Notes	December 31, 2025	December 31, 2024
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	\$ 222,956	\$ 236,612
Provision for Competition Tribunal administrative monetary penalty	25	39,215	39,215
Income taxes payable		92	92
Deferred revenue and other	19	185,976	189,989
Lease obligations	14	82,484	88,669
		<u>530,723</u>	<u>554,577</u>
Non-current liabilities			
Share-based compensation	13	12,449	12,689
Long-term debt	15	744,101	736,468
Lease obligations	14	967,065	1,010,505
Post-employment benefit obligations	16	7,021	6,889
Other liabilities	17	5,613	5,889
		<u>1,736,249</u>	<u>1,772,440</u>
Total liabilities		<u>2,266,972</u>	<u>2,327,017</u>
Shareholders' deficit			
Share capital	18	851,118	853,667
Deficit		(1,052,890)	(1,017,713)
Contributed surplus		122,280	123,986
Cumulative translation adjustment		—	360
Total shareholders' deficit		<u>(79,492)</u>	<u>(39,700)</u>
		<u>\$ 2,187,480</u>	<u>\$ 2,287,317</u>

Approved by the Board of Directors

“Phyllis Yaffe”
Director

“Janice Fukakusa”
Director

The accompanying notes are an integral part of these consolidated financial statements.

Cineplex Inc.

Consolidated Statements of Operations
For the years ended December 31, 2025 and 2024

(expressed in thousands of Canadian dollars, except per share amounts)

	Notes	Year ended December 31,	
		2025	2024
	2		(Revised - Note 2)
Revenues	19		
Box office		\$ 560,587	\$ 562,151
Food service		469,867	462,052
Media		89,502	79,149
Amusement		101,590	92,691
Other		63,220	78,713
		<u>1,284,766</u>	<u>1,274,756</u>
Expenses			
Film cost		307,326	303,926
Cost of food service		110,354	108,126
Depreciation - right-of-use assets		81,896	83,962
Depreciation and amortization - other assets		78,160	80,343
(Gain) loss on disposal of assets	6	(175)	(7,458)
Employee wages, salaries and benefits		285,946	278,561
Provision for Competition Tribunal's administrative monetary penalty	25	—	39,215
Other costs	20	326,842	331,870
Share of loss of joint ventures and associates	9	2,594	2,420
Interest expense - lease obligations	14	71,904	70,637
Interest expense - other		69,694	71,331
Interest income		(870)	(1,356)
Foreign exchange		(141)	1,063
Loss on financial instruments recorded at fair value and loss on extinguishment of debt	15	1,040	46,598
		<u>1,334,570</u>	<u>1,409,238</u>
Loss from continuing operations before income taxes		<u>(49,804)</u>	<u>(134,482)</u>
Income taxes recovery	8		
Current		—	(2,756)
Deferred		(12,880)	(27,564)
		<u>(12,880)</u>	<u>(30,320)</u>
Net loss from continuing operations, net of taxes		<u>(36,924)</u>	<u>(104,162)</u>
Net (loss) income from discontinued operations, net of taxes	2	(309)	66,481
Net income (loss)		<u>\$ (37,233)</u>	<u>\$ (37,681)</u>

The accompanying notes are an integral part of these consolidated financial statements.

Cineplex Inc.

Consolidated Statements of Comprehensive Income (Loss)
For the years ended December 31, 2025 and 2024

(expressed in thousands of Canadian dollars)

		Year ended December 31,	
		2025	2024
		(Revised - Note 2)	
	2		
Net loss from continuing operations		\$ (36,924)	\$ (104,162)
Other comprehensive (loss) income			
<i>Items that will be reclassified subsequently to net income:</i>			
Foreign currency translation adjustment		—	—
<i>Items that will not be reclassified to net income:</i>			
Actuarial income (loss) of post-employment benefit obligations, net of deferred income taxes expense of \$57 (2024- \$35)		161	97
Comprehensive loss from continuing operations		(36,763)	(104,065)
Net (loss) income from discontinued operations, net of taxes	2	(309)	66,481
Foreign currency translation adjustment from discontinued operations	2	(91)	123
Total comprehensive (loss) income		\$ (37,163)	\$ (37,461)
Loss per share from continuing operations - basic	21	\$ (0.58)	\$ (1.64)
Earnings per share from discontinued operations - basic	21	\$ —	\$ 1.05
Earnings (loss) per share - basic	21	\$ (0.58)	\$ (0.59)
Loss per share from continuing operations - diluted	21	\$ (0.58)	\$ (1.64)
Earnings per share from discontinued operations -diluted	21	\$ —	\$ 1.05
Earnings (loss) per share - diluted	21	\$ (0.58)	\$ (0.59)

The accompanying notes are an integral part of these consolidated financial statements.

Cineplex Inc.

Consolidated Statements of Changes in Equity For the years ended December 31, 2025 and 2024

(expressed in thousands of Canadian dollars)

	Share capital	Contributed surplus	Cumulative translation adjustment	Deficit	Total
January 1, 2025	\$ 853,667	\$ 123,986	\$ 360	\$ (1,017,713)	\$ (39,700)
Net loss	—	(149)	(269)	(36,815)	(37,233)
Other comprehensive income	—	—	(91)	161	70
Total comprehensive loss (income)	—	(149)	(360)	(36,654)	(37,163)
Share option expense	—	1,574	—	—	1,574
PSU/RSU expense	—	2,868	—	—	2,868
Settlement of vested PSU/RSU	5,545	(5,469)	—	—	76
Issuance of shares on exercise of options	530	(530)	—	—	—
Shares repurchased and cancelled	(8,624)	—	—	1,477	(7,147)
December 31, 2025	\$ 851,118	\$ 122,280	\$ —	\$ (1,052,890)	\$ (79,492)
January 1, 2024	\$ 856,696	\$ 85,235	\$ 607	\$ (981,973)	\$ (39,435)
Net income	—	—	—	(37,681)	(37,681)
Other comprehensive loss	—	—	123	97	220
Total comprehensive loss (income)	—	—	123	(37,584)	(37,461)
Share option expense	—	1,529	—	—	1,529
PSU/RSU expense	—	2,755	—	—	2,755
Settlement of vested PSU/RSU	4,960	(4,960)	—	—	—
Issuance of shares on exercise of options	491	(491)	—	—	—
Reclassification of cumulative translation adjustment	—	370	(370)	—	—
Shares repurchased and cancelled	(8,480)	—	—	1,844	(6,636)
Fair value of conversion right extinguished	—	(14,800)	—	—	(14,800)
Issuance of convertible debentures	—	54,348	—	—	54,348
December 31, 2024	\$ 853,667	\$ 123,986	\$ 360	\$ (1,017,713)	\$ (39,700)

The accompanying notes are an integral part of these consolidated financial statements.

Cineplex Inc.

Consolidated Statements of Cash Flows
For the years ended December 31, 2025 and 2024

(expressed in thousands of Canadian dollars)

	Notes	Year ended December 31,	
		2025	2024
	2		(Revised - Note 2)
Cash provided by (used in)			
Operating activities			
Net loss from continuing operations		\$ (36,924)	\$ (104,162)
Adjustments to reconcile net (loss) income to net cash provided by operating activities			
Depreciation and amortization - other assets		78,160	80,343
Depreciation - right-of-use assets		81,896	83,962
Interest rate swap agreements - non-cash interest		—	(1,020)
Accretion of convertible debentures and notes payable		7,632	10,527
Other non-cash interest		(36)	1,828
(Gain) loss on disposal of assets	6	(175)	(7,458)
Deferred income taxes	8	(12,880)	(27,564)
Non-cash share-based compensation		4,442	4,283
Loss on financial instruments recorded at fair value	15	1,040	46,598
Financing fees	15	(55)	(17,871)
Net change in interests in joint ventures and associates		2,869	2,658
Net cash received from unwinding swap	15	—	4,583
Provision for Competition Tribunal administrative monetary penalty	25	—	39,215
Changes in operating assets and liabilities	24	(3,936)	33,278
Net cash provided by operating activities from continuing operations		122,033	149,200
Net cash (used in) provided by operating activities from discontinued operations	2	18,746	12,813
Net cash provided by operating activities		140,779	162,013
Investing activities			
Proceeds from disposal of assets, including asset related insurance recoveries	6	2,375	12,892
Purchases of property, equipment and leaseholds	6	(40,566)	(71,557)
Intangible assets additions	10	(8,026)	(9,631)
Tenant inducements		7,888	5,642
Investment in joint ventures and associates		(4,641)	(4,533)
Net cash used in investing activities from continuing operations		(42,970)	(67,187)
Net cash (used in) provided by investing activities from discontinued operations	2	55,204	137,132
Net cash (used in) provided by investing activities		12,234	69,945
Financing activities			
Repayments under credit facilities, net	15	—	(298,000)
Repayments of lease obligations - principal		(89,769)	(91,072)
Issuance of notes payable	15	—	575,000
Common Shares repurchased and cancelled	18	(7,147)	(6,636)
Settlement of former notes payable	15	—	(254,688)
Settlement of convertible debentures	15	—	(102,350)
Net cash used in financing activities from continuing operations		(96,916)	(177,746)

The accompanying notes are an integral part of these consolidated financial statements.

Cineplex Inc.

Consolidated Statements of Cash Flows
For the years ended December 31, 2025 and 2024

(expressed in thousands of Canadian dollars)

	Notes	Year ended December 31,	
		2025	2024
	2		(Revised - Note 2)
Net cash used in financing activities from discontinued operations	2	<u>(5,999)</u>	<u>(7,357)</u>
Net cash used in financing activities		(102,915)	(185,103)
Effect of exchange rate differences on cash from continuing operations		\$ —	\$ —
Effect of exchange rate differences on cash from discontinued operations		<u>28</u>	<u>350</u>
Effect of exchange rate differences on cash		28	350
Increase in cash and cash equivalents		50,126	47,205
Cash and cash equivalents - Beginning of period		<u>83,871</u>	<u>36,666</u>
Cash and cash equivalents - End of period		<u>\$ 133,997</u>	<u>\$ 83,871</u>
Supplemental information			
Cash paid for interest - lease obligation from continuing operations		\$ 72,087	\$ 68,956
Cash paid for interest - lease obligation from discontinued operations		<u>\$ 1,953</u>	<u>\$ 2,826</u>
Cash paid for interest - lease obligation		\$ 74,040	\$ 71,782
Cash paid for interest - other from continuing operations		\$ 61,974	\$ 50,307
Cash paid for interest - other from discontinued operations		<u>\$ —</u>	<u>\$ —</u>
Cash paid for interest - other		\$ 61,974	\$ 50,307
Cash paid for income taxes, net from continuing operations		\$ (56)	\$ (41)
Cash paid for income taxes, net from discontinued operations		<u>\$ (51)</u>	<u>\$ (8)</u>
Cash paid for income taxes, net		\$ (107)	\$ (49)

The accompanying notes are an integral part of these consolidated financial statements.

Cineplex Inc.

Notes to Consolidated Financial Statements
For the years ended December 31, 2025 and 2024

(expressed in thousands of Canadian dollars, except per share amounts)

1. General information

Cineplex Inc. (“Cineplex”) an Ontario, Canada corporation, is one of Canada’s largest entertainment organizations, with theatres and location-based entertainment venues in ten provinces. Cineplex also operates businesses in cinema media through its wholly owned subsidiaries, Cineplex Entertainment Limited Partnership (the “Partnership”), Famous Players Limited Partnership (“Famous Players”), Galaxy Entertainment Inc. (“GEI”), and, until November 7, 2025, Cineplex Digital Media Inc. (“CDM”). Cineplex is headquartered at 1303 Yonge Street, Toronto, Ontario, M4T 2Y9.

The Board of Directors approved these consolidated financial statements on February 10, 2026.

2. Assets held for sale and discontinued operations

On October 16, 2025, Cineplex Entertainment Limited Partnership (“CELP”) announced that it had entered into a definitive agreement to sell 100% of the issued and outstanding shares of DDC Group International Inc., which operates the digital place-based media division through its wholly owned subsidiary (CDM), for cash proceeds of \$70,000 subject to customary post-closing adjustments (the “CDM Sale Transaction”). The CDM Sale Transaction closed on November 7, 2025. The proceeds from the CDM Sale Transaction will be used for share repurchases under Cineplex’s normal course issuer bid announced on August 22, 2025 (the “NCIB”), debt reduction and for general corporate purposes, subject to certain restrictions under Cineplex’s current debt agreements. As part of the CDM Sale Transaction, Cineplex has entered into a five year agreement to continue as CDM's exclusive advertising sales agent for CDM operated digital-out-of-home networks across Canada. Cineplex recognized a gain of \$3,264, net of income taxes in connection with the sale of CDM during the fourth quarter of 2025.

The gain on sale of CDM was comprised of the following:

Initial cash proceeds, after closing adjustments	\$	60,263
Carrying value of CDM		(52,618)
Transaction costs, including professional services		(3,949)
Gain on sale before income taxes		3,696
Estimated income taxes expense	\$	(432)
Gain on sale of CDM	\$	3,264
Net loss from discontinued operations up until date of sale	\$	(3,573)
Total net loss from discontinued operations, net of taxes	\$	(309)

Cineplex has measured, presented and disclosed financial information of CDM as a discontinued operation in accordance with IFRS 5, *Non-current assets held for sale and discontinued operations*. Under this standard, Cineplex met the criteria to record CDM as a discontinued operation, therefore effective with the period ended September 30, 2025, CDM’s financial performance and cash flows are presented in these annual consolidated financial statements as discontinued operations on a retroactive basis. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

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 and comparative periods have been restated.

