

Cineplex Inc.

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

February 10, 2026

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

Unless otherwise specified, all information in this MD&A is as of December 31, 2025 and all amounts are in Canadian dollars.

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Non-GAAP and Other Financial Measures

Cineplex reports on certain non-GAAP measures, non-GAAP ratios, supplementary financial measures, and total segment measures that are used by management to evaluate Cineplex's performance. In addition, non-GAAP measures are used in assessing compliance with debt covenants. Non-GAAP measures do not have a standardized meaning under GAAP and may not be comparable to similar measures provided by other issuers. Cineplex includes these measures because management believes that they assist investors in assessing financial performance. The definition, calculation and reconciliation of non-GAAP measures are provided in Section 18 Non-GAAP and other financial measures.

Forward-Looking Statements

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

By their very nature, forward-looking statements involve inherent risks and uncertainties, including those described in Cineplex's Annual Information Form ("AIF") and in this MD&A. These risks and uncertainties, both general and specific, give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved.

Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. Cineplex cautions readers not to place undue reliance on these statements as a number of important factors, many of which are beyond Cineplex's control, could cause actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, Cineplex's expectations with respect to liquidity and capital expenditures, including its ability to meet its ongoing capital, operating and other obligations, and anticipated needs for, and sources of, funds; Cineplex's ability to execute cost-cutting and revenue enhancement initiatives in response to adverse economic conditions; competition from alternative forms of entertainment and content delivery via streaming and other formats; the impacts of any pandemic, epidemic, natural disaster, governmental restrictions, strikes or the inability to procure materials and supplies; political uncertainty and international trade disputes; information concerning future purchases of Common Shares under Cineplex's normal course issuer bid (NCIB); the outcome of the litigation with respect to Cineplex's online booking fee (described in further detail in this MD&A); and risks generally encountered in the relevant industry, competition, customer, legal, taxation and accounting matters.

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

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

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1. OVERVIEW OF CINEPLEX

Cineplex (TSX:CGX) is a top-tier Canadian brand that operates in the Film Entertainment and Content, Amusement and Leisure, and Media sectors. Cineplex offers a unique escape from the everyday to millions of guests through its circuit of 170 movie theatres and location-based entertainment venues. In addition to being Canada's largest and most innovative film exhibitor, the company operates Canada's favourite destination for 'Eats & Entertainment' (The Rec Room), complexes specially designed for teens and families (Playdium), and an entertainment concept that brings movies, amusement gaming, dining, and live performances together under one roof (Cineplex Junxion). It also operates successful businesses in cinema media (Cineplex Media), alternative programming (Cineplex Events) and motion picture distribution (Cineplex Pictures). Providing even more value for its guests, Cineplex is a partner in Scene+, Canada's largest entertainment and lifestyle loyalty program.

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

As of December 31, 2025, Cineplex owned, leased or had a joint venture interest in 1,606 screens in 154 theatres from coast to coast as well as 16 location-based entertainment venues in seven provinces.

Cineplex Theatre locations and screens at December 31, 2025									
Province	Locations (i)	Screens	UltraAVX	IMAX Screens (ii)	VIP Auditoriums	D-BOX Auditoriums	Recliner Auditoriums	Other Screens (iii)	
Ontario	66	710	43	14	48	48	116	14	
Quebec	18	218	10	3	9	10	22	4	
British Columbia	23	232	15	5	20	15	43	4	
Alberta	18	195	19	3	16	16	93	7	
Nova Scotia	9	80	1	1	—	2	—	1	
Saskatchewan	6	54	5	—	3	4	18	1	
Manitoba	5	49	3	1	3	4	16	1	
New Brunswick	5	41	2	1	—	2	10	—	
Newfoundland & Labrador	2	14	—	1	—	1	—	—	
Prince Edward Island	2	13	—	—	—	1	—	—	
TOTALS	154	1,606	98	29	99	103	318	32	
Percentage of screens			6 %	2 %	6 %	6 %	20 %	2 %	
(i) Includes <i>Junxion</i> theatres in Manitoba and Ontario.									
(ii) All IMAX screens are 3D enabled. Total 3D screens including IMAX screens are 818 screens or 51% of the circuit.									
(iii) Other screens includes 7 4DX screens, 5 <i>Cineplex Clubhouse</i> screens and 20 ScreenX screens.									

Cineplex - Theatres, screens and premium offerings in the last eight quarters									
	2025				2024				
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Theatres	154	155	155	156	156	155	156	158	
Screens	1,606	1,607	1,607	1,617	1,617	1,612	1,618	1,631	
UltraAVX Screens	98	96	96	96	96	97	97	98	
IMAX Screens	29	29	29	29	29	27	27	26	
VIP Auditoriums	99	99	99	99	99	99	99	99	
D-BOX Auditoriums	103	102	102	101	101	102	102	102	
Recliner Auditoriums	318	316	316	316	315	309	306	302	
Other Screens	32	32	32	32	32	30	29	29	

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Cineplex - LBE - at December 31, 2025 and 2024 Province	2025		2024	
	<i>The Rec Room</i>	<i>Playdium</i>	<i>The Rec Room</i>	<i>Playdium</i>
Ontario	4	3	4	3
Quebec	1	—	1	—
Alberta	3	—	3	—
Manitoba	1	—	1	—
Newfoundland & Labrador	1	—	1	—
British Columbia	2	—	2	—
Nova Scotia	—	1	—	1
TOTALS	12	4	12	4

Sale of Cineplex digital place-based media business

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, Cineplex Digital Media Inc. (“CDM”), for cash proceeds of \$70.0 million 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 (see Section 7.4 Long-term debt). 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 \$3.3 million, net of income taxes in connection with the sale of CDM during the fourth quarter of 2025.

In accordance with IFRS 5, Non-current assets held for sale and discontinued operations, the balance sheet discloses separately the assets and liabilities of CDM at September 30, 2025, and discontinued operations are excluded from the results of continuing operations and are presented as a single amount as after-tax profit or loss from discontinued operations in the consolidated statement of operations. As a result, the results of discontinued operations (CDM) have been excluded from prior period figures as applicable per IFRS 5 to conform to current period presentation (see Section 13 Accounting policies). Other than where disclosed, discussions of results and Non-GAAP financial measures, including EBITDA, adjusted EBITDA and adjusted EBITDAaL, in this MD&A are of continuing operations. Reconciliations to previously disclosed balances are presented in Section 19 Reconciliation: Cineplex Digital Media (CDM).

Sale of Player One Amusement Group

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

P1AG continues to be a key supplier to Cineplex’s exhibition and location-based entertainment businesses and Cineplex does not anticipate changes to its amusement revenue generating activities and margins, or operating costs, or general and administrative costs as a result of the sale of P1AG.

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Competition Tribunal Administrative Monetary Penalty

On September 23, 2024, the Competition Tribunal ordered Cineplex to pay an administrative monetary penalty and costs of \$39.2 million. The amount is presented separately on the statement of operations and balance sheet.

On October 23, 2024, Cineplex filed its Notice of Appeal with the Federal Court of Appeal and, with the Competition Bureau's consent, was granted a stay regarding payment of the Competition Tribunal's \$39.2 million administrative monetary penalty pending the Federal Court of Appeal's decision. The appeal was heard on October 8, 2025.

On January 23, 2026, the Federal Court of Appeal upheld the September 2024 decision of the Competition Tribunal, including the \$39.2 million 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.

The order and Cineplex's response are discussed in more detail in Section 14 Risks and uncertainties.

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1.2 FINANCIAL HIGHLIGHTS

Financial highlights (in thousands of dollars, except theatre attendance in thousands of patrons and per share and per patron amounts)	Fourth Quarter			Full Year		
	2025	2024 (Section 1) (i)	Change (ii)	2025	2024 (Section 1) (i)	Change (ii)
Total revenues	\$ 334,768	\$ 340,896	-1.8%	\$1,284,766	\$1,274,756	0.8%
Theatre attendance	10,148	11,141	-8.9%	42,177	42,946	-1.8%
Net loss from continuing operations	\$ (3,302)	\$ (631)	423.3%	\$ (36,924)	\$ (104,162)	-64.6%
Net income from discontinued operations, including gain on disposition	\$ 3,671	\$ 3,963	-7.4%	\$ (309)	\$ 66,481	NM
Net income (loss) (iii)	\$ 369	\$ 3,332	-88.9%	\$ (37,233)	\$ (37,681)	-1.2%
Cash provided by continuing operating activities	\$ 76,562	\$ 100,009	-23.4%	\$ 122,033	\$ 149,200	-18.2%
Box office revenues per patron ("BPP") (iv)	\$ 13.87	\$ 13.26	4.6%	\$ 13.29	\$ 13.09	1.5%
Concession revenues per patron ("CPP") (iv)	\$ 9.92	\$ 9.41	5.4%	\$ 9.72	\$ 9.47	2.6%
Adjusted EBITDA (v)	\$ 75,542	\$ 76,382	-1.1%	\$ 253,120	\$ 250,740	0.9%
Adjusted EBITDAaL (v)	\$ 35,052	\$ 35,804	-2.0%	\$ 91,560	\$ 89,991	1.7%
Adjusted EBITDAaL from discontinued operations (v)	\$ 567	\$ 4,471	-87.3%	\$ 480	\$ 3,784	-87.3%
Adjusted EBITDAaL including discontinued operations (v)	\$ 35,619	\$ 40,275	-11.6%	\$ 92,040	\$ 93,775	-1.9%
Adjusted EBITDAaL margin from continuing operations (vi)	10.5 %	10.5 %	—%	7.1 %	7.1 %	—%
Adjusted free cash flow (v)	\$ 11,082	\$ 14,707	-24.6%	\$ 17,862	\$ (11,423)	NM
Adjusted free cash flow per share (vi)	\$ 0.174	\$ 0.232	-25.0%	\$ 0.281	\$ (0.180)	NM
Loss per share from continuing operations - basic (iii)	\$ (0.05)	\$ (0.01)	400.0%	\$ (0.58)	\$ (1.64)	-64.6%
Earnings per share from discontinued operations - basic	\$ 0.06	\$ 0.06	—%	\$ 0.00	\$ 1.05	NM
Earnings (loss) per share - basic (iii)	\$ 0.01	\$ 0.05	-80.0%	\$ (0.58)	\$ (0.59)	-1.7%
Loss per share from continuing operations - diluted (iii)	\$ (0.05)	\$ (0.01)	400.0%	\$ (0.58)	\$ (1.64)	-64.6%
Earnings per share from discontinued operations - diluted	\$ 0.06	\$ 0.06	—%	\$ 0.00	\$ 1.05	NM
Earnings (loss) per share - diluted (iii)	\$ 0.01	\$ 0.05	-80.0%	\$ (0.58)	\$ (0.59)	-1.7%

(i) The results of discontinued operations from CDM and PIAG have been excluded from prior period figures as applicable per IFRS 5 to conform to the current period presentation. All amounts are from continuing operations unless otherwise noted. See Section 13 Accounting policies.

(ii) Throughout this MD&A, changes in percentage amounts are calculated as 2025 value less 2024 value.

(iii) 2025 includes expenses related to other transactions or litigation outside the normal course of business in the amount of \$(0.1) million (2024 - \$nil) for the fourth quarter and \$0.8 million (2024 - \$2.5 million) for the full year. The fourth quarter of 2024 includes the loss on the 2024 Refinancing of \$nil and \$56.0 million for full year, and includes the \$39.2 million provision for the Competition Tribunal's administrative monetary penalty.

(iv) Represents a supplementary financial measure. See Section 18 Non-GAAP and other financial measures.

(v) Represents a non-GAAP financial measure. See Section 18 Non-GAAP and other financial measures.

(vi) Represents a non-GAAP ratio. See Section 18 Non-GAAP and other financial measures.

Total revenues for the fourth quarter of 2025 decreased by 1.8%, or \$6.1 million to \$334.8 million, compared to Cineplex's fourth quarter revenues of 2024 due to a decrease in attendance.

Adjusted EBITDAaL for the fourth quarter of 2025 decreased by 2.0%, or \$0.7 million to \$35.1 million, compared to \$35.8 million in the prior year. This decrease is primarily driven by lower theatre attendance.

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1.3 KEY DEVELOPMENTS IN 2025

The following describes certain key business initiatives undertaken and results achieved during 2025 in each of Cineplex's core business areas:

FILM ENTERTAINMENT AND CONTENT

Theatre Exhibition

- Reported annual box office revenues of \$560.6 million, a decrease of \$1.6 million or 0.3% from \$562.2 million in the prior year. This decrease was primarily driven by an 1.8% decrease in attendance compared to the prior year.
- Reported an annual record BPP of \$13.29, an increase of \$0.20 or 1.5% compared to \$13.09 in the prior year.
- Closed two locations as part of Cineplex's portfolio optimization and rationalization strategy.
- The CineClub subscription program reached over 228,000 members, providing members with benefits accessible across Cineplex's business nationwide, including Cineplex theatres and LBE venues.
- Cineplex introduced *Monday Surprise Premieres*, a new event featuring mystery screenings of major unreleased films at select theatres.
- Implemented various attendance-driving initiatives throughout the year including VIP tickets at regular admission prices, \$5 Tuesdays, and a \$5 Labour Day weekend.

Theatre Food Service

- Reported annual theatre food service revenues of \$410.0 million, an increase of \$3.2 million or 0.8% compared to the prior year.
- Reported annual record CPP of \$9.72, an increase of \$0.25 or 2.6% compared to \$9.47 in the prior year, primarily due to an increase in purchase incidence and strategic pricing initiatives.

Alternative Programming and Distribution

- Cineplex Pictures (Cineplex's distribution business) distributed *Now You See Me: Now You Don't*, *Ballerina*, *The Housemaid*, and *Jujutsu Kaisen: Execution* during 2025.
- Continued a leadership position in alternative programming, with 11.1% of 2025 box office revenues coming from international films, compared to those films having a 5.7% North American share. Strong performing titles included *Demon Slayer: Kimetsu No Yaiba Infinity Castle* (Japanese), which became the highest-grossing foreign-language film of all time at both the domestic box office and in Cineplex history, *Ne Zha 2* (Chinese), which was the highest grossing Mandarin film of all time for Cineplex, along with *Dhurandhar* (Hindi), *Chainsaw Man - The Movie: Reze Arc* (Japanese), and *Sadaar Ji 3* (Punjabi).
- Event Cinema featured a diverse slate of successful initiatives throughout 2025, including concert experiences such as *TAYLOR SWIFT | THE OFFICIAL RELEASE PARTY OF A SHOWGIRL*, classic film titles like *Princess Mononoke*, the sing-along event of *KPop Demon Hunters*, and the theatrical releases of the popular television series finale *The Chosen: Last Supper Part 1* through *Part 3*.

CINEMA MEDIA

- Reported annual cinema media revenues of \$89.5 million, an increase of \$10.4 million or 13.1% over the prior year.
- Continued to leverage expertise in data and analytics to drive revenues.
- Expanded representation through advertising sales provided to other theatre exhibitors, including Landmark Cinemas beginning in January 2026.

LOCATION-BASED ENTERTAINMENT

- Reported annual revenues of \$141.9 million, an increase of \$13.2 million or 10.3% compared to the prior year.

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- Reported annual adjusted store level EBITDAaL of \$29.0 million, a decrease of \$1.0 million or 3.3% compared to the prior year due to the gradual ramp up of new locations that opened in the fourth quarter of 2024.
- In December 2025, Cineplex announced plans to open a new Playdium location in Vaughan, Ontario, with targeted completion for summer 2026.

LOYALTY

- Membership in the Scene+ loyalty program was over 15 million members as at December 31, 2025.

CORPORATE

- On November 7, 2025, CELP completed the sale of 100% of the issued and outstanding shares of DDC Group International Inc., which operated the digital place-based media division through its wholly owned subsidiary (CDM), for cash proceeds of \$70.0 million, subject to customary post-closing adjustments. Cineplex recognized a gain of \$3.3 million, net of income taxes, in connection with the sale of CDM during the fourth quarter of 2025.
- Cineplex repurchased for cancellation 636,602 common shares of Cineplex ("Common Shares") for \$7.0 million under its NCIB announced on August 22, 2024, which was subsequently renewed on August 22, 2025.
- During the second quarter, Cineplex implemented a cost reduction program including headcount reductions and efficiency improvements focused on leveraging technology investments and process optimization.
- Cineplex was deeply saddened by the passing of Nadir Mohamed, a valued member of Cineplex's Board of Directors (the "Board") since 2017. Mr. Mohamed's strategic guidance and contributions made a meaningful and lasting impact on Cineplex.
- Departures from the Board: Joan Dea did not stand for re-election at Cineplex's Annual and Special Meeting of Shareholders held on May 21, 2025 (the "Annual Meeting"). Robert Bruce resigned from the Board, effective December 15, 2025.
- New Board members: Rania Llewellyn was elected to the Board at the Annual Meeting. Kevin Johnson was appointed to the Board on November 5, 2025, and Sean McGuckin was appointed to the Board on February 10, 2026.
- Cineplex celebrated Community Day on November 15, 2025 with a morning of free, family-friendly movies, free gaming at XSCAPE Play card locations, and free non-redemption gaming at LBE venues, with select discounted concessions, where one dollar from every concession order of select items, and food and beverage orders were donated to BGC Canada (formerly known as Boys & Girls Clubs of Canada).
- Completed the sale of the Cineplex Store for nominal proceeds on January 1, 2025.

2. CINEPLEX'S BUSINESS AND STRATEGY

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

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

Cineplex's key strategic areas of focus include:

- Continuing to enhance and expand Cineplex's presence as an entertainment destination for Canadians;
- Capitalizing on core media strengths and infrastructure to provide continued growth for Cineplex's media business both inside and outside theatres;
- Developing and scaling amusement and leisure concepts by extending existing capabilities and infrastructure;

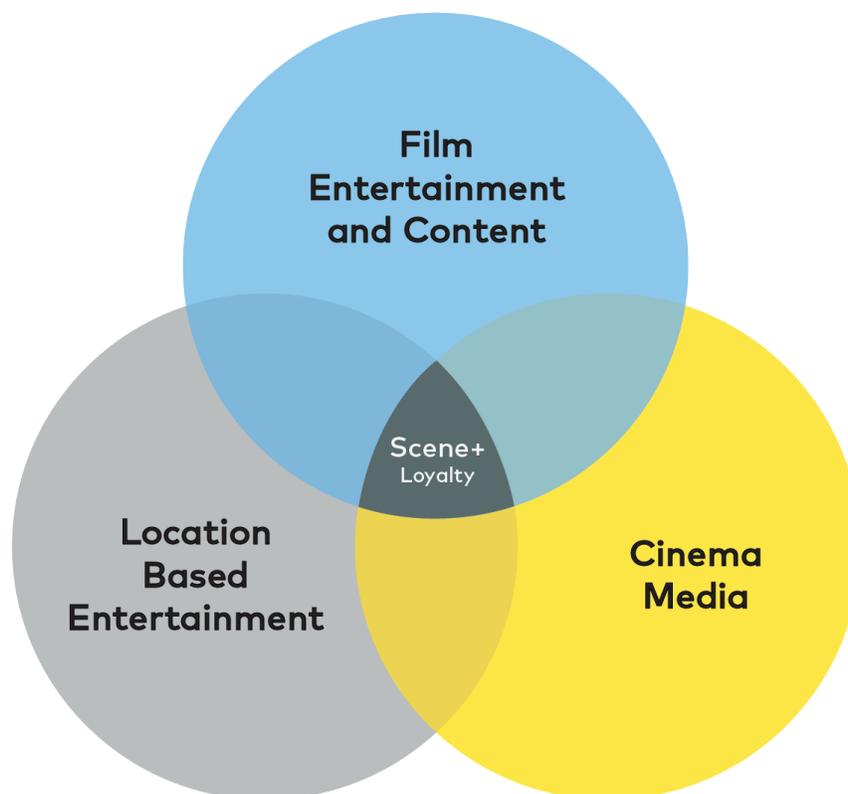
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- Driving value within businesses by leveraging opportunities to optimize value, realize synergies, implement customer-centric technology and leverage data across Cineplex ecosystems; and
- Pursuing opportunities that capitalize on Cineplex's core strengths.

