Cineplex Inc.

Interim Condensed Consolidated Balance Sheets
(Unaudited)

(expressed in thousands of Canadian dollars)

	June 30, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	$ 26,584	$ 26,938
Trade and other receivables	66,498	80,679
Income taxes receivable	2,713	1,984
Inventories	29,893	24,899
Prepaid expenses and other current assets	15,322	13,365
Fair value of interest rate swap agreements	482	—
	141,492	147,865
Non-current assets		
Property, equipment and leaseholds	435,462	464,439
Right-of-use assets (note 3)	733,166	768,675
Fair value of interest rate swap agreements	3,482	—
Interests in joint ventures and associates	2,475	7,423
Intangible assets	80,871	81,651
Goodwill	635,686	635,545
Derivative financial instrument (note 6)	3,640	9,240
	$ 2,036,274	$ 2,114,838

COVID-19 business impacts, risks and liquidity (note 2)
Subsequent events (note 15)

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

(expressed in thousands of Canadian dollars)

	June 30, 2022	December 31, 2021
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 146,399	$ 157,950
Income taxes payable	1,923	1,945
Deferred revenue and other (note 7)	275,598	293,206
Lease obligations (note 8)	98,354	101,058
Fair value of interest rate swap agreements	—	8,063
	522,274	562,222
Non-current liabilities		
Share-based compensation (note 5)	4,597	4,940
Long-term debt (note 6)	782,421	739,211
Fair value of interest rate swap agreements	—	6,160
Lease obligations (note 8)	967,191	1,004,465
Post-employment benefit obligations	9,206	9,973
Other liabilities	6,911	7,590
	1,770,326	1,772,339
Total liabilities	2,292,600	2,334,561
Shareholders' deficit		
Share capital (note 9)	852,661	852,465
Deficit	(1,192,306)	(1,151,394)
Hedging reserves and other	(131)	(131)
Contributed surplus	83,640	80,027
Cumulative translation adjustment	(190)	(690)
Total shareholders' deficit	(256,326)	(219,723)
	$ 2,036,274	$ 2,114,838

Approved by the Board of Directors

"Phyllis Yaffe"
Director

"Janice Fukakusa"
Director

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

Cineplex Inc.

Interim Condensed Consolidated Statements of Operations
For the three and six months ended June 30, 2022 and 2021
(Unaudited)

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

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Revenues (note 7)				
Box office	$ 136,372	$ 12,498	$ 216,324	$ 16,316
Food service	110,637	13,258	179,025	19,783
Media	26,406	9,401	41,951	18,475
Amusement	65,723	22,184	116,147	36,058
Other	10,740	7,585	25,154	15,706
	349,878	64,926	578,601	106,338
Expenses				
Film cost	69,958	5,611	108,974	6,846
Cost of food service	25,335	2,867	40,192	4,279
Depreciation - right-of-use assets	24,486	25,737	48,749	52,055
Depreciation and amortization - other assets	26,651	27,735	53,543	57,244
(Gain) loss on disposal of assets	(4,650)	179	(4,493)	(29,881)
Other costs (note 10)	176,741	73,352	315,093	142,057
Share of loss (income) of joint ventures and associates	384	1,052	(302)	3,466
Interest expense - lease obligations	14,739	14,741	29,443	29,100
Interest expense - other	13,812	17,899	23,895	31,564
Interest income	(38)	(108)	(68)	(134)
Foreign exchange	(623)	365	(389)	595
Loss (gain) on financial instruments recorded at fair value (note 6)	1,770	(800)	5,600	(800)
	348,565	168,630	620,237	296,391
Income (loss) before income taxes	1,313	(103,704)	(41,636)	(190,053)
Income tax (recovery) expense (note 4)				
Current	—	—	(724)	3,339
Net income (loss)	$ 1,313	$ (103,704)	$ (40,912)	$ (193,392)
Net income (loss) per share - basic (note 11)	$ 0.02	$ (1.64)	$ (0.65)	$ (3.05)
Net income (loss) per share - diluted (note 11)	$ 0.02	$ (1.64)	$ (0.65)	$ (3.05)

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

Cineplex Inc.

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)
For the three and six months ended June 30, 2022 and 2021
(Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
Net income (loss)	$ 1,313	$ (103,704)	$ (40,912)	$ (193,392)
Other comprehensive income (loss)				
Items that will be reclassified subsequently to net income:				
Foreign currency translation adjustment	917	(480)	500	(908)
Other comprehensive income (loss)	917	(480)	500	(908)
Comprehensive income (loss)	$ 2,230	$ (104,184)	$ (40,412)	$ (194,300)

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

Cineplex Inc.

Interim Condensed Consolidated Statements of Changes in Equity
For the six months ended June 30, 2022 and 2021
(Unaudited)

(expressed in thousands of Canadian dollars)

	Share capital	Contributed surplus	Hedging reserves and other	Cumulative translation adjustment	Deficit	Total
January 1, 2022	$ 852,465	$ 80,027	$ (131)	$ (690)	$ (1,151,394)	$ (219,723)
Net loss	—	—	—	—	(40,912)	(40,912)
Other comprehensive income (page 4)	—	—	—	500	—	500
Total comprehensive loss	**—**	**—**	**—**	**500**	**(40,912)**	**(40,412)**
Share option expense	—	916	—	—	—	916
PSU/RSU expense	—	2,780	—	—	—	2,780
Issuance of shares on exercise of options	196	(83)	—	—	—	113
June 30, 2022	$ 852,661	$ 83,640	$ (131)	$ (190)	$ (1,192,306)	$ (256,326)
January 1, 2021	$ 852,379	$ 75,882	$ (131)	$ (502)	$ (903,394)	$ 24,234
Net loss	—	—	—	—	(193,392)	(193,392)
Other comprehensive loss (page 4)	—	—	—	(908)	—	(908)
Total comprehensive loss	**—**	**—**	**—**	**(908)**	**(193,392)**	**(194,300)**
Share option expense	—	844	—	—	—	844
PSU/RSU expense	—	974	—	—	—	974
Settlement for cancelled options	—	(60)	—	—	—	(60)
Issuance of shares on exercise of options	69	(69)	—	—	—	—
June 30, 2021	$ 852,448	$ 77,571	$ (131)	$ (1,410)	$ (1,096,786)	$ (168,308)

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

Cineplex Inc.

Interim Condensed Consolidated Statements of Cash Flows
For the three and six months ended June 30, 2022 and 2021
(Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
Cash provided by (used in)				
Operating activities				
Net income (loss)	$ 1,313	$ (103,704)	$ (40,912)	$ (193,392)
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization - other assets	26,651	27,735	53,543	57,244
Depreciation - right-of-use assets	24,486	25,737	48,749	52,055
Unrealized foreign exchange	(488)	245	(336)	456
Interest rate swap agreements - non-cash interest	(6,764)	(1,849)	(17,121)	(5,377)
Accretion of convertible debentures and notes payable	4,610	4,021	9,210	7,759
Other non-cash interest	176	177	346	624
(Gain) loss on disposal of assets	(4,650)	179	(4,493)	(29,881)
Non-cash share-based compensation	1,559	1,194	3,696	1,818
Change in fair value of financial instruments	1,770	(800)	5,600	(800)
Net change in interests in joint ventures and associates	(391)	1,576	(370)	4,792
Changes in operating assets and liabilities (note 12)	(1,120)	62,622	(16,197)	86,203
Net cash provided by (used in) operating activities	47,152	17,133	41,715	(18,499)
Investing activities				
Proceeds from disposal of assets, net	1,653	3,252	1,670	59,916
Purchases of property, equipment and leaseholds	(12,538)	(5,026)	(22,140)	(13,741)
Intangible assets additions	(2,608)	(1,992)	(4,781)	(5,078)
Tenant inducements	43	2,005	605	5,665
Net cash received from CDCP	5,318	—	5,318	—
Net cash (used in) provided by investing activities	(8,132)	(1,761)	(19,328)	46,762
Financing activities				
(Repayments) borrowings under credit facilities, net (note 6)	(9,000)	13,000	34,000	(221,000)
Repayments of lease obligations - principal	(27,428)	(19,086)	(56,695)	(38,543)
Exercise of cash option	79	—	113	—
Issuance of notes payable, net (note 6)	—	—	—	243,996
Financing fees	—	—	—	(321)
Net cash used in financing activities	(36,349)	(6,086)	(22,582)	(15,868)
Effect of exchange rate differences on cash	(181)	413	(159)	553
Increase (decrease) in cash and cash equivalents	2,490	9,699	(354)	12,948
Cash and cash equivalents - Beginning of period	24,094	19,503	26,938	16,254
Cash and cash equivalents - End of period	$ 26,584	$ 29,202	$ 26,584	$ 29,202
Supplemental information				
Cash paid for interest - lease obligation	$ 14,426	$ 14,167	$ 28,793	$ 26,772
Cash paid for interest - other	$ 7,820	$ 5,918	$ 33,539	$ 21,512
Cash received for income taxes, net	$ (36)	$ (49,028)	$ (36)	$ (53,515)

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

(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 digital commerce, cinema media, digital place-based media and amusement solutions through its wholly owned subsidiaries, Cineplex Entertainment Limited Partnership (the "Partnership"), Famous Players Limited Partnership ("Famous Players"), Galaxy Entertainment Inc. ("GEI"), Cineplex Digital Media Inc. ("CDM"), and Player One Amusement Group Inc. ("P1AG"). Cineplex is headquartered at 1303 Yonge Street, Toronto, Ontario, M4T 2Y9.