Cineplex Inc.

Notes to Consolidated Financial Statements
For the years ended December 31, 2025 and 2024

(expressed in thousands of Canadian dollars, except per share amounts)

The major classes of assets and liabilities at September 30, 2025 classified as held for sale were as follows:

Trade and other receivables	\$	6,499
Income taxes receivable		119
Inventories		3,402
Prepaid expenses and other current assets		2,097
Property, equipment and leaseholds		3,708
Right-of-use assets		30,878
Deferred income taxes		10,915
Intangible assets		969
Goodwill		44,686
Assets held for sale	\$	<u>103,273</u>
Accounts payable and accrued liabilities	\$	8,627
Deferred revenue and other		11,859
Lease obligations		36,925
Other liabilities		230
Liabilities related to assets held for sale	\$	<u>57,641</u>
Net assets held for sale	\$	<u>45,632</u>

Cineplex Inc.

Notes to Consolidated Financial Statements
For the years ended December 31, 2025 and 2024

(expressed in thousands of Canadian dollars, except per share amounts)

The following table discloses revenues, expenses, net income and comprehensive income of the discontinued operations for the year ended December 31, 2024 and ten months of CDM ownership in 2025:

	Year ended December 31,	
	2025	2024
Revenues		
Media	44,580	55,682
	<u>44,580</u>	<u>55,682</u>
Expenses		
Depreciation - right-of-use assets	8,278	10,198
Depreciation and amortization - other assets	2,523	3,446
(Gain) loss on disposal of assets	—	(194)
Employee wages, salaries and benefits	15,332	17,962
Other costs	20,854	24,535
Interest expense - lease obligations	1,953	2,757
Interest expense - other	24	30
Foreign exchange	489	(1,332)
	<u>49,453</u>	<u>57,402</u>
Income(loss)before income taxes	<u>(4,873)</u>	<u>(1,720)</u>
Income taxes (recovery) expense		
Current	31	35
Deferred	(1,331)	(233)
	<u>(1,300)</u>	<u>(198)</u>
Gain on disposition of business	3,264	—
Net income(loss)from discontinued operations	<u>(309)</u>	<u>(1,522)</u>
Other comprehensive income (loss)		
<i>Items that will be reclassified subsequently to net income (loss):</i>		
Foreign currency translation adjustment from discontinued operations	—	123
Comprehensive loss from discontinued operations	<u>\$ (309)</u>	<u>\$ (1,399)</u>
Loss per share from discontinued operations - basic	\$ —	\$ (0.02)
Loss per share from discontinued operations - diluted	\$ —	\$ (0.02)

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On November 22, 2023, CELP announced 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 \$155,000, 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. Cineplex recognized a material gain of \$67,156 in connection with the sale of P1AG during the three months ended March 31, 2024.

The gain on sale of P1AG was comprised of the following:

Initial cash proceeds, after closing adjustments	\$	146,271
Deferred proceeds		2,840
Carrying value of P1AG		(66,423)
Selling costs, including professional services		(6,376)
Gain on sale before income taxes		76,312
Income taxes expense	\$	(9,156)
Gain on sale of P1AG	\$	67,156
Net income from discontinued operations up until date of sale	\$	847
Total net income from discontinued operations, net of taxes	\$	68,003

Cineplex Inc.

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3. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2025	2024
Cash at bank and on hand, net of outstanding cheques	\$ 133,997	\$ 83,871

4. Trade and other receivables

Trade and other receivables comprise the following:

	2025	2024
Trade receivables	\$ 81,931	\$ 95,444
Other receivables	26,151	21,089
	<u>\$ 108,082</u>	<u>\$ 116,533</u>

5. Inventories

Inventories comprise the following:

	2025	2024
Food service inventories	\$ 10,441	\$ 10,871
Other inventories, including work-in-progress	5,460	9,853
	<u>\$ 15,901</u>	<u>\$ 20,724</u>

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6. Property, Equipment, and Leaseholds

Property, equipment and leaseholds consist of:

	Land	Buildings and leasehold improvements	Equipment	Construction- in-progress	Total
At January 1, 2025					
Cost	\$ 5,765	\$ 910,655	\$ 833,183	\$ 6,576	\$ 1,756,179
Accumulated depreciation	—	(651,886)	(705,178)	—	(1,357,064)
Net book value	\$ 5,765	\$ 258,769	\$ 128,005	\$ 6,576	\$ 399,115
Year ended December 31, 2025					
Opening net book value	\$ 5,765	\$ 258,769	\$ 128,005	\$ 6,576	\$ 399,115
Additions, net of transfers	—	11,301	14,545	1,445	27,291
Disposals from discontinued operations	—	(78)	(3,356)	(366)	(3,800)
Disposals from continuing operations	(166)	(317)	(77)	(180)	(740)
Depreciation for the year from continuing operations	—	(38,525)	(31,226)	—	(69,751)
Depreciation for the year from discontinued operations	—	(20)	(1,814)	—	(1,834)
Closing net book value	\$ 5,599	\$ 231,130	\$ 106,077	\$ 7,475	\$ 350,281
At December 31, 2025					
Cost	\$ 5,599	\$ 849,999	\$ 774,969	\$ 7,475	\$ 1,638,042
Accumulated depreciation	—	(618,869)	(668,892)	—	(1,287,761)
Net book value	\$ 5,599	\$ 231,130	\$ 106,077	\$ 7,475	\$ 350,281
At January 1, 2024					
Cost	\$ 9,024	\$ 873,744	\$ 794,026	\$ 12,717	\$ 1,689,511
Accumulated depreciation	—	(620,749)	(674,380)	—	(1,295,129)
Net book value	\$ 9,024	\$ 252,995	\$ 119,646	\$ 12,717	\$ 394,382
Year ended December 31, 2024					
Opening net book value	\$ 9,024	\$ 252,995	\$ 119,646	\$ 12,717	\$ 394,382
Additions, net of transfers	—	45,163	43,629	(6,141)	82,651
Disposals	(3,259)	(872)	(135)	—	(4,266)
Depreciation for the year from continuing operations	—	(38,493)	(32,690)	—	(71,183)
Depreciation for the year from discontinued operations	—	(24)	(2,445)	—	(2,469)
Closing net book value	\$ 5,765	\$ 258,769	\$ 128,005	\$ 6,576	\$ 399,115

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7. Right-of-use assets

The following tables present right-of-use assets for Cineplex for the year ended December 31, 2025 and 2024:

	<u>Property</u>	<u>Equipment</u>	<u>Total</u>
At December 31, 2025			
Cost	\$ 1,381,795	\$ 3,953	\$ 1,385,748
Accumulated depreciation	(655,464)	(3,155)	(658,619)
Net book value	<u>\$ 726,331</u>	<u>\$ 798</u>	<u>\$ 727,129</u>
Year ended December 31, 2025			
Opening net book value	\$ 734,899	\$ 38,473	\$ 773,372
Additions	1,588	41	\$ 1,629
Extensions and modifications	72,389	—	\$ 72,389
Disposals from discontinued operations	(860)	(29,193)	\$ (30,053)
Disposals from continuing operations	(34)	—	\$ (34)
Reclass property and equipment	28	(28)	\$ —
Depreciation for the period from continuing operations	(81,541)	(355)	\$ (81,896)
Depreciation for the year from discontinued operations	<u>\$ (138)</u>	<u>(8,140)</u>	<u>(8,278)</u>
Closing net book value	<u>\$ 726,331</u>	<u>\$ 798</u>	<u>\$ 727,129</u>
At December 31, 2024			
Cost	\$ 1,320,920	\$ 62,480	\$ 1,383,400
Accumulated depreciation	(586,021)	(24,007)	(610,028)
Net book value	<u>\$ 734,899</u>	<u>\$ 38,473</u>	<u>\$ 773,372</u>
Year ended December 31, 2024			
Opening net book value	\$ 749,326	\$ 5,467	\$ 754,793
Additions	2,399	43,344	\$ 45,743
Extensions and modifications	66,996	—	\$ 66,996
Depreciation for the period from continuing operations	(83,579)	(383)	\$ (83,962)
Depreciation for the year from discontinued operations	<u>(243)</u>	<u>(9,955)</u>	<u>(10,198)</u>
Closing net book value	<u>\$ 734,899</u>	<u>\$ 38,473</u>	<u>\$ 773,372</u>

Cineplex Inc.

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8. Deferred income taxes

Based on substantively enacted corporate tax rates, expected timing of reversals and expected taxable income allocation to various tax jurisdictions, deferred income taxes are as follows:

	December 31, 2025	December 31, 2024
Deferred income tax assets		
Property, equipment and leaseholds and deferred tenant inducements - difference between net carrying value and undepreciated capital cost	\$ 9,928	\$ 8,106
Accounting provisions not currently deductible	90,701	91,437
Deferred revenue	1,810	1,448
Income tax credits available	3,313	3,763
Operating losses available for carry-forward	107,982	105,247
Other	6,273	7,604
Total gross deferred income tax assets	<u>220,007</u>	<u>217,605</u>
Future deferred tax liabilities		
Intangible assets	(11,890)	(13,433)
Interest rate swap agreements	(153)	(96)
Goodwill	(35,887)	(33,556)
Convertible debentures	(19,723)	(20,973)
Total gross deferred income tax liabilities	<u>(67,653)</u>	<u>(68,058)</u>
Net deferred income tax asset recognized	<u>\$ 152,354</u>	<u>\$ 149,547</u>

Cineplex has determined that the net deferred tax assets were recoverable in the ordinary course of business at the current balance sheet date and has continued to recognize its net deferred tax assets. Cineplex had \$410,507 of non-capital losses available based on income tax returns filed up to tax year 2024 and estimated losses for the tax year 2025 from continuing operations. Cineplex will utilize a portion of its net operating losses against the taxable gain from the sale of CDM, which resulted in no taxes payable resulting from the disposition. Cineplex will continue to evaluate the recoverability of net deferred tax assets in the ordinary course of business at each balance sheet date.

Cineplex's combined statutory income tax rate at December 31, 2025 was 26.3% (2024 - 26.3%).

By Notice of Reassessment ("NOR") dated January 22, 2019, the Canada Revenue Agency ("CRA"), disallowed the deduction of \$26,600 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 \$8,600, 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 commenced 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 Tax Court of Canada appeal was heard in November 2025 and, on January 15, 2026, a judgement was rendered fully in favour of Cineplex. The judgment allowed Cineplex's appeal in full, clarifying that Cineplex was allowed to claim the previously disallowed deduction of \$26,510 of non-capital losses in respect of its 2014 taxation year. If the Crown wishes to appeal the judgment to the Federal Court Appeal, the appeal must be initiated within 30 days, which expires on February 16, 2026.

Cineplex Inc.

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The provision for income taxes included in the consolidated statement of operations differs from the statutory income tax rate for the years ended December 31, 2025 and 2024 as follows:

	2025	2024
Loss before income taxes from continuing operations	\$ (49,804)	\$ (134,482)
Combined statutory income tax rates for the current year	<u>26.30 %</u>	<u>26.27 %</u>
Income taxes receivable at statutory rate	(13,096)	(35,329)
Adjustments relating to prior periods	(98)	(2,473)
Other permanent differences (i)	314	7,482
Provision for income taxes from continuing operations	<u>\$ (12,880)</u>	<u>\$ (30,320)</u>

(i) 2024 includes \$10,302 related to the Competition Tribunal's administrative monetary penalty, which is non-deductible for income tax purposes.

Adjustments relating to prior periods include differences between the prior year provision and the income tax returns as filed.

Non-capital losses available for carry-forward from continuing operations as at December 31, 2025 expire as follows (in thousands of dollars):

2041	230,932
2042	109,065
2043	4,243
2044	15,612
2045	50,655
	<u>\$ 410,507</u>

Cineplex Inc.

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9. Interests in joint ventures and associates

Cineplex participates in incorporated and unincorporated joint ventures with other parties and accounts for its interests using the equity method.

As part of the reorganization of Scene GP (“SCENE”) which began in December 2020, Cineplex and its loyalty partner launched Scene+ on December 13, 2021. As a result of the December 13, 2021 step in the reorganization, Cineplex equity accounts for its interest in Scene LP (“Scene+”), and continues to consolidate 50% of SCENE, which holds the deferred revenue obligation for SCENE points issued up to December 12, 2021. During the third quarter of 2022, Empire Company Limited became a one-third partner of Scene+ and Cineplex continues to maintain a 33.3% interest in Scene+.

Other joint ventures include a 50% interest in a theatre operation (2024 - 50%).

The joint ventures and associates are headquartered in Canada.