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

Diversified Entertainment and Media Company

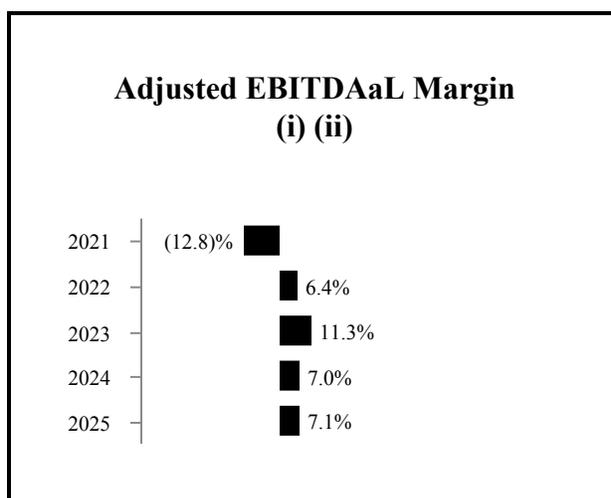
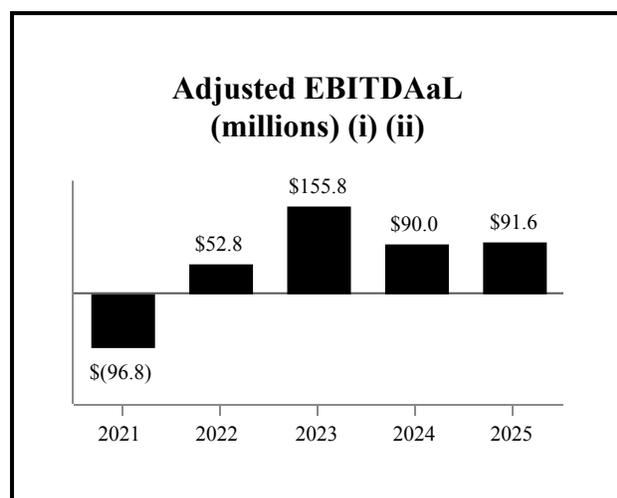
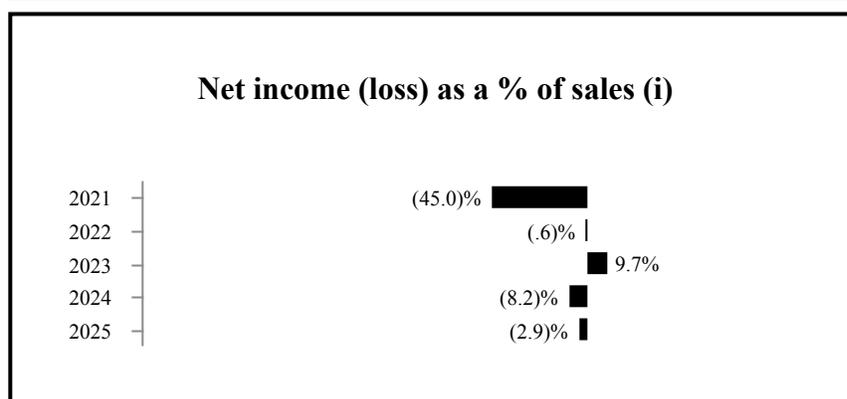
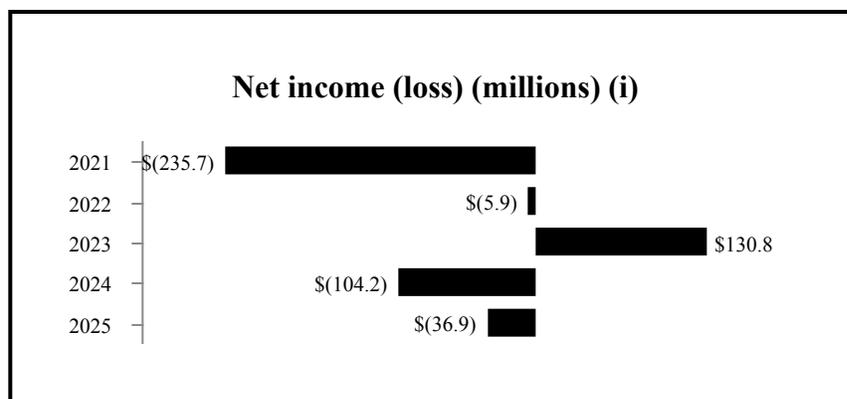


Key elements of this strategy include going beyond movies to reach customers in new ways and maximizing revenue per patron. Cineplex has implemented in-theatre initiatives to improve the overall entertainment experience, including increased premium offerings, enhanced in-theatre services, alternative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

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

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- (i) The results of discontinued operations from CDM and P1AG have been excluded from prior period figures as applicable per IFRS 5 to conform to the current period presentation. All amounts are from continuing operations unless otherwise noted. See Section 13 Accounting policies.
- (ii) 2025 includes expenses related to other transactions or litigation outside the normal course of business in the amount of \$0.8 million (2024 - \$2.5 million).

3. CINEPLEX'S BUSINESSES

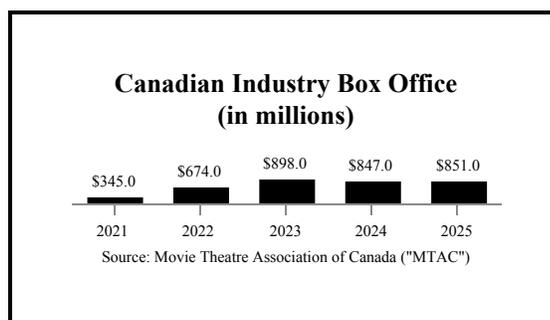
Cineplex's operations are primarily conducted in three main areas: film entertainment and content, media, and location-based entertainment, all supported by the Scene+ loyalty program.

FILM ENTERTAINMENT AND CONTENT

Theatre Exhibition

Theatrical exhibition is Cineplex's core business. Box office revenues are highly dependent on the marketability, quality and appeal of the film product released by the major motion picture studios.

The motion picture industry consists of three principal activities: production, distribution and exhibition. Production involves the development, financing and creation of feature-length motion pictures. Distribution involves the promotion and exploitation of motion pictures in a variety of different channels. Theatrical exhibition continues to be a key channel for new motion picture releases and is Cineplex's core business function.



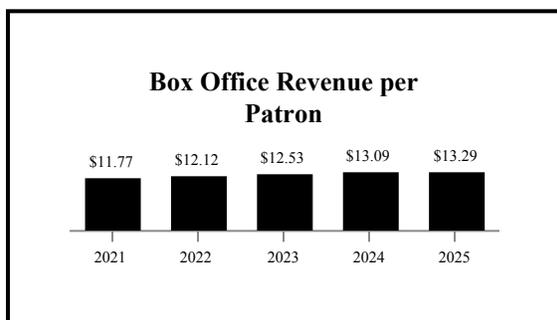
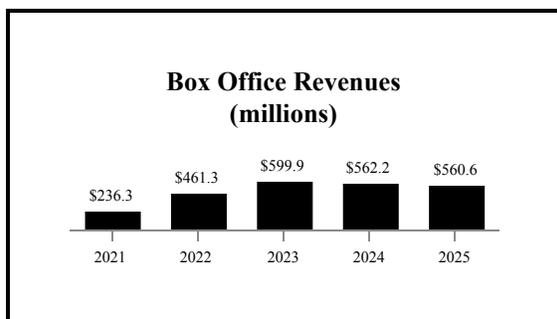
Cineplex believes that the following are important factors in the film exhibition industry in Canada:

- *Importance of theatrical success in establishing movie brands and subsequent movies.* Theatrical exhibition is the initial and most important channel for new motion picture releases. Cineplex's ability to operate successfully depends upon the availability, diversity and appeal of filmed content, the ability of Cineplex to license films, and the performance of these films in Cineplex's markets. Cineplex primarily licenses first-run films, the success of which is dependent upon their quality, as well as on the marketing efforts of film studios and distributors. While studios have experimented with different release strategies through secondary channels such as streaming, initial theatrical releases continue to be the most important channel for film success, as evidenced by the successful box office releases of *A Minecraft Movie*, *Superman*, *Jurassic World Rebirth*, and *Avatar: Fire and Ash*. Cineplex is able to diversify its content offering through the evolving theatrical exhibition landscape with the entrance of streamers like Apple, Amazon, and Netflix opting for initial theatrical releases for films such as *FI The Movie* (Apple), *The Accountant 2* (Amazon), *KPop Demon Hunters A Sing-Along Event* (Netflix), and *Wake Up Dead Man: A Knives Out Mystery* (Netflix). In spite of changing release models, Cineplex remains confident that traditional studios will continue to commit a significant number of films to an exclusive theatrical window, in addition to an increase in theatrical film product released by streaming companies.
- *Continued supply of successful films.* Studios are increasingly producing film franchises, such as the Marvel & DC universes, *Jurassic Park* and *Avatar* among others. Additionally, new franchises continue to be developed. When the first film in a franchise is successful, subsequent films in the franchise benefit from existing public awareness and anticipation. The result is that such features typically attract large audiences and generate strong box office revenues. The success of a broader range of film genres also benefits film exhibitors. In 2026, studios are planning to release a strong slate of films, including *Wuthering Heights*, *GOAT*, *Scream 7*, *Project Hail Mary*, *Ready or Not 2: Here I Come*, *The Super Mario Galaxy Movie*, *Michael*, *The Devil Wears Prada 2*, *Mortal Kombat 2*, *The Mandalorian & Grogu*, *Masters of the Universe*, *Disclosure Day*, *Scary Movie 6*, *Toy Story 5*, *Supergirl*, *Minions 3*, *Moana*, *The Odyssey*, *Spider-Man: Brand New Day*, *Digger*, *Street Fighter*, *Godzilla Minus Zero*, *The Hunger Games: Sunrise on the Reaping*, *Jumanji 3*, *Avengers: Doomsday*, *Dune: Messiah*, and *Werewolf*.

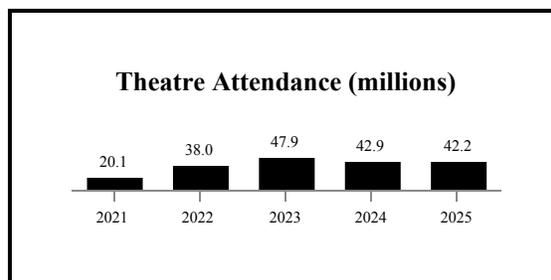
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- *Convenient and affordable form of out-of-home entertainment.* Cineplex's BPP was \$13.29 and \$13.09 in 2025 and 2024, respectively. Excluding the impact of Cineplex's premium-priced product, BPP was \$11.29 and \$11.28 in 2025 and 2024, respectively. The movie-going experience continues to provide value and compares favourably to alternative forms of out-of-home entertainment in Canada such as professional sporting events or live theatre, and with Cineplex, Scene+ members enjoy the ability to earn points towards Cineplex products as well as discounts and special offers. CineClub members also have benefits accessible across Cineplex's businesses nationwide including Cineplex theatres and LBE venues.
- *Providing a variety of premium and enhanced guest theatre experiences.* Premium priced theatre offerings include 3D, 4DX, UltraAVX, VIP, IMAX, D-BOX, ScreenX and *Cineplex Clubhouse*. BPP for premium-priced product was \$17.79 in 2025, and accounted for 43.2% of total box office revenues in 2025. Recent enhancements to the circuit include the installation of all-recliner seating in two auditoriums at *Cineplex Cinemas Normanview*, with one of these auditoriums further upgraded to feature UltraAVX and D-BOX. Additionally, *Galaxy Cinemas Belleville* underwent a full recliner seating retrofit in one auditorium, while *Galaxy Cinemas Guelph* introduced a new UltraAVX auditorium, enhancing the premium viewing experience for guests.



Cineplex's leading market position enables it to effectively manage film, food service and other theatre-level costs, thereby maximizing operating efficiencies. Cineplex seeks to achieve incremental operating savings through best practices, operational efficiencies and negotiating improved supplier contracts. In addition, Cineplex continues to evaluate its existing theatre portfolio on an ongoing basis.



Cineplex's theatres are also ideal locations for meetings and corporate events. Organizations, particularly corporations with offices across the country, can use Cineplex's theatres and digital technology for annual meetings, product launches and employee or customer events, producing revenue streams independent of film exhibition.

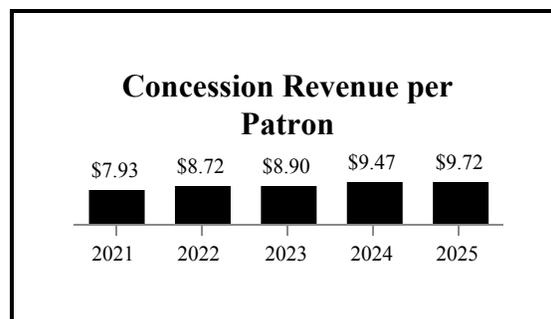
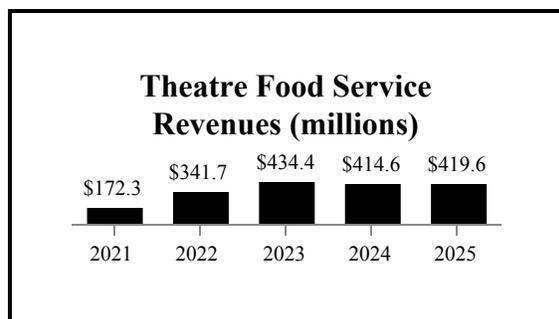
Theatre Food Service

Cineplex's theatre food service business offers guests a range of food choices to enhance their theatre experience while generating strong profit margins for the company. Cineplex's theatres feature its internally developed brand, *Outtakes* and in certain Cineplex theatres, food offerings are also enhanced with third party brands such as Starbucks. In addition, Cineplex generates incremental revenue through the sale of movie-related and concession merchandise, which enhances the theatre experience.

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Cineplex continually focuses on process improvements designed to increase the speed of service at the concession counter in addition to optimizing the retail branded outlets available at Cineplex's theatres. Each of the wide range of menu items available at *Outtakes* locations, expanded liquor service available in theatres, partnerships with Uber Eats, SkipTheDishes, and DoorDash as well as the expanded menu and the licensed lounge service available at VIP Cinemas are designed to reach a wider market and to increase both purchase incidence and transaction value. Digital menu boards installed across the circuit offer flexibility in menu offerings to guests which contribute to an improved guest experience while also creating additional revenue opportunities.



Alternative Programming

Alternative programming includes Cineplex's international film programming as well as content offered under its *Event Cinema* brand offerings, including The Metropolitan Opera, sporting events, concerts and dedicated event screens. International film programming includes Bollywood content as well as Japanese, Hindi, Punjabi, Mandarin, Korean and Filipino language films, amongst others, in select theatres across the country based on local demographics. Alternative programming attracts a more diverse audience, expanding Cineplex's demographic reach and enhancing revenues, and delivered 12.3% of Cineplex's annual box office revenues during 2025, compared to 11.0% in the prior year.

The success of Cineplex's alternative programming events has led to offerings including major concert events from popular artists such as *TAYLOR SWIFT | THE OFFICIAL RELEASE PARTY OF A SHOWGIRL*, the sing-along event of *KPop Demon Hungers*, and the classic anime film *Princess Mononoke* which was exclusively shown in IMAX. Cineplex offers the Classic Film Series and Family Favourites programming during non-peak hours to enhance theatre utilization rates. As additional content becomes available, Cineplex will continue to expand its alternative programming offerings.

Cineplex Pictures focuses on distribution output deals, the acquisition of feature film rights for theatrical release, and in home viewing in Canada. Cineplex Pictures distributed films including *Now You See Me: Now You Don't*, *Ballerina*, *The Housemaid*, and *The Long Walk*. Upcoming films that will be distributed as part of the distribution partnership with Lionsgate include: *I Can Only Imagine 2*, *Michael*, *Power Ballad*, *Mutiny*, and *Hunger Games: Sunrise on the Reaping*.

Digital Products and Data

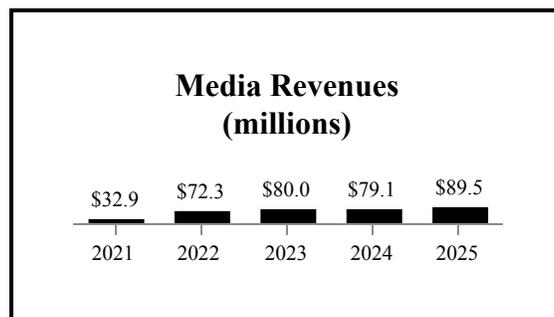
Cineplex's digital products consist of cineplex.com, and the Cineplex mobile app. Cineplex has developed cineplex.com into one of the leading entertainment sites in Canada, a destination of choice for Canadians seeking movie entertainment information on the internet. The website offers movie information, show-times and the ability to buy tickets online, entertainment news and box office reports as well as advertising and digital commerce opportunities. To complement cineplex.com, the Cineplex mobile app is available as a free download for a wide variety of devices, providing guests with the ability to find show-times, buy tickets as well as find information relating to the latest movie choices and movie-related entertainment content in addition to providing mobile food and beverage ordering.

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Cineplex has gained tremendous insight into customer behaviour with over 19 years of data collected. Cineplex will continue to focus on leveraging this data through marketing automation to drive customer behavior as well as accelerating the adoption of artificial intelligence and emerging technologies for more robust consumer insights. Scene+ will continue to build its strategic marketing partnerships with participating partners across Canada, providing promotions and offerings.

MEDIA



- i. The results of discontinued operations from CDM have been excluded from prior period figures as applicable per IFRS 5 to conform to the current period presentation. All amounts are from continuing operations unless otherwise noted. See Section 13 Accounting policies.

Cinema media incorporates advertising mediums related to theatre exhibition. Cineplex's media advertising arrangements are impacted by theatre attendance levels which drive impressions and ultimately impact media revenue generated by Cineplex. Cinema advertising stands out as the ultimate attention leader, with 100% of audiences viewing ads on the big screen, an average of 80% active attention across all demographics and ad lengths, and attention scores 2-5X higher than linear and connected TV, and up to 9X higher than digital video channels based off the Lumen study released in March 2024.

Cineplex's core cinema media offerings include:

- Show-time advertising, which runs just prior to the movie trailers in a darkened auditorium with limited distractions;
- Pre-show advertising, featured on the big screen as guests settle in to enjoy their movie night, in the period prior to Show-time;
- Digital lobby advertising and digital poster cases located in high traffic areas featuring big, bold digital signage;
- Online and mobile advertising sales through cineplex.com and the Cineplex mobile app;
- Leveraging expertise in data and analytics to drive revenues;
- Advertising sales provided to other theatre exhibitors, including Landmark Cinemas beginning January 2026; and
- Providing advertising sales for DOOH ("digital out of home") networks under a five-year agreement.

Cineplex's theatres also provide opportunities for advertisers' special media placements (including floor and door coverings, window clings, standees, banners, samplings, activations and lobby domination setups).

In addition to these individual offerings, Cineplex offers integrated solutions that can cross over some or all of the above-mentioned platforms. Advertisers can utilize these forms of media individually or take advantage of an integrated advertising program spanning multiple platforms. In partnership with its digital commerce platforms, Cineplex offers online media packages that include page dominations, page skins, pre-roll and post-roll advertising; all with geo-targeting capabilities.

Cineplex also generates revenues from the sale of sponsorships and advertising at LBE venues.

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LOCATION-BASED ENTERTAINMENT

Location-based Entertainment

Cineplex operates LBE establishments under the brand names *The Rec Room* and *Playdium*.

The Rec Room is a social entertainment destination targeting millennials featuring a wide range of entertainment options including simulation, redemption, video, recreational gaming, attractions, and a live entertainment venue for watching a wide range of entertainment programming. 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.

The Rec Room earns revenues from food and beverage service, from amusement, gaming and leisure attraction play, and from ticket sales for events held within the destination. Cineplex has twelve locations of *The Rec Room*.

Playdium targets families and teens in mid-sized communities across Canada. Cineplex has four locations with a fifth location planned to open in Vaughan, Ontario in 2026.

In-Theatre Gaming

Cineplex's in-theatre gaming business features Cineplex's 51 XSCAPE Entertainment Centres as well as arcade games in select Cineplex theatres, LBE venues and *Junxion* locations, with all of the games supplied by P1AG.

LOYALTY

As co-owners of the Scene+ loyalty program, Cineplex, Scotiabank and Empire Company Limited bring together the full benefits of SCENE with Scotia Rewards and Empire's family of brands. The Scene+ loyalty program also provides Cineplex with significant data and a more comprehensive understanding of the demographics and behaviours of its audience.

Scene+ is a customer loyalty program designed to offer members discounts and the opportunity to earn and redeem points. Scene+ members can earn and redeem points for purchases at Cineplex's theatres, at its location-based entertainment establishments, as well as at locations operated by select program partners, including Home Hardware, and newly announced partner Shell Canada. Scene+ members can also earn and redeem points at a wide variety of popular retailers, including Empire's family of brands and redeem points as statement credits on certain Scotiabank products, as well as book flexible travel.

The Scene+ loyalty program has been well received as evidenced by the strong membership, high engagement and satisfaction levels of its program members. Management believes Scene+ will drive further growth and engagement, expanding the membership base by providing members with more reward options and ways to earn and redeem points. Through Scene+, Cineplex has gained a more thorough understanding of its customers, driven increased customer frequency, increased overall customer spending across its businesses and provides Cineplex with the targeted ability to communicate directly and regularly with customers. With the growth in the Scene+ membership base, Cineplex is able to gain access to new customers and expand its base and penetration rates through targeted offers by Scene+.

The Scene+ customer database has allowed Cineplex to segment the member population and provide special offers to Cineplex's guests, implement targeted marketing programs and deliver tailored messages to subsets of the membership base, providing members with relevant information and offers which in turn drive increased frequency and spend. Cineplex continues to influence consumer behavior through the use of Scene+ points and experience upgrades for Scene+ members through its initiatives as well as in partnership with movie studios.

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4. OVERVIEW OF OPERATIONS

Revenues

Cineplex generates revenues primarily from box office and food service sales. These revenues are affected primarily by theatre attendance levels and by changes in BPP and CPP. Box office revenue represented 43.6% of revenue in the 2025.

Revenue mix % by period	2025	2024	2023	2022	2021
		(Section 1) (i)	(Section 1) (i)	(Section 1) (i)	(Section 1) (i)
Box office	43.6 %	44.1 %	44.4 %	43.4 %	45.1 %
Food service	36.6 %	36.2 %	35.8 %	35.9 %	35.7 %
Media	6.9 %	6.2 %	5.9 %	6.8 %	6.3 %
Amusement	7.9 %	7.3 %	7.1 %	7.6 %	6.5 %
Other	5.0 %	6.2 %	6.8 %	6.3 %	6.4 %
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

(i) The results of discontinued operations from CDM and PIAG have been excluded from prior period figures as applicable per IFRS 5 to conform to the current period presentation. All amounts are from continuing operations unless otherwise noted. See Section 13 Accounting policies.

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

Revenue mix % by period	Full Year	
	2025	2024 (Section 1) (i)
Film Entertainment and Content	82.1 %	83.8 %
Media	6.9 %	6.2 %
LBE	11.0 %	10.0 %
Total	100.0 %	100.0 %

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

A key component of Cineplex's business strategy is to position itself as the leading exhibitor in the Canadian market by providing guests with an exceptional entertainment experience. Cineplex's share of the Canadian theatre exhibition market based on Canadian industry box office revenues was approximately 74% for both the quarter and for the year ended December 31, 2025.