On December 15, 2019, Cineplex entered into an arrangement agreement (the "Arrangement Agreement") with Cineworld Group, plc ("Cineworld"), pursuant to which an indirect wholly-owned subsidiary of Cineworld agreed to acquire all of the issued and outstanding common shares of Cineplex ("Shares") for $34.00 per share in cash (the "Cineworld Transaction"). The Cineworld Transaction was to be implemented by way of a statutory plan of arrangement under the *Business Corporation Act* (Ontario).

On June 12, 2020, Cineworld delivered a notice (the "Termination Notice") to Cineplex purporting to terminate the Arrangement Agreement. In the Termination Notice, Cineworld alleged that Cineplex took certain actions that constituted breaches of Cineplex's covenants under the Arrangement Agreement including failing to operate its business in the ordinary course. In addition, Cineworld alleged that a material adverse effect had occurred with respect to Cineplex. Cineworld's repudiation of the Arrangement Agreement was acknowledged by Cineplex and the Cineworld Transaction did not proceed. Cineplex vigorously denied Cineworld's allegations.

On July 3, 2020, Cineplex announced that it had commenced an action in the Ontario Superior Court of Justice (the "Court") against Cineworld and 1232743 B.C. Ltd. seeking damages arising from what Cineplex claimed was a wrongful repudiation of the Arrangement Agreement. The claim sought damages, including the approximately $2,180,000 that Cineworld would have paid upon the closing of the Cineworld Transaction for Cineplex's securities, reduced by the value of the Cineplex securities retained by its security holders, as well as compensation for other losses including the loss to Cineplex of expected synergies, the failure of Cineworld to repay or refinance Cineplex's approximately $664,000 in debt, and transaction expenses. Cineplex also advanced alternative claims for damages for the loss of benefits to its security holders, and to require Cineworld to disgorge the benefits it improperly received by wrongfully repudiating the Cineworld Transaction.

On July 6, 2020, Cineworld announced that it would defend Cineplex's claim, and on September 2, 2020, filed its Statement of Defence and Counterclaim in which it denied Cineplex's claims and advanced a counterclaim seeking reimbursement of £32,000 for costs incurred with respect to the transaction and an unspecified amount for punitive damages. Cineplex responded to Cineworld's defence and counterclaim on September 15, 2020, denying all claims levied by Cineworld.

A trial of the action commenced before the Court on September 13, 2021 and continued until November 4, 2021.

On December 14, 2021, the Court released its decision in the action (the "Decision"). The Court held that Cineplex did not breach any of its covenants in the Arrangement Agreement, and that Cineworld had no basis for terminating the Arrangement Agreement. The Court held that Cineworld breached the Arrangement Agreement and repudiated the transaction to acquire Cineplex, which actions precluded Cineplex from seeking specific performance and entitled Cineplex to monetary damages. The Court awarded damages for breach of contract to Cineplex in the amount of $1,240,000 on account of lost synergies, and $5,500 for transaction costs, exclusive of pre-judgment interest. The Court also held that Cineplex's shareholders did not have any rights under the Arrangement Agreement to enforce the agreement or sue Cineworld for any breach. The Court also denied Cineworld's counterclaim against Cineplex.

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

On January 12, 2022, Cineworld filed a Notice of Appeal with the Court of Appeal for Ontario and on January 27, 2022, Cineplex filed its Notice of Cross Appeal. The Ontario Court of Appeal will hear Cineworld's Appeal and Cineplex's Cross Appeal during the hearing scheduled for October 12 to 13, 2022.

Cineplex continues to evaluate and advance all options against Cineworld to maximize and monetize the value of the judgment. As part of these ongoing efforts, Cineplex has engaged Moelis & Company, a leading global investment bank with significant expertise in these areas as financial advisors and Goodmans LLP, as lead counsel.

While the judgment and next steps are a key focus for Cineplex and its advisors, due to uncertainties inherent in appeals, it is not possible for Cineplex to predict the timing or final outcome of the appeal of the Decision announced by Cineworld. Further, even if Cineworld's appeal is not successful, Cineworld may not have the ability to pay the full amount of any damages or costs awarded by the Court. Therefore, no amount has been accrued as a receivable.

The Board of Directors approved these consolidated financial statements on August 10, 2022.

2. COVID-19 business impacts, risks and liquidity

In early 2020, the outbreak of COVID-19 was confirmed in multiple countries throughout the world and on March 11, 2020, it was declared a global pandemic by the World Health Organization ("WHO"). In response, Cineplex immediately introduced enhanced cleaning protocols and reduced theatre capacities to promote social distancing. By mid-March 2020, each of Canada's provinces and territories had declared a state of emergency resulting in, among other things, the mandated closure of non-essential businesses, restrictions on public gatherings and quarantining of people who may have been exposed to the virus. On March 16, 2020, Cineplex announced the temporary closure of all of its theatres and LBE venues across Canada, as well as substantially all route locations operated by P1AG. On August 21, 2020, Cineplex reopened its entire circuit of theatres and LBE venues, however, theatre operations and LBE venues were continuously impacted by additional government mandated restrictions and closures over the next several quarters.

As of July 17, 2021, Cineplex had reopened its entire circuit of theatres subject to capacity restrictions, in some cases after months of extended closure periods. The reopening included Cineplex's then 161 theatre locations, encompassing 1,656 screens across Canada including 18 VIP Cinemas locations. As restrictions were temporarily eased in markets in which Cineplex operated, Cineplex also reopened its LBE venues across Canada as well as route locations operated by P1AG. All theatres, LBE venues and P1AG route locations continue to operate with enhanced safety and cleaning measures to ensure the safety of Cineplex's employees and customers.

Effective December 18, 2021, due to the rise of the Omicron variant, capacity restrictions were reinstated in Ontario, Cineplex's largest market, limiting indoor capacity to 50% along with prohibiting the consumption of concessions in theatres. Theatres in Quebec were also mandated to temporarily close effective December 20, 2021. During the beginning of the first quarter of 2022, social gathering restrictions were further modified or reinstituted in several key markets in which Cineplex operates, resulting in theatre closures in Ontario. Cineplex was also required to temporarily close or reduce capacity in other provinces. Effective January 29, 2022, January 31, 2022 and February 7, 2022, theatres in New Brunswick, Ontario and Quebec were permitted to reopen at reduced capacity levels, respectively. During the second quarter of 2022, all remaining capacity restrictions and mask mandates were removed in all markets in which Cineplex operates theatres and LBE venues across Canada. Cineplex is currently operating at full capacity but is prepared to react to any government directives affecting operations.