The net interest in joint ventures is summarized as follows as at December 31, 2025 and 2024:

2025	Scene+	Other	Total
Ownership percentage	33.3 %	50 %	
Voting percentage	33.3 %	50 %	
Equity (Deficit)	\$ 17,824	\$ (3,627)	\$ 14,197
Economic interest	33.3%	50%	
	\$ 5,935	\$ (1,814)	\$ 4,121
Accounts receivable	2,800	1,622	\$ 4,422
Net interest in joint ventures and associates	\$ 8,735	\$ (192)	\$ 8,543
Interest at beginning of year	\$ 6,963	\$ (192)	\$ 6,771
Investment	4,641	—	4,641
Net change in receivable or payable	—	(275)	(275)
Share of net (loss) income	(2,869)	275	(2,594)
Net interest in joint ventures and associates	\$ 8,735	\$ (192)	\$ 8,543

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2024	Scene+	Other	Total
Ownership percentage	33.3 %	50 %	
Voting percentage	33.3 %	50 %	
Equity (Deficit)	\$ 4,032	\$ (3,627)	\$ 405
Economic interest	33.3%	50%	
	\$ 1,343	\$ (1,814)	\$ (471)
Accounts (payable) receivable	5,620	1,622	7,242
Net interest in joint ventures and associates	\$ 6,963	\$ (192)	\$ 6,771
Interest at beginning of year	\$ 5,088	\$ (192)	\$ 4,896
Investment	4,533	—	4,533
Net change in receivable or payable	—	(238)	(238)
Share of net (loss) income	(2,658)	238	(2,420)
Net interest in joint ventures and associates	\$ 6,963	\$ (192)	\$ 6,771

The summarized balance sheets including 100% of the assets, liabilities and equity of each of the joint ventures at December 31 each year are as follows:

2025	Scene+	Other	Total
Assets			
Cash and cash equivalents	\$ 20,483	\$ —	\$ 20,483
Receivables and other current assets	45,231	39	45,270
	65,714	39	65,753
Equipment	13,507	—	13,507
Total assets	\$ 79,221	\$ 39	\$ 79,260
Liabilities			
Accounts payable and accrued liabilities	\$ 60,794	\$ 25	\$ 60,819
Long-term debt	—	3,641	3,641
Lease obligations	603	—	603
Total liabilities	61,397	3,666	65,063
Equity (Deficit)	17,824	(3,627)	14,197
Total liabilities and equity	\$ 79,221	\$ 39	\$ 79,260

Cineplex Inc.

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2024	Scene+	Other	Total
Assets			
Cash and cash equivalents	\$ 22,513	\$ —	\$ 22,513
Receivables and other current assets	46,819	39	46,858
	<u>69,332</u>	<u>39</u>	<u>69,371</u>
Equipment	8,372	—	8,372
Total assets	<u>\$ 77,704</u>	<u>\$ 39</u>	<u>\$ 77,743</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 72,884	\$ 25	\$ 72,909
Long-term debt	—	3,641	3,641
Lease obligations	788	—	788
Total liabilities	<u>73,672</u>	<u>3,666</u>	<u>77,338</u>
Equity (Deficit)	<u>4,032</u>	<u>(3,627)</u>	<u>405</u>
Total liabilities and equity	<u>\$ 77,704</u>	<u>\$ 39</u>	<u>\$ 77,743</u>

The summarized statements of comprehensive income (loss) including 100% of the revenue, expenses and income of each of the joint ventures for the years ending December 31 are as follows:

2025	Scene+	Other	Total
Revenues	\$ 54,213	\$ 3,842	\$ 58,055
Depreciation and amortization	4,190	—	4,190
Other expenses	69,080	3,292	72,372
Total expenses	<u>73,270</u>	<u>3,292</u>	<u>76,562</u>
Net (loss) income and comprehensive (loss) income	<u>\$ (19,058)</u>	<u>\$ 550</u>	<u>\$ (18,507)</u>

2024	Scene+	Other	Total
Revenues	\$ 46,470	\$ 3,345	\$ 49,815
Depreciation and amortization	2,590	—	2,590
Other expenses	68,086	2,935	71,021
Total expenses	<u>70,676</u>	<u>2,935</u>	<u>73,611</u>
Net (loss) income and comprehensive (loss) income	<u>\$ (24,206)</u>	<u>\$ 410</u>	<u>\$ (23,796)</u>

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SCENE

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, SCENE.

The summarized balance sheets of SCENE at December 31 are as follows:

	2025	2024
Assets		
Cash and cash equivalents	\$ 2,779	\$ 3,242
Trade and other receivables	59	264
	<u>2,838</u>	<u>3,506</u>
Promissory notes receivable from partners	19,000	19,000
Total assets	<u>\$ 21,838</u>	<u>\$ 22,506</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 2,820	\$ 4,173
Deferred revenue	19,591	23,923
Total liabilities	22,411	28,096
Deficiency	(573)	(5,590)
	<u>\$ 21,838</u>	<u>\$ 22,506</u>

The summarized results of operations of SCENE are as follows:

	2025	2024
Revenues	\$ 4,332	\$ 8,051
Expenses	8,315	15,482
Net loss	<u>\$ (3,983)</u>	<u>\$ (7,431)</u>

Cineplex and the other partner of SCENE contribute capital as required to fund SCENE's future redemption costs.

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10. Intangible assets

Intangible assets consist of the following:

	Customer relationships	Software and other	Trademarks and trade names	Total
At January 1, 2025				
Cost	\$ 21,060	\$ 73,270	\$ 63,599	\$ 157,929
Accumulated amortization	(21,060)	(55,737)	—	(76,797)
Net book value	\$ —	\$ 17,533	\$ 63,599	\$ 81,132
Year ended December 31, 2025				
Opening net book value	\$ —	\$ 17,533	\$ 63,599	\$ 81,132
Additions	—	8,561	—	8,561
Disposals from continuing operations	—	(984)	—	(984)
Disposals from discontinued operations	—	(933)	—	(933)
Amortization for the year from continuing operations	—	(8,409)	—	(8,409)
Amortization for the year from discontinued operations	—	(688)	—	(688)
Closing net book value	\$ —	\$ 15,080	\$ 63,599	\$ 78,679
At December 31, 2025				
Cost (i)	\$ —	\$ 56,836	\$ 63,599	\$ 120,435
Accumulated amortization (i)	—	(41,756)	—	(41,756)
Net book value	\$ —	\$ 15,080	\$ 63,599	\$ 78,679
At January 1, 2024				
Cost	\$ 33,204	\$ 80,707	\$ 63,599	\$ 177,510
Accumulated amortization	(33,204)	(63,433)	—	(96,637)
Net book value	\$ —	\$ 17,274	\$ 63,599	\$ 80,873
Year ended December 31, 2024				
Opening net book value	\$ —	\$ 17,274	\$ 63,599	\$ 80,873
Additions	—	10,394	—	10,394
Amortization for the year from continued operations	—	(9,160)	—	(9,160)
Amortization for the year from discontinued operations	—	(975)	—	(975)
Closing net book value	\$ —	\$ 17,533	\$ 63,599	\$ 81,132

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11. Impairment of long-lived assets

Cineplex generally performs its annual test for impairment of goodwill and indefinite-lived intangible assets in the fourth quarter. Assessment of impairment for long-lived assets, including property, equipment, leaseholds, right-of-use assets, intangible assets, and goodwill is performed more frequently 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. In addition, for assets other than goodwill and indefinite-lived intangible assets, indicators are assessed considering whether an impairment loss previously recognized may no longer exist or may have decreased.

Fair value less cost to sell is determined using discounted cash flow models that incorporate significant key assumptions relating to attendance (applicable for the exhibition CGUs only) and the related revenue growth rates, and discount rates. Further, other assumptions are required pertaining to variable and fixed cash flows, and operating margins. Cineplex projects revenue, operating margins, and cash flows for a period of five years, and applies a perpetual long-term growth rate thereafter.

The attendance and revenue growth rates are derived from Cineplex's Board approved budget which considers projected attendance based on film releases, past experience, as well as economic, industry and market trends. Discount rates applied to the groups of goodwill cash-generating units ("CGUs") represent Cineplex's assessment of the risks specific to each group of CGUs regarding the time value of money and individual risks of the underlying assets. Cineplex used discount rates between 7.8% and 10.6% (2024 - between 9.6% and 12.9%), and perpetual growth rates between 0.5% and 1.0% (2024 - between 0.5% and 1.0%), which are consistent with the observed long-term average growth rates in the exhibition, amusement and leisure, and digital media industries.

The determination of fair value less costs of disposal is sensitive to the growth rates, discount rates, and long-term growth rates used. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ, depending on economic conditions and other events. Accordingly, it is reasonably possible that future changes in assumptions may negatively impact future assessments of the recoverable amount for groups of CGUs.

For the exhibition CGUs, a 40% change in forecasted attendance and related revenue growth rates would result in a material impairment loss however management does not believe this is reasonably likely. Cineplex determined that no other reasonable change in assumptions would cause the recoverable amount of any of its CGUs to fall below its carrying value.

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 losses. Based on Cineplex's assessment for long-lived asset CGUs, no indicators of impairment or reversals were present and therefore no impairment testing was performed in the current period.

The following table discloses the change in goodwill for the years ended December 31:

	2025	2024
Balance - Beginning of year	\$ 620,300	\$ 620,300
Foreign exchange rate changes	—	—
Disposal of discontinued operations (note 2)	(44,686)	—
Balance - End of year	<u>\$ 575,614</u>	<u>\$ 620,300</u>

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For the purpose of impairment testing, goodwill has been allocated to CGUs or groups of CGUs. Total goodwill of the reporting segments are as follows:

	2025	2024
Exhibition	\$ 413,915	\$ 413,915
Media	161,699	206,385
Amusement and leisure	—	—
	<u>\$ 575,614</u>	<u>\$ 620,300</u>

12. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of:

	2025	2024
Accounts payable - trade	\$ 115,781	\$ 115,844
Film payables and accruals	34,107	35,990
Accrued salaries and benefits	30,357	30,857
Sales taxes payable	10,633	7,673
Accrued occupancy costs	2,497	3,099
Other payables and accrued liabilities	29,581	43,149
	<u>\$ 222,956</u>	<u>\$ 236,612</u>

13. Share-based compensation

Omnibus Incentive Plan

Cineplex has an Omnibus Incentive Plan (the “Incentive Plan”) in which all employees and consultants are eligible to participate. The Incentive Plan consists of stock options, RSUs and PSUs. Awards of RSUs and PSUs are granted during a service year subject to a service period as determined by management at the time of issuance. The aggregate number of Common Shares that may be issued under the Incentive Plan is 7,357,905 provided that no more than 3,500,000 Common Shares may be issued in aggregate pursuant to the settlement of RSUs and PSUs. The base Common Share equivalents granted as RSU and PSU awards attract compounding notional dividends at the same rate as outstanding Common Shares, which are notionally re-invested as additional base Common Share equivalents. PSU and RSU awards may be settled in Common Shares issued from treasury, cash, or a mix of Common Shares and cash, at Cineplex’s option at the time of settlement. As at December 31, 2025, 2,245,584 (2024 - 510,419) Common Shares are available to be issued under the Incentive Plan for settlement of RSUs and PSUs. Options that were issued prior to the Incentive Plan and are subsequently cancelled are available to be issued under the Incentive Plan. At Cineplex’s annual and special meeting of shareholders held on May 21, 2025, Cineplex received shareholder approval to increase the number of Common Shares available for issuance under the Incentive Plan by 3,400,000 Common Shares.

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Stock Options

Stock options issued under the Incentive Plan are administered by Cineplex's Board of Directors which establishes the exercise price at the time each option is granted, which in all cases is 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 Common Shares from treasury. Options granted are accounted for as equity-settled.

Cineplex recorded \$1,574 of employee benefits expense with respect to the options during the year ended December 31, 2025 (2024 - \$1,529). The intrinsic value of vested share options at December 31, 2025 is \$1,238 (2024 - \$2,460), based on the closing Share price of \$10.54 per share (2024 - \$12.20).

A summary of option activities in 2025 and 2024 is as follows:

	Weighted average remaining contractual life (years)	2025		2024	
		Number of underlying shares	Weighted average exercise price	Number of underlying shares	Weighted average exercise price
Options outstanding, January 1	6.54	2,735,869	\$ 15.00	2,360,605	\$ 16.51
Granted		454,511	11.28	641,553	8.03
Exercised		(172,255)	8.56	(157,460)	8.31
Forfeited		(264,699)	17.21	(108,829)	16.37
Options outstanding, December 31	6.08	<u>2,753,426</u>	\$ 14.57	<u>2,735,869</u>	\$ 15.00
Options vested and exercisable		<u>1,689,084</u>		<u>1,597,348</u>	

The exercise price was equal to the market price of Cineplex shares at the grant date.

At December 31, 2025 and 2024, options are vested and exercisable as follows:

	2025	2024
Options vested and exercisable at \$8.03	143,195	—
Options vested and exercisable at \$8.71	174,461	87,742
Options vested and exercisable at \$13.39	133,370	103,177
Options vested and exercisable at \$12.41	93,647	126,316
Options vested and exercisable at \$12.87	226,784	194,414
Options vested and exercisable at \$8.25	244,316	319,458
Options vested and exercisable at \$25.05	381,531	444,601
Options vested and exercisable at \$33.59	291,780	321,640
Options vested and exercisable	<u>1,689,084</u>	<u>1,597,348</u>

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The fair value of options granted during the year ended December 31, 2025 and 2024 were determined using the Black-Scholes valuation model using the following significant inputs:

	December 31, 2025	December 31, 2024
Number of options granted	454,511	641,553
Share price on grant date	\$ 11.28	\$ 8.03
Exercise price	\$ 11.28	\$ 8.03
Expected option life (years)	4.0	4.0
Volatility	37.0 %	39.85 %
Annual risk-free rate	2.84 %	3.86 %
Fair value of options granted	\$ 3.71	\$ 2.92

Upon cashless exercises, the options exercised in excess of Shares issued are cancelled and returned to the pool available for future grants. At December 31, 2025, 1,642,227 options (2024 - 813,258) are available for grant.