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

Food service revenues are comprised primarily of concession revenues, arising from food and beverage sales at theatre locations and LBE venues including *The Rec Room* and *Playdium*. In addition, food service revenues include home delivery services by Uber Eats, SkipTheDishes and DoorDash. CPP represents theatre food service revenues divided by theatre attendance, and is impacted by the theatre food service product mix, theatre food service prices, film genre, promotions, discounts for CineClub members, and the Scene+ loyalty program. CPP can fluctuate from

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quarter to quarter depending on the genre of film product playing. Cineplex believes the Scene+ and CineClub programs drive incremental purchase incidence, increasing overall revenues. Cineplex focuses primarily on growing CPP by optimizing the product offerings, improving operational excellence, improving the guest experience with enhancements to the Cineplex Mobile App and providing greater flexibility with online food and beverage ordering, and strategic pricing to increase purchase incidence and transaction value. Food service revenues from LBE include food and beverage revenues from the various bars and restaurants located throughout the venues.

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

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

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

Cost of Sales and Expenses

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

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

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

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

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

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

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

Other operating expenses consist of fixed and variable expenses, with the largest component being theatre salaries and wages. Although theatre salaries and wages include a fixed cost component, these expenses vary in relation to revenues as theatre staffing levels are adjusted to handle fluctuations in theatre attendance. Other components of this

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category include cleaning, marketing which includes the cost of Scene+ points issued, advertising, media, LBE, loyalty, supplies and services, utilities, and maintenance. To the extent these costs are variable, they can be managed with changes in business volumes.

General and administrative expenses are primarily costs associated with managing Cineplex's business, including film buying, marketing and promotions, operations and theatre food service management, accounting and financial reporting, legal, treasury, design and construction, real estate development, communications and investor relations, digital and technology and administration. Included in these costs are payroll (including Cineplex's Incentive Plan costs), occupancy costs related to Cineplex's corporate offices, professional fees (such as public accountant and legal fees) and travel and related costs. Cineplex maintains general and administrative staffing and associated costs at a level that it deems appropriate to manage and support the size and nature of its theatre and LBE portfolio and its business activities.

Accounting for Joint Arrangements

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

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

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

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5. RESULTS OF OPERATIONS

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

5.1. SELECTED FINANCIAL DATA

The following table presents summarized financial data for Cineplex for the three most recently completed financial years (expressed in thousands of dollars except shares outstanding, per share data and per patron data, unless otherwise noted):

	Year ended December 31, 2025		Year ended December 31, 2024		Year ended December 31, 2023	
			(Section 1) (vi)		(Section 1) (vi)	
Box office revenues	\$	560,587	\$	562,151	\$	599,903
Food service revenues		469,867		462,052		483,149
Media revenues		89,502		79,149		79,936
Amusement revenues		101,590		92,691		96,507
Other revenues		63,220		78,713		90,680
Total revenues		1,284,766		1,274,756		1,350,175
<u>Select Expenses</u>						
Film cost		307,326		303,926		323,412
Cost of food service		110,354		108,126		113,987
Depreciation - right-of-use assets		81,896		83,962		85,566
Depreciation and amortization - other assets		78,160		80,343		83,898
(Gain) loss on disposal of assets		(175)		(7,458)		2,925
Other costs including employee benefits (a)		612,788		610,431		592,003
Net loss from continuing operations		(36,924)		(104,162)		130,785
Net income from discontinued operations, including gain on disposition (vi)		(309)		66,481		36,379
Net (loss) income (v)		(37,233)		(37,681)		167,164
Adjusted EBITDA (i)	\$	253,120	\$	250,740	\$	317,012
Adjusted EBITDAaL (i)	\$	91,560	\$	89,991	\$	155,758
Adjusted EBITDAaL from discontinued operations (i)	\$	480	\$	3,784	\$	37,337
Adjusted EBITDAaL including discontinued operations (i)	\$	92,040	\$	93,775	\$	193,095
(a) Other costs include:						
Theatre occupancy expenses		76,865		72,171		71,557
Other operating expenses including employee benefits		460,965		459,063		449,344
General and administrative expenses including employee benefits (v)		74,958		79,197		71,102
Total other costs including employee benefits	\$	612,788	\$	610,431	\$	592,003
Earnings (loss) per share from continuing operations - basic (v)	\$	(0.58)	\$	(1.64)	\$	2.06
Earnings per share from discontinued operations - basic	\$	—	\$	1.05	\$	0.57
Earnings (loss) per share - basic (v)	\$	(0.58)	\$	(0.59)	\$	2.63
Earnings (loss) per share from continuing operations - diluted (v)	\$	(0.58)	\$	(1.64)	\$	1.72
Earnings per share from discontinued operations - diluted	\$	—	\$	1.05	\$	0.39
Earnings (loss) per share - diluted (v)	\$	(0.58)	\$	(0.59)	\$	2.11
Total assets	\$	2,187,480	\$	2,209,295	\$	2,271,492
Long-term debt (iv)	\$	744,101	\$	734,715	\$	817,439
Weighted average shares outstanding at period end		63,472,046		63,585,187		63,401,529
Adjusted free cash flow per share (ii)	\$	0.281	\$	(0.180)	\$	1.321
Box office revenue per patron (iii)	\$	13.29	\$	13.09	\$	12.53
Concession revenue per patron (iii)	\$	9.72	\$	9.47	\$	8.90
Film cost as a percentage of box office revenues		54.8%		54.1%		53.9%
Theatre attendance (in thousands of patrons) (iii)		42,177		42,946		47,862
Theatre locations (at period end)		154		155		158
Theatre screens (at period end)		1,606		1,612		1,631

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(i) Represents a non-GAAP financial measure. See Section 18 Non-GAAP and other financial measures.

(ii) Represents a non-GAAP ratio. See Section 18 Non-GAAP and other financial measures.

(iii) Represents a supplementary financial measure. See Section 18 Non-GAAP and other financial measures.

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

(v) 2025 includes expenses related to other transactions or litigation outside the normal course of business in the amount of \$(0.1) million (2024 - \$nil) for the fourth quarter and \$0.8 million (2024 - \$2.5 million) for the full year. The fourth quarter of 2024 includes the loss on the 2024 Refinancing of \$nil and \$56.0 million for full year, and includes the \$39.2 million provision for the Competition Tribunal's administrative monetary penalty.

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

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5.2. OPERATING RESULTS FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2025

Total revenues

Total revenues for the three months ended December 31, 2025 decreased \$6.1 million or 1.8% to \$334.8 million as compared to the prior year. Total revenues for the year ended December 31, 2025 increased \$10.0 million or 0.8% to \$1.3 billion as compared to the prior year. A discussion of the factors affecting the changes in box office, food service, media, amusement and other revenues for the period is provided below.

Non-GAAP and other financial measures discussed throughout this MD&A, including adjusted EBITDA, adjusted EBITDAaL, adjusted store level EBITDAaL, adjusted EBITDAaL margin, adjusted store level EBITDAaL margin, adjusted free cash flow, theatre attendance, BPP, premium priced product, same theatre metrics, CPP, film cost percentage, food service cost percentage and concession margin per patron are defined and discussed in Section 18 Non-GAAP and other financial measures.

Box office revenues

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

Box office revenues	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
Box office revenues	\$ 140,723	\$ 147,728	-4.7%	\$ 560,587	\$ 562,151	-0.3%
Theatre attendance (i)	10,148	11,141	-8.9%	42,177	42,946	-1.8%
Box office revenue per patron (i)	\$ 13.87	\$ 13.26	4.6%	\$ 13.29	\$ 13.09	1.5%
BPP excluding premium priced product (i)	\$ 11.80	\$ 11.50	2.6%	\$ 11.29	\$ 11.28	0.1%
Same theatre box office revenues (i)	\$ 139,802	\$ 147,287	-5.1%	\$ 557,044	\$ 560,499	-0.6%
Same theatre attendance (i)	10,083	11,104	-9.2%	41,904	42,797	-2.1%
% Total box from premium priced product (i)	43.4%	41.4 %	2.0%	43.2 %	41.6 %	1.6%

(i) Represents a supplementary financial measure. See Section 18 Non-GAAP and other financial measures.

Box office continuity	Fourth Quarter		Full Year	
	Box Office	Theatre Attendance	Box Office	Theatre Attendance
2024 as reported	\$ 147,728	11,141	\$ 562,151	42,946
Same theatre attendance change	(13,535)	(1,020)	(11,686)	(892)
Impact of same theatre BPP change	6,050	—	8,231	—
New and acquired theatres (i)	522	35	2,668	204
Disposed and closed theatres (i)	(42)	(8)	(777)	(81)
2025 as reported	\$ 140,723	10,148	\$ 560,587	42,177

(i) See Section 18 Non-GAAP and other financial measures. Represents theatres opened, acquired, disposed or closed subsequent to the start of the prior year comparative period and is used to report on Cineplex's supplementary financial measures.

Fourth Quarter 2025 Top Cineplex Films			Fourth Quarter 2024 Top Cineplex Films		
	3D	% Box		3D	% Box
1 Avatar: Fire and Ash	✓	14.0 %	1 Wicked	✓	14.3 %
2 Zootopia 2	✓	13.9 %	2 Moana 2	✓	13.9 %
3 Wicked: For Good	✓	11.6 %	3 Gladiator II		7.8 %
4 Five Nights at Freddy's 2		3.9 %	4 Venom: The Last Dance	✓	6.6 %
5 Dhurandhar		3.6 %	5 The Wild Robot	✓	6.2 %

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Full Year 2025 Top Cineplex Films			Full Year 2024 Top Cineplex Films		
	3D	% Box		3D	% Box
1	✓	5.4 %	1	✓	8.6 %
2	✓	3.8 %	2	✓	6.7 %
3	✓	3.6 %	3		4.8 %
4	✓	3.5 %	4	✓	4.2 %
5	✓	3.5 %	5	✓	3.8 %

Fourth Quarter

Box office revenues for the three months ended December 31, 2025 decreased by \$7.0 million or 4.7% to \$140.7 million compared to \$147.7 million in the prior year period. This decrease was primarily driven by a decrease in attendance of 1.0 million or 8.9% to 10.1 million from 11.1 million in the prior year period. In October, Cineplex experienced softer results due to competing live events, such as the MLB Playoffs and World Series, which featured the Toronto Blue Jays and generated record-breaking viewership across Canada. This was partially offset by a strong second half of November and December, led by the release of highly anticipated films such as *Wicked: For Good*, *Zootopia 2*, which achieved the highest global animated opening weekend of all time, and *Avatar: Fire and Ash*.

BPP for the three months ended December 31, 2025 was an all-time record of \$13.87, an increase of \$0.61 or 4.6% from \$13.26 in the prior year period. The increase in BPP is primarily due to inflationary and strategic pricing initiatives, and from premium priced products. Premium priced products accounted for 43.4% of the total box office during the fourth quarter, an increase from 41.4% in the prior year. The increase was driven by the strong performance of titles during the quarter such as *Avatar: Fire and Ash*, *Wicked: For Good*, and *Zootopia 2* which attracted guests to premium formats.

Full Year

For the full year period, box office revenues were relatively consistent with the prior year, totalling \$560.6 million compared to \$562.2 million in 2024, a slight decrease of \$1.6 million or 0.3%. This decrease was primarily driven by a decrease in attendance of 0.8 million or 1.8% to 42.2 million from 42.9 million reported in the prior year.

Cineplex's BPP for the period ended December 31, 2025 was an annual record of \$13.29, which increased by \$0.20 or 1.5% from \$13.09 reported in the prior year. The increase in BPP is primarily due to inflationary and strategic pricing initiatives, and from premium priced products. Premium priced products accounted for 43.2% of the total box office during the full year period, an increase from 41.6% in the prior year.

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Food service revenues

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

Food service revenues	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
Food service - theatres	\$ 100,715	\$ 104,866	-4.0%	\$ 410,010	\$ 406,784	0.8 %
Food delivery - theatres	2,659	1,998	33.1 %	9,599	7,802	23.0 %
Food service - LBE	14,315	13,445	6.5%	50,258	47,466	5.9 %
Total food service revenues	\$ 117,689	\$ 120,309	-2.2%	\$ 469,867	\$ 462,052	1.7 %
Theatre attendance (i)	10,148	11,141	-8.9%	42,177	42,946	-1.8 %
CPP (i) (ii)	\$ 9.92	\$ 9.41	5.4%	\$ 9.72	\$ 9.47	2.6 %
Same theatre food service revenues (i)	\$ 100,214	\$ 104,535	-4.1 %	\$ 407,795	\$ 405,319	0.6 %
Same theatre attendance (i)	10,083	11,104	-9.2%	41,904	42,797	-2.1 %

(i) Represents a supplementary financial measure. See Section 18 Non-GAAP and other financial measures.
(ii) Food service revenue from LBE and delivery is not included in the CPP calculation.

Theatre food service revenue continuity	Fourth Quarter		Full Year	
	Theatre Food Service	Theatre Attendance	Theatre Food Service	Theatre Attendance
2024 as reported	\$ 104,866	11,141	\$ 406,784	42,946
Same theatre attendance change	(9,606)	(1,020)	(8,451)	(892)
Impact of same theatre CPP change	5,285	—	10,927	—
New and acquired theatres (i)	283	35	1,636	204
Disposed and closed theatres (i)	(113)	(8)	(886)	(81)
2025 as reported	\$ 100,715	10,148	\$ 410,010	42,177

(i) Represents theatres opened, acquired, disposed or closed subsequent to the start of the prior year comparative period and is used to report on Cineplex's supplementary financial measures. See Section 18 Non-GAAP and other financial measures

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

Fourth Quarter

Food service revenues during the fourth quarter decreased by \$2.6 million or 2.2% to \$117.7 million, compared to \$120.3 million in the prior year period. Theatre food service revenues during the fourth quarter decreased by \$4.2 million or 4.0% to \$100.7 million as compared to the prior year period. The decrease was primarily driven by a decrease in attendance of 1.0 million or 8.9% to 10.1 million from 11.1 million reported in the prior year period. During the fourth quarter, CPP increased by \$0.51 or 5.4% from the prior year to \$9.92 from \$9.41. LBE food service revenues increased by \$0.9 million or 6.5% from \$13.4 million to an all-time quarterly record of \$14.3 million, due to three additional locations that opened near the end of the fourth quarter of 2024.

Full Year

For the full year period, food service revenues increased by \$7.8 million or 1.7%, from \$462.1 million to \$469.9 million, primarily due to a \$3.2 million increase in theatre food service revenues. The increase in theatre food service revenues is primarily due to an increase in purchase incidence, as well as inflationary and strategic pricing initiatives. Cineplex's CPP during the full year period was \$9.72, which increased by \$0.25 or 2.6% from \$9.47 in the prior year. Food delivery service revenue increased \$1.8 million or 23.0% from \$7.8 million to \$9.6 million, reflecting higher order volumes. LBE food service revenues increased by \$2.8 million or 5.9% from \$47.5 million to \$50.3 million, due to three additional locations that opened in the fourth quarter of 2024.

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Cinema media revenues

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

Media revenues	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
Cinema media	\$ 33,831	\$ 30,077	12.5%	\$ 89,502	\$ 79,149	13.1%
Theatre attendance (i)	10,148	11,141	-8.9%	42,177	42,946	-1.8%
Cinema media per patron (CMPP) (i)	\$ 3.33	\$ 2.70	23.3%	\$ 2.12	\$ 1.84	15.2%

(i) Represents a supplementary financial measure. See Section 18 Non-GAAP and other financial measures.

Fourth Quarter

Cinema media revenues increased by \$3.8 million or 12.5% to \$33.8 million during the fourth quarter, compared to \$30.1 million in the prior year period. The increase was primarily driven primarily by higher demand for advertising placements, with gains in pharmaceutical, retail, and fragrance and cosmetic clients. In addition, sales were supported by the launch of programmatic cinema in the fourth quarter, tapping into the high-growth Connected TV media segment, and unlocking net new advertisers, especially in consumer packaged goods categories. Cinema media revenues include the commission on advertising sales on CDM's DOOH networks.

Cinema media per patron (CMPP) increased by \$0.63 or 23.3% to \$3.33, compared to \$2.70 in the prior year.

Full Year

For the full year period, total media revenues increased \$10.4 million or 13.1% to \$89.5 million. The increase was driven by higher demand for advertising placements with pharmaceutical clients, driving significant year over year growth. Additional contributing categories included retail, and financial services and insurance.

For the full year, cinema media per patron (CMPP) increased by \$0.28 or 15.2% to \$2.12, compared to \$1.84 in the prior year.

Amusement revenues

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

Amusement revenues	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
Amusement revenue - LBE	\$ 20,356	\$ 18,828	8.1%	\$ 88,246	\$ 77,824	13.4%
Amusement revenue - theatres (i)	2,862	3,620	-20.9%	13,344	14,867	-10.2%
Total amusement revenues from continuing operations	\$ 23,218	\$ 22,448	3.4%	\$ 101,590	\$ 92,691	9.6%

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

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Fourth Quarter and Full Year

Amusement revenues increased by \$0.8 million or 3.4% to \$23.2 million during the fourth quarter, compared to \$22.4 million in the prior year period. This increase was primarily due to additional LBE locations that opened in the fourth quarter of 2024. This was partially offset by lower amusement revenues from theatres, reflecting a decrease in attendance of 1.0 million or 8.9% which resulted in reduced engagement with amusement offerings compared to the prior year period.

For the full year period, amusement revenues increased \$8.9 million or 9.6% to \$101.6 million, compared to \$92.7 million in the prior year, primarily due to three additional locations that opened in the fourth quarter of 2024. This was partially offset by lower amusement revenues from theatres, reflecting a film slate that did not resonate with key consumer demographics, resulting in reduced engagement with amusement offerings compared to the prior year.

LBE revenues

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

LBE Summary	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
Food service revenues	\$ 14,315	\$ 13,445	6.5%	\$ 50,258	\$ 47,466	5.9%
Amusement revenues	20,356	18,828	8.1%	88,246	77,824	13.4%
Media and other revenues	1,263	1,358	-7.0%	3,350	3,325	0.8%
Total revenues	\$ 35,934	\$ 33,631	6.8%	\$ 141,854	\$ 128,615	10.3%
Cost of food service	3,525	3,667	-3.9%	14,007	13,117	6.8%
Operating expenses before adjustments (i)	21,070	18,973	11.1%	84,020	74,110	13.4%
Cash rent related to lease obligations (ii)	3,756	3,067	22.5%	14,854	11,413	30.1%
Total expenses	\$ 28,351	\$ 25,707	10.3%	\$ 112,881	\$ 98,640	14.4%
Adjusted store level EBITDAaL (iii)	\$ 7,583	\$ 7,924	-4.3%	\$ 28,973	\$ 29,975	-3.3%
Adjusted store level EBITDAaL Margin (iv)	21.1 %	23.6 %	-2.5%	20.4 %	23.3 %	-2.9%
(i) Includes operating costs of LBE. Pre-opening costs relating to LBE and overhead relating to management of LBE portfolio are not included.						
(ii) Cash rent that has been reallocated to offset the lease obligations.						
(iii) Represents a non-GAAP financial measure. See Section 18 Non-GAAP and other financial measures.						
(iv) Represents a non-GAAP ratio. See Section 18 Non-GAAP and other financial measures.						

Fourth Quarter

During the fourth quarter, revenues increased by \$2.3 million or 6.8% to a fourth quarter record of \$35.9 million, compared to \$33.6 million in the prior year period. The increase was primarily due to three additional locations that operated for the full quarter this period, whereas in the prior year these locations contributed only a partial quarter following late November and early December openings.

Same store revenues were down 4.1% compared to the prior year period (see Section 18 Non-GAAP and other financial measures), largely due to broader economic headwinds, including shifts in discretionary spending and consumer behaviour. Additionally, same store adjusted store level EBITDAaL margin (see Section 18 Non-GAAP and other financial measures) decreasing marginally by 0.2 percentage points to 23.1% from 23.3% compared to the prior year period.

During the fourth quarter, adjusted store level EBITDAaL decreased by 4.3% from \$7.9 million in the prior year to \$7.6 million. Additionally, adjusted store level EBITDAaL margin was 21.1%, a 2.5 percentage point decrease compared to the prior year margin of 23.6%. The decrease in the adjusted store level EBITDAaL and the decrease in adjusted store level EBITDAaL margin is primarily attributed to a decrease in revenue, an increase in payroll as a result of minimum wage increases across several provinces compared to the same period in the prior year, and increase in occupancy costs.

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Full Year

For the full year period, revenues increased by \$13.2 million or 10.3% from \$128.6 million in the prior year to \$141.9 million. The increase in revenue during the full year period is primarily due to three additional locations compared to the prior year.

Same store revenues were down 5.0% compared to the prior year (see Section 18 Non-GAAP and other financial measures), attributable to current economic conditions, altering discretionary spending and consumer behaviour. However, the same store adjusted store level EBITDAaL margin (see Section 18 Non-GAAP and other financial measures) increased by 0.1 percentage points from 23.2% to 23.3% compared to the prior year period.

Adjusted store level EBITDAaL for the full year period decreased by 3.3% from \$30.0 million in the prior year to \$29.0 million. Additionally, adjusted store level EBITDAaL margin was 20.4% during the full year period, a 2.9 percentage point decrease compared to the prior year margin of 23.3%. The decrease in adjusted store level EBITDAaL is primarily attributed to increases in payroll as a result of minimum wage increases and occupancy costs. The decrease in adjusted store level EBITDAaL margin is primarily attributed to the gradual ramp up of new locations that opened in the fourth quarter of 2024.