Liquidity measures:

- June 2020: entered into the First Credit Agreement Amendment with The Bank of Nova Scotia as administrative agent of Cineplex's seventh amended and restated credit agreement (as amended, the "Credit

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

Facilities") providing certain financial covenant relief in light of the COVID-19 pandemic and its impact on Cineplex's business (note 6, Long-term debt);

- July 2020: issued convertible unsecured subordinated debentures (the "Debentures") for net proceeds of $303,000, (note 6, Long-term debt)
- November 2020: entered into the Second Credit Agreement Amendment providing further financial covenant relief (note 6, Long-term debt);
- December 2020: entered into an agreement to enhance and expand the SCENE loyalty program receiving $60,000 with respect to the reorganization;
- January 2021: completed the sale and leaseback of Cineplex's head office buildings located at 1303 Yonge Street and 1257 Yonge Street, Toronto, Ontario for gross proceeds of $57,000, (note 6, Long-term debt);
- January 2021: filed tax returns for the 2020 taxation year claiming a $62,624 recovery of income taxes paid in prior periods (all of which had been received by December 31, 2021);
- February 2021: entered into the Third Credit Agreement Amendment providing further financial covenant relief (note 6, Long-term debt);
- February 2021: issued 7.50% senior secured second lien notes due February 26, 2026 (the "Notes Payable") for net proceeds of $243,266, (note 6, Long-term debt);
- December 2021: entered into the Fourth Credit Agreement Amendment providing further financial covenant relief (note 6, Long-term debt); and
- August 2022: entered into the Fifth Credit Agreement Amendment providing further financial covenant relief (note 15, Subsequent events).

Cost reduction and subsidy measures:

- temporary layoffs of all part-time and full-time hourly employees as well as a number of full-time employees who chose a temporary layoff rather than a salary reduction during the second quarter of 2020, and additional temporary layoffs of part-time employees beginning in December 2021 and further expanding into the first quarter of 2022;
- reduced full-time employee salaries by agreement with such employees during the second and third quarters of 2020;
- suspended or deferred current capital spending, reviewing all capital projects to consider either deferral or cancellation;
- reduced non-essential discretionary operational expenditures (such as spending on marketing, travel and entertainment);
- implemented a more stringent review and approval process for all outgoing procurement and payment requests;
- continued negotiations with landlords for cash payments in exchange for the sale of contractual rights or negotiating rent relief, including abatements, reductions and deferrals;
- worked with major suppliers and other business partners to modify the timing and quantum of certain contractual payments;
- reviewed and applied for government subsidy programs where available, including municipal and provincial property tax and energy rebates or subsidies;
- applied for the ongoing Canada Emergency Wage Subsidy ("CEWS"), which was launched by the Government of Canada, providing a variable subsidy for employee wages incurred from March 2020 to October 23, 2021;
- applied for the ongoing Canada Emergency Rent Subsidy ("CERS"), which was launched by the Government of Canada as a result of government mandated lockdowns, providing a variable subsidy for rent and other occupancy-related costs incurred from September 27, 2020 through October 23, 2021;
- applied for Canada's Tourism and Hospitality Recovery Program ("THRP") which began on October 24, 2021 and provided wage and rent subsidies for businesses that have faced revenue losses, with a subsidy rate of up to 75% until March 12, 2022 and 37.5% until May 7, 2022;
- continued evaluation of Cineplex's eligibility under other relief programs; and
- continued the suspension of dividends.

Since the closure of its theatres and LBE venues in March 2020, Cineplex diligently prepared for their safe reopening, carefully re-examining all of its buildings and processes and implementing an industry-leading program with end-to-end health and safety protocols. In June 2021, Cineplex introduced its VenueSafe program, which encompasses all of Cineplex's health and safety protocols, in accordance with Canada's public health guidelines.

Canada's vaccination rate has made tremendous progress with a high percentage of the eligible population receiving at least two doses of a COVID-19 vaccine. The Canadian government accelerated the rollout of COVID-19 vaccine booster doses providing extra protection against COVID-19 and its variants. As a result of the declining hospitalizations related to COVID-19, high vaccination rate and wide availability of COVID-19 vaccines, the Canadian government removed all remaining proof of vaccination requirements and mask mandates during the second quarter of 2022. With the uncertainty of future government-imposed restrictions and the potential long-term effect that the pandemic may have on Cineplex's businesses, COVID-19 may continue to have a prolonged material negative impact on Cineplex's operations and return to profitability.

As at June 30, 2022, Cineplex had a cash balance of $26,584 and $237,614 available under its Revolving Facility subject to the liquidity covenants set forth in the Credit Facilities as amended (note 6, Long-term debt and note 15, Subsequent events). Combined with the continued focus on reducing costs and capital expenditures, management believes that it has adequate liquidity to fund operations for the currently anticipated duration of the pandemic in the regions in which Cineplex operates.

Cineplex generally performs its annual test for impairment of goodwill and indefinite-lived intangible assets in the fourth quarter, in accordance with the policy described in its annual consolidated financial statements. 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.

While no specific triggering events were noted, in light of significant interest rate increases and the impact on film production, post-production and marketing and scheduling into 2022, on June 30, 2022 Cineplex reassessed the underlying key assumptions and inputs used during the impairment testing completed at December 31, 2021 and determined that there were no material changes in those key judgements and conclusions.

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

3. Right-of-use-assets

The following tables present right-of-use assets for Cineplex for the six months ended June 30, 2022 and 2021.

Right-of-use assets consists of:

	Property	Equipment	Total
At June 30, 2022			
Cost	$ 1,125,417	$ 24,300	$ 1,149,717
Accumulated depreciation	(400,737)	(15,814)	(416,551)
Net book value	$ 724,680	$ 8,486	$ 733,166
Six months ended June 30, 2022			
Balance - December 31, 2021	$ 757,197	$ 11,478	$ 768,675
Additions	4,212	381	4,593
Modifications	9,850	(1,141)	8,709
Disposals	(119)	—	(119)
Foreign exchange rate changes	57	—	57
Depreciation for the period	(46,517)	(2,232)	(48,749)
Closing net book value	$ 724,680	$ 8,486	$ 733,166

	Property	Equipment	Total
At June 30, 2021			
Cost	$ 1,111,985	$ 19,775	$ 1,131,760
Accumulated depreciation	(307,658)	(11,395)	(319,053)
Net book value	$ 804,327	$ 8,380	$ 812,707
Six months ended June 30, 2021			
Balance - December 31, 2020	$ 871,741	$ 9,677	$ 881,418
Additions	7,268	30	7,298
Modifications	(24,796)	982	(23,814)
Foreign exchange rate changes	(140)	—	(140)
Depreciation for the period	(49,746)	(2,309)	(52,055)
Closing net book value	$ 804,327	$ 8,380	$ 812,707

COVID-19 resulted in closures of substantially all leased properties and the suspension of the use of most equipment for the first quarter of 2021 continuing into the second quarter of 2021. The rise of the Omicron variant in December 2021 resulted in theatre closures in Ontario and capacity and food service restrictions reinstated in other provinces for a certain period of time during the first quarter of 2022. During the second quarter of 2022, all remaining capacity restrictions were removed and proof of vaccination programs ended.

Beginning in the third quarter of 2020, Cineplex agreed to a variety of arrangements with landlords to reduce or defer payments. The effect of those reductions or deferrals reduced both lease obligations and right-of-use assets by

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

approximately $5,154 and $19,190 for the three months ended June 30, 2022 and $7,430 and $27,812 for six months ended June 30, 2022 and 2021, respectively.

4. 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:

	June 30, 2022	December 31, 2021
Deferred income tax assets		
Property, equipment and leaseholds and deferred tenant inducements - difference between net carrying value and undepreciated capital cost	$ 14,157	$ 11,653
Accounting provisions not currently deductible	90,878	93,663
Deferred revenue	15,908	15,929
Interest rate swap agreements	—	3,614
Income tax credits available	3,789	3,789
Operating losses available for carry-forward	98,936	81,844
Other	6,648	5,614
Total gross deferred income tax assets	230,316	216,106
Future deferred tax liabilities		
Intangible assets	(9,986)	(9,854)
Goodwill	(31,154)	(29,909)
Convertible debentures	(23,976)	(23,961)
Interest rate swap agreements	(1,163)	—
Total gross deferred income tax liabilities	(66,279)	(63,724)
Net deferred income tax recognized	$ —	$ —

At December 31, 2020 the recoverability of the net deferred income tax assets in the normal course of business was uncertain and accordingly the net deferred tax assets were derecognized. Cineplex will evaluate the likelihood of recoverability in the ordinary course of business at each balance sheet date, and will recognize net deferred tax assets when and if appropriate. As Cineplex's businesses continue to recover and return to profitability, deferred income tax assets and liabilities may be recognized, and reversal of previously recognized impairments may be appropriate. Cineplex has not recognized any deferred tax assets and has not reversed any previously derecognized deferred tax assets as at June 30, 2022.

