



FOR IMMEDIATE RELEASE

Cineplex Announces Proposal to Amend its Convertible Debentures as Part of a Comprehensive Refinancing Plan

Comprehensive financing plan to optimize capital structure by extending maturities, improving financial flexibility, and reducing dilutive impact of convertible debentures

TORONTO, ON, February 8, 2024 (TSX: CGX) – Cineplex Inc. (“Cineplex”), a leading entertainment and media company, announced today a proposal to amend the terms of its 5.75% convertible unsecured subordinated debentures due September 30, 2025 (the “Convertible Debentures”) as part of a comprehensive refinancing plan to improve financial flexibility and strengthen its balance sheet.

The comprehensive refinancing plan includes:

- repaying in full Cineplex’s existing senior revolving credit facility (the "Credit Facility Repayment") and replacing it with a new \$100 million senior secured credit facility with a term of at least three years (the “New Credit Facility”);
- conducting a private placement of new senior secured notes with a target size of \$550,000,000 and a term to maturity of at least five years (the “New Notes Offering”);
- redeeming in full its existing 7.5% senior secured second lien notes due February 26, 2026 (together with the Credit Facility Repayment, the “Repayments”); and
- an amendment to effectuate the extension and partial redemption of its \$316.3 million of aggregate principal amount of Convertible Debentures (the “Convertible Debenture Amendments”) to, amongst other things, extend the maturity from September 30, 2025 to March 1, 2030, and reduce the principal amount outstanding by \$100 million.

The proposed comprehensive refinancing plan will have three key benefits for the Company’s capital structure: 1) meaningfully extend debt maturities, 2) reduce restrictions imposed by debt covenants, and 3) and reduce potential equity dilution from the Convertible Debentures.

As detailed below, holders of 61.2% of the Convertible Debentures have committed to support the Convertible Debenture Amendments.

“We remain confident in the long-term fundamentals of theatrical exhibition and all other businesses we operate. During 2023, Cineplex delivered strong year-over-year revenue growth of 26% and nearly tripled its adjusted EBITDAaL,” said Ellis Jacob, President & CEO, Cineplex.

“Last week we closed the sale of Player One Amusement Group (“P1AG”) for gross proceeds of \$155 million in cash, which allowed us to significantly de-leverage the balance sheet and catalyzed our refinancing initiatives. The refinancing plan being announced today will provide additional financial flexibility and meaningfully extend maturities, allowing Cineplex to execute its growth strategy going forward. With this momentum and an optimized capital structure, Cineplex is well on the path to its target leverage ratio of 2.5-3.0x, after which we will consider the reintroduction of a dividend,” Mr. Jacob concluded.

Amendment, Extension and Partial Redemption of the Convertible Debentures

Cineplex has called a meeting of the holders of the Convertible Debentures (the “Convertible Debentureholders”) in order to consider certain amendments to the trust indenture dated July 15, 2020 (the “Convertible Debenture Indenture”). The amendments, if approved by the requisite majority of the Convertible Debentureholders, will result in the following changes to the terms of the Convertible Debentures (collectively the “Convertible Debenture Amendments”):

- (a) a redemption, on a pro rata basis, of \$100,000,000 of the outstanding Convertible Debentures at a price of 102.35% of par plus accrued and unpaid interest thereon to, but excluding, the date of the redemption;
- (b) an increase in the interest rate from 5.75% to 7.75% effective April 1, 2024;
- (c) a decrease in the conversion price from \$10.94 to \$10.29 per Common Share (representing a conversion rate of 97.1817 Common Shares per \$1,000 principal amount of Convertible Debentures);
- (d) an extension of the maturity date of the Convertible Debentures from September 30, 2025 to March 1, 2030;
and
- (e) the remaining Convertible Debentures not being redeemable prior to March 1, 2027 and, at any time after March 1, 2027 and prior to March 1, 2029, Cineplex shall be permitted to redeem the Convertible Debentures, in whole or in part at a price equal to the principal amount thereof plus accrued and unpaid interest to, but excluding, the date of the redemption provided that the volume weighted average trading price of the Common Shares on the TSX during the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given is not less than 125% of the conversion price. On and after March 1, 2029, the Convertible Debentures would be redeemable at the option of Cineplex at any time at par plus accrued and unpaid interest to the date of redemption.

Completion of the Convertible Debenture Amendments is conditional upon the prior or contemporaneous completion of the New Notes Offering (sized to be no less than \$500,000,000 and no more than \$600,000,000), the New Senior Credit Facility and the Repayments.

The board of directors of Cineplex unanimously recommends that the Convertible Debentureholders vote FOR the proposed Convertible Debenture Amendments.

As of the date of this announcement, holders of 61.2% of the outstanding Convertible Debentures (the “Supporting Debentureholders”) have signed consent agreements with Cineplex, pursuant to which such Supporting Debentureholders have consented to the Convertible Debenture Amendments and agreed to vote in favour of the Convertible Debenture Amendments at a meeting of Convertible Debentureholders to be held on March 14, 2024 (the “Debentureholder Meeting”).