Other revenues

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

Other revenues	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
Online booking fees	\$ 5,600	\$ 5,864	-4.5%	\$ 22,225	\$ 22,184	0.2%
Other revenues	13,707	14,470	-5.3%	40,995	56,529	-27.5%
Total other revenues	\$ 19,307	\$ 20,334	-5.1%	\$ 63,220	\$ 78,713	-19.7%

The manner in which Cineplex displayed the online booking fee was contested by the Competition Bureau - not Cineplex's right to charge the online booking fee itself. Cineplex will continue to charge the online booking fee.

Fourth Quarter

The fourth quarter decrease is due to a decrease in online booking fees related to a decrease in attendance compared to the prior year period and the prior year also included Cineplex Store sales which was sold on January 1, 2025. This decrease was partially offset by greater distribution revenues this quarter due to the successful release of *Now You See Me: Now You Don't*, and *The Housemaid* compared to *The Best Christmas Pageant Ever* released in the prior year period.

Full Year

The full year decrease is primarily due to the inclusion Cineplex Store sales in the prior year which was sold on January 1, 2025, as well as a post-pandemic breakage adjustment completed in the prior year. This is partially offset by greater distribution revenues this year due to the successful releases of *Now You See Me: Now You Don't*, *Ballerina*, *The Housemaid*, *The Long Walk*, and *Flight Risk*.

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Film cost

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

Film cost	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
Film cost	\$ 76,414	\$ 78,628	-2.8%	\$ 307,326	\$ 303,926	1.1%
Film cost percentage (i)	54.3%	53.2%	1.1%	54.8%	54.1%	0.7%

(i) Represents a supplementary financial measure. See Section 18 Non-GAAP and other financial measures.

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

Fourth Quarter

The decrease in film cost during the fourth quarter compared to the prior year period, is correlated to the lower box office revenue during the quarter. However, film cost percentage increased during the fourth quarter due to higher settlement rates compared to the prior year period.

Full Year

The increase in both film cost and film cost percentage during the full year over the prior year, is due to the top films in the current year having higher settlement rates compared to the prior year.

Cost of food service

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

Cost of food service	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
Cost of food service - theatre	\$ 22,807	\$ 23,421	-2.6%	\$ 96,347	\$ 95,009	1.4%
Cost of food service - LBE	3,525	3,667	-3.9%	14,007	13,117	6.8%
Total cost of food service	\$ 26,332	\$ 27,088	-2.8%	\$ 110,354	\$ 108,126	2.1%
Theatre concession cost percentage (i)	22.1%	21.9%	0.2%	23.0%	22.9%	0.1%
LBE food cost percentage (i)	24.6%	27.3%	-2.7%	27.9%	27.6%	0.3%
Theatre concession margin per patron (i)	\$ 7.73	\$ 7.35	5.2%	\$ 7.49	\$ 7.30	2.6%

(i) Represents a supplementary financial measure. See Section 18 Non-GAAP and other financial measures.

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

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Fourth Quarter

The decrease in cost of theatre food service during the fourth quarter period is correlated to the decrease in food service revenues recognized during the fourth quarter period.

The decrease in cost of LBE food service during the fourth quarter period is due to a shift in sales mix, as well as increased operational efficiencies.

Full Year

The increase in cost of food service during the full year period for theatres and LBE is correlated to the increase in food service revenues recognized during the full year period. Theatre and LBE food cost percentage remained relatively flat compared to the prior year.

Depreciation and amortization

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

Depreciation and amortization expenses	Fourth Quarter			Full Year		
	2025 (Section 1) (i)	2024 (i)	Change	2025	2024 (Section 1) (i)	Change
Depreciation of property, equipment and leaseholds	\$ 16,661	\$ 17,428	-4.4%	\$ 69,751	\$ 71,184	-2.0%
Amortization of intangible assets and other	2,305	2,233	3.2%	8,409	9,159	-8.2%
Sub-total - depreciation and amortization - other assets	\$ 18,966	\$ 19,661	-3.5%	\$ 78,160	\$ 80,343	-2.7%
Depreciation - right-of-use assets	20,681	19,930	3.8%	81,896	83,962	-2.5%
Total depreciation and amortization from continuing operations	\$ 39,647	\$ 39,591	0.1%	\$ 160,056	\$ 164,305	-2.6%

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

Fourth Quarter

Depreciation of property, equipment and leaseholds decreased by \$0.8 million, or 4.4% during the fourth quarter compared to the prior year periods due to fully depreciated assets.

Amortization of intangible assets remained flat as it increased by \$0.1 million or 3.2% during the fourth quarter.

Depreciation of right-of-use assets increased by \$0.8 million or 3.8% during the fourth quarter. The increase was primarily due to addition and modifications of leases.

Full Year

Depreciation of property, equipment and leaseholds decreased by \$1.4 million, or 2.0% during the full year period compared to the prior year periods due to fully depreciated assets.

Amortization of intangible assets decreased by \$0.8 million or 8.2% during the full year period compared to the prior year periods due to fully depreciated assets and the sale of Cineplex Store in the first quarter of 2025.

Depreciation for right-of-use assets decreased by \$2.1 million or 2.5% during the full year period. This decrease is primarily due to fully depreciated assets.

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Management's Discussion and Analysis

Impairment of long-lived assets

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. 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.

Cineplex completed impairment testing for goodwill and indefinite-lived intangible assets in the fourth quarter and concluded no impairment exists. Based on Cineplex's assessment for long-lived assets, no indicators of impairment or reversals were present and therefore no impairment testing was performed in the current period. No reversals or impairments of long-lived assets were recognized during the period ended December 31, 2025 and 2024.

Loss (gain) on disposal of assets

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

Loss (gain) on disposal of assets	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
	(ii)	(i)		(ii)	(i)	
Loss (gain) on disposal of assets	\$ 12	\$ 218	-94.5%	\$ (175)	\$ (7,458)	-97.7%

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

(ii) This amount excludes the \$3.3 million gain related to the CDM Sale Agreement, which was classified as discontinued operations.

Fourth Quarter and Full Year

The change in the loss on disposal of assets recognized during the fourth quarter and full year period is due to nominal activity on the disposal of Cineplex's assets in the fourth quarter and full year period. This is compared to the prior year which included a small loss recognized due to flood damage in one theatre and a gain of \$8.7 million from the sale of underutilized land adjacent to a theatre.

Other costs

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

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

Other costs including employee benefits	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
	(Section 1) (i)			(Section 1) (i)		
Theatre occupancy expenses	\$ 19,349	\$ 16,136	19.9%	\$ 76,865	\$ 72,171	6.5%
Other operating expenses	121,145	120,970	0.1%	460,965	459,063	0.4%
General and administrative expenses	13,984	19,162	-27.0%	74,958	79,197	-5.4%
Total other costs	\$ 154,478	\$ 156,268	-1.1%	\$ 612,788	\$ 610,431	0.4%

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

Theatre occupancy expenses

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

Theatre occupancy expenses	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
Cash rent paid/payable (i)	\$ 35,859	\$ 36,638	-2.1%	\$ 144,755	\$ 147,530	-1.9%
Other occupancy	19,223	17,472	10.0%	77,495	73,245	5.8%
Other adjustments (ii)	(130)	(1,063)	-87.8%	(1,502)	(1,590)	-5.5%
Total theatre occupancy including cash lease payments	\$ 54,952	\$ 53,047	3.6%	\$ 220,748	\$ 219,185	0.7%
IFRS 16 adjustment (iii)	(35,603)	(36,911)	-3.5%	(143,883)	(147,014)	-2.1%
Theatre occupancy as reported	\$ 19,349	\$ 16,136	19.9%	\$ 76,865	\$ 72,171	6.5%

(i) Represents the cash payments for theatre rent paid or payable during the quarter.
(ii) Other adjustments include amounts related to both theatre rent and other theatre occupancy costs including real estate taxes, business taxes and common area maintenance. They are isolated here to illustrate Cineplex's theatre rent and other theatre occupancy costs excluding these other adjustment items.
(iii) Cash rent paid/payable related to lease obligations.

Theatre occupancy continuity	Fourth Quarter Occupancy	Full Year Occupancy
2024 as reported	\$ 16,136	\$ 72,171
Impact of new and acquired theatres	118	568
Impact of disposed theatres	(45)	(519)
Same store rent change (i)	(824)	(2,510)
Other adjustments	933	87
Other	1,723	3,937
<u>Impact of IFRS 16:</u>		
Cash rent related to lease obligations	1,308	3,131
2025 as reported	\$ 19,349	\$ 76,865

(i) Represents a supplementary financial measure. See Section 18 Non-GAAP and other financial measures.

Fourth Quarter and Full Year

Theatre occupancy expenses increased during the fourth quarter and the full year period compared to the prior year periods. Cash rent paid/payable related to lease obligations decreased by 2.1% during the fourth quarter and decreased by 1.9% for the full year period due to negotiated rent reductions, offset by higher realty taxes and insurance costs. Other occupancy expenses increased by 10.0% during the fourth quarter and 5.8% during the full year period. This increase is due to increased CAM expenses and real estate tax expenses compared to the prior year periods.

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Management's Discussion and Analysis

Other operating expenses

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

Other operating expenses	Fourth Quarter			Full Year		
	2025 (Section 1) (iv)	2024 (iv)	Change	2025 (Section 1) (iv)	2024 (iv)	Change
Theatre payroll	\$ 40,696	\$ 41,960	-3.0%	\$ 164,109	\$ 161,035	1.9%
Theatre operating expenses	31,613	30,973	2.1%	121,169	122,069	-0.7%
Media	5,337	4,725	13.0%	17,309	16,248	6.5%
LBE store level operating expenses (i)	24,826	22,040	12.6%	98,874	85,523	15.6%
LBE pre-opening (ii)	—	2,840	NM	307	3,523	-91.3%
Redemption cost of legacy loyalty points	802	1,248	-35.7%	3,527	6,432	-45.2%
Marketing	4,381	3,831	14.4%	11,507	11,363	1.3%
Scene+ point issuance	6,404	6,290	1.8%	25,444	24,688	3.1%
Other (ii)	10,992	9,741	12.8%	34,165	39,596	-13.7%
Other operating expenses including cash lease payments	\$ 125,051	\$ 123,648	1.1%	\$ 476,411	\$ 470,477	1.3%
IFRS 16 adjustment (iii)	(3,906)	(2,678)	45.9%	(15,446)	(11,414)	35.3%
Total other operating expenses from continuing operations	\$ 121,145	\$ 120,970	0.1%	\$ 460,965	\$ 459,063	0.4%
(i) Includes operating costs of LBE locations. Overhead relating to management of LBE portfolio are included in the 'Other' line.						
(ii) Other category includes direct costs of Cineplex Pictures and overhead costs related to LBE and other Cineplex internal departments.						
(iii) Cash rent paid/payable related to lease obligations of the LBE business and theatre equipment.						
(iv) The results of discontinued operations from CDM have been excluded from prior period figures as applicable per IFRS 5 to conform to the current period presentation. All amounts are from continuing operations unless otherwise noted. See Section 13 Accounting policies.						

Other operating expenses continuity	Fourth Quarter	Full Year
2024 as reported/revised	\$ 120,970	\$ 459,063
Impact of new and acquired theatres	145	900
Impact of disposed theatres	(131)	(798)
Same theatre payroll change (i)	(1,237)	2,979
Same theatre operating expenses change (i)	609	(872)
Media operating expenses change	612	1,061
LBE store level operating expenses change	2,786	13,351
LBE pre-opening change	(2,840)	(3,216)
Redemption cost of legacy loyalty points	(446)	(2,905)
Marketing change	550	144
Scene+ point issuance change	114	756
Other	1,241	(5,466)
<u>Impact of IFRS 16:</u>		
Cash rent related to lease obligations	\$ (1,228)	\$ (4,032)
2025 as reported	\$ 121,145	\$ 460,965
(i) See Section 18 Non-GAAP and other financial measures. These are measures included as part of Cineplex's supplementary financial measure calculations.		

Fourth Quarter

Other operating expenses increased by \$0.2 million or 0.1% during the fourth quarter compared to the prior year period. The increase in other operating expense is due to the increase in LBE operating expenses which is correlated to an increase in revenues during the fourth quarter, and due to the three additional locations that operated for the full quarter this period. This increase is partially offset by a reduction related to pre-opening costs related to the additional locations in the prior year.

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Full Year

For the full year period, other operating expenses increased by \$1.9 million or 0.4% compared to the prior year period. The increase in theatre payroll expenses is correlated to an increase in minimum wage increases across several provinces compared to the prior year. Scene redemption cost of legacy loyalty points decreased by \$2.9 million. LBE operating expenses increased which is correlated to an increase in revenues due to three additional locations compared to prior year. Other expenses decreased by \$5.4 million compared to the prior year period, primarily due to Cineplex Store expenses included in the prior year.

General and administrative expenses

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

G&A expenses	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
G&A excluding the following items	\$ 15,657	\$ 16,239	-3.6%	\$ 66,726	\$ 66,867	-0.2%
Restructuring	1,000	58	NM	5,184	708	632.2%
Transaction / Litigation costs	(80)	19	-521.1%	797	2,498	-68.1%
Long term incentive plan (LTIP) (i)	(2,413)	3,039	-179.4%	2,915	9,924	-70.6%
Option plan	377	386	-2.3%	1,574	1,529	2.9%
G&A expenses including cash lease payments	\$ 14,541	\$ 19,741	-26.3%	\$ 77,196	\$ 81,526	-5.3%
IFRS 16 adjustment (ii)	(557)	(579)	-3.8%	(2,238)	(2,329)	-3.9%
G&A expenses as reported	\$ 13,984	\$ 19,162	-27.0%	\$ 74,958	\$ 79,197	-5.4%

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

Fourth Quarter

G&A expenses decreased by \$5.2 million or 27.0% during the fourth quarter compared to the prior year periods. The decrease is primarily due to decreased LTIP costs from an increase in forfeitures as a result of the cost restructuring program and CDM divestiture, as well as a decrease in Cineplex's Common Share price.

Full Year

G&A expenses for the full year period decreased \$4.2 million or 5.4% compared to the prior year. The decrease is due to lower transaction and litigation costs incurred outside of the normal course of business, as well as a decrease in LTIP costs from an increase in forfeitures as a result of the cost restructuring program and a decrease in Cineplex's Common Share price. This is partially offset by \$5.2 million primarily relating to a cost restructuring program implemented in the full year period.

Share of (income) loss of joint ventures and associates

Cineplex's joint ventures and associates include its 33.3% interest in Scene+ (2024 - 33.3%) and 50% interest in one IMAX screen in Ontario (2024 - 50%).

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

Share of loss (income) of joint ventures and associates	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
Share of loss of Scene+	\$ 2,614	\$ 2,852	-8.3%	\$ 2,869	\$ 2,658	7.9%
Share of (income) loss of other joint ventures and associates	(51)	(82)	-37.8%	(275)	(238)	15.5%
Total loss of joint ventures and associates	\$ 2,563	\$ 2,770	-7.5%	\$ 2,594	\$ 2,420	7.2%

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Fourth Quarter and Full Year

Cineplex's loss from its joint ventures and associates consisted primarily of a \$2.61 million of loss related to Scene+ during the fourth quarter, and a \$2.9 million of loss related to Scene+ during the full year.

Interest expense

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

Interest expense	Fourth Quarter			Full Year		
	2025 (Section 1) (ii)	2024 (ii)	Change	2025 (ii)	2024 (ii)	Change
Interest expense on long-term debt	\$ 15,577	\$ 15,701	-0.8%	\$ 61,860	\$ 60,859	1.6%
Lease interest expense (i)	18,081	17,478	3.5%	72,087	68,951	4.5%
Financing fees	17	—	NM	55	823	-93.3%
Sub-total - cash interest expense from continuing operations	\$ 33,675	\$ 33,179	1.5%	\$ 134,002	\$ 130,633	2.6%
Deferred financing fee accretion and other non-cash interest	37	34	8.8%	147	142	3.5%
Lease interest - non-cash	28	288	-90.3%	(183)	1,686	NM
Accretion expense on Convertible Debentures and Notes Payable	2,030	1,753	15.8%	7,632	10,527	-27.5%
Interest rate swap - non-cash	—	—	NM	—	(1,020)	-100.0%
Sub-total - non-cash interest expense from continuing operations	2,095	2,075	1.0%	7,596	11,335	-33.0%
Total interest expense from continuing operations	\$ 35,770	\$ 35,254	1.5%	\$ 141,598	\$ 141,968	-0.3%
Total cash interest paid from continuing operations	\$ 18,376	\$ 16,577	10.9%	\$ 134,061	\$ 119,263	12.4%
(i) Represents total cash interest paid and accrued cash interest related to lease obligations.						
(ii) The results of discontinued operations from CDM have been excluded from prior period figures as applicable per IFRS 5 to conform to the current period presentation. All amounts are from continuing operations unless otherwise noted. See Section 13 Accounting policies.						

Lease interest expense breakdown	Fourth Quarter			Full Year		
	2025 (Section 1) (i)	2024 (i)	Change	2025 (i)	2024 (i)	Change
Cash interest paid - lease obligation	\$ 18,060	\$ 17,484	3.3%	\$ 72,087	\$ 68,956	4.5%
Change in accrued interest - lease obligation	21	5	320.0%	—	(5)	-100.0%
Total lease interest expense from continuing operations	\$ 18,081	\$ 17,489	3.4%	\$ 72,087	\$ 68,951	4.5%
(i) The results of discontinued operations from CDM have been excluded from prior period figures as applicable per IFRS 5 to conform to the current period presentation. All amounts are from continuing operations unless otherwise noted. See Section 13 Accounting policies.						

Fourth Quarter

Total interest expense increased by \$0.5 million or 1.5% for the quarter when compared to the prior year period.

Full Year

For the full year period, total interest expense decreased by \$0.4 million compared to the prior year period. Lease interest expense increased by \$3.1 million or 4.5% compared to the prior year period, primarily due to lease modifications and new leases entered into during the year. Accretion expense on convertible debentures and notes payables decreased \$2.9 million compared to the prior year period, primarily due to the 2024 Refinancing.

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Interest income

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

Interest income	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
Interest income	\$ 180	\$ 164	9.8%	\$ 870	\$ 1,356	-35.8%

Foreign exchange

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

Foreign exchange	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
		(Section 1) (i)			(Section 1) (i)	
Foreign exchange (gain) loss from continuing operations	\$ 226	\$ 942	-76.0%	\$ (141)	\$ 1,063	NM

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

Fourth Quarter

The movement in the foreign exchange during the fourth quarter was due to the change in the CAD/USD foreign exchange month end rate from 1.3921 at September 30, 2025 to 1.3706 at December 31, 2025.

Full Year

For the year ended December 31, 2025, the movement in foreign exchange was due to the change in the CAD/USD foreign exchange month end rate from 1.4389 at December 31, 2024 to 1.3706 at December 31, 2025.

Change in financial instruments recorded at fair value

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

Change in financial instruments recorded at fair value	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
Loss on financial instruments recorded at fair value and loss on extinguishment of debt	\$ 3,910	\$ 2,610	49.8%	\$ 1,040	\$ 46,598	-97.8%

Fourth Quarter

The change in the fair value of financial instruments recognized during the fourth quarter is a loss of \$3.9 million. The change from the prior year period is primarily due to the change in fair value of the prepayment derivative related to the 2024 Notes (as defined in Section 7.4 Long-term debt).

Full Year

The change in the fair value of financial instruments recognized during the full year is a loss of \$1.0 million. This compares to a loss from the prior year period, which included the loss of the 2024 Refinancing, partially offset by the change in fair value of the prepayment derivative related to the 2024 Notes (as defined in Section 7.4 Long-term debt).

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Income taxes

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

Income taxes	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
	(Section 1) (i)			(Section 1) (i)		
Current income tax expense (recovery)	\$ —	\$ —	NM	\$ —	\$ (2,756)	NM
Deferred income tax recovery	(1,102)	(1,674)	-34.2%	(12,880)	(27,564)	-53.3%
Provision for income taxes	\$ (1,102)	\$ (1,674)	-34.2%	\$ (12,880)	\$ (30,320)	-57.5%

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

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 \$410.5 million 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.

The provision for income taxes in the fourth quarter reflects impact of timing differences for tax as compared to accounting.

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.

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

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

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5.3. NET INCOME (LOSS), EBITDA AND ADJUSTED EBITDAaL (see Section 18 Non-GAAP and other financial measures)

The following table presents net income (loss), EBITDA, adjusted EBITDA and adjusted EBITDAaL for the year ended December 31, 2025 as compared to the prior year (expressed in thousands of dollars, except adjusted EBITDAaL margin):

NET INCOME (LOSS), EBITDA AND ADJUSTED EBITDAaL	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
	(Section 1) (ii)			(Section 1) (ii)		
Net loss from continuing operations (i)	\$ (3,302)	\$ (631)	423.3%	\$ (36,924)	\$ (104,162)	-64.6%
Net income (loss) from discontinued operations, including gain on disposition	\$ 3,671	\$ 3,963	-7.4%	\$ (309)	\$ 66,481	NM
Net income (loss) (i)	\$ 369	\$ 3,332	-88.9%	\$ (37,233)	\$ (37,681)	-1.2%
EBITDA	\$ 70,833	\$ 72,372	-2.1%	\$ 250,980	\$ 170,435	47.3%
Adjusted EBITDA	\$ 75,542	\$ 76,382	-1.1%	\$ 253,120	\$ 250,740	0.9%
Adjusted EBITDAaL	\$ 35,052	\$ 35,804	-2.0%	\$ 91,560	\$ 89,991	1.7%
Adjusted EBITDAaL from discontinued operations	\$ 567	\$ 4,471	-87.3%	\$ 480	\$ 3,784	-87.3%
Adjusted EBITDAaL including discontinued operations	\$ 35,619	\$ 40,275	-2.0%	\$ 92,040	\$ 93,775	-1.9%
Adjusted EBITDAaL margin from continuing operations	10.5 %	10.5 %	—%	7.1 %	7.1 %	—%

(i) 2025 includes expenses related to other transactions or litigation outside the normal course of business in the amount of \$(0.1) million (2024 - \$nil) for the fourth quarter and \$0.8 million (2024 - \$2.5 million) for the full year. The fourth quarter of 2024 includes the loss on the 2024 Refinancing of \$nil and \$56.0 million for full year, and includes the \$39.2 million provision for the Competition Tribunal's administrative monetary penalty.