The 2022 current tax recovery represents losses reported on the 2021 tax returns that have been carried back to offset prior period taxable income, in excess of the 2021 tax provision.

Cineplex's combined statutory income tax rate at June 30, 2022 was 26.3% (2021 - 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

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

General of Canada representing the CRA confirming its position with respect to the disallowance of the losses. The appeals process is continuing and Cineplex believes that it should prevail in defending its original filing position, although no assurance can be given in this regard as the appeal process proceeds.

5. Share-based compensation

Omnibus Incentive Plan

On November 12, 2020, the Board of Directors approved an Omnibus Incentive Plan (the “Incentive Plan”). This plan supersedes the former incentive plans (collectively, the “Legacy Plan”) that included Options, Performance Share Units (“PSUs”) and Restricted Share Units (“RSUs”). All employees and consultants are eligible to participate in the Incentive Plan. The Incentive Plan consists of stock options, RSUs and PSUs. Awards of RSUs and PSUs granted during a service year will be subject to a service period as determined by management at the time of issuance. The aggregate number of Shares that may be issued under the Incentive Plan is 3,602,145 provided that no more than 1,904,538 Shares may be issued in aggregate pursuant to the settlement of RSUs and PSUs. Options that were issued under the Legacy Plan and are subsequently cancelled will be available to be issued under the Incentive Plan. The base Share equivalents granted as RSU and PSU awards attract compounding notional dividends at the same rate as outstanding Shares, which are notionally re-invested as additional base Share equivalents. PSU and RSU awards may be settled in Shares issued from treasury, cash, or a mix of Shares and cash, at Cineplex’s option at the time of settlement. Awards outstanding under prior plans shall remain in full force and effect under the prior plans according to their respective terms. Under the prior plans, the effects of changes in estimates of performance results are recognized in the year of change. As at June 30, 2022, 978,703 Shares are available to be issued under the Incentive Plan (2021 - 1,411,853).

Stock Options

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

Cineplex recognized employee benefits expense of $399 and $916 with respect to the options during the three and six months ended June 30, 2022 (2021 - $445 and 844, respectively). In the first quarter of 2021, 165,146 stock options issued under the Legacy Plan were cancelled for total consideration of $60 as part of a voluntary stock option cancellation program that was initiated in the fourth quarter of 2020.

The fair value of options granted during the period ended June 30, 2022 and 2021 were determined using the Black-Scholes valuation model using the following significant inputs:

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

	June 30, 2022	June 30, 2021
Number of options granted	223,578	459,501
Share price	$ 13.39	$12.41 - $12.87
Exercise price	$ 13.39	$12.41 - $12.87
Expected option life (years)	4.0	4.0
Volatility	49.39 %	47.00 %
Dividend yield	— %	— %
Annual risk-free rate	1.58 %	0.68% - 0.72%
Fair value of options granted	$ 5.33	$3.70 - $3.83

Upon cashless exercises, the options exercised in excess of Shares issued are cancelled and returned to the pool available for future grants. At June 30, 2022, 480,198 options are available for grant.

A summary of option activities in 2022 and 2021 is as follows:

		2022		2021	
	Weighted average remaining contractual life (years)	Number of underlying shares	Weighted average exercise price	Number of underlying shares	Weighted average exercise price
Options outstanding, January 1	7.44	2,198,805	$ 21.48	2,042,019	$ 25.37
Granted		223,578	13.39	459,501	12.69
Cancelled		—	—	(188,303)	43.90
Exercised		(26,309)	8.25	(21,761)	8.25
Forfeited		(163,122)	33.40	(38,620)	21.87
Options outstanding, June 30	7.35	2,232,952	$ 19.96	2,252,836	$ 21.46
Options vested and exercisable		1,383,811		943,394	

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

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
2022 LTIP awards granted in Q1 2022	177,973	284,661	—	355,946
2021 LTIP awards granted in Q2 2021	167,546	315,619	—	335,092
2020 LTIP awards granted in Q3 2020	284,214	277,105	—	568,428

During the first quarter of 2022, Cineplex issued 284,661 equity settled RSUs with a fair value $13.39 per unit (total fair value of $3,812 on issuance) and 177,973 equity settled PSUs with a fair value of $13.39 per unit (total fair value of $2,383 on issuance). The fair value was assessed based on Cineplex's closing Share price on the grant date.

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

The RSU and PSU awards issued will vest in the fourth quarter of 2024.

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

Incentive Plan costs are estimated at the grant date based on expected performance results then accrued and recognized on a graded basis over the vesting period. Forfeitures are estimated to be nominal, based on historical forfeiture rates. Cineplex recognized compensation expense of $1,181 and $2,884 for the three and six month period ended June 30, 2022 (2021 - $908 and $1,310, respectively) under the Incentive Plan relating to RSU and PSU awards. At June 30, 2022, $312 (2021 - $719) was included in share-based compensation liability, and $5,556 in contributed surplus (2021 - $1,361).

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. For the period ended June 30, 2022, Cineplex recognized compensation recovery of $(829) and $(791) during the three and six month period ended June 30, 2022 (2021 - expense of $887 and $1,789, respectively) associated with the deferred equity units. At June 30, 2022, $4,285 (2021 - $5,012) was included in share-based compensation liability.

6. Long-term debt

Long-term debt consists of the following as at June 30, 2022 and December 31, 2021:

	June 30, 2022	**December 31, 2021**
Credit Facilities	$ 294,000	$ 260,000
Convertible Debentures	243,002	234,472
Notes Payable	245,419	244,739
Total	$ 782,421	$ 739,211

Credit facilities

Cineplex has bank facilities with a syndicate of lenders which includes a revolving facility (the "Revolving Facility") and non-revolving credit facility (the "Term Facility", and together with the Revolving Facility, the "Credit Facilities") pursuant to a seventh amended and restated credit agreement dated November 13, 2018 between Cineplex, Cineplex Entertainment Limited Partnership, the guarantors from time to time party thereto, and a syndicate of lenders (as further amended from time to time, the "Credit Agreement"). The Term Facility was repaid in full in the first quarter of 2021 and is no longer available for future borrowing.

The Credit Facilities bear interest at a floating rate based on the Canadian dollar prime rate, U.S. Base Rate, LIBOR or bankers' acceptances rates plus, in each case, an applicable margin to those rates. The Revolving Facility matures in November 2023. Borrowings on the Revolving Facility can be made in either Canadian or US dollars.

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

Cineplex's Credit Facilities contain restrictive covenants that limit the discretion of Cineplex's management with respect to certain business matters. These covenants place limits and restrictions on, among other things, the ability of Cineplex to create liens or other encumbrances, to pay dividends or make certain other payments, minimum liquidity covenants, anti-hoarding provisions, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. The Credit Facilities are secured by all of Cineplex's assets. The Revolving 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.

On June 29, 2020, Cineplex entered into the First Credit Agreement Amendment, following which, on November 12, 2020 Cineplex entered into the Second Credit Agreement Amendment, on February 8, 2021 Cineplex entered into the Third Credit Agreement Amendment, on December 30, 2021 Cineplex entered into the Fourth Credit Agreement Amendment and on August 10, 2022 Cineplex entered into the Fifth Credit Agreement Amendment (note 15, Subsequent events). The amendments provided certain financial covenant relief in light of the COVID-19 pandemic and its effects on Cineplex's businesses, while applying additional restrictive covenants and required repayments in certain circumstances.