Cineplex will continue to seek additional written consents to support the Convertible Debenture Amendments. If Cineplex obtains written consents from the holders of at least 66 2/3% of the outstanding Convertible Debentures, Cineplex will have the requisite approval required under the Convertible Debenture Indenture to effect the Convertible Debenture Amendments by way of written consent, and the Debentureholder Meeting will be cancelled.

If approved, the Convertible Debenture Amendments would be made effective by a supplemental indenture entered into as of the closing date of the New Notes Offering. The pro rata redemption of \$100,000,000 of the outstanding Convertible Debentures is expected to be completed contemporaneously with the closing of the New Notes Offering and funded using proceeds from the New Notes Offering.

The record date for determining the Convertible Debentureholders entitled to receive notice of and vote at the Meeting is February 8, 2024. Further information with respect to the Convertible Debenture Amendments will be contained in a consent and proxy solicitation statement of Cineplex to be sent to Convertible Debentureholders in connection with the Meeting.

The Convertible Debenture Amendments are subject to approval by the Toronto Stock Exchange and formal approval by holders of at least 66 2/3% of the principal amount of the Convertible Debentures voted at the Meeting. Alternatively, the Convertible Debenture Amendments may be approved in writing without the need for a Meeting by holders of not less than 66 2/3% of the principal amount of the Convertible Debentures.

Senior Secured Notes Issuance

As part of the broader proposed refinancing, Cineplex plans to pursue the New Note Offering, subject to market and other conditions. Cineplex plans to raise total gross proceeds of \$550,000,000 through the offering of secured notes

with a maturity of at least five years. Proceeds from the secured notes issuance along with proceeds from the previously announced sale of P1AG will be used to: (i) pay down the entirety of the existing senior credit facility; (ii) repay the entirety of the existing second lien secured notes; and (iii) redeem \$100,000,000 of the outstanding Convertible Debentures.

New Senior Credit Facility and Repay Existing Senior Credit Facility

It is proposed that Cineplex's existing senior credit facility will be repaid in full as part of the proposed refinancing plan. Cineplex intends to enter into the New Senior Credit Facility for \$100 million provided by a syndicate of banks.

It is expected that the New Senior Credit Facility will have a covenant-lite structure, including no financial maintenance covenants provided that the utilization on the New Senior Credit Facility (including issued letters of credit) does not exceed an agreed upon threshold.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities in Canada, the United States or any other jurisdiction.

BMO Capital Markets and Scotiabank Global Banking and Markets are advising Cineplex with respect to the comprehensive refinancing plan and Goodmans LLP is acting as legal counsel to Cineplex.

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About 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 over 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 a newly launched entertainment concept that brings movies, amusement gaming, dining, and live performances together under one roof (Cineplex Junxion). It also operates successful businesses in digital commerce (CineplexStore.com), alternative programming (Cineplex Events), motion picture distribution (Cineplex Pictures), cinema media (Cineplex Media), and digital place-based media (Cineplex Digital Media). 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 and the United States. To learn more, visit Cineplex.com.

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Caution Regarding Forward-Looking Statements:

Certain statements and/or information in this news release (identified by words such as “may”, “will”, “could”, “should”, “would”, “suspect”, “outlook”, “believe”, “plan”, “anticipate”, “estimate”, “expect”, “intend”, “forecast”, “objective” and “continue” (or the negative thereof)), and words and expressions of similar import, and similar expressions suggesting future events or future performance are intended to identify forward-looking statements. Such forward-looking statements and/or information is based on expectations and assumptions made by Cineplex and is subject to risks and uncertainties which may be beyond Cineplex’s control. A comprehensive discussion of risks that may impact Cineplex can be found in Cineplex’s public reports and filings, including those described in Cineplex’s Annual Information Form for the year ended December 31, 2022 (“AIF”), and the management’s discussion and analysis for the year ended December 31, 2023 (“Annual MD&A”), which are available under the Company’s profile on Sedar+ (www.sedarplus.ca). The foregoing list of factors that may affect future results is not exhaustive. Readers are cautioned that undue reliance should not be placed on forward-looking statements and/or information as actual results may vary materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements and/or information, including: the implementation of the Convertible Debenture Amendments and the ability of Cineplex to negotiate and complete the New Notes Offering and the New Senior Credit Facility. Cineplex does not undertake to update, correct or revise any forward-looking statements and/or information as a result of any new information, future events or otherwise, except as may be required by applicable law.

*Adjusted EBITDAaL is a measure that does not have a standardized meaning under generally accepted accounting principles (“GAAP”). This measure as well as other Non-GAAP financial measures reported by Cineplex are defined in the 'Non-GAAP and Other Financial Measures' section at the end of a news release issued by Cineplex on the date hereof reporting its Fourth Quarter and Annual 2023 Results.