(ii) The results of discontinued operations from CDM and PIAG have been excluded from prior period figures as applicable per IFRS 5 to conform to the current period presentation. All amounts are from continuing operations unless otherwise noted. See Section 13 Accounting policies.

Fourth Quarter

Net loss from continuing operations for the fourth quarter of 2025 was \$3.3 million, compared to net loss from continuing operations of \$0.6 million in the prior year. The decrease in net income from continuing operations is primarily due to decreased exhibition attendance compared to the prior year period.

The decreased exhibition attendance in the fourth quarter of 2025 resulted in an adjusted EBITDAaL from continuing operations of \$35.1 million compared to \$35.8 million in the prior year.

Full Year

Net loss from continuing operations for the year ended December 31, 2025 was \$36.9 million compared to net loss from continuing operations of \$104.2 million in the prior year period. The movement in net loss was due to an increase in media and amusement revenues compared to the prior year, the loss incurred in the prior year on the 2024 Refinancing, as well as the \$39.2 million provision for the Competition Tribunal's administrative monetary penalty included in the prior year.

The increased concession, media, and amusement revenue in the year ended December 31, 2025 resulted in adjusted EBITDAaL from continuing operations of \$91.6 million compared to \$90.0 million in the prior year period.

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6. BALANCE SHEETS

The following sets out significant changes to Cineplex's consolidated balance sheets during the year ended December 31, 2025 as compared to December 31, 2024 (in thousands of dollars):

	December 31, 2025	December 31, 2024	Change (\$)	Change (%)
Assets				
Current assets				
Cash and cash equivalents	\$ 133,997	\$ 83,871	\$ 50,126	59.8%
Trade and other receivables	108,082	116,533	(8,451)	-7.3%
Income taxes receivable	5,234	5,529	(295)	-5.3%
Inventories	15,901	20,724	(4,823)	-23.3%
Prepaid expenses and other current assets	13,286	11,003	2,283	20.7%
	276,500	237,660	38,840	16.3%
Non-current assets				
Property, equipment and leaseholds	350,281	399,115	(48,834)	-12.2%
Right-of-use assets	727,129	773,372	(46,243)	-6.0%
Deferred income taxes	152,354	149,547	2,807	1.9%
Interests in joint ventures	8,543	6,771	1,772	26.2%
Intangible assets	78,679	81,132	(2,453)	-3.0%
Goodwill	575,614	620,300	(44,686)	-7.2%
Derivative financial instrument	18,380	19,420	(1,040)	-5.4%
	\$ 2,187,480	\$ 2,287,317	\$ (99,837)	-4.4%
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 222,956	\$ 236,612	\$ (13,656)	-5.8%
Provision for Competition Tribunal administrative monetary penalty	39,215	39,215	—	—%
Income taxes payable	92	92	—	—%
Deferred revenue and other	185,976	189,989	(4,013)	-2.1%
Lease obligations	82,484	88,669	(6,185)	-7.0%
	530,723	554,577	(23,854)	-4.3%
Non-current liabilities				
Share-based compensation	12,449	12,689	(240)	-1.9%
Long-term debt	744,101	736,468	7,633	1.0%
Lease obligations	967,065	1,010,505	(43,440)	-4.3%
Post-employment benefit obligations	7,021	6,889	132	1.9%
Other liabilities	5,613	5,889	(276)	-4.7%
	2,266,972	2,327,017	(60,045)	-2.6%
Shareholders' deficit				
Total shareholders' deficit	(79,492)	(39,700)	(39,792)	100.2%
	\$ 2,187,480	\$ 2,287,317	\$ (99,837)	-4.4%

Cash and cash equivalents. Cash and cash equivalents includes operations petty cash and outstanding deposits and fluctuates with business activities. The balance at December 31, 2025 is higher than the prior period due to working capital and operating results as well as the proceeds from the CDM sale.

Trade and other receivables. The overall decrease in trade and other receivables is attributed to \$8.2 million related to CDM in the prior year. In addition, the collection of trade receivables from the sale of gift cards, vouchers and media sales from the 2025 holiday period and December represents the highest volume month for gift card and voucher sales.

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

Inventories. The decrease in inventories is primarily due to \$4.3 million related to CDM in the prior year.

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Prepaid expenses and other current assets. The increase in prepaid expenses and other current assets is primarily due to prepayments for real estate taxes and the 2025 technology service contracts extending into the next period.

Property, equipment and leaseholds. The decrease in property, equipment and leaseholds is due to amortization expense (\$69.8 million) in excess of additions to new build and other capital expenditures (\$26.6 million) and maintenance capital expenditures (\$16.9 million), as well as \$5.0 million related to CDM in the prior year.

Right-of-use assets. The decrease in right-of-use assets is due to \$37.8 million related to CDM in the prior year, as well as lease additions, extensions and modifications (\$74.0 million), offset by amortization expense of \$81.9 million.

Deferred income taxes. The increase in net deferred income taxes is primarily due to an increase in non-capital losses, partially offset by the use of non-capital losses to shield the taxable capital gain from the sale of CDM.

Interests in joint ventures. The increase in interest in joint ventures is primarily due to \$4.6 million of capital contributions made to Cineplex's investment in Scene+, net of \$2.6 million losses in 2025.

Intangible assets. The decrease in intangible assets is due to the capitalization of software development costs (\$8.1 million), offset by amortization expense (\$8.4 million), and asset dispositions from continuing operations (\$1.0 million) and \$1.2 million related to CDM in the prior year.

Goodwill. The decrease in goodwill reflects a \$44.7 million related to CDM in the prior year.

Derivative financial instrument. The derivative value decreased by \$19.4 million to \$18.4 million at December 31, 2025.

Accounts payable and accrued expenses. The decrease in accounts payable and accrued expenses is primarily due to timing of the settlement of year end liabilities and \$11.1 million related to CDM in the prior year.

Share-based compensation. The decrease in share-based compensation is primarily due to the impact of the change in the Common Share price, which was \$10.54 per share at December 31, 2025 as compared to \$12.20 at December 31, 2024 (see Section 9 Share activity). Additionally, 2024 PSU and RSU grants will be cash settled and included as part of this liability.

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

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

Lease obligations. The decrease in lease obligations is primarily due to a \$41.7 million related to CDM in the prior year, as well as \$82.5 million new, extended, and modified leases which is partially offset by \$169.8 million payment of lease obligations.

Long-term debt. Long-term debt consists of the Credit Facility (nil drawn at December 31, 2025), Convertible Debentures and 2024 Notes (each as described in Section 7.4 Long-term debt).

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7. LIQUIDITY AND CAPITAL RESOURCES

7.1. OPERATING ACTIVITIES

Cash flow is generated primarily from film entertainment (the sale of admission tickets and food service sales), media sales and services, location-based entertainment revenues (amusement and food service sales) and other revenues. Generally, this provides Cineplex with positive working capital, since certain cash revenues are normally collected in advance of the payment of certain expenses. Box office revenues are directly related to the success and appeal of the film product produced and distributed by the studios. The following table highlights the movements in cash from operating activities for the three months and year ended December 31, 2025 and 2024 (in thousands of dollars):

Cash flows provided by (used in) operating activities	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
	(Section 1) (iii)			(Section 1) (iii)		
Net loss from continuing operations	\$ (3,302)	\$ (631)	\$ (2,671)	\$ (36,924)	\$ (104,162)	\$ 67,238
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation and amortization of other assets (i)	18,966	19,657	(691)	78,160	80,343	(2,183)
Depreciation of right-of-use assets	20,681	19,930	751	81,896	83,962	(2,066)
Interest rate swap agreements - non-cash interest	—	—	—	—	(1,020)	1,020
Accretion of Convertible Debentures and notes payable	2,030	1,753	277	7,632	10,527	(2,895)
Other non-cash interest (ii)	65	322	(257)	(36)	1,828	(1,864)
Loss (gain) on disposal of assets	12	218	(206)	(175)	(7,458)	7,283
Deferred income taxes recovery	(1,102)	(1,674)	572	(12,880)	(27,564)	14,684
Non-cash share-based compensation	(100)	975	(1,075)	4,442	4,283	159
Loss on fair value of financial instruments and extinguishment of debt	3,910	2,610	1,300	1,040	46,598	(45,558)
Financing fees	(17)	—	(17)	(55)	(17,871)	17,816
Net change in interests in joint ventures and associates	2,613	2,852	(239)	2,869	2,658	211
Net cash received from unwinding swap	—	—	—	—	4,583	(4,583)
Provision for Competition Tribunal's administrative monetary penalty	—	—	—	—	39,215	(39,215)
Changes in operating assets and liabilities	32,806	53,997	(21,191)	(3,936)	33,278	(37,214)
Net cash provided by operating activities from continuing operations	\$ 76,562	\$ 100,009	\$ (23,447)	\$ 122,033	\$ 149,200	\$ (27,167)
(i) Includes depreciation of property, equipment and leaseholds and amortization of intangible assets.						
(ii) Includes accretion of asset retirement obligations and non-cash interest costs on lease obligations.						
(iii) The results of discontinued operations from CDM have been excluded from prior period figures as applicable per IFRS 5 to conform to the current period presentation. All amounts are from continuing operations unless otherwise noted. See Section 13 Accounting policies.						

Fourth Quarter and Full Year

Cash provided by operating activities during the fourth quarter of 2025 was \$76.6 million compared to cash provided by operating activities of \$100.0 million in the prior year. For the year ended December 31, 2025, cash provided by operating activities was \$122.0 million compared to \$149.2 million in the prior year. The decrease is primarily due to the timing of settlement of operating assets and liabilities in the period, particularly accounts receivable, accounts payable and deferred revenue compared to the prior year.

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7.2. INVESTING ACTIVITIES

The following table highlights the movements in cash used in investing activities for the three months and year ended December 31, 2025 and 2024 (in thousands of dollars):

Cash flows used in investing activities	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
	(Section 1) (i)			(Section 1) (i)		
Proceeds from disposal of assets, including asset related insurance recoveries	\$ 483	\$ 200	\$ 283	\$ 2,375	\$ 12,892	\$ (10,517)
Purchases of property, equipment and leaseholds	(11,549)	(22,768)	11,219	(40,566)	(71,557)	30,991
Intangible assets additions	(1,733)	(2,623)	890	(8,026)	(9,631)	1,605
Tenant inducements	3,427	1,193	2,234	7,888	5,642	2,246
Investment in joint ventures and associates	(2,749)	—	(2,749)	(4,641)	(4,533)	(108)
Net cash used in investing activities from continuing operations	\$ (12,121)	\$ (23,998)	\$ 11,877	\$ (42,970)	\$ (67,187)	\$ 24,217

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

Fourth Quarter and Full Year

Cash used in investing activities during the fourth quarter of 2025 was \$12.1 million, as compared to \$24.0 million in the prior year. Cash used in investing activities during the year ended December 31, 2025 was \$43.0 million, as compared to \$67.2 million in the prior year. The decrease is primarily due to lower purchases of property, equipment and leaseholds with three location-based entertainment venues and one theatre that opened in the fourth quarter of 2024.

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

Capital expenditures	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
	(Section 1) (iv)			(Section 1) (iv)		
Gross capital expenditures	\$ 11,549	\$ 22,768	\$ (11,219)	\$ 40,566	\$ 71,557	\$ (30,991)
Less: tenant inducements	(3,427)	(1,193)	(2,234)	(7,888)	(5,642)	(2,246)
Net capital expenditures	\$ 8,122	\$ 21,575	\$ (13,453)	\$ 32,678	\$ 65,915	\$ (33,237)
Net capital expenditures consists of:						
Growth and acquisition capital expenditures (i)	\$ 2,527	\$ 20,415	\$ (17,888)	\$ 5,690	\$ 56,145	\$ (50,455)
Tenant inducements	(3,427)	(1,193)	(2,234)	(7,888)	(5,642)	(2,246)
Media growth capital expenditures	—	—	—	—	—	—
Premium formats (ii)	3,139	4,560	(1,421)	4,011	12,897	(8,886)
Maintenance capital expenditures	8,488	6,385	2,103	16,948	13,217	3,731
Other (iii)	(2,605)	(8,592)	5,987	13,917	(10,702)	24,619
	\$ 8,122	\$ 21,575	\$ (13,453)	\$ 32,678	\$ 65,915	\$ (33,237)

(i) Growth and acquisition capital expenditures include expenditures on the construction of new Exhibition and LBE locations.
(ii) Premium formats include capital expenditures for recliner seating, IMAX, UltraAVX, 3D, 4DX and ScreenX.
(iii) Primary component of Other is the impact of the timing of cash payments relating to the purchases of property, equipment and leaseholds.
(iv) The results of discontinued operations from CDM have been excluded from prior period figures as applicable per IFRS 5 to conform to the current period presentation. All amounts are from continuing operations unless otherwise noted. See Section 13 Accounting policies.

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7.3. FINANCING ACTIVITIES

The following table highlights the movements in cash from financing activities for the three months and year ended December 31, 2025 and 2024 (in thousands of dollars):

Cash flows used in financing activities	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
	(Section 1) (i)			(Section 1) (i)		
Repayments under credit facility, net	\$ —	\$ —	\$ —	—	(298,000)	\$ 298,000
Repayments of lease obligations - principal	(21,744)	(21,915)	171	(89,769)	(91,072)	1,303
Issuance of 2024 Notes payable	—	—	—	—	575,000	(575,000)
Common Shares repurchased and cancelled	(7,147)	(4,595)	(2,552)	(7,147)	(6,636)	(511)
Settlement of former Notes payable	—	—	—	—	(254,688)	254,688
Settlement of Convertible Debentures	—	—	—	—	(102,350)	102,350
Net cash used in financing activities from continuing operations	\$ (28,891)	\$ (26,510)	\$ (2,381)	\$ (96,916)	\$ (177,746)	\$ 80,830

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

Fourth Quarter

Cash flows used in financing activities were \$28.9 million during the fourth quarter of 2025, as compared to \$26.5 million in the prior year.

Full Year

Cash flows used in financing activities were \$96.9 million during the year ended December 31, 2025, as compared to cash flows used in financing activities of \$177.7 million in the prior year. The movement was primarily due to the full redemption of the 2021 Notes; partial redemption of the Convertible Debentures; and repayment in full and termination of the Eight Amended and Restated Credit Agreement in the prior year. Refer to Section 7.4 Long-term debt.

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7.4. 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	Face Value	Book Value	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	\$ 744,101	\$ 791,250	\$ 736,468	\$ 791,250

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

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”).

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.

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	Available	Drawn	Reserved	Remaining
Revolving Facility	\$ 100.0	\$ —	\$ 7.7	\$ 92.3

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 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 \$216.3 million over the term of the Convertible Debentures. The residual value of \$54.3 million (\$70.2 million net of \$15.8 million deferred income taxes) was allocated to the equity component less the pro-rata portion of transaction costs as prescribed by IFRS 9, *Financial instruments* and IAS 32, *Financial instruments: Presentation*.

The Unaccrued deferred financing fees and discount as at December 31, 2025 related to the 7.75% Convertible Debentures due March 1, 2030 is \$47.1 million.

Cineplex recorded cash interest expense on the Convertible Debentures of \$4.2 million and \$16.7 million during the quarter and year to date period, respectively (2024 - \$4.2 million and \$16.8 million, respectively) and accretion expense of \$2.0 million and \$7.6 million during the quarter and year-to-date period, respectively (2024 - \$1.8 million and \$10.1 million, respectively), both of which are included as part of the interest expense in the consolidated statement of operations.

As at December 31, 2025, Cineplex has \$216.25 million principal amount of Convertible Debentures outstanding.

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Notes Payable

The 2021 Notes and the 2024 Notes (together, the “Notes Payable”) (as applicable) payable are as follows:

	December 31, 2025	December 31, 2024
Face value of Notes Payable ⁽ⁱ⁾	\$ 575,000	\$ 575,000
Unaccreted deferred financing fees and discount ⁽ⁱⁱ⁾	—	—
Notes payable	<u>\$ 575,000</u>	<u>\$ 575,000</u>

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

(ii) No accretion of the 2024 Notes is required as the notes were initially recognized at face value. The underwriter's fees and financial asset derivative had equal values of \$10.1 million.

Cineplex recorded cash interest expense on the Notes Payable of \$11.1 million and \$43.8 million during the quarter and year-to-date period, respectively (2024 - \$11.0 million and \$39.4 million respectively) and recorded accretion expense during the quarter and year to date period, respectively, of nil (2024 - \$nil and \$0.4 million, respectively), both of which are included as part of interest expense in the consolidated statement of operations. As at December 31, 2025, Cineplex has \$575.0 million principal amount of 2024 Notes outstanding. Cineplex's derivative financial instrument on the outstanding 2021 Notes and 2024 Notes, as applicable, relates to the early prepayment option that fluctuates in value based on market interest rates. The fair value of the embedded derivative was determined using an option pricing model with observable market inputs and are consistent with accepted methods for valuing financial instruments. Cineplex has estimated the fair value of this embedded derivative at \$18.4 million as at December 31, 2025 (2024 - \$19.4 million) which is presented on the consolidated balance sheets as a derivative financial instrument.

2024 Notes

On March 4, 2024, in connection with the 2024 Refinancing, Cineplex closed a private placement offering of \$575.0 million aggregate principal amount of 7.625% senior secured notes due March 31, 2029 (the “2024 Notes”). 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.

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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.

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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7.5. FUTURE OBLIGATIONS

At December 31, 2025, Cineplex had the following contractual or other commitments authorized by the Board (expressed in thousands of dollars):

Contractual obligations	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	\$ —

The following table discloses the undiscounted cash flow for lease obligations as of December 31, 2025:

Less than one year	\$	162,889
One to five years		632,055
More than five years		662,266
Total undiscounted lease obligations	\$	<u>1,457,210</u>

Cineplex has aggregate gross capital commitments of \$8.0 million (\$5.9 million net of tenant inducements) related to the completion of construction of one location-based entertainment location and other premium experiences.

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

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

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8. ADJUSTED FREE CASH FLOW AND DIVIDENDS (see Section 18 Non-GAAP and other financial measures)

8.1. ADJUSTED FREE CASH FLOW

The following table illustrates adjusted free cash flow per share for the three months and year ended December 31, 2025 and 2024 and measures relevant to the discussion of adjusted free cash flow per share (expressed in thousands of dollars except shares outstanding):

	Fourth Quarter			Full Year		
	2025	2024	Change	2025	2024	Change
	(Section 1) (iii)			(Section 1) (iii)		
Cash flows provided by operating activities from continuing operations	\$ 76,562	\$ 100,009	-23.4 %	\$ 122,033	\$ 149,200	-18.2%
Net loss from continuing operations (ii)	\$ (3,302)	\$ (631)	423.3 %	\$ (36,924)	\$ (104,162)	-64.6%
Standardized free cash flow (i)	\$ 65,496	\$ 77,441	-15.4 %	\$ 83,842	\$ 90,535	-7.4%
Adjusted free cash flow (i)	\$ 11,082	\$ 14,707	-24.6 %	\$ 17,862	\$ (11,423)	NM
Weighted average number of Common Shares outstanding	63,592,001	63,324,212	0.4 %	63,472,046	63,585,187	-0.2%
Adjusted free cash flow per share (i)	\$ 0.174	\$ 0.232	(25.0)%	\$ 0.281	\$ (0.180)	NM
(i) Represents a non-GAAP financial measure. See Section 18 Non-GAAP and other financial measures.						
(ii) 2025 includes expenses related to other transactions or litigation outside the normal course of business in the amount of \$(0.1) million (2024 - \$nil) for the fourth quarter and \$0.8 million (2024 - \$2.5 million) for the full year. The fourth quarter of 2024 includes the loss on the 2024 Refinancing of \$nil and \$56.0 million for year to date, and includes the \$39.2 million provision for the Competition Tribunal's administrative monetary penalty.						
(iii) The results of discontinued operations from CDM and PIAG have been excluded from prior period figures as applicable per IFRS 5 to conform to the current period presentation. All amounts are from continuing operations unless otherwise noted. See Section 13 Accounting policies.						

Adjusted free cash flow per share decreased during the fourth quarter and full year period due to working capital movements.

8.2. DIVIDENDS

Cineplex's dividend policy is subject to the discretion of the Board and may vary depending on, among other things, Cineplex's results of operations, cash requirements, financial condition, contractual restrictions, business opportunities, provisions of applicable law and other factors that the Board may deem relevant. Cineplex does not expect to return to paying dividends until liquidity has improved and a target leverage ratio of 2.5x to 3.0x is achieved. Cineplex has not paid any dividends after the dividend that was paid on February 28, 2020.

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9. SHARE ACTIVITY

Share capital balances at December 31, 2025 and 2024 and transactions during the periods are as follows: (expressed in thousands of dollars except share amounts):

	Shares	Amount
	Number of Common Shares issued and outstanding	Share capital
Balance - December 31, 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

	Shares	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

Normal Course Issuer Bid (NCIB)

On August 22, 2025, the TSX accepted Cineplex's notice of intention to renew the NCIB. Under the NCIB, Cineplex proposes to purchase, as opportunities arise from time to time, up to 6,294,809 Common Shares, or approximately 10% of its public float of 62,948,090 Common Shares issued and outstanding as of August 14, 2025. Purchases under the NCIB, subject to certain restrictions under its current debt agreements (see Section 7.4 Long-term debt), will be made through the facilities of the TSX or through alternative Canadian trading systems and in accordance with applicable regulatory requirements at a price per Common Share equal to the market price at the time of acquisition.