The following is a summary of the key terms of the Third Credit Agreement Amendment entered into on February 8, 2021 that are updated from the First and Second Credit Agreement Amendments (certain of which have been modified further by the Fourth Credit Agreement Amendment described below):

- The following amendments to the Credit Facilities became effective upon the completion of the issuance of $250,000 Notes Payable during the first quarter of 2021:
    - The suspension of financial covenant testing was extended until the fourth quarter of 2021. On resumption of financial covenant testing in the fourth quarter of 2021:
        - for the fourth quarter of 2021, testing was based on an annualized calculation of Adjusted EBITDA (as further adjusted in accordance with the Credit Agreement definitions) based on the actual results for such quarter;
        - for the quarter ended on March 31, 2022, testing was based on an annualized calculation of Adjusted EBITDA based on actual results for the fourth quarter of 2021 and the first quarter of 2022 multiplied by 2; and
        - for the quarter ended on June 30, 2022, testing was based on an annualized calculation of Adjusted EBITDA for the fourth quarter of 2021, the first quarter of 2022 and the second of 2022 multiplied by 4/3.
    - Thereafter, testing will be based on an annualized calculation of the cumulative Adjusted EBITDA on a trailing four fiscal quarter basis;
    - The Total Leverage Ratio of 3.75x will apply when financial covenants are reinstated, and will be reduced until the third quarter of 2022 at which point it will reach a level of 3.00x;
    - The liquidity covenant will continue and be amended and extended beginning in February 2021, through to and including December 2021, requiring available liquidity as defined on a monthly basis (November 1, 2020 through January 31, 2021 - $100,000; February 2021 - $75,000; March 2021 - $60,000; April 1, 2021 through December 31, 2021 - $100,000);
    - The addition of a Senior Leverage Ratio to be based on annualized Adjusted EBITDA and set at 1.0x lower than the Total Leverage Ratio. Senior Leverage Ratio to be defined as (i) Total Debt (as defined in the Credit Agreement) less any Notes Payable to (ii) Adjusted EBITDA;
    - Effective with the fourth quarter of 2021, additional growth capital expenditures will be subject to pro-forma Total Leverage covenant of 2.75x (both prior to and immediately after giving effect to any such growth capital expenditure) based on actual last 12 months' EBITDA; and
    - Distributions continue to be blocked during the extended financial covenant suspension period and only permitted when the Total Leverage ratio is less than 2.75x (both prior to and immediately after giving effect to any such distribution).

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

On December 30, 2021, Cineplex entered into the Fourth Credit Agreement Amendment, which, among other things, extended the suspension of financial covenant testing until the second quarter of 2022 and liquidity covenant requirement until June 30, 2022. The following is a summary of the key terms of the Fourth Credit Agreement Amendment:

- The suspension of financial covenant testing was extended until the second quarter of 2022. On resumption of financial covenant testing in the second quarter of 2022:
  - for the second quarter of 2022, testing was based on an annualized calculation of Adjusted EBITDA (as further adjusted in accordance with the Credit Agreement definitions) based on the actual results for such quarter multiplied by 4;
  - for the quarter ending on September 30, 2022, testing will be based on an annualized calculation of Adjusted EBITDA based on actual results for the second quarter of 2022 and the third quarter of 2022 multiplied by 2; and
  - for the quarter ending on December 31, 2022, testing will be based on an annualized calculation of Adjusted EBITDA based on the actual results of the second quarter of 2022, the third quarter of 2022 and the fourth quarter of 2022 multiplied by 4/3.
- Thereafter, testing will be based on an annualized calculation of the cumulative Adjusted EBITDA on a trailing four fiscal quarter basis;
- The Total Leverage Ratio of 3.75x will apply when financial covenants are reinstated, and will be reduced quarterly by 0.25x until the first quarter of 2023 at which point it will reach a level of 3.00x;
- The liquidity covenant will continue and be amended requiring available liquidity (as defined) to be maintained at all times at no less than $100,000;
- The Senior Leverage Ratio to be based on annualized Adjusted EBITDA and set at 1.0x lower than the Total Leverage Ratio. Senior Leverage Ratio is defined as (i) Total Debt (as defined in the Credit Agreement) less any Notes Payable to (ii) Adjusted EBITDA; and
- From and after April 1, 2022, a fixed charge coverage ratio of greater than 1.25x will apply.

As at June 30, 2022, Cineplex's Total Leverage Ratio was 3.24x, as compared to a covenant of 3.75x. Cineplex's Senior Leverage Ratio was 1.79x, as compared to a covenant of 2.75x. Cineplex's fixed charge coverage ratio was 1.43x, as compared to a minimum covenant requirement of 1.25x.

During the first quarter of 2021, Cineplex completed a sale-leaseback transaction for its head office buildings located at 1303 Yonge Street and 1257 Yonge Street, Toronto Ontario for gross proceeds of $57,000, recognizing a gain of $30,061. Net proceeds from the sale, in addition to net proceeds from the issuance of the Notes Payable (discussed below) were used to repay the Credit Facilities, a portion of which was permanent. As a result, Cineplex permanently repaid the remaining $50,000 balance of its outstanding Term Facility.

This summary of the Credit Agreement is qualified in its entirety by reference to the provisions of the Credit Agreement which contains a complete statement of those terms and conditions. The Credit Agreement and each of the First, Second, Third and Fourth Credit Agreement Amendment were filed on SEDAR with the dates of filing on June 30, 2020, November 13, 2020, February 8, 2021 and January 4, 2022, respectively, for each of the Credit Agreement Amendments.

Following the Fourth Credit Agreement Amendment, including mandatory repayments, the Credit Facilities consist of the following:

a) a five-year, $541,668 senior secured Revolving Facility; $294,000 that has been drawn; $10,054 reserved and $237,614 remaining available balance.

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

Convertible debentures
Convertible debentures outstanding as of June 30, 2022 and December 31, 2021 are as follows:

	June 30, 2022	December 31, 2021
Face value of convertible debentures outstanding	$ 316,250	$ 316,250
Unaccreted deferred financing fees and discount	(73,248)	(81,778)
Convertible debentures	$ 243,002	$ 234,472

On July 17, 2020, Cineplex issued $316,250 aggregate principal amount of convertible unsecured subordinated debentures, which mature on September 30, 2025 (the "Maturity Date") and bear interest at a rate of 5.75% per annum, payable semi-annually in arrears on September 30 and March 31 in each year.

The Debentures are not redeemable by Cineplex prior to September 30, 2023. On or after September 30, 2023 and prior to September 30, 2024, Cineplex may, at its option, redeem the Debentures in whole or in part from time to time provided that the volume weighted average trading price of the Shares on the Toronto Stock Exchange 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 September 30, 2024, the Debentures may be redeemed in whole or in part from time to time at the option of Cineplex at a price equal to their principal amount plus accrued and unpaid interest. Redemption may be in the form of cash or in the form of Shares, at the option of Cineplex.

At the holder's option, the Debentures may be converted into Shares at a conversion price of $10.94 per Share at any time prior to the close of business on the earlier of: (i) five business days prior to the Maturity Date, and (ii) if called for redemption, five business days immediately preceding the dated fixed for redemption of the Debentures, at a conversion price to be determined at the time of pricing. Holders who convert their 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 Debentures will result in the issuance of Shares from treasury.

The fair value of the liability component of the Debentures was assessed at inception based on an estimated market discount rate of 14.1% less the pro-rata portion of transaction costs, and will be accreted to the full face value over the term of the Debentures. Cineplex recorded cash interest expense on the Debentures during the quarter and year to date period of $4,534 (2021 - $4,534) and $9,043 (2021 - $8,993), respectively. Furthermore, Cineplex recorded accretion expense during the quarter and year to date period of $4,331 (2021 - $3,744) and $8,530 (2021 - $7,402), respectively, both of which are included as part of the interest expense in the consolidated statement of operations. As at June 30, 2022, Cineplex has $316,250 principal amount of Debentures outstanding. The residual value was allocated to the equity component less the pro-rata portion of transaction costs as prescribed by IFRS 9, *Financial instruments* and IAS 32, *Financial instruments: Presentation*.

The foregoing is a summary of the key terms of the Debentures. This summary is qualified in its entirety by reference to the provisions of the Debentures trust indenture which contains a complete statement of those terms and conditions. The Debenture trust indenture was filed on SEDAR on July 15, 2020.

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

Notes payable

Notes Payable outstanding as of June 30, 2022 and December 31, 2021 are as follows:

	June 30, 2022	December 31, 2021
Face value of Notes Payable	$ 250,000	$ 250,000
Unaccreted deferred financing fees and discount	(4,581)	(5,261)
Notes Payable	$ 245,419	$ 244,739

On February 26, 2021, Cineplex completed the $250,000 Notes Payable offering. The Notes Payable mature on February 26, 2026 and bear interest at a rate of 7.50% per annum, payable semi-annually in arrears on January 31 and July 31 of each year, commencing July 31, 2021. The Notes Payable are subordinate to the security granted for the obligations under the Credit Facilities, and are subject to the terms of an intercreditor agreement with the agent under the Credit Facilities.