RSU and PSU awards

The grants of Share equivalents were as follows:

	PSU Share equivalents granted	RSU Share equivalents granted	PSU Share equivalents minimum payout	PSU Share equivalents maximum payout
2025 LTIP awards granted in Q1 2025	299,250	404,536	—	598,500
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

RSU

During the first quarter of 2025, Cineplex issued 404,536 equity-settled RSUs with a fair value of \$11.28 per unit (total fair value of \$4,563 on issuance). The fair value was initially assessed based on Cineplex's closing Common Share price on the grant date. The RSUs issued will vest in the third quarter of 2027.

A summary of RSU activities during the years ended December 31, 2025 and 2024 is as follows:

	2025	2024
RSUs outstanding, January 1	911,687	709,517
Granted	404,536	541,347
Settled	(462,733)	(265,967)
Forfeited	(149,743)	(73,210)
RSUs outstanding, December 31	703,747	911,687

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PSU

During the first quarter of 2025, Cineplex issued 299,250 equity settled PSUs with a fair value of \$11.28 per unit (total fair value of \$3,376 on issuance). The fair value was assessed based on Cineplex's closing Share price on the grant date. The PSU awards issued will vest in the third quarter of 2027.

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 fully paid Common Shares 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.

A summary of PSU activities during the years ended December 31, 2025 and 2024 is as follows:

	2025	2024
PSUs outstanding, January 1	673,402	468,885
Granted	299,250	381,265
Settled	(328,838)	(104,471)
Forfeited	(49,766)	(72,277)
PSUs outstanding, December 31	594,048	673,402

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 recovery of \$4,334 for the year ended December 31, 2025 (2024 - \$7,408) under the Incentive Plan relating to RSUs and PSUs. At December 31, 2025, \$6,119 (2024 - \$4,653) was included in share-based compensation liability and \$584 in contributed surplus (2024 - \$3,185).

Deferred equity units

Members of the 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 recovery of \$1,419 during the year ended December 31, 2025 (2024 - \$2,516 expense) associated with the deferred equity units. At December 31, 2025, \$6,330 (2024 - \$8,036) was included in non-current share-based compensation liability.

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14. Lease obligations

The following table presents lease obligations for Cineplex for the year ended December 31, 2025 and 2024:

	<u>Property</u>	<u>Equipment</u>	<u>Total</u>
Year ended December 31, 2025			
Opening balance	\$ 1,056,863	\$ 42,311	\$ 1,099,174
Additions	1,588	41	1,629
Extensions and modifications	72,399	—	72,399
Disposals from discontinued operations	(816)	(35,346)	(36,162)
Tenant inducements	8,459	—	8,459
Lease payments	(161,677)	(8,130)	(169,807)
Interest expense from continuing operations	71,833	71	71,904
Interest expense from discontinued operations	44	1,909	1,953
Disposals from continuing operations	—	—	—
Closing lease obligations	\$ 1,048,693	\$ 856	\$ 1,049,549
Less: current portion	82,131	353	82,484
Non-current portion from continuing operations	<u>\$ 966,562</u>	<u>\$ 503</u>	<u>\$ 967,065</u>
	<u>Property</u>	<u>Equipment</u>	<u>Total</u>
Year ended December 31, 2024			
Opening balance	\$ 1,072,097	\$ 6,337	\$ 1,078,434
Additions	2,478	43,344	45,822
Extensions and modifications	67,067	—	67,067
Tenant inducements	4,976	—	4,976
Lease payments	(160,355)	(10,165)	(170,520)
Interest expense from continuing operations	70,545	92	70,637
Interest expense from discontinued operations	54	2,703	2,757
Disposals	1	—	1
Closing lease obligations	\$ 1,056,863	\$ 42,311	\$ 1,099,174
Less: current portion	79,499	9,170	88,669
Non-current portion from continuing operations	<u>\$ 977,364</u>	<u>\$ 33,141</u>	<u>\$ 1,010,505</u>

Current portion of lease obligations are net of estimated tenant inducements.

The following table discloses the undiscounted cash flow for lease obligations as of December 31:

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	2025	2024
		(Revised - Note 2)
Less than one year	\$ 162,889	\$ 170,140
One to five years	632,055	623,173
More than five years	662,266	677,270
Total undiscounted lease obligations	<u>\$ 1,457,210</u>	<u>\$ 1,470,583</u>

The following table provides the lease amounts recognized in the statement of operations for the periods ended December 31:

	2025	2024
		(Revised - Note 2)
Depreciation expense on right-of-use assets	\$ 81,896	\$ 83,962
Interest expense on lease obligations	\$ 71,904	\$ 70,637
Expense relating to variable lease payments not included in the measurement of the lease obligations (i)	\$ 56,237	\$ 50,946

(i) Variable lease payments include realty taxes and insurance.

Cineplex conducts a significant part of its operations in leased premises. Leased premises include leases for theatre locations, location-based entertainment venues, and offices. Cineplex also leases equipment for use in its theatre operations and offices. Leases for premises generally provide for minimum rentals and, in certain situations, percentage rentals based on sales volume or other identifiable targets; and may require the tenant to pay a portion of realty taxes and other property operating expenses. Property lease terms generally range from 15 to 20 years and contain various renewal options, generally, in intervals of 5 to 10 years. Equipment lease terms generally range from 1 to 5 years and may contain renewal options.

Some of the property leases in which Cineplex is the lessee contain fixed lease payments and variable lease payments that are derived from sales or attendance generated from the leased properties. Variable payments related to these leases for the period ended December 31, 2025 were \$915.

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15. Long-term debt

Long-term debt consists of the following as at December 31, 2025, and December 31, 2024:

	December 31, 2025		December 31, 2024	
	Book Value (i)	Face Value	Book Value (i)	Face Value
Credit Facilities	\$ —	\$ —	\$ —	\$ —
Convertible Debentures - 7.75% due March 1, 2030	169,101	216,250	161,468	216,250
Notes Payable - 7.625% due March 31, 2029	575,000	575,000	575,000	575,000
Total	<u>\$ 744,101</u>	<u>\$ 791,250</u>	<u>\$ 736,468</u>	<u>\$ 791,250</u>

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

Interest expense

	Full Year	
	2025	2024
		(Revised - Note 2)
Interest expense on long-term debt	\$ 61,860	\$ 60,859
Lease interest expense (i)	72,087	68,951
Financing fees	55	823
Sub-total - cash interest expense from continuing operations	<u>\$ 134,002</u>	<u>\$ 130,633</u>
Deferred financing fee and other non cash interest	147	142
Lease interest - non-cash	(183)	1,686
Accretion expense on Debentures and Notes Payable	7,632	10,527
Interest rate swap - non-cash	—	(1,020)
Sub-total - non-cash interest expense from continuing operations	<u>7,596</u>	<u>11,335</u>
Total interest expense from continuing operations	<u>\$ 141,598</u>	<u>\$ 141,968</u>
Total cash interest paid from continuing operations	<u>\$ 134,061</u>	<u>\$ 119,263</u>

(i) Represents total cash interest paid and accrued cash interest related to lease obligations.

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 Agreement provides for a new \$100 million “covenant-lite” revolving credit facility with a maturity date of March 4, 2027 (the “2024 Credit Facility”).

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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 requires 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	\$ 100,000	\$ —	\$ 7,748	\$ 92,252

At December 31, 2025, Cineplex was subject to a margin of 3.25% (2024 - 3.25%) on the prime rate and margin of 4.25% (2024 - 4.25% on bankers' acceptances) on the CORRA advances and SOFR advances, plus a 0.25% (2024 - 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 0.85% at December 31, 2025 (2024 - 0.85%).

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 Common Shares 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

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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 date 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 \$54,348 (\$70,191 net of \$15,843 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*.

Unaccreted deferred financing fees and discount as at December 31, 2025 related to the 7.75% Convertible Debentures due March 1, 2030 is \$47,149.

Cineplex recorded cash interest expense of \$16,694 on the Debentures during the year ended December 31, 2025 (2024 - \$16,821) and recorded accretion expense of \$7,632 during the year ended December 31, 2025 (2024 - \$10,142), both of which are included as part of the interest expense in the consolidated statement of operations. As at December 31, 2025, Cineplex has \$216,250 principal amount of Convertible Debentures outstanding.

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Notes Payable

During the year ended December 31, 2025, Cineplex recorded cash interest expense on the Notes Payable \$43,844 (2024 - \$39,432) and Cineplex recorded accretion expense during the year ended December 31, 2025 of nil (2024 - \$385), both of which are included as part of interest expense in the consolidated statement of operations. As at December 31, 2025, Cineplex has \$575,000 principal amount of 2024 Notes outstanding. Cineplex's derivative financial instrument on the outstanding 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 is consistent with accepted methods for valuing financial instruments, and is categorized as level 2 in the fair value hierarchy. Cineplex has estimated the fair value of this embedded derivative at \$18,380 as at December 31, 2025 (2024 - \$19,420) 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 \$575,000 aggregate principal amount of 7.625% senior secured notes due March 31, 2029 (the "2024 Notes"). 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 January 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 each twelve-month period prior to an anniversary of the issue date until January 31, 2026, Cineplex may, at its option, redeem up to 10% of the aggregate principal amount of the 2024 Notes at a redemption price equal to 103% of the aggregate principal amount of the 2024 Notes, plus accrued and unpaid interest thereon to the applicable redemption date; provided that at least \$300.0 million aggregate principal amount of the 2024 Notes remains outstanding immediately after the occurrence of each such redemption. 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, which includes purchasing assets used in business operations or making capital expenditures within 365 days of receipt thereof, Cineplex may be required to 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.

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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 which may include requirements for cumulative Adjusted EBITDA to exceed 1.75x cumulative Fixed Charges, and maintaining a Fixed Charge Coverage Ratio greater than 2 to 1.

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 and 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.

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16. Post-employment benefit obligations

Cineplex sponsors a defined benefit supplementary executive retirement plan (“DB SERP”). The DB SERP has a defined benefit obligation of \$7,457 at December 31, 2025 (December 31, 2024 - \$7,748), which is substantially unfunded. Annual benefits payable are \$650 upon retirement of the sole beneficiary. The DB SERP does not have a material effect on the operations or cash flows of Cineplex.

Cineplex also sponsors the Retirement Plan for Salaried Employees of Famous Players Limited Partnership, a defined benefit pension plan, and the Famous Players Retirement Excess Plan (collectively known as the “Famous Players Plans”). Effective October 23, 2005, Cineplex elected to freeze future accrual of defined benefits under the Famous Players Plans. The Famous Players Plans do not have a material effect on the operations, cash flows or financial position of Cineplex.

Cineplex also provides a group registered retirement plan for the benefit of full-time employees.

The net post-retirement benefit obligation for each of the plans is as follows:

	2025	2024
DB SERP obligation, net of assets	\$ 5,466	\$ 5,757
Famous Players Plans obligations	1,555	1,132
Net post-retirement benefit obligation	<u>\$ 7,021</u>	<u>\$ 6,889</u>

Reconciliation of the net post-retirement benefit obligations

	2025	2024
Accrued benefit obligations		
Balance - Beginning of year	\$ 8,880	\$ 9,105
Past service cost - vested benefits	509	—
Interest cost	427	416
Benefits paid	(126)	(119)
Actuarial gains	(678)	(522)
Balance - End of year	<u>\$ 9,012</u>	<u>\$ 8,880</u>
Less: Fair value of plan assets	<u>\$ 1,991</u>	<u>\$ 1,991</u>
Net post-retirement benefit obligation	<u>\$ 7,021</u>	<u>\$ 6,889</u>

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Significant assumptions

	2025	2024
Accrued benefit obligations at December 31		
Discount rate - all plans	4.50% - 4.70%	4.40 %
Health care cost trend rates at December 31		
Initial rate	3.60% - 4.00%	4.00 %
Ultimate rate	3.60% - 4.00%	4.00 %
Year ultimate rate reached	2041	2041

Sensitivity analysis

The following table shows the impact of a 1% increase or decrease of the discount rate on the defined benefit obligation at the end of the year.

	2025	2024
Impact of 1% increase in the discount rate	\$ (740)	\$ (753)
Impact of 1% decrease in the discount rate	\$ 850	\$ 869

17. Other liabilities

Other liabilities consist of the following:

	2025	2024
Asset retirement obligations	\$ 2,369	\$ 2,468
Licensing obligations - non-current	—	167
Deferred consideration - AMC business acquisition	3,134	3,134
Other, including provisions	110	120
	<u>\$ 5,613</u>	<u>\$ 5,889</u>

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18. Share capital

Cineplex is authorized to issue an unlimited number of common shares and 10,000,000 preferred shares of which none are outstanding.