Cineplex was permitted to begin purchasing Common Shares under the NCIB on or about August 26, 2025 and the bid will terminate on August 25, 2026 or such earlier time as Cineplex completes its purchases pursuant to the bid or provides notice of termination. Any Common Shares purchased under the NCIB will be cancelled upon their purchase. Cineplex intends to fund the purchases out of its available cash.

In connection with the NCIB, Cineplex has established an automatic share purchase plan (the "Plan"), effective August 26, 2025, with its designated broker that contains specified parameters regarding how its Common Shares may be purchased under the NCIB during times when the Cineplex would ordinarily not be permitted to purchase Common Shares due to regulatory restrictions or self-imposed blackout periods. Cineplex may elect to suspend or discontinue its NCIB in accordance with certain conditions set forth in the Plan.

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

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Omnibus Incentive Plan

On November 12, 2020, Cineplex's Board 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 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.

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 recognized employee benefits expense of \$1.6 million with respect to options during the year ended December 31, 2025 (2024 - \$1.5 million). The intrinsic value of vested share options at December 31, 2025 is \$1.2 million (2024 - \$2.5 million) based on the closing price of \$10.54 per Common Share (2024 - \$12.20).

A summary of option activities for the year ended December 31, 2025 and 2024 is as follows:

	2025			2024	
	Weighted average remaining contractual life (years)	Number of underlying Common Shares	Weighted average exercise price	Number of underlying Common 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	2,753,426	\$ 14.57	2,735,869	\$ 15.00
Options vested and exercisable		1,689,084		1,597,348	

Upon cashless exercises, the options exercised in excess of Common 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.

Cineplex Inc.

Management's Discussion and Analysis

RSU and PSU awards

	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 \$4.6 million 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

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 \$3.4 million 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

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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 \$4.3 million for the year ended December 31, 2025 (2024 - \$7.4 million) under the Incentive Plan relating to RSU and PSU awards. At December 31, 2025, \$6.1 million (2024 - \$4.7 million) was included in share-based compensation liability and \$0.6 million in contributed surplus (2024 - \$3.2 million).

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 \$1.4 million during the year ended December 31, 2025 (2024 - \$2.5 million expense) associated with the deferred equity units. At December 31, 2025, \$6.3 million (2024 - \$8.0 million) was included in non-current share-based compensation liability.

10. SEASONALITY AND QUARTERLY RESULTS

Historically, Cineplex's revenues have been seasonal, coinciding with the timing of major film releases as the most marketable motion pictures were traditionally released during the summer and holiday seasons in Canada. This caused changes from quarter to quarter in theatre attendance, affecting theatre exhibition and Cinema Media revenues and operating cash flows. The timing, quantity, and quality of film releases can have a significant impact on Cineplex's results of operations, and the results of one period are not necessarily indicative of future results. Cineplex's diversification into other businesses such as media advertising and location-based entertainment, which are not dependent on motion picture content, has contributed to reduce the impact of this seasonality on Cineplex's consolidated results. To meet working capital requirements during lower revenue quarters, Cineplex can draw upon the 2024 Credit Facility, which had nil drawn at December 31, 2025 and had cash on hand of \$134.0 million available as of December 31, 2025, subject to restrictions described above (Section 7.4 Long-term debt).

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Management's Discussion and Analysis

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

	2025				2024			
	Q4	Q3	Q2 (Section 1) (iv)	Q1 (Section 1) (iv)	Q4 (Section 1) (iv)	Q3 (Section 1) (iv)	Q2 (Section 1) (iv)	Q1 (Section 1) (iv)
Revenues								
Box office revenues	\$ 140,723	\$159,478	\$158,475	\$101,911	\$147,728	\$174,884	\$114,478	\$125,061
Food service revenues	117,689	130,314	130,375	91,489	120,309	143,259	96,658	101,826
Media revenues	33,831	19,212	19,311	17,148	30,077	18,101	18,546	12,425
Amusement revenues	23,218	25,689	24,183	28,500	22,448	23,926	20,541	25,776
Other revenues	19,307	14,245	16,993	12,675	20,334	22,110	16,523	19,746
	334,768	348,938	349,337	251,723	340,896	382,280	266,746	284,834
Expenses								
Film cost	76,414	89,114	87,643	54,155	78,628	100,175	60,296	64,827
Cost of food service	26,332	29,771	30,838	23,413	27,088	33,294	23,240	24,504
Depreciation - right-of-use assets	20,681	20,132	20,380	20,703	19,930	20,766	21,357	21,909
Depreciation and amortization - other	18,966	19,248	19,779	20,167	19,657	19,629	20,171	20,886
(Gain) loss on disposal of assets	12	3	(36)	(154)	218	1,030	(8,315)	(391)
Other costs including employee benefits	154,478	157,548	156,407	144,355	156,268	161,910	142,519	149,734
	296,883	315,816	315,011	262,639	301,789	336,804	259,268	281,469
Subtotal	\$ 37,885	\$ 33,122	\$ 34,326	\$(10,916)	\$ 39,107	\$ 45,476	\$ 7,478	\$ 3,365
Adjusted EBITDA (i)	\$ 75,542	\$ 73,048	\$ 74,621	\$ 29,909	\$ 76,382	\$ 88,105	\$ 41,105	\$ 45,148
Adjusted EBITDAaL (i)	\$ 35,052	\$ 33,332	\$ 33,894	\$(10,718)	\$ 35,804	\$ 47,914	\$ 1,578	\$ 4,695
Net (loss) income from continuing operations	\$ (3,302)	\$ 1,365	\$ 143	\$(35,130)	\$ (631)	\$(22,900)	\$(19,325)	\$(61,306)
Net (loss) income from discontinued operations, including gain on disposition	3,671	(154)	(2,341)	(1,485)	3,963	(1,834)	(2,114)	66,466
Net (loss) income (iii)	\$ 369	\$ 1,211	\$ (2,198)	\$(36,615)	\$ 3,332	\$(24,734)	\$(21,439)	\$ 5,160
(Loss) earnings per share from continuing operations - basic	\$ (0.05)	\$ 0.02	\$ 0.00	\$ (0.55)	\$ (0.01)	\$ (0.36)	\$ (0.30)	\$ (0.96)
Earnings per share from discontinued operations - basic	\$ 0.06	\$ 0.00	\$ (0.03)	\$ (0.02)	\$ 0.06	\$ (0.03)	\$ (0.03)	\$ 1.04
(Loss) earnings per share - basic	\$ 0.01	\$ 0.02	\$ (0.03)	\$ (0.58)	\$ 0.05	\$ (0.39)	\$ (0.33)	\$ 0.08
(Loss) earnings per share from continuing operations - diluted	\$ (0.05)	\$ 0.02	\$ 0.00	\$ (0.55)	\$ (0.01)	\$ (0.36)	\$ (0.30)	\$ (0.96)
Earnings per share from discontinued operations - diluted	\$ 0.06	\$ 0.00	\$ (0.03)	\$ (0.02)	\$ 0.06	\$ (0.03)	\$ (0.03)	\$ 1.04
(Loss) earnings per share - diluted	\$ 0.01	\$ 0.02	\$ (0.03)	\$ (0.58)	\$ 0.05	\$ (0.39)	\$ (0.33)	\$ 0.08
Cash (used in) provided by operating activities from continuing operations	\$ 76,562	\$ 26,760	\$ 47,418	\$(28,707)	\$100,009	\$ 17,845	\$ 213	\$ 31,133
Cash used in investing activities from continuing operations	(12,121)	(6,298)	(7,374)	(17,177)	(23,998)	(15,320)	(12,620)	(15,249)
Cash (used in) provided by financing activities from continuing operations	(28,891)	(21,329)	(22,109)	(24,587)	(26,510)	(24,127)	(22,222)	(104,887)
Effect of exchange rate differences on cash from continuing operations	—	—	—	—	—	—	—	—
Net change in cash from continuing operations	\$ 35,550	\$ (867)	\$ 17,935	\$(70,471)	\$ 49,501	\$(21,602)	\$(34,629)	\$(89,003)
Cash flows (used in) provided by discontinued operations	\$ 59,793	\$(2,545)	\$ 6,181	\$ 4,549	\$ 2,578	\$(3,317)	\$(952)	\$144,629
BPP (ii)	\$ 13.87	\$ 13.23	\$ 13.68	\$ 12.14	13.26	\$ 13.19	\$ 13.11	\$ 12.74
CPP (ii)	\$ 9.92	\$ 9.65	\$ 10.04	\$ 9.13	9.41	\$ 9.85	\$ 9.56	\$ 8.95
Film cost percentage (ii)	54.3 %	55.9 %	55.3 %	53.1 %	53.2 %	57.3 %	52.7 %	51.8 %
Theatre attendance (in thousands of patrons) (ii)	10,148	12,054	11,583	8,392	11,141	13,255	8,731	9,819

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Theatre locations (at period end)	154	155	155	156	156	155	156	158
Theatre screens (at period end)	1,606	1,607	1,607	1,617	1,617	1,612	1,618	1,631

(i) Represents a non-GAAP financial measure. See Section 18 Non-GAAP and other financial measures.
(ii) Represents a supplementary financial measure. See Section 18 Non-GAAP and other financial measures.
(iii) 2025 includes expenses related to other transactions or litigation outside the normal course of business in the amount of \$(0.1) million (2024 - \$0.0 million) for the fourth quarter and \$0.8 million (2024 - \$2.5 million) for full year. The fourth quarter of 2024 includes the loss on the 2024 Refinancing of \$nil and \$56.0 million for full year, and includes the \$39.2 million provision for the Competition Tribunal's administrative monetary penalty.
(iv) The results of discontinued operations from CDM and PIAG have been excluded from prior period figures as applicable per IFRS 5 to conform to the current period presentation. All amounts are from continuing operations unless otherwise noted. See Section 13 Accounting policies.

Summary of adjusted free cash flow by quarter

Management calculates adjusted free cash flow per share as follows (see Section 18 Non-GAAP and other financial measures, for a discussion of adjusted free cash flow) (in thousands of dollars except per share data and number of Common Shares outstanding):

	2025				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
			(Section 1) (iii)					
Cash provided by (used in) operating activities	\$ 76,562	\$ 26,760	\$ 47,418	\$ (28,707)	\$ 100,009	\$ 17,845	\$ 213	\$ 31,133
Less: Total capital expenditures net of proceeds on sale of assets	(11,066)	(4,553)	(6,650)	(15,922)	(22,568)	(14,053)	(7,766)	(14,278)
Standardized free cash flow	65,496	22,207	40,768	(44,629)	77,441	3,792	(7,553)	16,855
Add/(Less):								
Changes in operating assets and liabilities	(32,806)	13,290	(4,744)	28,196	(53,997)	37,751	11,602	(28,634)
Changes in operating assets and liabilities of joint ventures	(50)	(184)	(53)	12	(82)	(27)	(37)	(92)
Provision for Competition Tribunal's administrative monetary penalty	—	—	—	—	—	(39,215)	—	—
Principal component of lease obligations	(21,744)	(21,329)	(22,109)	(24,587)	(21,915)	(22,086)	(22,222)	(24,849)
Principal portion of cash rent paid not pertaining to current period	(422)	(422)	(422)	1,274	(410)	(409)	(410)	1,237
Growth capital expenditures and other	2,593	1,478	3,269	13,903	16,200	11,324	5,658	12,317
Share of income of joint ventures, net of non-cash depreciation	(2,002)	543	172	109	(2,530)	1,204	414	(621)
Financing fees	17	(79)	—	117	—	—	87	17,784
Adjusted free cash flow (i)	\$ 11,082	\$ 15,504	\$ 16,881	\$ (25,605)	\$ 14,707	\$ (7,666)	\$ (12,461)	\$ (6,003)
Average number of Common Shares outstanding	63,592,001	63,440,104	63,430,021	63,424,568	63,324,212	63,652,129	63,684,281	63,684,281
Adjusted free cash flow per share (ii)	\$ 0.174	\$ 0.244	\$ 0.266	\$ (0.404)	\$ 0.232	\$ (0.120)	\$ (0.196)	\$ (0.094)

(i) Represents a non-GAAP financial measure. See Section 18 Non-GAAP and other financial measures.
(ii) Represents a non-GAAP ratio. See Section 18 Non-GAAP and other financial measures.
(iii) The results of discontinued operations from CDM and PIAG have been excluded from prior period figures as applicable per IFRS 5 to conform to the current period presentation. All amounts are from continuing operations unless otherwise noted. See Section 13 Accounting policies.

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Management's Discussion and Analysis

11. 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.

12. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTIES

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

Goodwill and long lived assets - recoverable amount

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

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

Revenue recognition - gift cards and prepaid certificates

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

Income taxes

The timing of reversal of timing differences and the expected income allocation to various tax jurisdictions within Canada affect the effective income tax rate used to compute the deferred income tax asset. In addition, management occasionally estimates the current or future deductibility of certain expenditures, affecting current or deferred income tax balances and expenses.

Lease terms

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

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13. ACCOUNTING POLICIES

Basis of preparation and measurement

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

Cineplex has met the criteria of recording CDM as a discontinued operation under IFRS 5, *Non-current assets held for sale and discontinued operations*. Therefore, effective with the period ended September 30, 2025, CDM's financial performance and cash flows are presented in this MD&A as discontinued operations on a retroactive basis.

Cineplex has met the criteria of recording P1AG as a discontinued operation under IFRS 5, *Non-current assets held for sale and discontinued operations*. Therefore, effective with the year ended December 31, 2023, P1AG's financial performance and cash flows are presented in this MD&A as discontinued operations on a retroactive basis.

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.

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.

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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.

14. RISKS AND UNCERTAINTIES

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

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

This section describes the principal risks and uncertainties that could have a material adverse effect on Cineplex's business and financial results. The risks and uncertainties described below are not the only risks that may impact Cineplex's business. Additional risks not currently known to Cineplex or that management currently believes are immaterial may also have a material adverse effect on future business and operations. Any discussion about risks should be read in conjunction with "Forward-Looking Statements".

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.

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 October 23, 2024, Cineplex filed its Notice of Appeal with the Federal Court of Appeal and, with the Competition Bureau's consent, was granted a stay regarding payment of the Competition Tribunal's \$39.2 million administrative monetary penalty pending the Federal Court of Appeal's decision. The appeal was heard on October 8, 2025.

On January 23, 2026, the Federal Court of Appeal upheld the September 2024 decision of the Competition Tribunal, including the \$39.2 million 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.

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Management's Discussion and Analysis

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.

Both lawsuits are in their preliminary stages. The British Columbia lawsuit has not yet received the necessary judicial authorization for it to proceed. The Quebec lawsuit has been granted judicial authorization to proceed.

Cineplex does not believe that these matters will 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.

General Economic Conditions

Entertainment companies compete for guests' entertainment time and spending, and as such can be sensitive to global, national or regional economic conditions and any changes in the economy may either adversely influence these revenues in times of an economic downturn or positively influence these revenue streams should economic conditions improve. Historical data shows that movie theatre attendance has not been negatively affected by economic downturns over the past 25 years.

Business Continuity Risk

Cineplex's primary sources of revenues are derived from providing an out-of-home entertainment experience. Business results could be significantly impacted by a terrorist threat, severe weather incidents, or general fear of community gatherings that may cause people to stay away from public places including movie theatres, malls and amusement and leisure locations. Cineplex operates in locations throughout Canada which mitigates the risk to a specific location or locations. Cineplex has procedures to manage such events should they occur. These procedures identify risks, prioritize key services, plan for large staff absences and clarify communication and public relations processes. However, should there be a large-scale threat or occurrence, it is uncertain to what extent Cineplex could mitigate this risk and the costs that may be associated with any such crises. Further, Cineplex purchases insurance coverage from third-party insurance companies to cover certain operational risks, and is self-insured for other matters.

Customer Risk

In its consumer-facing entertainment businesses, Cineplex competes for the leisure time and disposable income of all potential customers. All other forms of entertainment are substantial competitors to the movie-going experience including in-home entertainment such as online consumption of content through social media platforms like YouTube and TikTok, sporting events, streaming services, gaming, as well as out-of-home entertainment such as live music concerts, live theatre, other entertainment venues and restaurants. Cineplex aims to deliver value to its guests through a wide variety of entertainment experiences and price points. Significant price increases may deter consumer spending on entertainment options to other alternatives which will negatively impact Cineplex's business operations. Cineplex monitors pricing in all markets to ensure that it offers a reasonably priced out-of-home experience compared to other entertainment alternatives. If Cineplex is too aggressive in raising ticket prices or concession prices, there may be an adverse effect on theatre attendance and food service revenues.

To mitigate this risk, Cineplex offers CineClub membership, providing members with benefits accessible across Cineplex's businesses nationwide including Cineplex theatres, and LBE venues. Cineplex also offers the Scene+ loyalty program, which rewards guests for their patronage with special offers as well as the ability to earn and redeem points. Cineplex monitors customer needs to try and ensure that its entertainment experiences meet the anticipated needs of key demographic groups. Cineplex is differentiating the movie-going experience by providing premium alternatives such as UltraAVX, IMAX, VIP, 4DX, ScreenX, Cineplex Clubhouse and D-BOX seating. Cineplex also includes XSCAPE Entertainment Centres in select theatres and provides alternative programming which appeals to specific demographic groups.

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Cineplex continues to improve the quality of its theatre assets through ongoing renovations and theatre recliner retrofits. If Cineplex does not consistently meet or exceed customer expectations due to poor customer service or poor quality of assets, movie theatre attendance may be adversely affected. Cineplex monitors customer satisfaction through surveys and focus groups and maintains a guest services department to address customer concerns. Guest satisfaction is tied to performance measures, ensuring alignment between corporate and operational objectives.

There is the potential for misinformation to be spread virally through social media relating to Cineplex's assets as well as the quality of its customer service. In response to this risk, Cineplex monitors commentary on social media in order to respond quickly to potential social media misinformation or service issues.

Regarding its Cinema media sales, certain of Cineplex's media customers have signed contracts of finite lengths or that allow for early termination. There is a risk that these customers could choose not to renew these contracts at their maturity, or take steps to terminate them prior to maturity, which would have adverse effects on Cineplex's media revenues.

Film Entertainment and Content Risk

Cineplex's ability to operate successfully depends upon the availability, diversity and appeal of filmed content, the ability of Cineplex to license films and the performance of these films in Cineplex's markets. Cineplex primarily licenses first-run films, the success of which is dependent upon their quality, as well as on the marketing efforts of film studios and distributors. To mitigate this risk, Cineplex continues to diversify its entertainment offerings. Nonetheless, Cineplex is highly dependent on film product and film performance, including the number and success of blockbuster films. A reduction in quality or quantity of film product, any disruption or delay in the production or release of films, the introduction of new delivery platforms for first run product, a strike or threat of a strike in film production, a reduction in the marketing efforts of film studios and distributors or a significant change in film release patterns, would have a negative effect on movie theatre attendance and adversely affect Cineplex's business and results of operations.

As a result of marketing and production delays related to the impact of the writers' and actors' strikes in 2023, the strike affected the distribution of film content into 2024 and early 2025. As a result, Cineplex cannot predict the impact of future labour disputes.

The evolving streaming landscape has seen studios and other producers experiment with a reduced theatrical window, premium video on demand ("PVOD") and redirection of a limited number of theatrical releases to streaming services. Certain film studios have also launched their own streaming services resulting in a change in release strategies, but distributors and industry observers have increasingly expressed their support of a reasonable theatrical window, to drive maximum value from films.

Cineplex's box office revenues depend upon movie production and its relationships with film distributors, including a number of major Hollywood and Canadian distributors. In 2025, five major film distributors accounted for approximately 79.5% of Cineplex's box office revenues, which is consistent with industry standards. Deterioration in Cineplex's relationships with any of the major film distributors or an increase in studio concentration or consolidation could affect its ability to negotiate film licenses on favourable terms or its ability to obtain commercially successful films. Cineplex actively works on maintaining good relations with these distributors, as this affects its ability to negotiate commercially favourable licensing terms for first-run films or to obtain licenses at all. In addition, a change in the type and breadth of movies offered by studios may adversely affect the demographic base of moviegoers, resulting in an increased dependence on international content.

Cineplex competes with other consumption platforms, including cable, satellite, internet television, as well as TVOD, subscription video-on-demand ("SVOD") and other over the top operators via the Internet. The release date of a film in other channels of distribution such as over the top internet streaming, pay television and SVOD is at the discretion of each distributor and day and date release or earlier release windows for these or new alternative channels including PVOD models could have a negative impact on Cineplex's business.

The Warner Bros. proposed sale could affect theatrical exhibition by reducing the number of major studio releases and compressing traditional release windows. If these changes occur, Cineplex may experience lower box office

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volumes, reduced content variety, and diminished attendance. To address these potential impacts, Cineplex plans to continue focusing on premium experiences, alternative content, and diversified offerings.

Exhibition Industry Risk

Cineplex operates in each of its local markets with other forms of entertainment, as well as in some of its markets with national and regional film exhibition circuits and independent film exhibitors. In respect of other film exhibitors, Cineplex primarily competes with respect to film licensing, attracting guests and acquiring and developing new theatre sites and acquiring existing theatres. Movie-goers are generally not brand conscious and usually choose a theatre based on its location, the films showing, show-times available and the theatre's amenities. As a result, the building of new theatres, renovations or upgrades to existing theatres, or the addition of screens to existing theatres by competitors in areas in which Cineplex operates theatres may result in reduced theatre attendance levels at Cineplex's theatres.

In response to these risks, management continually reviews and upgrades its existing locations. Cineplex also fosters strong ties with the real estate and development communities and monitors potential development sites. Most prime locations in larger markets have been developed such that significant further development would be generally uneconomical. In addition, the exhibition industry is capital intensive with high operating costs and long-term contractual commitments. Significant increases in construction and real estate costs could make it increasingly difficult to develop new sites profitably.