Cineplex recorded cash interest expense on the Notes Payable during the quarter and year to date period of $4,675 (2021 - $4,675) and $9,221 (2021 - $6,370), respectively. Furthermore, Cineplex recorded accretion expense during the quarter and year to date period of $279 (2021 $277) and $680 (2021 - $357), respectively, both of which are included as part of interest expense in the consolidated statement of operations. As at June 30, 2022, Cineplex has $250,000 principal amount of Notes Payable outstanding. Cineplex's derivative financial instrument on the Notes Payable 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. Cineplex has estimated the fair value of this embedded derivative at $3,640 as at June 30, 2022, which is presented on the consolidated balance sheets as a derivative financial instrument.

The foregoing is a summary of the key terms of the Notes Payable. This summary is qualified in its entirety by reference to the provisions of the Notes Payable trust indenture which contain a complete statement of those terms and conditions. The Notes Payable trust indenture was filed on SEDAR on February 26, 2021.

7. Revenue

The following tables disclose the changes in deferred revenue for the six months ended June 30, 2022 and 2021:

	December 31, 2021	Additions	Revenue Recognized	June 30, 2022
Gift cards	$ 169,380	$ 22,620	$ 33,993	$ 158,007
SCENE loyalty program	47,997	—	11,723	36,274
Advances and deposits	15,829	19,644	14,156	21,317
Other	60,000	—	—	60,000
	$ 293,206	$ 42,264	$ 59,872	$ 275,598

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

	December 31, 2020	Additions	Revenue Recognized	June 30, 2021
Gift cards	$ 164,025	$ 2,383	$ 3,647	$ 162,761
SCENE loyalty program	36,109	14,900	8,024	42,985
Advances and deposits	19,849	2,148	2,811	19,186
	$ 219,983	$ 19,431	$ 14,482	$ 224,932

In December 2020, Cineplex received $60,000 from its existing partner with respect to the agreement to reorganize the program and reposition it for future growth. Cineplex accounted for the $60,000 in other liabilities and reclassified it to deferred revenue as it is expected to be recognized during 2022 and 2023 (see note 15, Subsequent events).

The following tables provide the disaggregation of revenue into categories by nature for the three and six months ended June 30, 2022 and 2021:

Box revenues	**Three months ended June 30,**		**Six months ended June 30,**	
	2022	**2021**	**2022**	**2021**
Box office revenues	$ 136,372	$ 12,498	$ 216,324	$ 16,316

Food service revenues	**Three months ended June 30,**		**Six months ended June 30,**	
	2022	**2021**	**2022**	**2021**
Food service - theatres	$ 98,046	$ 9,022	$ 156,805	$ 11,561
Food delivery - theatres	2,390	3,676	5,639	7,454
Food service - location-based entertainment	10,178	516	16,537	687
Food delivery - location-based entertainment	23	44	44	81
Total food service revenues	$ 110,637	$ 13,258	$ 179,025	$ 19,783

Media revenues	**Three months ended June 30,**		**Six months ended June 30,**	
	2022	**2021**	**2022**	**2021**
Cinema media	$ 18,700	$ 2,412	$ 26,949	$ 4,311
Digital place-based media	7,706	6,989	15,002	14,164
Total media revenues	$ 26,406	$ 9,401	$ 41,951	$ 18,475

Amusement revenues	**Three months ended June 30,**		**Six months ended June 30,**	
	2022	**2021**	**2022**	**2021**
Amusement solutions excluding exhibition and LBE	$ 45,097	$ 20,446	$ 79,936	$ 33,005
Amusement solutions - exhibition	3,248	199	5,339	271
Amusement solutions - location based entertainment	17,378	1,539	30,872	2,782
Total amusement revenues	$ 65,723	$ 22,184	$ 116,147	$ 36,058

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

Other revenues	**Three months ended June 30,**		**Six months ended June 30,**	
	2022	**2021**	**2022**	**2021**
Other revenues	$ 10,740	$ 7,585	$ 25,154	$ 15,706

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

8. Lease obligation

The following table presents lease obligations for Cineplex for the six months ended June 30, 2022 and 2021:

	Property	Equipment	Total
Six months ended June 30, 2022			
Opening balance	$ 1,092,674	$ 12,849	$ 1,105,523
Additions	4,212	381	4,593
Modifications	10,938	(1,141)	9,797
Tenant inducements	1,595	—	1,595
Lease payments	(84,344)	(1,144)	(85,488)
Interest expense	29,156	287	29,443
Foreign exchange rate changes	80	2	82
Closing lease obligations	1,054,311	11,234	1,065,545
Less: current portion	94,850	3,504	98,354
Non-current portion of lease obligations	$ 959,461	$ 7,730	$ 967,191

	Property	Equipment	Total
Six months ended June 30, 2021			
Opening balance	$ 1,160,849	$ 10,076	$ 1,170,925
Additions	21,986	30	22,016
Modifications	(18,298)	981	(17,317)
Tenant inducements	4,964	—	4,964
Lease payments	(64,553)	(763)	(65,316)
Interest expense	28,944	156	29,100
Foreign exchange rate changes	(200)	(1)	(201)
Closing lease obligations	$ 1,133,692	$ 10,479	$ 1,144,171
Less: current portion	105,215	5,560	110,775
Non-current portion of lease obligations	$ 1,028,477	$ 4,919	$ 1,033,396

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

9. 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 June 30, 2022 and 2021 and transactions during the periods are as follows:

2022			Amount
	Number of common shares issued and outstanding	Common shares	Total
Balance - December 31, 2021	63,344,298	$ 852,465	$ 852,465
Issuance of shares on exercise of options	18,415	196	196
Balance - June 30, 2022	63,362,713	$ 852,661	$ 852,661

2021			Amount
	Number of common shares issued and outstanding	Common shares	Total
Balance - December 31, 2020	63,333,238	$ 852,379	$ 852,379
Issuance of shares on exercise of options	8,948	69	69
Balance - June 30, 2021	63,342,186	$ 852,448	$ 852,448

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

10. Other costs

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Employee wages, salaries and benefits	$ 69,639	$ 22,588	$ 113,560	$ 43,927
Rent	321	(4,849)	(2,018)	(11,896)
Realty and occupancy taxes and maintenance fees	18,601	10,580	33,483	24,892
Utilities	7,104	2,107	14,056	6,840
Purchased services	15,150	6,608	27,784	12,769
Other inventories consumed, including amusement and digital place-based media	20,906	12,794	46,607	22,732
Venue revenue share	13,323	5,440	24,223	8,426
Repairs and maintenance	8,661	4,709	17,159	8,315
Advertising and promotion	7,650	1,522	12,419	2,801
Office and operating supplies	2,685	577	4,855	1,096
Licenses and franchise fees	4,331	3,678	8,532	6,916
Insurance	1,605	1,559	3,529	3,227
Professional and consulting fees	2,396	3,918	3,666	7,783
Telecommunications and data	1,256	1,247	2,686	2,428
Bad debts	(50)	57	(567)	(135)
Equipment rental	300	259	770	469
Other costs	2,863	558	4,349	1,467
	$ 176,741	$ 73,352	$ 315,093	$ 142,057

During the second quarter, government mandated restrictions relating to COVID-9 were lifted and Cineplex was permitted to operate at full capacity during the entire period, compared to reduced capacity during the prior year period. This resulted in an increase in other costs during the current period. Despite operating at full capacity, Cineplex applied for government subsidy programs where available and received additional wage and rent subsidies. Cineplex recorded the following subsidies which have all been offset against their related costs during the three and six months ended June 30, 2022 and 2021:

Subsidies	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Wage subsidy (CEWS and THRP)	$ 1,365	$15,665	$ 21,495	$ 30,500
Rent subsidy (CERS and THRP)	465	4,845	3,461	11,848
Realty tax subsidy	(75)	5,729	3,731	10,514
Utility subsidy	(115)	2,307	2,069	3,888
Total	$ 1,640	$ 28,546	$ 30,756	$ 56,750

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

11. Net loss per share

Basic

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Net income (loss)	$ 1,313	$ (103,704)	$ (40,912)	$ (193,392)
Weighted average number of shares outstanding	63,360,746	63,339,618	63,353,634	63,337,300
Basic EPS	$ 0.02	$ (1.64)	$ (0.65)	$ (3.05)

Diluted

Diluted EPS 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 second quarter, dilutive shares that have been included in the current period were 188,047 potential shares that would have been issued under the treasury stock method. For the year to date period, the options and Debentures are anti-dilutive and the anti-dilutive shares that have been excluded in the current period were 203,459 potential shares that would be issued under the treasury stock method and 4,094,571 potential shares that would have been issued under the if-converted method relating to Debenture units outstanding. The options and Debentures are anti-dilutive for the year-to-date period of 2022 and for both the second quarter and year to date period of 2021, as applicable.