Share capital balances at December 31, 2025 and 2024 and transactions during the periods are as follows:

2025		Amount
	Number of Common Shares issued and outstanding	Share capital
Balance - December 31, 2024	63,423,010	\$ 853,667
Issuance of Common Shares on exercise of options	52,065	530
Issuance of shares on settlement of RSU/PSU units	627,867	5,545
Shares repurchased and cancelled under the normal course issuer bid	(636,602)	(8,624)
Balance - December 31, 2025	63,466,340	\$ 851,118

2024		Amount
	Number of Common Shares issued and outstanding	Share capital
Balance - December 31, 2023	63,684,281	856,696
Issuance of shares on exercise of options	50,863	491
Issuance of shares on settlement of RSU/PSU	308,141	4,960
Shares repurchased and cancelled under the normal course issuer bid	(620,275)	(8,480)
Balance - December 31, 2024	63,423,010	\$ 853,667

19. Revenue

The following tables disclose the changes in deferred revenue and other for the year ended December 31, 2025 and 2024:

	December 31, 2024	Additions	Recognized	Disposals from discontinued operations	December 31, 2025
Gift cards	\$ 152,368	\$ 90,767	\$ 92,574	\$ —	\$ 150,561
SCENE loyalty program	11,962	—	2,166	—	9,796
Advances, deposits and other	25,659	68,848	58,560	10,328	25,619
	<u>\$ 189,989</u>	<u>\$ 159,615</u>	<u>\$ 153,300</u>	<u>\$ 10,328</u>	<u>\$ 185,976</u>

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	December 31, 2023	Additions	Recognized	December 31, 2024
Gift cards	\$ 161,608	\$ 96,677	\$ 105,917	\$ 152,368
SCENE loyalty program	15,987	—	4,026	11,961
Advances, deposits and other	19,734	47,431	41,505	25,660
	<u>\$ 197,329</u>	<u>\$ 144,108</u>	<u>\$ 151,448</u>	<u>\$ 189,989</u>

Deferred revenue consists mainly of unearned revenue relating to gift cards and the CineClub subscription program. The majority of deferred revenue is expected to be redeemed within one year from issuance. \$153,300 included at the beginning of the period was recognized as revenue year to date.

SCENE loyalty program deferred revenue balance relates to SCENE point obligations issued up to December 12, 2021. New Scene+ points issued are recognized as advertising and promotion in other costs in the Consolidated Statement of Operations and are not reflected in deferred revenue on the balance sheet.

The following tables provide the disaggregation of revenue into categories by nature for the years ended December 31, 2025 and 2024:

Box revenues

	Year ended December 31,	
	2025	2024
Box office revenues	<u>\$ 560,587</u>	<u>\$ 562,151</u>

Food service revenues

	Year ended December 31,	
	2025	2024
Food service - theatres	\$ 410,010	\$ 406,784
Food delivery - theatres	9,599	7,802
Food service - location-based entertainment (LBE)	50,258	47,466
Total food service revenues	<u>\$ 469,867</u>	<u>\$ 462,052</u>

Media revenues

	Year ended December 31,	
	2025	2024
Cinema media	<u>\$ 89,502</u>	<u>\$ 79,149</u>

Amusement revenues

	Year ended December 31,	
	2025	2024
Amusement revenue - theatres	\$ 13,344	\$ 14,867
Amusement revenue - LBE	88,246	77,824
Total amusement revenues	<u>\$ 101,590</u>	<u>\$ 92,691</u>

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Other revenues	Year ended December 31,	
	2025	2024
Online booking fees	\$ 22,225	\$ 22,184
Other revenues	40,995	56,529
Total Other revenues	<u>\$ 63,220</u>	<u>\$ 78,713</u>

20. Other costs

	Year ended December 31,	
	2025	2024
		(Revised - Note 2)
Variable rent	\$ 915	\$ 1,110
Realty and occupancy taxes and maintenance fees	78,605	74,498
Utilities	33,442	31,820
Services including operating facilities cleaning, maintenance and security	61,152	59,255
Other inventories consumed, including amusement	14,336	17,878
Repairs and maintenance	45,362	47,233
Advertising and promotion	42,880	41,991
Office and operating supplies	12,118	11,574
Licenses and franchise fees	9,990	15,996
Insurance	7,227	5,705
Professional and consulting fees	6,905	8,741
Telecommunications and data	4,106	4,826
Bad debts	577	470
Equipment rental	1,556	1,898
Business interruption insurance proceeds	(263)	(16)
Other costs	7,934	8,891
	<u>\$ 326,842</u>	<u>\$ 331,870</u>

Cineplex Inc.

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21. Earnings (loss) per share

Basic

Basic earnings (loss) per share is calculated by dividing the net loss by the weighted average number of shares outstanding during the period.

	Year ended December 31,	
	2025	2024 (Revised - Note 2)
Net loss from continuing operations	\$ (36,924)	\$ (104,162)
Weighted average number of shares outstanding	63,472,046	63,585,187
Loss per share from continuing operations - basic	\$ (0.58)	\$ (1.64)
Earnings per share from discontinued operations - basic	\$ 0.00	\$ 1.05
Earnings (loss) per share - basic	\$ (0.58)	\$ (0.59)

Diluted

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the outstanding shares for the period), based on the monetary value of the rights attached to the potentially dilutive shares. The number of shares calculated above is compared with the number of shares that would have been issued assuming exercise of conversions, exchanges or options. For the periods ended December 31, 2025 and 2024, the options and debentures are anti-dilutive and the anti-dilutive shares that have been excluded in the current period were 21,313,183 potential shares that would be issued under the if-converted method relating to debenture units outstanding.

	Year ended December 31,	
	2025	2024 (Revised - Note 2)
Net loss from continuing operations	\$ (36,924)	\$ (104,162)
Weighted average number of shares for diluted EPS	63,472,046	63,585,187
Loss per share from continuing operations - diluted	\$ (0.58)	\$ (1.64)
Earnings per share from discontinued operations - diluted	\$ 0.00	\$ 1.05
Earnings (loss) per share - diluted	\$ (0.58)	\$ (0.59)

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22. Operating segments

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 managed separately due to their distinct natures. These three reportable segments have been determined by Cineplex's chief operating decision makers. The Film Entertainment and Content reporting segment does not charge an access fee to the Media reporting segment. All other inter-segment transactions are eliminated in the Corporate and other category, which includes all corporate general and administrative costs not directly associated with a segment.

Film Entertainment and Content

The Film Entertainment and Content reporting segment includes all direct and ancillary revenues from theatre attendance, including box office and food service revenues and the associated costs to provide those products and services. Also included in the Film Entertainment and Content segment are in-theatre amusement, theatre rentals and digital commerce rental and sales and associated costs.

Media

The Media reporting segment is comprised of advertising revenues and costs, including pre-show, showtime and lobby advertising, as well as the commission on advertisement sales on digital out of home networks. This segment previously included CDM prior to its disposal.

Location-Based Entertainment

Location-based entertainment is comprised of the social entertainment destinations featuring gaming, entertainment and dining. These entertainment options are complemented with an upscale casual dining environment, featuring an open kitchen and contemporary menu, as well as a larger bar with a wide range of digital monitors and a large screen for watching sporting and other major events.

In accordance with IFRS 8, *Operating Segments*, Cineplex discloses information about its reportable segments based upon the measures used by management in assessing the performance of those reportable segments. Cineplex uses adjusted EBITDAaL to measure the performance of its reportable segments.

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 on disposal of assets, foreign exchange, and impairment, depreciation, amortization, interest and taxes of Cineplex's other joint ventures and associates, and other items that do not in management's view represent a factor relevant to the ongoing performance of the business such as the Competition Tribunal's administrative monetary penalty. Adjusted EBITDAaL modifies adjusted EBITDA to deduct current period cash rent paid or 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.

Cineplex's cash management and other treasury functions are centralized; interest expense not related to the lease obligations and interest income are not allocated to segments. Income taxes are accounted for by entity, and cannot be attributable to individual segments. Cineplex does not report balance sheet information by segment because that information is not used to evaluate performance or allocate resources between segments.

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The following tables disclose the results of the Film Entertainment and Content, Media, and Location-Based Entertainment segments for the year ended December 31, 2025 and 2024.

	Film Entertainment and Content (i)	Media (i)	Location- Based Entertainment	Corporate and other (iii)	Consolidated Continuing Operations	Discontinued Operations Media (CDM)
Year ended December 31, 2025						
Major product and service lines						
Box office	\$ 560,587	\$ —	\$ —	\$ —	\$ 560,587	\$ —
Food service	419,609	—	50,258	—	469,867	—
Media	—	88,671	831	—	89,502	44,580
Amusement	13,344	—	88,246	—	101,590	—
Other	60,701	—	2,519	—	63,220	—
Total revenues	\$ 1,054,241	\$ 88,671	\$ 141,854	\$ —	\$ 1,284,766	\$ 44,580
Timing of revenue recognition						
Transferred at a point in time	\$ 1,054,241	\$ 755	\$ 141,854	\$ —	\$ 1,196,850	\$ 16,507
Transferred over time	—	87,916	—	—	87,916	28,073
Total revenues	\$ 1,054,241	\$ 88,671	\$ 141,854	\$ —	\$ 1,284,766	\$ 44,580
Film cost	\$ 307,326	\$ —	\$ —	\$ —	\$ 307,326	\$ —
Cost of food service	96,347	—	14,007	—	110,354	—
Employee wages, salaries and benefits	164,109	13,293	48,436	60,108	285,946	15,332
Occupancy (incl. cash lease payments)	220,748	35	23,040	3,829	247,652	544
Other Expenses	193,128	3,981	33,798	11,021	241,928	28,224
	\$ 981,658	\$ 17,309	\$ 119,281	\$ 74,958	\$ 1,193,206	\$ 44,100
Adjusted EBITDAaL	\$ 72,583	\$ 71,362	\$ 22,573	\$ (74,958)	\$ 91,560	\$ 480
Difference between the sum of depreciation of right-of-use assets and interest expense related to the lease obligations as compared to the cash rent paid or payable related to lease obligations with respect to the current period:					(7,768)	2,317
Other adjustments (ii)					2,148	488
Depreciation and amortization - other assets					78,160	2,523
Interest expense - other					69,694	24
Interest income					(870)	—
Gain on the sale of discontinued operations					—	(3,263)
Provision for income taxes					(12,880)	(1,300)
Net loss from continuing operations					\$ (36,924)	\$ (309)
Other operating segment disclosures						
Depreciation - right-of-use assets	\$ 75,730	\$ —	\$ 5,779	\$ 387	\$ 81,896	\$ 8,278
Depreciation and amortization - other assets	\$ 57,386	\$ —	\$ 20,774	\$ —	\$ 78,160	\$ 2,523
Interest expense - lease obligations	\$ 64,122	\$ —	\$ 7,176	\$ 606	\$ 71,904	\$ 1,953
Goodwill balance	\$ 413,915	\$ 161,699	\$ —	\$ —	\$ 575,614	\$ 44,686

(i) The Film Entertainment and Content reporting segment does not charge an access fee to the Media reporting segment for in-theatre advertising.

(ii) Other adjustments include change in fair value of financial instruments, loss on extinguishment of debt, (loss)/gain on disposal of assets, foreign exchange, depreciation and amortization for joint ventures, and taxes and interest - joint ventures.

(iii) Corporate and other represents the cost of centralized corporate overhead.

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	Film Entertainment and Content (i)	Media (i)	Location- Based Entertainment	Corporate and other (iii)	Consolidated Continuing Operations	Discontinued Operations Amusement Solutions (PIAG & CDM)
Year ended December 31, 2024						
Major product and service lines						
Box office	\$ 562,151	\$ —	\$ —	\$ —	\$ 562,151	\$ —
Food service	414,586	—	47,466	—	462,052	—
Media	—	78,119	1,030	—	79,149	55,682
Amusement	14,867	—	77,824	—	92,691	14,743
Other	76,418	—	2,295	—	78,713	—
Total revenues	\$ 1,068,022	\$ 78,119	\$ 128,615	\$ —	\$ 1,274,756	\$ 70,425
Timing of revenue recognition						
Transferred at a point in time	\$ 1,068,022	\$ 722	\$ 128,615	\$ —	\$ 1,197,359	\$ 33,496
Transferred over time	—	77,397	—	—	77,397	36,929
Total revenues	\$ 1,068,022	\$ 78,119	\$ 128,615	\$ —	\$ 1,274,756	\$ 70,425
Film cost	\$ 303,926	\$ —	\$ —	\$ —	\$ 303,926	\$ —
Cost of food service	95,009	—	13,117	—	108,126	—
Employee wages, salaries and benefits	161,035	12,427	43,780	61,344	278,586	20,719
Occupancy (incl. cash lease payments)	219,185	34	18,380	3,779	241,378	552
Other Expenses	201,302	3,787	33,586	14,074	252,749	45,370
	\$ 980,457	\$ 16,248	\$ 108,863	\$ 79,197	\$ 1,184,765	\$ 66,641
Adjusted EBITDAaL	\$ 87,565	\$ 61,871	\$ 19,752	\$ (79,197)	\$ 89,991	\$ 3,784
Difference between the sum of depreciation of right-of-use assets and interest expense related to the lease obligations as compared to the cash rent paid or payable related to lease obligations with respect to the current period:					(6,150)	2,748
Other adjustments (ii)					41,090	(1,701)
Provision for Competition Tribunal's administrative monetary policy					39,215	—
Depreciation and amortization - other assets					80,343	3,446
Interest expense - other					71,331	164
Interest income					(1,356)	—
Gain on the sale of discontinued operations					—	(67,156)
Provision for income taxes					(30,320)	(198)
Net (loss) income from continuing operations and discontinued operations					\$ (104,162)	\$ 66,481
Other operating segment disclosures						
Depreciation - right-of-use assets	\$ 77,891	\$ —	\$ 5,634	\$ 437	\$ 83,962	\$ 10,198
Depreciation and amortization - other assets	\$ 62,936	\$ —	\$ 17,407	\$ —	\$ 80,343	\$ 3,446
Interest expense - lease obligations	\$ 62,701	\$ —	\$ 7,244	\$ 692	\$ 70,637	\$ 2,826
Goodwill balance	\$ 413,915	\$ 161,699	\$ —	\$ —	\$ 575,614	\$ 44,686

(i) The Film Entertainment and Content reporting segment does not charge an access fee to the Media reporting segment for in-theatre advertising.