In response to risks to theatre attendance, Cineplex continues to pursue other revenue opportunities including media in the form of in-theatre and out-of-home advertising, and alternative uses of its theatres during non-peak hours. Amusement revenues include, in-theatre gaming locations, XSCAPE Entertainment Centres, entertainment at *Junxion* locations and location-based entertainment including *The Rec Room* and *Playdium*. Cineplex's ability to achieve its business objectives may depend in part on its ability to successfully increase these revenue streams.

Media Risk

Media revenue has been shown to be particularly sensitive to economic conditions and any changes in the economy may either adversely influence this revenue stream in times of a downturn or positively influence this revenue stream should economic conditions improve. Cineplex has numerous large media and digital place-based media customers, the loss of which could impact Cineplex's results. There is no guarantee that Cineplex could replace the revenues generated by these large customers if their business was lost.

The majority of Cineplex's advertising revenue is earned at Cineplex theatres and is directly correlated with attendance. There is a risk of decreased attendance at theatres and a reduction of advertising spending due to adverse economic conditions. This could result in media customers electing to reduce their spending in cinemas and advertise through alternative channels. Cineplex's media advertising arrangements are impacted by theatre attendance levels which drive impressions and ultimately impact media revenue generated by Cineplex.

Amusement and LBE Risk

Cineplex's amusement and LBE operations compete against other offerings for guests' entertainment spending. In each of the local markets in which Cineplex operates and will operate, it faces competition from local, national or international brands that also offer a wide variety of restaurant and/or amusement and gaming experiences, including sporting events, bowling alleys, entertainment centres, nightclubs and restaurants. Additionally, new competitive locations could negatively impact the performance of Cineplex's current locations.

Any new Cineplex location-based entertainment locations may not meet or exceed the performance of its existing locations or its performance targets. New locations may even operate at a loss, which could have an adverse effect on the overall operating results.

Cineplex's results of operations are subject to fluctuations due to the timing of location-based entertainment openings which may result in fluctuations in quarterly performance. Cineplex typically incurs most cash pre-opening costs for a new location within the two months immediately preceding, and the month of, the location's opening. In

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addition, the labor and operating costs for a newly opened store during the first three to six months of operation are generally materially greater than what can be expected after that time, both in aggregate dollars and as a percentage of revenues.

To mitigate these risks, Cineplex leverages its core competencies in food service execution, its partnership in Scene+ and its knowledge of the trends in amusement and gaming to continuously update its amusement offerings in order to provide guests with the most compelling offerings available in Canada.

Cineplex's procurement of games and amusement offerings is dependent upon a few suppliers and the ability to continue to procure new games, amusement offerings and other entertainment-related equipment. To the extent that the number of suppliers declines, Cineplex could be subject to the risk of distribution delays, pricing pressure, lack of innovation and other associated risks. In addition, any increase in cost or decrease in availability of new amusement offerings that appeal to customers could have a negative impact on Cineplex's revenues from its amusement and leisure businesses.

Technology Risk

Technological advances have made it easier to create, transmit and electronically share unauthorized high-quality copies of films during theatrical release. Some consumers may choose to obtain unauthorized copies of films rather than attending the theatre which may have an adverse effect on Cineplex's business. In addition, as home entertainment technology becomes more sophisticated and additional technologies become available such as virtual and augmented reality, consumers may choose alternative technology options to consume content rather than attending a theatre.

To mitigate these risks, Cineplex continues to enhance the out of home experience through the addition of new technologies and experiences including 3D, VIP, UltraAVX, D-BOX, 4DX, ScreenX and laser projection in order to further differentiate the theatrical product from the home product.

Cineplex relies on various information technology solutions to provide its services to guests and customers, as well in running its operations from its various office locations. Cineplex may be subject to information technology malfunctions, outages, thefts or other unlawful acts that could result in loss of communication, unauthorized access to data, change in data, or loss of data which could compromise Cineplex's operations and/or the privacy of Cineplex's guests, customers and suppliers.

Cyber Security and Information Management Risk

Cineplex needs effective information technology infrastructure including hardware, networks, software, people and processes to effectively support the current and future needs of the business in an efficient, cost-effective and well-controlled fashion. Cineplex is continually upgrading systems and infrastructure and implementing best practices to meet business needs.

Cineplex requires relevant and reliable information to support the execution of its business model and reporting on performance. The integrity, reliability and security of information are critical to Cineplex's daily and strategic operations. Inaccurate, incomplete or unavailable information or inappropriate access to information could lead to incorrect financial or operational reporting, poor decisions, privacy breaches or inappropriate disclosure of sensitive information.

At select times during the normal course of business, Cineplex and its joint venture partners including Scene+, store sensitive data, including intellectual property, point balances and gift card and certificate balances, proprietary business information including data with respect to suppliers, employees and business partners, as well as some personally identifiable information of their customers and employees. Further, Cineplex regularly works with third party suppliers in the delivery of services to its customers and employees where such data is provided in the normal course of the commercial relationship. The secure processing, maintenance and transmission of this information is critical to Cineplex's operations and business strategies. As such Cineplex adheres to industry standards for the payment card industry ("PCI") data security standard ("DSS") compliance, as well as undertaking commercially reasonable efforts to safeguard non-financial data.

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Cineplex recognizes that security breaches of the information systems of Cineplex, its joint venture partners including Scene+, or any one of its third-party suppliers could compromise this information and expose Cineplex to liability, which could cause its businesses or reputation to suffer. Despite security measures, information technology and infrastructure may be vulnerable to unforeseen attacks by hackers or breached due to employee error, malfeasance, computer viruses, malware, phishing, denial of service attacks, unauthorized access to confidential, proprietary or sensitive information, industrial espionage or other disruptions. Any such breach could compromise networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disrupt operations and the services provided to customers, damage reputation and cause a loss of confidence in products and services, which could adversely affect business, financial condition, results of operations and cash flows. In response to these risks, Cineplex has a team of technology and cybersecurity professionals whose role is to monitor information technology and processes and collaborate with joint venture partners and third-party suppliers to ensure appropriate security and controls are in place. Cineplex continues to place an increased focus on its cybersecurity environment through analysis of internal and external threats and alerting of suspicious incidents to its technology environment. Currently, as the majority of Cineplex's corporate employees have moved to a hybrid work place model, there is an increased risk to Cineplex's technology systems. In response, Cineplex has implemented additional security measures, including training, monitoring and testing and contingency plans, to protect systems.

Real Estate Risk

The acquisition and development of potential operating locations by Cineplex is dependent on the ability of Cineplex to identify, acquire and develop suitable sites for these locations with favourable economic terms in both new and existing markets, while competing with other entertainment and non-entertainment companies for site locations. The cost to develop a new building is substantial and its success is not assured. A future economic downturn could magnify Cineplex's inflationary risks, increase the costs to executing planned capital investments and disrupt the timing of these investments, potentially delaying Cineplex's ability to achieve profitability on such investments. While Cineplex is diligent in selecting sites, the significant time lag from identifying a new site to opening can result in a change in local market circumstances and could negatively impact the location's chance of success. In addition, competitors' building new operating locations or renovating existing locations may draw audiences away from existing sites operated by Cineplex. Cineplex considers the overall return for the theatres and LBE locations in a geographic area when making the decision to build new locations. The majority of Cineplex's operating sites are subject to long-term leases. In accordance with the terms of these leases, Cineplex is responsible for costs associated with property maintenance, utilities consumed at the location and property taxes associated with the location. Cineplex has no control over these costs and these costs have been increasing over the last number of years. Cineplex continues to focus on lease optimization strategies through its negotiations with landlord partners with respect to reductions in rent payments and/or capital contributions towards upgrades for applicable periods.

Sourcing Risk

Cineplex relies on a small number of companies for the distribution of a substantial portion of its concession supplies. If these distribution relationships were disrupted, Cineplex could be forced to negotiate a number of substitute arrangements with alternative distributors that could, in the aggregate, be less favourable to Cineplex than the current arrangements.

Substantially all of Cineplex's non-alcohol beverage concessions are products of one major beverage company. If this relationship was disrupted, Cineplex may be forced to negotiate a substitute arrangement that could be less favourable to Cineplex than the current arrangement. Any such disruptions could therefore increase the cost of concessions and harm Cineplex's operating margins, which would adversely affect its business and results of operations.

Cineplex relies on one major supplier to source popcorn seed, and has entered contracts with this supplier to guarantee a fixed supply. As crop yields can be affected by drought or other environmental factors, the supplier may be unable to fulfill the whole of its contractual commitments, such that Cineplex would need to source the remaining needed corn product from other suppliers at a potentially higher cost.

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In order to minimize these operating risks, Cineplex actively monitors and manages its relationships with its key suppliers.

Human Resources Risk

Cineplex's success depends upon the retention of the senior executive management team, including its Chief Executive Officer, Ellis Jacob, who has announced his retirement. The loss of services of one or more members of the management team could adversely affect Cineplex's business, results of operations and Cineplex's ability to effectively pursue its business strategy. Cineplex does not maintain key-man life insurance for any of its employees but does provide long-term incentive programs to retain key personnel and undertakes a comprehensive succession planning program.

Cineplex typically employs over 10,000 people, most of whom are hourly workers whose compensation is based on the prevailing provincial minimum wages with incremental adjustments as required to match market conditions. Wage inflation and any increase in minimum wages will have an adverse effect on employee related costs. In order to mitigate the impact of the proposed increases, Cineplex works to expand automation, take advantage of technological efficiencies and continually reviews pricing. Approximately 8.5% of Cineplex's employees are represented by unions, located primarily in the province of Ontario and Quebec. Because of the small percentage of employees represented by unions, the impact of labour disruption nationally is low.

There is a risk due to labour supply shortages that Cineplex may not be able to hire enough staff to maintain current levels of operations.

Health and Safety Risk

Cineplex is subject to risks associated with food safety, alcohol consumption by guests, product handling and the operation of machinery. Cineplex is in compliance with health and safety legislation and conducts employee awareness and training programs on a regular basis. Health and safety issues related to our guests such as pandemics and bedbug concerns are risks that may deter people from attending places of public gathering, potentially including movie theatres, gaming centres, malls and dining locations. For those risks that it can control, Cineplex has programs in place to mitigate its exposure.

Environment/Sustainability Risk

Cineplex's approach to environmental, social and governance factors ("ESG") has its foundation in three key pillars: Good Governance, Environmental Sustainability and Business & Social Responsibility. Cineplex's ESG practices permit positive social, cultural and environmental changes at the national and local levels, benefiting Cineplex's employees, guests, partners and drives and creates value for shareholders.

Cineplex's business is primarily a service and retail business which delivers guest experiences rather than physical commercial products and thus does not have substantial environmental risk. Cineplex operates multiple locations in major urban markets and does not anticipate any significant changes to operations due to climate change. Severe weather incidents (as a result of environmental changes or otherwise) have potential to negatively impact Cineplex's operation. See "Business Continuity Risk" above.

Cineplex has a plan in place to address existing and anticipated legislation and regulation requiring reporting of ESG matters, including carbon emissions and environmental impacts. Cineplex anticipates this will result in minimal cost increases or changes to operating procedures.

Financial and Markets Risk

Cineplex requires efficient access to capital in order to fund growth, execute strategies and generate future financial returns. For this reason Cineplex entered into the 2024 Credit Facility. Cineplex's exposure to currency and commodity risk is minimal as the majority of its transactions are in Canadian dollars and commodity costs are not a significant component of the overall cost structure. Upon the maturity of the 2024 Credit Facility in March 2027, there is a risk that Cineplex may not be able to renegotiate under favourable terms in the then current economic

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environment. Upon maturity of the Convertible Debentures and 2024 Notes Payable, Cineplex may have insufficient liquidity to repay the principal balance owing, impacting its ability to obtain additional funding at favourable terms. Cineplex may have difficulty executing its recently announced refinancing plan.

There is a risk that Cineplex may not be able to find timely sources of financing, which could have an adverse effect on its business, financial condition and results of operations.

Foreign Currency and Tariff Risk

Cineplex is exposed to minimum foreign currency risk related to transactions in its normal course of business that are denominated in currencies other than the Canadian dollar. Cineplex's foreign currency exposure to asset and service purchases denominated in US dollars is largely mitigated by the relatively small proportion of US dollar expenditures, and Cineplex's ability to reasonably defer expenditures if exchange rates are unfavorable.

While Cineplex anticipates the potential impact of US and Canadian import tariffs and any direct effects to be minimal, the full effects of any tariffs are currently uncertain and may have material impacts on the business dependent on the final regulations.

Interest Rate Risk

Cineplex is exposed to risk on the interest rates applicable on its 2024 Credit Facility. The balance drawn on the 2024 Credit Facility is expected to remain at minimal levels, which mitigates this risk. Cineplex will continue to consider its interest rate exposure in conjunction with its overall capital strategy.

Cineplex is exposed to the risk of refinancing its debt obligations at higher interest rates, negatively impacting its future cash flows.

Inflation Risk

The largest expenses either vary in relation to revenues, such as film cost, or are contractually fixed for set periods, such as lease payments of interest and principal. The remainder of Cineplex's fixed and variable operating costs are exposed to inflation risk. Cineplex also considers the prices of its products and services in response to market conditions including inflation and competition to provide fair pricing to its customers.

Legal, Regulatory, Taxation and Accounting Risk

Changes to any of the various international, federal, provincial and municipal laws, tariffs, treaties, rules and regulations related to Cineplex's business could have a material impact on its financial results. Compliance with any changes could also result in significant cost to Cineplex. Failure to fully comply with various laws, rules and regulations may expose Cineplex to proceedings which may materially affect its performance.

On an ongoing basis, Cineplex may be involved in various judicial, administrative, regulatory and litigation proceedings concerning matters arising in the ordinary course of business operations, including but not limited to, personal injury claims, landlord-tenant disputes, alcohol-related incidents, commercial disputes, tax disputes, employment disputes and other contractual disputes. Many of these proceedings seek an indeterminate amount of damages.

To mitigate these risks, Cineplex promotes a strong ethical culture through its values and code of conduct. Cineplex employs in-house counsel and uses third party tax and legal experts to assist in structuring significant transactions and contracts. Cineplex has systems and controls that ensure efficient and orderly operations. Cineplex also has systems and controls that ensure the timely production of financial information in order to meet contractual and regulatory requirements and has implemented disclosure controls and internal controls over financial reporting which are tested for effectiveness on an ongoing basis. In situations where management believes that a loss arising from a proceeding is probable and can be reasonably estimated, Cineplex records the amount of the probable loss. As additional information becomes available, any potential liability related to these proceedings is assessed and the estimates are revised, if necessary.

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15. CONTROLS AND PROCEDURES

15.1. DISCLOSURE CONTROLS AND PROCEDURES

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

Management has evaluated the design and operation of Cineplex's disclosure controls and procedures as of December 31, 2025 and has concluded that such disclosure controls and procedures are effective.

15.2. INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

Management has used the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), to evaluate the effectiveness of internal controls over financial reporting, which is a recognized and suitable framework developed by COSO.

Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Management has evaluated the design and operation of Cineplex's internal controls over financial reporting as of December 31, 2025, and has concluded that such controls over financial reporting are effective. There are no material weaknesses that have been identified by management in this regard.

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

16. 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.

17. OUTLOOK

The following discussion is qualified in its entirety by the caution regarding forward-looking statements at the beginning of this MD&A and Section 14 Risks and uncertainties.

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FILM ENTERTAINMENT AND CONTENT

Theatre Exhibition

While a number of films shifted release dates due to production delays and the impact of the writers' and actors' strikes, the impact of the strikes is now largely behind the industry with stronger content slate anticipated in the periods ahead. Cineplex believes that compelling content will continue to strengthen consumer enthusiasm for the theatrical movie-going experience and will bring people to Cineplex theatres in 2026. Looking forward to 2026, there is a strong slate of films scheduled for release including: *Wuthering Heights*, *GOAT*, *Scream 7*, *Project Hail Mary*, *Ready or Not 2: Here I Come*, *The Super Mario Galaxy Movie*, *Michael*, *The Devil Wears Prada 2*, *Mortal Kombat 2*, *The Mandalorian & Grogu*, *Masters of the Universe*, *Disclosure Day*, *Scary Movie 6*, *Toy Story 5*, *Supergirl*, *Minions 3*, *Moana*, *The Odyssey*, *Spider-Man: Brand New Day*, *Digger*, *Street Fighter*, *Godzilla Minus Zero*, *The Hunger Games: Sunrise on the Reaping*, *Jumanji 3*, *Avengers: Doomsday*, *Dune: Messiah*, and *Werwolf*. In addition, Cineplex remains encouraged by the commitments from non-traditional studios and international content which further validate the importance of the cinematic experience and the role theatrical exhibition plays in elevating content to its full potential.

Cineplex continues to focus on providing guests with a variety of premium viewing options through which to enjoy the theatre experience. These premium-priced offerings, which include UltraAVX, VIP Cinemas, IMAX, D-BOX, 3D, 4DX, Cineplex Clubhouse, and ScreenX generate higher revenues per patron and expand the customer base. Cineplex believes that these premium formats provide an enhanced guest experience and will continue to charge a ticket price premium for films and events presented in these formats. Cineplex will continue to expand those offerings throughout its circuit during 2026 and beyond.

Cineplex also offers a range of value and loyalty programs aimed at driving attendance and repeat visitation, including its CineClub membership, SCENE+ partner offers, discounted ticket initiatives such as \$5 promotions, and other pricing and promotional programs. These offerings are accessible across Cineplex's businesses nationwide including Cineplex theatres, and LBE venues.

Cineplex will continue to use data analytics and marketing personalization to drive theatrical and LBE visitation, and food and gaming purchase incidence. Cineplex continues to hold its North American leadership position in alternative programming, with 11.1% of the 2025 box office revenues coming from international films, compared to those films having a 5.7% North American share.

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

Theatre Food Service

Cineplex's core focus is on operational execution, marketing and providing the optimal product mix to provide further growth in this area. As part of this strategy, Cineplex continues to expand its product offering through its in-house brands across the circuit, as well as leveraging digital menu board technologies which provide guests with enhanced messaging during visits to the theatre food service locations and expanding VIP cinema menu offerings. Cineplex also leverages mobile technology to enhance the food service experience in its theatres and has VIP in-seat ordering. Cineplex continues to focus on its home delivery services of concessions in partnership with Uber Eats, SkipTheDishes, and DoorDash. In addition, Cineplex is driving growth through merchandise sales, including film-related collectibles and branded items, which complement its food and beverage offerings, and will expand merchandise sales through online channels. Management anticipates the strong film slate set to release in 2026 will drive attendance, which correlate with higher concession spend.

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Alternative Programming & Distribution

Cineplex Pictures focuses on the acquisition of feature film rights for both theatrical release and in home release in Canada for various licensors for all markets or selected markets within Canada. Cineplex extended its theatrical distribution partnership with Lionsgate until December 31, 2026. Upcoming films that will be distributed as part of the extended partnership with Lionsgate include: *I Can Only Imagine 2*, *Michael*, *Power Ballad*, *Mutiny*, and *Hunger Games: Sunrise on the Reaping*.

Cineplex offers a wide variety of alternative programming, including international film programming; the popular *Metropolitan Opera Live in HD* series; sports programming; and various concert performances by popular recording artists, including *TAYLOR SWIFT | THE OFFICIAL RELEASE PARTY OF A SHOWGIRL*, which opened during the beginning of the fourth quarter of 2025. Cineplex continues to look for compelling content to offer as alternative content to attract a wider audience to its locations, in addition to adding dedicated event screens.

Amusement

Cineplex continues to enhance the guest experience through in-theatre gaming, including XSCAPE amusement revenues and meeting strong consumer demand for out-of-home entertainment.

CINEMA MEDIA

Research has shown that cinema media advertising reaches the most sought-after demographics, as well as Canada's high-income households and educated populations. Cineplex Media's proprietary Canadian Cinema Attention results from Lumen demonstrated the superior impact of the big screen in terms of advertising viewability, attention to the creative, and brand recall. With a strong slate for 2026 and beyond, Cineplex believes its cinema media business will continue to grow through its advertising and attention metrics and innovative media opportunities within Cineplex's theatres, including data services to clients, and other theatre exhibitors, including Landmark Cinemas as of January 2026. Cineplex Media continues to sell media for CDM DOOH clients and LBE. 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 Media's revenues are impacted by venue traffic, economic factors, and client marketing strategies. Despite challenges in the overall advertising market due to economic uncertainty, trade matters, and consumer confidence, Cineplex has experienced increased cinema media revenues mainly driven by an increase in demand for showtime revenues. Cineplex expects the challenging advertising market to persist in the near-term. As attendance rebounds, Cineplex expects advertisers to continue to leverage cinema channels and data to better serve advertising customers and grow revenues.

LOCATION-BASED ENTERTAINMENT

Cineplex's LBE business features entertainment destination locations that cater to a wide range of guests through *The Rec Room*, a social entertainment destination targeting millennials featuring a wide range of entertainment options including redemption, video, recreational gaming, attractions, and a live entertainment venue for watching a wide range of entertainment programming, and *Playdium*, complexes specially designed for teens and families. *The Rec Room* is complemented with an upscale casual dining environment, as well as an expansive bar with a wide range of digital monitors and a large screen for watching sporting events and bookings for corporate events. Cineplex will continue to add attractions to enhance the guest experience and build new locations to drive growth.

Cineplex experienced a decline in same store LBE revenues compared to the prior year, largely due to broader economic headwinds, including shifts in discretionary spending and consumer behaviour. These impacts are expected to moderate as inflationary pressures ease and macroeconomic conditions stabilize. Cineplex anticipates improved performance driven by a recovery in consumer confidence, strategic marketing efforts aimed at increasing visitation, and continued operational efficiencies.

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While new builds have had a slower start, Cineplex expects performance to improve as these locations ramp up revenue and benefit from operational efficiencies over time. Cineplex remains confident in the long-term growth potential of its LBE portfolio.