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Net income (loss)	$ 1,313	$ (103,704)	$ (40,912)	$ (193,392)
Weighted average number of shares outstanding	63,360,746	63,339,618	63,353,634	63,337,300
Adjustments for stock options	188,047	—	—	—
Weighted average number of shares for diluted EPS	63,548,793	63,339,618	63,353,634	63,337,300
Diluted EPS	$ 0.02	$ (1.64)	$ (0.65)	$ (3.05)

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

12. Changes in operating assets and liabilities

The following summarizes the changes in operating assets and liabilities:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Trade and other receivables	$ (5,881)	$ (2,999)	$ 15,322	$ 9,542
Inventories	(282)	(482)	(4,716)	675
Prepaid expenses and other current assets	(1,323)	(2,056)	(1,889)	(1,217)
Accounts payable and accrued liabilities	7,091	15,262	(4,601)	14,825
Income taxes receivable	—	49,018	(724)	56,843
Deferred revenue	(134)	2,851	(17,684)	5,004
Post-employment benefit obligations	45	23	(766)	(866)
Share-based compensation	(693)	1,047	(572)	2,125
Other liabilities	57	(42)	(567)	(728)
	$ (1,120)	$ 62,622	$ (16,197)	$ 86,203

Property, equipment and leasehold purchases are included in accounts payable and accrued liabilities as at June 30, 2022, in the amount of $3,794 (2021 - $1,553).

13. Operating segments

Cineplex has four reportable segments; Film Entertainment and Content, Media, Amusement and Leisure and Location-Based Entertainment. The reportable segments are business units offering differing products and services and managed separately due to their distinct natures. These four 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. Cineplex reports the total of its segments which is considered an other financial measure in accordance with National Instrument 52-112, *Non-GAAP and Other Financial Measures*. The total segments measure includes a non-GAAP measure, adjusted EBITDAaL and is described below.

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 the aggregation of two operating segments, cinema media and digital place-based media businesses. Cinema media consists of all in-theatre advertising revenues and costs, including pre-show, showtime and lobby advertising. Digital place-based media is comprised of revenues and costs associated with the design, installation and operations of digital signage networks, along with advertising on certain networks. Aggregation of these operating segments is based on the segments having similar economic characteristics.

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

Amusement and Leisure

The Amusement and Leisure reporting segment includes the amusement solutions operating segment. Amusement solutions is comprised of revenues and costs associated with operating and distributing amusement, gaming and vending equipment. Previously reported periods included results for eSports in the Amusement and Leisure segment.

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 (gain) on disposal of assets, foreign exchange, the equity (income) loss of CDCP, and impairment, depreciation, amortization, interest and taxes of Cineplex's other joint ventures and associates. Adjusted EBITDAaL modifies adjusted EBITDA to deduct current period cash rent paid or payable related to lease obligations. During the year, Cineplex agreed to a variety of arrangements with landlords to reduce or defer cash rent paid or payable as a result of the impact of COVID-19.

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.

The following tables disclose the results of the Film Entertainment and Content, Media, Amusement and Leisure and Location-Based Entertainment segments for the three and six months ended June 30, 2022 and 2021:

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

Three months ended June 30, 2022	Film Entertainment and Content (i)	Media (i)	Amusement and Leisure	Location-Based Entertainment	Corporate and other (iii)	Consolidated
Major product and service lines						
Box office	$ 136,372	$ —	$ —	$ —	$ —	$ 136,372
Food service	100,436	—	—	10,201	—	110,637
Media	—	26,154	—	252	—	26,406
Amusement	3,249	—	45,096	17,378	—	65,723
Other	10,447	—	—	293	—	10,740
Total revenues	$ 250,504	$ 26,154	$ 45,096	$ 28,124	$ —	$ 349,878
Primary geographical markets						
Canada	$ 250,504	$ 24,320	$ 13,735	$ 28,124	$ —	$ 316,683
United States and other countries	—	1,834	31,361	—	—	33,195
Total revenues	$ 250,504	$ 26,154	$ 45,096	$ 28,124	$ —	$ 349,878
Timing of revenue recognition						
Transferred at a point in time	$ 250,504	$ 3,304	$ 45,096	$ 28,124	$ —	$ 327,028
Transferred over time	—	22,850	—	—	—	22,850
Total revenues	$ 250,504	$ 26,154	$ 45,096	$ 28,124	$ —	$ 349,878
Adjusted EBITDAaL	$ 21,292	$ 14,158	$ 8,118	$ 7,519	$ (15,323)	$ 35,764
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.						(2,950)
Other adjustments (ii)						(3,024)
Depreciation and amortization - other assets						26,651
Interest expense - other						13,812
Interest income						(38)
Net loss						$ 1,313
Other operating segment disclosures						
Depreciation - right-of-use assets	$ 22,232	$ 729	$ 520	$ 894	$ 111	$ 24,486
Depreciation and amortization - other assets	$ 16,419	$ 1,154	$ 4,541	$ 4,537	$ —	$ 26,651
Interest expense - lease obligations	$ 12,947	$ 147	$ 121	$ 1,308	$ 216	$ 14,739
Goodwill balance	$ 413,915	$ 206,385	$ 15,386	$ —	$ —	$ 635,686

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

Three months ended June 30, 2021	Film Entertainment and Content (i)	Media (i)	Amusement and Leisure	Location-Based Entertainment	Corporate and other (iii)	Consolidated
Major product and service lines						
Box office	$ 12,498	$ —	$ —	$ —	$ —	$ 12,498
Food service	12,698	—	—	560	—	13,258
Media	—	9,395	—	6	—	9,401
Amusement	199	—	20,446	1,539	—	22,184
Other	7,592	—	—	(7)	—	7,585
Total revenues	$ 32,987	$ 9,395	$ 20,446	$ 2,098	$ —	$ 64,926
Primary geographical markets						
Canada	$ 32,987	$ 6,644	$ 3,174	$ 2,098	$ —	$ 44,903
United States and other countries	—	2,751	17,272	—	—	20,023
Total revenues	$ 32,987	$ 9,395	$ 20,446	$ 2,098	$ —	$ 64,926
Timing of revenue recognition						
Transferred at a point in time	$ 32,987	$ 2,937	$ 20,446	$ 2,098	$ —	$ 58,468
Transferred over time	—	6,458	—	—	—	6,458
Total revenues	$ 32,987	$ 9,395	$ 20,446	$ 2,098	$ —	$ 64,926
Adjusted EBITDAaL	$ (37,380)	$ 1,437	$ 758	$ (3,210)	$ (14,770)	$ (53,165)
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.						4,215
Other adjustments (ii)						1,598
Depreciation and amortization - other assets						27,735
Interest expense - other						17,899
Interest income						(108)
Net loss						$ (104,504)
Other operating segment disclosures						
Depreciation - right-of-use assets	$ 23,164	$ 721	$ 798	$ 938	$ 116	$ 25,737
Depreciation and amortization - other assets	$ 17,889	$ 288	$ 5,909	$ 3,649	$ —	$ 27,735
Interest expense - lease obligations	$ 13,013	$ 77	$ 139	$ 1,285	$ 227	$ 14,741
Goodwill balance	$ 413,915	$ 206,385	$ 15,052	$ —	$ —	$ 635,352

(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)/gain on disposal of assets, CDCP equity income/(loss), foreign exchange, non-controlling interest adjusted EBITDA, depreciation and amortization for joint ventures and taxes and interest - joint ventures.

(iii) Corporate and other represents the cost of centralized corporate overhead that is not allocated to the other operating segments and includes the change in fair value of financial instruments.