(ii) Other adjustments include change in fair value of financial instruments, loss on extinguishment of debt, (loss)/gain on disposal of assets, foreign exchange, depreciation and amortization for joint ventures, and taxes and interest - joint ventures.

(iii) Corporate and other represents the cost of centralized corporate overhead.

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23. 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.

Joint ventures

Cineplex performs certain management services for the joint ventures in which it is either a joint venturer or an associate. During the year ended December 31, 2025, Cineplex earned revenue of \$708 for these services (2024 - \$528).

Cineplex incurred marketing expenses related to Scene+ point issuances from Scene LP in the amount of \$25,719 for the year ended December 31, 2025 (2024 - \$24,462).

Compensation of key management

Compensation recognized in employee benefits for key management, who are defined as the Named Executive Officers, included:

	2025	2024
Salaries and short-term employee benefits	\$ 4,394	\$ 4,436
Post-employment benefits	86	118
Share-based compensation	3,168	4,002
	<u>\$ 7,648</u>	<u>\$ 8,556</u>

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24. Changes in operating assets and liabilities

The following summarizes the changes in operating assets and liabilities:

	Year ended December 31,	
	2025	2024 (Revised - Note 2)
Trade and other receivables	\$ (9,726)	\$ (15,452)
Inventories	538	(1,213)
Prepaid expenses and other current assets	(2,744)	(12,914)
Accounts payable and accrued liabilities	6,565	66,134
Income taxes receivable	56	(2,796)
Deferred revenue	1,465	(8,360)
Post-employment benefit obligations	348	(128)
Share-based compensation	(241)	8,242
Other liabilities	(197)	(235)
	<u>\$ (3,936)</u>	<u>\$ 33,278</u>

Property, equipment and leasehold purchases included in accounts payable and accrued liabilities as at December 31, 2025, are \$6,379 (2024 - \$20,298).

25. Commitments and contingencies

Commitments

As of December 31, 2025, Cineplex has aggregate capital commitments as follows:

Capital commitments for operating locations to be completed or renovated during 2026	\$ 8,029
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Contingencies

Provision: 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, alleging that Cineplex's online booking fee was misleading and constituted "drip pricing". The Competition Bureau did not contest Cineplex's right to charge the online booking fee; it only contested the manner in which the online booking fee was presented to consumers.

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This matter was heard by the Competition Bureau in February, 2024. On September 23, 2024, the Competition Tribunal issued a decision in the Competition Bureau's favour requiring Cineplex to pay an administrative penalty of \$38,978 plus certain legal and other costs.

On September 23, 2024, Cineplex announced its intention to appeal the Tribunal's decision, and reiterated its belief that the online booking fee fully complied with the letter and spirit of the law. On October 23, 2024, Cineplex filed a Notice of Appeal with the Federal Court of Appeal and, with the Competition Bureau's consent, was granted a stay regarding payment of the administrative monetary penalty, pending the Federal Court of Appeal's decision on Cineplex's appeal.

Cineplex's appeal was heard by the Federal Court of Appeal on October 8, 2025. On January 23, 2026, the Federal Court of Appeal upheld the September 2024 decision of the Competition Tribunal, including the \$39,215 administrative monetary penalty and costs. Cineplex respectfully disagrees with the Federal Court of Appeal's decision and intends to seek leave to appeal to the Supreme Court of Canada, together with a request for an interim stay regarding payment of the administrative monetary penalty and costs.

Notwithstanding Cineplex's intention to seek leave to appeal to the Supreme Court of Canada, an amount of \$39,215 has been accrued in Cineplex's consolidated financial statements in relation to the Competition Tribunal order and related online booking fee matters.

Contingent liability: 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 December 31, 2025.

26. Financial instruments

Fair value of financial instruments

The carrying value and fair value of Cineplex's financial instruments at December 31, 2025 and 2024 are as follows:

Liability (Asset)	Input level	2025		2024	
		Carrying value	Fair value	Carrying value	Fair value
Convertible debentures	1	239,292	279,244	231,659	297,603
Notes payable	2	575,000	598,075	575,000	601,749
Credit Facility	2	—	—	—	—
Other liabilities - equipment liabilities	2	93	93	249	249
Deferred consideration - AMC	2	3,134	3,134	3,134	3,134
Embedded derivative on notes payable	2	18,380	18,380	19,420	19,420

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Cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities and dividends payable are reflected in the consolidated financial statements at carrying values that approximate fair values because of the short-term maturities of these financial instruments.

The Credit Facility bank debt is considered a Level 2 fair value measurement. The carrying value of the Credit Facility reflects the fair value, as the debt bears floating interest at market rates.

The equipment liabilities are recorded at amortized cost, as derived from expected cash outflows and Cineplex's estimated incremental borrowing rate at the date of entering into the lease arrangement, 7.8%. The equipment liabilities are included in accounts payable and accrued liabilities (current portion) and in other liabilities on the balance sheet.

The deferred consideration for AMC (an undiscounted amount of \$3,134 based on estimated non-capital losses arising from the 2012 acquisition of AMC Ventures Inc.) is recorded at fair value and included in other liabilities (note 17, Other liabilities). There was no change in fair value of \$3,134 for the year ended December 31, 2025.

The convertible debentures are publicly traded on the TSX, and are recorded at amortized cost (note 15, Long-term debt).

The notes payable are publicly traded and are recorded at amortized cost based on Cineplex's expected cash outflows and reflects a monthly effective interest rate of 0.64% (note 15, Long-term debt).

The fair market value of the embedded derivative on notes payable was determined using an option pricing model with observable market inputs consistent with accepted methods for valuing financial instruments (note 15, Long-term debt).

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical financial assets or financial liabilities that Cineplex has the ability to access.

Fair values determined by Level 2 inputs use inputs other than the quoted prices included in Level 1 that are observable for the financial asset or financial liability, either directly or indirectly. Level 2 inputs include quoted prices for similar financial assets and financial liabilities in active markets, and inputs other than quoted prices that are observable for the financial assets or financial liabilities. Cineplex uses market interest rates and yield curves that are observable at commonly quoted intervals in the valuation of its interest rate swap agreements. The derivative positions are valued using models developed internally by the respective counterparty that uses as its basis readily observable market parameters (such as forward yield curves) and are classified within Level 2 of the valuation hierarchy. Cineplex considers its own credit risk as well as the credit risk of its counterparties when evaluating the fair value of its derivatives.

Level 3 inputs are unobservable inputs for the financial asset or financial liability, and include situations where there is little, if any, market activity for the financial asset or financial liability. Cineplex's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the financial asset or financial liability.

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Credit risk

Credit risk is the risk of financial loss to Cineplex if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Management believes the credit risk on cash and cash equivalents is low because the counterparties are banks with high credit ratings.

Accounts receivable include trade and other receivables. Trade receivables are amounts billed to customers for the sales of goods and services, and represent the maximum exposure to credit risk of those financial assets, exclusive of the expected credit loss. Normal credit terms for amounts due from customers call for payment within 30 to 45 days. Other receivables include amounts due from suppliers and landlords and other miscellaneous amounts. Cineplex's credit risk is primarily related to its trade receivables, as other receivables generally are recoverable through ongoing business relationships with the counterparties.

Cineplex grants credit to customers in the normal course of business. Cineplex typically does not require collateral or other security from customers; however, credit evaluations are performed prior to the initial granting of credit when warranted and periodically thereafter. Cineplex records a reserve for estimated uncollectible amounts, which management believes reduces credit risk. See note 28, Significant accounting policies, judgments and estimation uncertainty, for Cineplex's policy on impairment of financial assets.

The following schedule reflects the balance and age of trade receivables at December 31, 2025 and 2024:

	2025	2024
Trade receivables carrying value	\$ 81,931	\$ 95,444
Percentage past due	20%	21%
Percentage outstanding more than 120 days	1%	3%

The following schedule reflects the changes in the expected credit loss for trade receivables during the years ended December 31, 2025 and 2024:

	2025	2024
Expected credit loss for trade receivables - Beginning of year	\$ 301	\$ 469
Expected credit loss (reversed) or recorded	289	35
Amounts written off	(72)	(203)
Disposals from discontinued operations	86	—
Expected credit loss for trade receivables - End of year	<u>\$ 375</u>	<u>\$ 301</u>

Due to Cineplex's diversified client base, management believes Cineplex does not have a significant concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that Cineplex will encounter difficulty in meeting obligations associated with its financial liabilities.

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The table below reflects the contractual maturity of Cineplex's undiscounted cash flows for its financial liabilities and interest rate swap agreements:

Contractual obligations	2025				
	Payments due by period				
	Total	Within 1 year	2 - 3 years	4 - 5 years	After 5 years
Accounts payable and accrued liabilities	\$ 222,956	\$ 222,956	\$ —	\$ —	\$ —
Equipment obligations	93	93	—	—	—
Deferred consideration - AMC	3,134	—	3,134	—	—
Convertible debentures	216,250	—	—	216,250	—
Convertible debentures interest	69,792	16,759	33,565	19,468	—
Notes payable	575,000	—	—	575,000	—
Notes payable interest	142,463	43,844	87,808	10,811	—
Total contractual obligations	\$1,229,688	\$ 283,652	\$ 124,507	\$ 821,529	\$ —

Contractual obligations	2024				
	Payments due by period				
	Total	Within 1 year	2 - 3 years	4 - 5 years	After 5 years
Accounts payable and accrued liabilities	\$ 236,612	\$ 236,612	\$ —	\$ —	\$ —
Equipment obligations	249	156	93	—	—
Deferred consideration - AMC	3,134	—	3,134	—	—
Convertible debentures	216,250	—	—	—	216,250
Convertible debentures interest	86,552	16,759	33,519	33,565	2,709
Notes payable	575,000	—	—	575,000	—
Notes payable interest	186,307	43,844	87,688	54,775	—
Total contractual obligations	\$1,304,104	\$ 297,371	\$ 124,434	\$ 663,340	\$ 218,959

Existing lease commitments are disclosed in note 14, Lease obligations. Cineplex also has significant new theatre and other capital commitments (note 25, Commitments and contingencies), as well as contingent obligations in the form of letters of credit, guarantees and the Incentive Plan for options, RSUs, and PSUs.

New capital commitments not funded through cash flows from operations will be funded through Cineplex's Revolving Facility. Management believes that Cineplex's cash flows from operations and the Revolving Facility will be adequate to support all of its financial liabilities.

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Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in foreign currency exchange rates.

The majority of Cineplex's revenues and expenses are in Canadian dollars. Management considers currency risk to be low and does not hedge its currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Cineplex is exposed to interest rate risk on its Credit Facility, which bears interest at floating rates. The majority of Cineplex's long-term debt bears interest at fixed rates that are not directly impacted by fluctuations of changes in market interest rates. Management considers the interest rate risk to be low and does not currently hedge its interest rate risk.

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27. Capital disclosures

Cineplex's objectives when managing capital are to:

- a) maintain financial flexibility to preserve its ability to meet financial obligations and growth objectives, including future investments;
- b) deploy capital to provide an appropriate investment return to its shareholders; and
- c) maintain a capital structure that allows multiple financing options, should a financing need arise.

Cineplex defines its capital as follows:

- a) equity;
- b) long-term debt, convertible debentures, notes payable and finance lease obligations, including the current portion;
- c) fair value of equipment liabilities, including the current portion; and
- d) cash and cash equivalents.

Where borrowings on the Credit Facility are less than the Utilization Threshold, distributions are limited to the Free Cash Flow. Where borrowings exceed the Utilization Threshold, distributions will be limited and only permitted when the Total Leverage ratio is less than 4.25 to 1 as required under Credit Facility, both prior to and immediately after giving effect to any such distribution.

Cineplex is subject to certain covenants on its credit facilities agreement, which defines certain non-GAAP terms and measures. 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. For additional details, see note 15, Long-term debt. Annual growth capital expenditures up to \$100,000 are permitted with no restrictions. Growth capital expenditures above \$100,000 are permitted subject to a pro forma Total Leverage covenant of 4.25 to 1, both prior to and immediately after giving effect to any such growth capital expenditures.

The basis for Cineplex's capital structure is dependent on Cineplex's expected growth and changes in the business and regulatory environments. To maintain or adjust its capital structure, Cineplex may purchase shares for holding or cancellation, issue new shares, raise debt or refinance existing debt with different characteristics.