Cineplex announced plans to open a new Playdium location in Vaughan, Ontario, with completion targeted for summer 2026.

LOYALTY

Membership in the Scene+ loyalty program continued to exceed over 15 million members as at December 31, 2025. The growth in the Scene+ loyalty program provides Cineplex with opportunities to grow its customer base across all of its businesses, including Scene+ ability to engage members who are not existing Cineplex customers. On January 26th, 2026, Scene+ announced a partnership with Shell Canada, giving members even more everyday ways to earn and redeem points. The partnership launches in Alberta on March 3, 2026, with a nationwide rollout on May 26, 2026.

FINANCIAL OUTLOOK

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

On October 23, 2024, Cineplex filed its Notice of Appeal with the Federal Court of Appeal and, with the Competition Bureau's consent, was granted a stay regarding payment of the Competition Tribunal's \$39.2 million administrative monetary penalty pending the Federal Court of Appeal's decision. The appeal was heard on October 8, 2025.

On January 23, 2026, the Federal Court of Appeal upheld the September 2024 decision of the Competition Tribunal, including the \$39.2 million 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.

While Cineplex anticipates the potential impact of US and Canadian import tariffs to be minimal, the full effects of any tariffs are currently uncertain and may have impacts on the business depending on the outcome of the final regulations.

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.

Although the current uncertainty in macroeconomic conditions may impact certain Cineplex businesses, it remains confident in the resilience of its core business. The movie exhibition industry has historically demonstrated counter-cyclical characteristics, with attendance and box office performance often remaining stable or even improving during economic downturns as consumers seek affordable entertainment options. Significant changes in foreign exchange and borrowing costs both have minimal impacts on Cineplex's business given that U.S. dollar-denominated purchases constitute a small portion of its total expenditures, and the majority of Cineplex's interest-bearing debt carries fixed interest rates. These factors position Cineplex to deliver stable performance despite broader economic uncertainties.

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18. NON-GAAP AND OTHER FINANCIAL MEASURES

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

NON-GAAP FINANCIAL MEASURES

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

NON-GAAP RATIOS

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

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

18.1. EBITDA, ADJUSTED EBITDA AND ADJUSTED EBITDAaL

Management defines EBITDA as earnings before interest income and expense, income taxes and depreciation and amortization expense. Adjusted EBITDA excludes the change in fair value of financial instrument, loss (gain) on disposal of assets, foreign exchange, 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.

Subsequent to the adoption of IFRS 16, *Leases*, by Cineplex effective January 1, 2019, the calculation of EBITDA no longer includes a charge for amounts paid or payable with respect to leased property and equipment. Given the majority of Cineplex's businesses are carried on in leased premises, Cineplex introduced the measure of adjusted EBITDAaL which includes a deduction for cash rent paid/payable related to lease obligations. Cineplex's management believes that adjusted EBITDAaL is an important supplemental measure of Cineplex's profitability at an operational level and provides analysts and investors with comparability in evaluating and valuing Cineplex's performance period over period. EBITDA, adjusted for various unusual items, is also used to define certain financial covenants in Cineplex's 2024 Credit Facility. Management calculates adjusted EBITDAaL margin by dividing adjusted EBITDAaL by total revenues.

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

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Adjusted Store Level EBITDAaL Metrics

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

Adjusted Store Level EBITDAaL Margin

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

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

Reconciliation of reported net income (loss) to adjusted EBITDAaL	Year ended December 31,		
	2025	2024	2023
		(Section 1)	(Section 1)
		(iii)	(iii)
Net loss (ii)	\$ (36,924)	\$ (104,162)	\$ 130,785
Depreciation and amortization - other	78,160	80,343	83,898
Depreciation - right-of-use assets	81,896	83,962	85,566
Interest expense - lease obligations	71,904	70,637	66,064
Interest expense - other	69,694	71,331	88,416
Interest income	(870)	(1,356)	(897)
Current income tax (recovery) expense	—	(2,756)	(1,017)
Deferred income tax recovery	(12,880)	(27,564)	(137,372)
EBITDA	\$ 250,980	\$ 170,435	\$ 315,443
(Gain) loss on disposal of assets, including businesses	(175)	(7,458)	2,925
Loss on financial instruments recorded at fair value and loss on extinguishment of debt	1,040	46,598	(2,610)
Provision for Competition Tribunal administrative monetary penalty	—	39,215	—
Foreign exchange (gain) loss	(141)	1,063	493
Depreciation and amortization - joint ventures and associates	1,397	863	739
Taxes and interest of joint ventures and associates	19	24	22
Adjusted EBITDA	\$ 253,120	\$ 250,740	\$ 317,012
Cash rent paid/payable related to lease obligations	(161,568)	(160,757)	(161,262)
Cash rent paid not pertaining to current period	8	8	8
Adjusted EBITDAaL (i)	\$ 91,560	\$ 89,991	\$ 155,758
Adjusted EBITDAaL from discontinued operations (i)(iii)	\$ 480	\$ 3,784	\$ 37,337
Adjusted EBITDAaL including discontinued operations (i)	\$ 92,040	\$ 93,775	\$ 193,095
(i) See Section 18 Non-GAAP and other financial measures.			
(ii) 2025 includes expenses related to other transactions or litigation outside the normal course of business in the amount of \$(0.1) million (2024 - \$nil) for the fourth quarter and \$0.8 million (2024 - \$2.5 million) for the full year. The fourth quarter of 2024 includes the loss on the 2024 Refinancing of \$nil and \$56.0 million for full year, and includes the \$39.2 million provision for the Competition Tribunal's administrative monetary penalty.			
(iii) The results of discontinued operations from CDM and P1AG have been excluded from prior period figures as applicable per IFRS 5 to conform to the current period presentation. All amounts are from continuing operations unless otherwise noted. See Section 13 Accounting policies.			

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18.2. ADJUSTED FREE CASH FLOW

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

Cineplex presents standardized free cash flow and adjusted free cash flow per share because they are key measures used by investors to value and assess Cineplex. Cineplex's management defines adjusted free cash flow as standardized free cash flow adjusted for certain items, and considers adjusted free cash flow the amount available for distribution to shareholders. Standardized free cash flow is defined by the CICA as cash from operating activities as reported in the GAAP financial statements, less total capital expenditures minus proceeds from the disposition of capital assets other than those of discontinued operations, as reported in the GAAP financial statements; and dividends, when stipulated, unless deducted in arriving at cash flows from operating activities. The standardized free cash flow calculation excludes common dividends and other distributions that are declared at the Board's discretion.

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

Reconciliation of reported cash provided by (used in) operating activities to adjusted free cash flow per share	Year ended December 31,		
	2025 (Section 1) (iii)	2024 (Section 1) (iii)	2023 (Section 1) (iii)
Cash provided by operating activities	\$ 122,033	\$ 149,200	\$ 190,656
Less: Total capital expenditures net of proceeds on sale of assets and insurance recoveries	(38,191)	(58,665)	(51,708)
Standardized free cash flow	83,842	90,535	138,948
Add/(Less):			
Changes in operating assets and liabilities (i)	3,936	(33,278)	11,686
Changes in operating assets and liabilities of joint ventures and associates (i)	(275)	(238)	(164)
Provision for Competition Tribunal's administrative monetary penalty	—	(39,215)	—
Repayments of lease obligations - principal	(89,769)	(91,072)	(96,241)
Principal portion of cash rent paid not pertaining to current period	8	8	8
Growth capital expenditures and other (ii)	21,243	45,499	33,255
Share of income of joint ventures and associates, net of non-cash depreciation	(1,178)	(1,533)	(3,762)
Financing fees	55	17,871	—
Adjusted free cash flow	\$ 17,862	\$ (11,423)	\$ 83,730
Average number of Common Shares outstanding	63,472,046	63,585,187	63,401,529
Adjusted free cash flow per share	\$ 0.281	\$ (0.180)	\$ 1.321
<p>(i) Changes in operating assets and liabilities are not considered a source or use of adjusted free cash flow. Refer to note 24, Changes in operating assets and liabilities of Cineplex's 2025 Annual Consolidated Financial Statements for further details.</p> <p>(ii) Growth capital expenditures and other represent expenditures on Board approved projects, exclude maintenance capital expenditures and are net of proceeds on asset sales and insurance recoveries. The 2024 Credit Facility (discussed above in Section 7.4 Long-term debt) is available to Cineplex to fund Board approved projects.</p> <p>(iii) The results of discontinued operations from CDM and PIAG have been excluded from prior period figures as applicable per IFRS 5 to conform to the current period presentation. All amounts are from continuing operations unless otherwise noted. See Section 13 Accounting policies.</p>			

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

Reconciliation of adjusted EBITDAaL to adjusted free cash flow	Year ended December 31,		
	2025 (Section 1) (i)	2024 (Section 1) (i)	2023 (Section 1) (i)
Adjusted EBITDAaL	\$ 91,560	\$ 89,991	\$ 155,758
Adjust for:			
Interest expense - other	(69,694)	(71,331)	(88,416)
Interest rate swap agreements - non-cash interest	—	(1,020)	6,337
Accretion of convertible debentures and notes payable	7,632	10,527	21,551
Non-cash share-based compensation	4,442	4,283	6,229
Foreign exchange	141	(1,063)	(493)
Interest income	870	1,356	897
Maintenance capital expenditures	(16,948)	(13,217)	(19,147)
Provision for Competition Tribunal's administrative monetary penalty	—	(39,215)	—
Cash received from unwinding swap	—	4,583	—
Current income taxes	—	2,756	661
Cash foreign exchange	(141)	927	353
Adjusted free cash flow	\$ 17,862	\$ (11,423)	\$ 83,730
(i) The results of discontinued operations from CDM and P1AG have been excluded from prior period figures as applicable per IFRS 5 to conform to the current period presentation. All amounts are from continuing operations unless otherwise noted. See Section 13 Accounting policies.			

SUPPLEMENTARY FINANCIAL MEASURES

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

Earnings (loss) per Share Metrics

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

Per Patron Revenue Metrics

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

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

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

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

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

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

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

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

Same Theatre Analysis

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

Same theatre metrics are calculated by removing the results for all theatres that have been opened, acquired, closed or otherwise disposed of subsequent to the start of the prior year comparative period. For the three months ended December 31, 2025 and 2024, the impact of one location that was opened or acquired in 2024 and two locations that were closed or otherwise disposed of in 2025 have been excluded, resulting in 153 theatres being included in the same theatre metrics. For the years ended December 31, 2025 and 2024, the impact of one location that was opened or acquired in 2024, three locations that were closed or otherwise disposed of in 2024, and two locations that were closed or otherwise disposed of in the 2025 have been excluded, resulting in 153 theatres being included in the same theatre metrics.

Same LBE Analysis

Cineplex reviews and reports same store LBE metrics relating to food service revenues, amusement revenues, media and other revenues, as these measures are widely used by comparable businesses in the industry.

Same store LBE metrics are calculated by removing the results for all LBE venues that have been opened, acquired, closed or otherwise disposed of subsequent to the start of the prior year comparative period. For the three months ended December 31, 2025 and 2024, the impact of three locations that was opened or acquired in 2024 have been excluded, resulting in 13 LBE venues being included in the same LBE metrics. For the years ended December 31, 2025 and 2024, the impact of three locations that was opened or acquired in 2024 have been excluded, resulting in 13 LBE venues being included in the same theatre metrics.

Cost of sales percentages

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

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

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

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

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19. RECONCILIATION: CINEPLEX DIGITAL MEDIA (CDM)

Cineplex has measured, presented and disclosed the financial information of CDM as a discontinued operation in accordance with IFRS 5, *Non-current assets held for sale and discontinued operations*. As a result, the results of CDM have been excluded from prior period figures to provide comparability to the current year period.

Digital place-based media revenues	Fourth Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Project revenues (i)	\$ 3,037	\$ 6,252	-51.4%	\$ 15,215	\$ 18,328	-17.0%
Media and services revenues (ii)	3,433	15,595	-78.0%	29,365	37,354	-21.4%
Total digital place-based media revenues	\$ 6,470	\$ 21,847	-70.4%	\$ 44,580	\$ 55,682	-19.9%

(i) Project revenues include hardware sales and professional services.
(ii) Media and services revenues include sales of software and its support as well as media advertising.

Fourth Quarter and Full Year

During the fourth quarter, CDM's reported revenues of \$6.5 million, a \$15.4 million or 70.4% decrease from \$21.8 million in the prior year period. For the full year period, CDM's revenues decreased by \$11.1 million or 20% to \$44.6 million. The decrease in revenue is due to the completion of the CDM Sale Transaction on November 7, 2025.

The following table discloses management's calculation of EBITDA, adjusted EBITDA, and adjusted EBITDAaL for CDM:

Reconciliation of reported net income to adjusted EBITDAaL	2025				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net income	407	(154)	(2,341)	(1,485)	3,963	(1,834)	(1,987)	(1,664)
Depreciation and amortization - other	230	704	876	713	782	862	893	909
Depreciation - right-of-use assets	823	2,471	2,481	2,503	2,537	2,537	2,562	2,562
Interest expense - lease obligations	182	565	594	612	646	682	705	724
Interest expense - other	2	7	8	7	8	7	8	7
Current income tax expense (recovery)	—	16	12	3	13	18	4	—
Deferred income tax (recovery) expense	—	(82)	(699)	(550)	1,500	(450)	(680)	(603)
EBITDA	1,644	3,527	931	1,803	9,449	1,822	1,505	1,935
(Gain) loss on disposal of assets	—	—	—	—	—	(194)	—	—
Foreign exchange loss (gain)	(133)	(324)	924	22	(1,082)	236	(138)	(348)
Adjusted EBITDA	1,511	3,203	1,855	1,825	8,367	1,864	1,367	1,587
Cash rent paid/payable related to lease obligations	(944)	(2,732)	(2,319)	(1,919)	(3,896)	(2,296)	(2,020)	(1,697)
Adjusted EBITDAaL (i)	567	471	(464)	(94)	4,471	(432)	(653)	(110)

(i) Represents a non-GAAP financial measure. See Section 18 Non-GAAP and other financial measures

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The following table discloses the changes to the other operating expenses:

Other operating expenses	Revised 2025 (Section 1)		Revised 2024 (Section 1)			
	Q2	Q1	Q4	Q3	Q2	Q1
Theatre payroll	\$ 42,676	\$ 36,965	\$ 41,960	\$ 44,873	\$ 35,780	\$ 38,422
Theatre operating expenses	29,720	28,561	30,973	32,796	29,175	29,125
Media	4,065	4,031	4,725	3,934	3,870	3,719
LBE store level operating expenses (i)	24,165	24,740	22,040	20,510	21,492	21,481
LBE pre-opening (ii)	(135)	490	2,840	683	—	—
Redemption cost of legacy loyalty points	855	1,058	1,248	1,641	1,522	2,021
Marketing	1,971	2,241	3,831	3,859	1,901	1,772
Scene+ point issuance	7,150	4,638	6,290	7,942	5,115	5,341
Other (ii)	8,384	7,794	9,741	10,248	9,184	10,423
Other operating expenses including cash lease payments	\$ 118,851	\$ 110,518	\$ 123,648	\$ 126,486	\$ 108,039	\$ 112,304
IFRS 16 adjustment (iii)	\$ (3,906)	\$ (3,723)	\$ (2,678)	\$ (2,958)	\$ (2,927)	\$ (2,851)
Other operating expenses from continuing operations as revised	\$ 114,945	\$ 106,795	\$ 120,970	\$ 123,528	\$ 105,112	\$ 109,453
Other operating expenses from discontinued operations as reported	12,946	12,654	17,376	13,752	11,243	10,035
IFRS 16 adjustment (iii) from discontinued operations as reported	(2,319)	(1,919)	(3,896)	(2,296)	(2,020)	(1,697)
Total other operating expenses	\$ 125,572	\$ 117,530	\$ 134,450	\$ 134,984	\$ 114,335	\$ 117,791
(i) Includes operating costs of LBE. Overhead relating to management of LBE portfolio are included in the 'Other' line.						
(ii) Other category includes overhead costs related to LBE and other Cineplex internal departments.						
(iii) Cash rent paid/payable related to lease obligations.						

The following tables show the changes to the previously disclosed balances for cash rent related to lease obligation related to LBE and digital place-based media for other operating expenses as previously disclosed:

Cash rent related to lease obligations	Revised 2025 (Section 1)		Revised 2024 (Section 1)			
	Q2	Q1	Q4	Q3	Q2	Q1
Cash rent related to lease obligations as reported	\$ (6,225)	\$ (5,642)	\$ (6,574)	\$ (5,254)	\$ (4,947)	\$ (4,548)
Cash rent related to lease obligations from discontinued operations as reported	(2,319)	(1,919)	(3,896)	(2,296)	(2,020)	(1,697)
Cash rent related to lease obligations as revised	\$ (3,906)	\$ (3,723)	\$ (2,678)	\$ (2,958)	\$ (2,927)	\$ (2,851)

The following table shows management's calculation of EBITDA, adjusted EBITDA, and adjusted EBITDAaL for continuing operations:

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Reconciliation of reported net income (loss) to adjusted EBITDAaL	Revised 2025 (Section 1)		Revised 2024 (Section 1)			
	Q2	Q1	Q4	Q3	Q2	Q1
Net income (loss)	\$ 143	\$ (35,130)	\$ (631)	\$ (22,900)	\$ (19,325)	\$ (61,306)
Depreciation and amortization - other	19,779	20,167	19,657	19,629	20,171	20,886
Depreciation - right-of-use assets	20,380	20,703	19,930	20,766	21,357	21,909
Interest expense - lease obligations	18,095	17,260	17,766	18,248	17,437	17,186
Interest expense - other	17,383	17,029	17,488	17,160	17,136	19,547
Interest income	(109)	(338)	(164)	(456)	(461)	(275)
Current income tax (recovery) expense	—	—	—	—	(2,116)	(640)
Deferred income tax recovery	61	(11,884)	(1,674)	5,398	(7,254)	(24,034)
EBITDA	\$ 75,732	\$ 27,807	\$ 72,372	\$ 57,845	\$ 46,945	\$ (6,727)
(Gain) loss on disposal of assets, including businesses	(36)	(154)	218	1,030	(8,315)	(391)
Loss on financial instruments recorded at fair value and loss on extinguishment of debt	(480)	1,850	2,610	(10,080)	2,122	51,946
Provision for Competition Tribunal administrative monetary penalty	—	—	—	39,215	—	—
Foreign exchange (gain) loss	(811)	173	942	(133)	142	112
Depreciation and amortization - joint ventures and associates	211	228	235	224	203	201
Taxes and interest of joint ventures and associates	5	5	5	4	8	7
Adjusted EBITDA	\$ 74,621	\$ 29,909	\$ 76,382	\$ 88,105	\$ 41,105	\$ 45,148
Cash rent paid/payable related to lease obligations	(40,305)	(41,901)	(40,168)	(39,782)	(39,117)	(41,690)
Cash rent paid not pertaining to current period	(422)	1,274	(410)	(409)	(410)	1,237
Adjusted EBITDAaL (i)	\$ 33,894	\$ (10,718)	\$ 35,804	\$ 47,914	\$ 1,578	\$ 4,695
(i) Represents a non-GAAP financial measure. See Section 18 Non-GAAP and other financial measures						

Adjusted EBITDAaL	Revised 2025 (Section 1)		Revised 2024 (Section 1)			
	Q2	Q1	Q4	Q3	Q2	Q1
Adjusted EBITDAaL as previously reported	\$ 33,430	\$ (10,812)	\$ 40,275	\$ 47,482	\$ 925	\$ 4,585
Less:						
Adjusted EBITDAaL from discontinued operations	(464)	(94)	4,471	(432)	(653)	(110)
Adjusted EBITDAaL as revised	\$ 33,894	\$ (10,718)	\$ 35,804	\$ 47,914	\$ 1,578	\$ 4,695

The following tables show the changes to the previously disclosed balances in cash provided by (used in) operating activities, cash used in investing activities and cash (used in) provided by financing activities as previously disclosed:

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Cash provided by (used in) operating activities	Revised 2025 (Section 1)		Revised 2024 (Section 1)			
	Q2	Q1	Q4	Q3	Q2	Q1
Cash provided by (used in) operating activities as previously reported	\$ 55,791	\$ (22,664)	\$ 105,754	\$ 16,374	\$ 997	\$ 35,954
Less:						
Operating cash flows in discontinued operations	8,373	6,043	5,745	(1,471)	784	4,821
Cash provided by (used in) operating activities as revised	\$ 47,418	\$ (28,707)	\$ 100,009	\$ 17,845	\$ 213	\$ 31,133

Cash used in investing activities	Revised 2025 (Section 1)		Revised 2024 (Section 1)			
	Q2	Q1	Q4	Q3	Q2	Q1
Cash used in investing activities as previously reported	\$ (7,628)	\$ (17,362)	\$ (24,129)	\$ (15,552)	\$ (12,917)	\$ (15,758)
Less:						
Investing cash flows in discontinued operations	(254)	(185)	(131)	(232)	(297)	(509)
Cash used in investing activities as revised	\$ (7,374)	\$ (17,177)	\$ (23,998)	\$ (15,320)	\$ (12,620)	\$ (15,249)

Cash (used in) provided by financing activities	Revised 2025 (Section 1)		Revised 2024 (Section 1)			
	Q2	Q1	Q4	Q3	Q2	Q1
Cash (used in) provided by investing activities as previously reported	\$ (23,834)	\$ (25,894)	\$ (29,722)	\$ (25,704)	\$ (23,573)	\$ (105,807)
Less:						
Financing cash flows in discontinued operations	(1,725)	(1,307)	(3,212)	(1,577)	(1,351)	(920)
Cash (used in) provided by financing activities as revised	\$ (22,109)	\$ (24,587)	\$ (26,510)	\$ (24,127)	\$ (22,222)	\$ (104,887)