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

Six months ended June 30, 2022	Film Entertainment and Content (i)	Media (i)	Amusement and Leisure	Location-Based Entertainment	Corporate and other (iii)	Consolidated
Major product and service lines						
Box office	$ 216,324	$ —	$ —	$ —	$ —	$ 216,324
Food service	162,444	—	—	16,581	—	179,025
Media	—	41,594	—	357	—	41,951
Amusement	5,339	—	79,936	30,872	—	116,147
Other	24,797	—	—	357	—	25,154
Total revenues	$ 408,904	$ 41,594	$ 79,936	$ 48,167	$ —	$ 578,601
Primary geographical markets						
Canada	$ 408,904	$ 37,977	$ 24,243	$ 48,167	$ —	$ 519,291
United States and other countries	—	3,617	55,693	—	—	59,310
Total revenues	$ 408,904	$ 41,594	$ 79,936	$ 48,167	$ —	$ 578,601
Timing of revenue recognition						
Transferred at a point in time	$ 408,904	$ 6,294	$ 79,936	$ 48,167	$ —	$ 543,301
Transferred over time	—	35,300	—	—	—	35,300
Total revenues	$ 408,904	$ 41,594	$ 79,936	$ 48,167	$ —	$ 578,601
Adjusted EBITDAaL	$ 15,007	$ 19,418	$ 13,103	$ 13,923	$ (31,406)	$ 30,045
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.						(6,177)
Other adjustments (ii)						488
Depreciation and amortization - other assets						53,543
Interest expense - other						23,895
Interest income						(68)
Provision for income taxes						(724)
Net loss						$ (40,912)
Other operating segment disclosures						
Depreciation - right-of-use assets	$ 44,530	$ 1,561	$ 654	$ 1,801	$ 203	$ 48,749
Depreciation and amortization - other assets	$ 33,379	$ 2,302	$ 9,146	$ 8,716	$ —	$ 53,543
Interest expense - lease obligations	$ 25,875	$ 281	$ 240	$ 2,616	$ 431	$ 29,443
Goodwill balance	$ 413,915	$ 206,385	$ 15,386	$ —	$ —	$ 635,686

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

Six months ended June 30, 2021	Film Entertainment and Content (i)	Media (i)	Amusement and Leisure	Location-Based Entertainment	Corporate and other (iii)	Consolidated
Major product and service lines						
Box office	$ 16,316	$ —	$ —	$ —	$ —	$ 16,316
Food service	19,015	—	—	768	—	19,783
Media	—	18,469	—	6	—	18,475
Amusement	271	—	33,005	2,782	—	36,058
Other	15,678	—	—	28	—	15,706
Total revenues	$ 51,280	$ 18,469	$ 33,005	$ 3,584	$ —	$ 106,338
Primary geographical markets						
Canada	$ 51,280	$ 12,864	$ 5,942	$ 3,584	$ —	$ 73,670
United States and other countries	—	5,605	27,063	—	—	32,668
Total revenues	$ 51,280	$ 18,469	$ 33,005	$ 3,584	$ —	$ 106,338
Timing of revenue recognition						
Transferred at a point in time	$ 51,280	$ 5,792	$ 33,005	$ 3,584	$ —	$ 93,661
Transferred over time	—	12,677	—	—	—	12,677
Total revenues	$ 51,280	$ 18,469	$ 33,005	$ 3,584	$ —	$ 106,338
Adjusted EBITDAaL	$ (79,328)	$ 2,227	$ (2,253)	$ (6,380)	$ (29,521)	$ (115,255)
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.						12,907
Other adjustments (ii)						(25,983)
Depreciation and amortization - other assets						57,244
Interest expense - other						31,564
Interest income						(134)
Provision for income taxes						3,339
Net loss						$ (194,192)
Other operating segment disclosures						
Depreciation - right-of-use assets	$ 46,672	$ 1,519	$ 1,540	$ 1,926	$ 398	$ 52,055
Depreciation and amortization - other assets	$ 35,605	$ 2,324	$ 11,914	$ 7,401	$ —	$ 57,244
Interest expense - lease obligations	$ 25,808	$ 183	$ 279	$ 2,553	$ 277	$ 29,100
Goodwill balance	$ 413,915	$ 206,385	$ 15,052	$ —	$ —	$ 635,352

(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)/gain on disposal of assets, CDCP equity income/(loss), foreign exchange, non-controlling interest adjusted EBITDA, depreciation and amortization for joint ventures and taxes and interest - joint ventures.

(iii) Corporate and other represents the cost of centralized corporate overhead that is not allocated to the other operating segments and includes the change in fair value of financial instruments.

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.

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

14. Basis of presentation and accounting standards

Basis of preparation and measurement

Cineplex prepares its unaudited interim condensed consolidated financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), defined as International Financial Reporting Standards ("IFRS") as set out in the CPA Canada Handbook. The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires that management exercise judgment in applying Cineplex's accounting policies. These unaudited interim condensed consolidated financial statements are presented in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. The disclosures contained in these unaudited interim condensed consolidated financial statements do not contain all requirements of Canadian GAAP for annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2021. These unaudited interim condensed consolidated financial statements follow the same accounting policies and methods of application as the audited financial statements for the year ended December 31, 2021, with the exception of accounting standards issued in the current period.

Accounting standards issued

IFRS 16, Leases ("IFRS 16") - Amendment

The International Accounting Standards Board ("IASB") extended by one year, the application period of the practical expedient in IFRS 16, *Leases,* for COVID-19 related rent concessions. The IASB has extended the relief by one year to cover rent concessions that reduce only lease payments due on or before June 30, 2022. The amendment is effective for annual reporting periods beginning on or after April 1, 2021.

Cineplex will not apply the practical expedient to lease concessions.

15. Subsequent events

CDCP expects to distribute its assets to its partners in 2022, and Cineplex will recognize a return of capital under IAS 28*, Investments in Associates and Joint Ventures.* Any difference between the carrying value of Cineplex's equity interest in CDCP and the fair value of the assets received will be recognized in income.

Subsequent to June 30, 2022, Cineplex recognized a gain on its 2020 sale of a third of its 50% interest in Scene LP. The gain was deferred until the economic and contractual obligations of the transfer were met.

On August 10, 2022 Cineplex entered into a fifth amending agreement to the Credit Agreement, (the "Fifth Credit Agreement Amendment"), which among other things, extended the suspension of financial covenant testing until the fourth quarter of 2022 and liquidity covenant requirement until March 2023. The following is a summary of the key terms of the Fifth Credit Agreement Amendment:

- The suspension of financial covenant testing was extended until the fourth quarter of 2022. On resumption of financial covenant testing in the fourth quarter of 2022:

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

    - for the fourth quarter of 2022, testing will be based on an annualized calculation of Adjusted EBITDA (as further adjusted in accordance with the Credit Agreement definitions) based on the actual results for the fourth quarter multiplied by 4;
    - for the quarter ending on March 31, 2023, testing will be based on an annualized calculation of Adjusted EBITDA based on actual results for the fourth quarter of 2022 and the first quarter of 2023 multiplied by 2; and
    - for the quarter ending on June 30, 2023, testing will be based on an annualized calculation of Adjusted EBITDA based on the actual results of the fourth quarter of 2022, the first quarter of 2023 and the second quarter of 2023 multiplied by 4/3.
- Thereafter, testing will be based on an annualized calculation of the cumulative Adjusted EBITDA on a trailing four fiscal quarter basis;
- The Total Leverage Ratio of 3.75x will apply when financial covenants are reinstated, and will be reduced quarterly by 0.25x until the third quarter of 2023 at which point it will reach a level of 3.00x;
- The liquidity covenant will continue and be amended requiring available liquidity (as defined) to be maintained at all times until March 31, 2023 at no less than $100,000;
- The Senior Leverage Ratio to be based on annualized Adjusted EBITDA and set at 1.0x lower than the Total Leverage Ratio. Senior Leverage Ratio is defined as (i) Total Debt (as defined in the Credit Agreement) less any Notes Payable to (ii) Adjusted EBITDA; and
- A fixed charge coverage ratio of greater than 1.25x will continue to apply.

This summary of the Fifth Credit Agreement Amendment is qualified in its entirety by reference to the provisions of the Credit Agreement which contains a complete statement of those terms and conditions. The Credit Agreement and each of the First, Second, Third, Fourth and Fifth Credit Agreement Amendment were filed on SEDAR on June 30, 2020, November 13, 2020, February 8, 2021, January 4, 2022, and August 10, 2022, respectively, for each of Credit Agreement Amendments.