Objectives and strategies are reviewed periodically by management. During 2021, Cineplex completed the offering of Notes Payable for \$250,000 aggregate principal amount and repaid its Term Facility in full. In 2022 and 2021, Cineplex's capital composition, objectives or strategies all changed in response to the substantial business challenges of COVID-19. During 2024, Cineplex completed its comprehensive refinancing plan resulting in the application of proceeds from the sale of PIAG, extended maturities, removed restrictions, and modified the relative composition of its long-term debt, convertible debentures, and notes payable. On November 7, 2025, Cineplex completed the sale of its digital place-based media division, CDM. The proceeds from the CDM Sale Transaction will be used for share repurchases under Cineplex's NCIB, debt reduction and for general corporate purposes, subject to certain restrictions under Cineplex's current debt agreements.

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28. Material accounting policies, judgments and estimation uncertainty

Material accounting policies

The material accounting policies used in the preparation of these consolidated financial statements are described below.

Basis of preparation and measurement

Cineplex prepares its consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying Cineplex’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the consolidated financial statements are disclosed later in this note.

These consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value, including derivative instruments and available-for-sale investments.

Reportable operating segments

Cineplex is comprised of three reportable operating segments, Film Entertainment and Content, Media, and Location-Based Entertainment. The reportable segments are business units offering differing products and services. Details of Cineplex’s three reportable operating segments are provided in (note 22, Operating segments).

Consolidation

Subsidiaries are all entities over which Cineplex has control. Cineplex controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to Cineplex. They are deconsolidated from the date that control ceases.

Cineplex applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by Cineplex. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Cineplex recognizes any non-controlling interest in the acquiree at fair value of the recognized amounts of the acquiree’s identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

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Any contingent consideration to be transferred by Cineplex is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of operations.

Inter-company transactions, balances and unrealized gains and losses on transactions between Cineplex entities are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with Cineplex's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Associates are all entities over which Cineplex has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. Cineplex's investment in associates includes goodwill identified on acquisition.

Cineplex determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, Cineplex calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the statement of operations.

Profits and losses resulting from upstream and downstream transactions between Cineplex and its associate are recognized in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by Cineplex.

Dilution gains and losses arising in investments in associates are recognized in the consolidated statement of operations.

Investments in joint ventures and associates

Investments in joint arrangements are classified either as joint operations and proportionately consolidated or as joint ventures or associates and equity-accounted, depending on the contractual rights and obligations of each investor.

Under the equity method of accounting, interests in joint ventures and associates are initially recognized at cost and adjusted thereafter to recognize Cineplex's share of the post-acquisition profits or losses and movements in OCI.

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When Cineplex's share of losses in a joint venture or an associate equals or exceeds its interests in that joint venture or associate (which includes any long-term interests that, in substance, form part of Cineplex's net investment in the joint ventures), Cineplex does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint venture or associate.

Unrealized gains on transactions between Cineplex and its joint ventures and associates are eliminated to the extent of Cineplex's interest in the joint ventures and associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by Cineplex.

Cineplex assesses at each year-end whether there is any objective evidence that its interests in joint ventures and associates are impaired. In determining the value-in-use of an investment, Cineplex estimates its share of the present value of the estimated cash flows expected to be generated by the joint venture or associate, including the cash flows from the operations of the joint venture or associate and the proceeds on the ultimate disposal of the investment, or the present value of the estimated future cash flows expected to arise from dividends to be received from the joint venture or associate and its ultimate disposal. If impaired, the carrying value of Cineplex's share of the underlying assets of joint ventures or associates is written down to its estimated recoverable amount (being the higher of fair value less costs of disposal and value in use) and charged to the consolidated statements of operations.

Cineplex has interests in a jointly controlled entity and accounts for its share of assets and liabilities, revenue and expenses of the joint operation. Cineplex conducts a portion of its business through Scene GP, a joint operation whereby the joint operation participants are bound by contractual agreements establishing joint control. Joint control exists when unanimous consent of the joint operation participants is required regarding strategic, financial and operating policies of the joint operation. Cineplex's share of results from Scene GP has been recognized in Cineplex's consolidated financial statements. Inter-company transactions between Cineplex and Scene GP are eliminated to the extent of Cineplex's interest. As part of the ongoing reorganization of Scene GP which began in December 2020, Cineplex and its loyalty partner launched Scene+ on December 13, 2021 and as a result, Cineplex began equity accounting for its then 50% economic interest in Scene LP, the operator of the Scene+ loyalty program. Cineplex holds a 1/3rd ownership interest in Scene LP as at December 31, 2025.

Foreign currency translation

Functional and presentation currency

Cineplex determines its subsidiaries' functional currency by reviewing the currency of the primary economic environment in which each entity operates (the "functional currency"). The functional currency of all entities of the Cineplex group is the Canadian dollar.

The consolidated financial statements are presented in Canadian dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at fiscal year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the consolidated statements of operations.

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Subsidiaries

The results and balance sheet of the subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates, and
- all resulting exchange differences are recognized in other comprehensive income.

Goodwill recognized on the acquisition of a subsidiary are treated as assets and liabilities of the subsidiary and translated at the closing rate.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash equivalents are readily converted into known amounts of cash, and are subject to an insignificant risk of changes in value.

Financial instruments

Financial assets and financial liabilities are recognized when Cineplex becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and Cineplex has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the contractual obligations are discharged, canceled or expire. Regular purchases and sales of financial assets are recognized on the trade-date, the date on which Cineplex commits to purchase or sell the asset.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the financial asset and settle the financial liability simultaneously.

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IFRS 9 contains three classification categories for financial assets and liabilities measured at amortized cost, fair value through profit or loss (“FVPL”) and fair value through other comprehensive income (“FVOCI”).

At initial recognition, Cineplex classifies its financial instruments in the following categories depending on the purpose for which the financial instruments were acquired:

- i. Financial assets and financial liabilities at FVPL: The only instruments held by Cineplex classified in this category are certain equipment purchase liabilities, and the deferred consideration payable for business combinations. Derivatives are included in this category unless they are designated as hedges.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statements of operations. Gains and losses arising from changes in fair value are presented in the consolidated statements of operations. Financial assets and financial liabilities at fair value through profit or loss are classified as current, except for the portion expected to be realized or paid beyond 12 months of the consolidated balance sheet date, which is classified as non-current. Financial assets and liabilities at FVPL are presented within changes in operating assets and liabilities in the consolidated statements of cash flows.

- ii. Financial assets and liabilities at amortized cost: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Cineplex’s loans and receivables comprise trade receivables and cash and cash equivalents, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method, less a provision for impairment.

Financial liabilities at amortized cost include trade payables, dividends and distributions payable, bank indebtedness and long-term debt and the non-derivative component of convertible debentures. Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method. Bank indebtedness and long-term debt, and the non-derivative component of convertible debentures are recognized initially at fair value, net of any transaction costs incurred and, subsequently, at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

Equity investments are required to be measured fair value with all changes recognized at FVPL. At initial recognition, Cineplex can make an irrevocable election to classify the instruments at FVOCI, with all subsequent changes in fair value being recognized in OCI. Cineplex has not classified any equity instruments at FVOCI.

- iii. Financial instruments at FVOCI: Cineplex ceased the use of hedge accounting for its interest rate swap agreements during the fourth quarter of 2019 as a result of the terms of the Arrangement Agreement. The interest rate swap are measured at fair market value at each reporting period with changes in fair market value recognized in the consolidated statement of operations.

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Impairment of financial assets

At each reporting date, Cineplex assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, Cineplex recognizes an impairment loss. IFRS 9 uses forward-looking Expected Credit Loss (“ECL”), Cineplex applies the impairment model to financial asset measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, expected credit losses will be measured on either of the following bases:

- i. 12-month ECLs which are ECLs that result from possible default events within 12 months after the reporting date; and
- ii. lifetime ECLs which are ECLs that result from all possible default events over the expected life of a financial instruments.

Cineplex applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss for all trade receivables. Impairment losses on financial assets carried at amortized cost or FVOCI are reversed in subsequent years if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Inventories

Inventories consist of food service inventories, gaming inventories and other inventories, including work in progress.

Food service inventories, merchandise that is used as redemption prizes and work-in progress inventories are stated at the lower of cost and net realizable value. Cost is determined on average cost methodology. Net realizable value is the estimated selling price less applicable selling expenses.

Gaming inventories includes gaming equipment purchased for re-sale or transferred from property, equipment and leaseholds and merchandise that is used as redemption prizes for certain games. Gaming equipment cost is determined on a specific-item basis, and includes equipment that has been transferred from property, equipment and leaseholds to inventory when it is no longer in route operations and it will be sold or auctioned to third parties at the discretion of management. Gaming equipment is transferred to inventory at its net book value and stated at the lower of the net book value or net realizable value. Net realizable value is the estimated selling price less applicable selling expenses.

In the prior year, other inventories include consumable supplies and work-in-progress being assembled for sale or installation by CDM.

Impairment of non-financial assets

Property, equipment and leaseholds and intangible assets subject to amortization are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Long-lived assets that are not amortized are subject to an annual impairment test. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash inflows relating to the relevant intangible asset (“cash-generating units” or “CGUs”). Cineplex considers each theatre a CGU. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use (being the present value of the

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expected future cash flows of the relevant asset or CGU). An impairment loss, if estimated, is recognized for the amount by which the CGU's carrying value exceeds its recoverable amount. 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. (See note 11, Impairment of long-lived assets).

Goodwill is reviewed for impairment annually or at any time if an indicator of impairment exists.

Goodwill acquired through a business combination is allocated to each CGU or group of CGUs that is expected to benefit from the related business combination. A group of CGUs represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, which is not higher than an operating segment. Cineplex groups theatre CGUs based on geographical regions of financial management responsibility in testing goodwill for impairments.

Cineplex groups CGUs based on trade name in testing indefinite-lived trade names for impairment.

A reversal of impairment, if estimated, is recognized to a limit of increasing the carrying amount to the lower of the recoverable amount and the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized in prior periods.

Property, equipment and leaseholds

Property, equipment and leaseholds are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying value or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Cineplex and the cost can be measured reliably. The carrying value of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the consolidated statements of operations during the year in which they are incurred.

The major categories of property, equipment and leaseholds are depreciated on a straight-line basis as follows:

Buildings	30 - 40 years
Equipment	3 - 10 years
Leasehold improvements	term of lease but not in excess of the useful lives

For owned buildings constructed on leased property, the useful lives do not exceed the terms of the land leases.

Cineplex allocates the amount initially recognized in respect of an item of property, equipment and leaseholds to its significant parts and depreciates separately each such part. Residual values, method of depreciation and useful lives of the assets are reviewed at least annually or whenever events or circumstances suggest a change that may otherwise indicate an impairment exists and adjusted if appropriate. Construction-in-progress is depreciated from the date the asset is ready for productive use.

Gains and losses on disposals of property, equipment and leaseholds are determined by comparing the proceeds with the carrying value of the asset and are included as part of other gain or loss on the sale of assets in the consolidated statements of operations.

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Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Cineplex's share of the net identifiable assets of the acquired business at the date of acquisition.

Identifiable intangible assets

Intangible assets include trademarks, trade names, leases, software and customer relationships acquired by Cineplex. As Cineplex intends to use certain of the trademarks and trade names of the Partnership and GEI for the foreseeable future, the useful lives of those trademarks and trade names are indefinite and no amortization is recorded. Other trade names are expected to be substantially discontinued and are amortized over their expected useful lives (note 10, Intangible assets). Management tests indefinite-lived intangible assets for impairment at least annually, and considers at least annually or whenever events or circumstances indicate that the life of an indefinite-lived intangible asset may be finite. The advertising contracts have limited lives and are amortized over their useful lives, estimated to be between five to nine years. The estimated fair value of lease contract assets is amortized on a straight-line basis over the remaining term of the lease into amortization expense.

The major categories of intangible assets are amortized on a straight-line basis as follows:

Internally generated software	3 - 5 years
Customer relationships	5 - 10 years
Trade names	not amortized

Leases

Cineplex conducts a significant part of its operations in leased premises. In assessing whether a contract is, or contains a lease, Cineplex applies the definition of a lease and related guidance set out in IFRS 16 for all lease contracts entered into or modified. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under the provisions of IFRS 16, substantially all of Cineplex's leases are recorded as lease obligations and right-of-use assets.

Lease payments included in the measurement of the lease obligation are comprised of the following:

- i. Fixed lease payments, including in-substance fixed payments;
- ii. Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- iii. Amounts expected to be payable under a residual value guarantee;
- iv. The exercise price of purchase options that Cineplex is reasonably certain to exercise, lease payments in an option renewal period if Cineplex is reasonably certain to exercise the extension option, and penalties for early termination of the lease unless Cineplex is reasonably certain not to terminate early; and
- v. Less any lease incentives receivable.

Variable payments for leases that do not depend on an index or rate are not included in the measurement of the lease liability. The variable payments are recognized as an expense in the period in which they are incurred and are included in the consolidated statement of operations.

Cineplex accounts for any lease and associated non-lease components separately, as opposed to a single arrangement, which is permitted under IFRS 16. Cineplex records non-lease components such as common area

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maintenance as an expense in the period in which they are incurred and are included in the consolidated statement of operations.

Interest on the lease obligations is calculated using the effective interest method with rent payments reducing the liability. The lease obligation is remeasured whenever a lease contract is modified and the lease modification is not accounted for as a separate lease, or there is a change in the assessment of the exercise of an extension option. The lease obligation is remeasured by discounting the revised lease payments using a revised discount rate resulting in a corresponding adjustment to the right-of-use asset or is recorded in gain or loss if the carrying amount of the right-of-use asset has been reduced to zero or the modification results in a reduction in the scope of the lease.

The right-of-use assets are depreciated on a straight-line basis from the date of commencement to the earlier of the end of the useful life of the asset or the end of the lease term.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, *Impairment of Assets*.

Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as interest expense in the consolidated statements of operations in the year in which they are incurred.

Employee benefits

Cineplex is the sponsor of a number of employee benefit plans. These plans include a defined benefit pension plan, additional unfunded defined benefit obligations for former Famous Players employees, and a group registered retirement savings plan.

i. Post-employment benefit obligations

For defined benefit plans, the level of benefit provided is based on the length of service and annual earnings of the person entitled.

The cost of defined benefit plans is determined using the projected unit credit method. The related benefit liability recognized in the consolidated balance sheets is the present value of the defined benefit obligation at the consolidated balance sheet dates less the fair value of plan assets. The cost of the group registered retirement savings plan is charged to expense as the contributions become payable.

Actuarial valuations for defined benefit plans are carried out periodically and considered at each annual consolidated balance sheet date. The discount rate applied in arriving at the present value of the benefit liability represents yields on high-quality corporate bonds that are denominated in Canadian dollars, the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related benefit liability.

The net defined benefit liability (asset) is recognized on the balance sheet without any deferral of actuarial gains and losses. Past service costs are recognized in net income when incurred. Post-employment benefits expense includes the net interest on the net defined benefit liability (asset) calculated using a discount rate based on market yields on high quality bonds. Remeasurements consisting of actuarial gains

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and losses, the actual return on plan assets (excluding the net interest component) and any change in the asset ceiling are recognized in other comprehensive income without recycling to the consolidated statements of operations.

Employee benefits are classified as long-term employee benefits if payments are not expected to be made within the next 12 months.

ii. Share-based compensation - options

Cineplex grants stock options to certain employees. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Until December 16, 2019 the options were considered equity-settled, and fair value of each tranche was measured at the date of grant using the Black-Scholes option pricing model. Compensation expense was based on the number of awards expected to vest and was recognized over the tranche's vesting period, included as employee benefits expense in other costs. On December 16, 2019 as a result of the terms of the Arrangement Agreement, the options were considered cash-settled, and the fair value of the excess of outstanding options in excess of the exercise price was recognized as a current share-based compensation liability, and changes in value were reflected in the statement of operations. Stock options impacted by the termination of the Arrangement Agreement were revalued and accounted for as equity-settled and any previously recognized share based compensation liability was reclassified to contributed surplus. The accelerated recognition of unvested options was reversed and is being recognized over their remaining vesting periods at the value determined at March 31, 2020. Forfeitures are estimated to be nominal, based on historical forfeiture rates.

iii. Share-based compensation - other plans

Cineplex has a number of other cash-settled share-based compensation plans. The obligation for these plans is recorded at fair value on a percentage vested basis. Changes in the obligation are reflected in employee benefits in other costs in the consolidated statements of operations. Cineplex also issues RSUs and PSUs that will be equity settled and will fully vest at the completion of the performance period determined by management at the time of issuance.

Provisions

Provisions for asset retirement obligations, theatre shutdowns and legal claims, where applicable, are recognized when Cineplex has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. Cineplex performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts. Provisions are included in other liabilities on the consolidated balance sheets.

Income taxes

Income taxes comprise current and deferred income taxes. Income taxes are recognized in the consolidated statements of operations, except to the extent that they relate to items recognized directly in equity or in OCI, in which case, the income taxes are also recognized directly in equity or in OCI.

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Current income taxes are the expected taxes payable on the taxable income for the year, using income tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to income taxes payable in respect of previous years.

In general, deferred income taxes are recognized in respect of temporary differences arising between the income tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Deferred income taxes are determined on a non-discounted basis using income tax rates and laws that have been enacted or substantively enacted at the consolidated balance sheet dates and are expected to apply when the deferred income tax asset or liability is settled. Deferred income tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income taxes are provided on temporary differences arising on investments in subsidiaries and joint ventures, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by Cineplex and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity.

Dividends

Dividends on common shares are recognized in the consolidated financial statements in the year in which the dividends are approved by the Board of Directors of Cineplex.

Revenue

Film Entertainment and Content

Cineplex generates box office revenues from the sale of admission tickets for theatrical releases purchased by customers in theatres, online at Cineplex.com or through the Cineplex mobile app. Revenue is recognized at the time the obligation is satisfied which is when the movie for which the ticket purchased has played. Amounts collected on advanced tickets sales are recorded as deferred revenue and recognized when the movie has played. Cineplex also generates revenues from the sale of food service which is comprised of food and beverage sales. Food service revenue is recognized when control of the food service has transferred. Payment of the transaction price is due immediately at the point the customer purchases the concessions. Until December 12, 2021, Cineplex recorded deferred revenue for Scene points issued with respect to retail transaction, based on the relative stand-alone selling price of the points issued. The deferred revenue associated with the points redeemed were recognized as revenue when points were redeemed by customers or in accordance with Cineplex's accounting policy for breakage. Beginning December 13, 2021, as a result of the launch of Scene+, Scene+ points issued in association with Cineplex revenue transactions are accounted for as marketing expense.

Cineplex sells gift cards directly to individual customers and vouchers to both wholesale resellers and directly to individual customers. The transaction price received from the sales of gift cards and vouchers is due at the time of sale and is recorded as deferred revenue. Revenues from gift cards and vouchers are recognized either on redemption or in accordance with Cineplex's accounting policy for breakage. Breakage income is included in other revenues and

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represents the estimated value of gift cards and vouchers that are not expected to be redeemed by customers. It is estimated based on historical redemption patterns. The sale of a voucher creates a future obligation from Cineplex to provide an admission ticket or a combination of admission ticket(s) and concessions. The transaction price of the voucher is allocated between box office and concessions based on a relative stand-alone selling price basis.

Media

Media revenues consist primarily of advertising revenues generated from customers who advertise their products and services through Cineplex's media offerings which include onscreen, online, magazine, and digital out of home. Revenue for advertising is recognized over time as services are delivered. The transaction price allocated to these services is recognized as the media runs from the start to the end dates specified in the contracts with the customer. The transaction price allocated to the distinct services to be provided is based on the stand-alone selling prices of the distinct services. Amounts collected on advanced media sales are recorded as deferred revenue and recognized over the period that the media is presented.

Each contract with a customer is also evaluated to determine whether Cineplex is the principal or agent in the transaction. For transactions which Cineplex is the principal, revenues are recorded on a gross basis and for transactions where Cineplex is the agent, revenues are recorded on a net basis.

Creative Services

Cineplex provides creative services producing content to be run on customer's digital display networks. For creative services, revenue is recognized at a point in time when the project is completed and the customer has accepted the final product. Creative services are based on an hourly rate and the transaction price recognized as revenue is the amount to which Cineplex has a right to invoice based on the amount of hours required to complete the project. Payment of the transaction price is due at completion of the project.

Location-based Entertainment

The location-based entertainment segment principally generates revenue from the sale of food services and entertainment at location based entertainment venues.

Cineplex also sells rechargeable cards to be used for gameplay. IFRS 15 requires unused cash values on the rechargeable cards to be deferred. Revenue from the rechargeable cards is recognized upon redemption or in accordance with Cineplex's policy for breakage based on historical redemption patterns.

Food and beverage sales at location-based entertainment venues are recognized when control of the goods has transferred, being at the point the customer purchases and receives the goods. Payment of the transaction price is due at the point the customer purchases food and/or beverages.

Income per share

Basic EPS is calculated by dividing the net income for the year attributable to equity owners of Cineplex by the weighted average number of common shares outstanding during the year.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options and similar instruments is computed using the

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treasury stock method. Cineplex's potentially dilutive common shares include stock options granted to employees and the conversion feature of the convertible debentures.

Film rental costs

Film rental costs are recorded based on the terms of the respective film license agreements. In some cases, the final film cost is dependent on the ultimate duration of the film's play and, until this is known, management uses its best estimate of the final settlement of these film costs. Film costs and the related film costs payable are adjusted to the final film settlement in the year Cineplex settles with the distributors. Actual settlement of these film costs could differ from those estimates.

Consideration received from vendors

Cineplex receives rebates from certain vendors with respect to the purchase of concession goods. In addition, Cineplex receives payments from vendors for advertising undertaken by the theatres on behalf of the vendors. Cineplex recognizes rebates earned for purchases of each vendor's product as a reduction of concession costs and recognizes payments received for services delivered to the vendor as media or other revenue.

Significant accounting judgments and estimation uncertainties

Critical accounting estimates and judgments

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 significantly impact Cineplex's consolidated financial statements. These estimates and judgments have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year.

- a) Goodwill and recoverable amount of 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 more frequently 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 key assumptions and estimates in determining the recoverable amount of its long lived assets and groups of CGUs' goodwill, including attendance and the related revenue growth rates, variable and fixed cash flows, operating margins and discount rates (note 11, Impairment of long-lived assets).

- b) Financial instruments
Fair value of over-the-counter derivatives

Cineplex has a prepayment option on the Notes Payable. The fair market value of prepayment option on Notes Payable was determined using an option pricing model with observable market inputs consistent with accepted methods for valuing financial instruments.

- c) Revenue recognition
Gift cards

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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.

SCENE

The timing and number of points redeemed by Scene+ members affects the timing and amount of both revenue and cost of redemptions recognized by Cineplex. If the number of points actually redeemed by members is lower than Cineplex's estimate of points expected to be redeemed, the estimate of average revenue per point will be prospectively revised, and net income would be higher over time.

d) 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. Cineplex had \$410,507 of non-capital losses available based on income tax returns filed up to tax year 2024 and estimated losses for the tax year 2025 from continuing operations. Cineplex will utilize a portion of its net operating losses against the taxable gain from the sale of CDM, which resulted in no taxes payable resulting from the disposition. Cineplex will continue to evaluate the recoverability of net deferred tax assets in the ordinary course of business at each balance sheet date.

e) Fair value of identifiable assets acquired and liabilities assumed in business combinations

Significant judgment is required in identifying tangible and intangible assets and liabilities of the acquired businesses, as well as determining their fair values.

f) Share-based compensation

Management is required to make certain assumptions and to estimate future financial performance to estimate the fair value of share-based awards at each consolidated balance sheet date. Significant estimates and assumptions relating to the option plan are disclosed in note 13, Share-based compensation. The LTIP and Incentive Plan requires management to estimate future non-GAAP earnings measures, future revenue growth relative to specified industry peers, and total shareholder return, both absolutely and relative to specified industry peers. Future non-GAAP earnings are estimated based on current projections, updated at least annually, taking into account actual performance since the grant of the award. Future revenue growth relative to peers is based on historical performance and current projections, updated at least annually for actual performance since the grant of the award by Cineplex and its peers. Total shareholder return for Cineplex and its peers is updated at each consolidated balance sheet date based on financial models, taking into account financial market observable inputs.

g) 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.

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IFRS 5, Non-current assets held for sale and discontinued operations

Cineplex has met the criteria of recording Cineplex Digital Media Inc. and Player One Amusement Group as a discontinued operation under IFRS 5, *Non-current assets held for sale and discontinued operations*. Additional disclosures regarding presentation of financials for the year ended December 31, 2025 and 2024 are provided in note 2, Assets held for sale and discontinued operations.

As per IFRS 5, non-current assets and disposal groups should be classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use, and measured at the lower of their carrying amount and fair value less costs to sell and are no longer depreciated or amortized. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification are regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items on the consolidated balance sheet. A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations,
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

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 and comparative periods have been restated.

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, 2025.

The following amendments have been adopted or are being evaluated by Cineplex:

IAS 21, *Lack of Exchangeability*

In August 2023, the IASB issued amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates in relation to Lack of Exchangeability*. The amendments require entities to apply a consistent approach in assessing whether a currency can be exchanged into another currency and in determining the exchange rate to use and the disclosures to provide when it cannot. These amendments are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. Cineplex assessed the impact of the amendments and determined there to be no material impact on the consolidated financial statements.

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IFRS 9, *Classification and Measurement of Financial Instruments*

In May 2024, the IASB issued amendments to IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*. The amendments relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with Environmental, Social, and Governance (ESG)-linked features. The IASB also amended disclosure requirements relating to investments in equity instruments designated at FVOCI and added disclosure requirements for financial instruments with contingent features. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. Cineplex has determined that the changes have no material impact on Cineplex's consolidated financial statements.

IFRS 18, *Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued the new standard IFRS 18, *Presentation and Disclosure in Financial Statements* that will replace IAS 1, *Presentation of Financial Statements*. The new standard introduces newly defined subtotals on the income statement, changes to IAS 7, *Statement of Cash Flows*, including requirements for presentation of interests and dividends paid as financing cash flows and interests received as investing cash flows, new requirements for aggregation and disaggregation of information, and disclosure of Management Performance Measures (MPMs) in the financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. Cineplex is assessing the impacts to the consolidated financial statements.

29. Subsequent events

Cineplex acquired and cancelled 463,506 of Common Shares at an average price of \$10.79 under its normal course issuer bid through January 31, 2026.