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## Cineplex Q2 2022 Reports Positive Net Income and Strongest Results Since Pandemic Began

**TORONTO, Canada**, August 11, 2022 (TSX: CGX) - Cineplex Inc. (“Cineplex” or the “Company”) today released its financial results for the three and six months ended June 30, 2022. Unless otherwise specified, all amounts are in Canadian dollars.

“Cineplex delivered its strongest quarter in over two years, thanks to a great film slate and record-breaking results from across our diversified businesses,” said Ellis Jacob, President & CEO, Cineplex. “The cumulative success of *Top Gun: Maverick*, *Doctor Strange in the Multiverse of Madness*, and *Jurassic World Dominion* during the quarter – which saw each film opening with a domestic box office over \$100 million – is a testament to the fact that when strong film product is available, Canadians return to our theatres in droves. We generated positive net income for the first time since the start of the pandemic. We also achieved a second quarter record BPP of \$12.29 and an all-time quarterly record CPP of \$8.84. We also saw very encouraging results in our other businesses, including an all-time quarterly record adjusted EBITDAaL in Player One Amusement Group and record second quarter adjusted EBITDAaL in the Location-Based Entertainment business.”

Jacob continued, “in addition to reporting our strongest results since the pandemic began, this quarter we are celebrating a few other important milestones from across the business, including the expansion of the Scene+ loyalty program and Empire Company Limited joining Scotiabank and Cineplex as partners. Today, we are also celebrating the one-year anniversary of CineClub.”

“With respect to the Cineworld litigation, we remain focused on preparations for the Ontario Court of Appeal hearings which are scheduled for October 12 and 13 of this year. As part of the ongoing efforts to maximize and monetize the value of the judgement, we have engaged Moelis & Company as financial advisor and Goodmans LLP as lead counsel,” said Jacob.

“As we look forward, we remain confident in the recovery of our businesses, our strong capital management and liquidity, and our efforts to manage financial uncertainties as we have done during previous economic downturns. The strong quarterly results aided our compliance with the financial covenant testing for the second quarter of 2022. In anticipation of ongoing film release shifts caused by COVID-19 related production delays, we have received the support and confidence of our lending group for the suspension of financial covenant testing in the third quarter of 2022. With the backdrop of recessionary concerns, Cineplex is well positioned to further capitalize on pent-up consumer demand for affordable out-of-home entertainment,” Jacob concluded.

### Second Quarter Financial Results

	2022	2021	Period over Period Change (i)
Total revenues	\$ 349.9 million	\$ 64.9 million	438.9%
Theatre attendance	11.1 million	1.1 million	866.2%
Net income (loss) (ii)	\$ 1.3 million	\$ (103.7) million	NM
Net income (loss) as a percentage of sales (ii)	0.4 %	(159.7) %	160.1%
Cash provided by (used in) operating activities	\$ 47.2 million	\$ 17.1 million	175.2%
Box office revenues per patron (“BPP”) (iii)	\$ 12.29	\$ 10.89	12.9%
Concession revenues per patron (“CPP”) (iii)	\$ 8.84	\$ 7.86	12.5%
Adjusted EBITDA (iii)	\$ 77.9 million	\$ (16.9) million	NM
Adjusted EBITDAaL (ii) (iii)	\$ 35.8 million	\$ (53.2) million	NM
Adjusted EBITDAaL margin (ii) (iii)	10.2 %	(81.9) %	92.1%
Adjusted free cash flow (iii)	\$ 21.8 million	\$ (65.9) million	NM
Adjusted free cash flow per Share (iii)	\$ 0.345	\$ (1.041)	NM
Earnings per Share (“EPS”) - basic and diluted (ii)	\$ 0.02	\$ (1.64)	NM

## Year to Date Financial Results

	2022	2021	Period over Period Change (i)
Total revenues	\$ 578.6 million	\$ 106.3 million	444.1%
Theatre attendance	17.8 million	1.6 million	NM
Net loss (ii)	\$ (40.9) million	\$ (193.4) million	-78.8%
Net loss as a percentage of sales (ii)	(7.1) %	(181.9) %	174.8%
Cash provided by (used in) operating activities	\$ 41.7 million	\$ (18.5) million	NM
Box office revenues per patron ("BPP") (iii)	\$ 12.19	\$ 10.44	16.8%
Concession revenues per patron ("CPP") (iii)	\$ 8.83	\$ 7.40	19.3%
Adjusted EBITDA (iii)	\$ 114.4 million	\$ (47.0) million	NM
Adjusted EBITDAaL (ii) (iii)	\$ 30.0 million	\$ (115.3) million	NM
Adjusted EBITDAaL margin (ii) (iii)	5.2 %	(108.4) %	113.6%
Adjusted free cash flow (iii)	\$ 0.1 million	\$ (144.7) million	NM
Adjusted free cash flow per Share (iii)	\$ 0.002	\$ (2.285)	NM
Earnings per Share ("EPS") - basic and diluted (ii)	\$ (0.65)	\$ (3.05)	-78.7%

- i. Period over period change calculated based on thousands of dollars except percentage and per share values. Changes in percentage amounts are calculated as 2022 value less 2021 value.
- ii. 2022 includes expenses related to the Cineworld Transaction and associated litigation and claims recovery in the amount of \$1.2 million (2021 - \$2.6 million) for the second quarter and \$1.5 million (2021 - \$5.0 million) for the year-to-date.
- iii. Adjusted EBITDA, adjusted EBITDAaL, adjusted EBITDAaL margin, adjusted free cash flow per common share of Cineplex, BPP and CPP are measures that do not have a standardized meaning under generally accepted accounting principles ("GAAP"). These measures as well as other Non-GAAP other financial measures reported by Cineplex are defined in the 'Non-GAAP and Other Financial Measures' section at the end of this news release.

## Proactive Credit Facility Amendment

On August 10, 2022, Cineplex entered into a fifth amending agreement to the Credit Agreement, (the "Fifth Credit Agreement Amendment"), which among other things, extended the suspension of financial covenant testing until the fourth quarter of 2022 and liquidity covenant requirement until March 31, 2023. The following is a summary of the key terms of the Fifth Credit Agreement Amendment:

- a. The suspension of financial covenant testing was extended until the fourth quarter of 2022. On resumption of financial covenant testing in the fourth quarter of 2022:
  - i. for the fourth quarter of 2022, testing will be based on an annualized calculation of Adjusted EBITDA (as further adjusted in accordance with the Credit Agreement definitions) based on the actual results for the fourth quarter multiplied by 4;
  - ii. for the quarter ending on March 31, 2023, testing will be based on an annualized calculation of Adjusted EBITDA based on actual results for the fourth quarter of 2022 and the first quarter of 2023 multiplied by 2; and
  - iii. for the quarter ending on June 30, 2023, testing will be based on an annualized calculation of Adjusted EBITDA based on the actual results of the fourth quarter of 2022, the first quarter of 2023 and the second quarter of 2023 multiplied by 4/3.
- b. Thereafter, testing will be based on an annualized calculation of the cumulative Adjusted EBITDA on a trailing four fiscal quarter basis;
- c. The Total Leverage Ratio of 3.75x will apply when financial covenants are reinstated, and will be reduced quarterly by 0.25x until the third quarter of 2023 at which point it will reach a level of 3.00x;
- d. The liquidity covenant will continue and be amended requiring available liquidity (as defined) to be maintained at all times until March 31, 2023 at no less than \$100.0 million;
- e. The Senior Leverage Ratio to be based on annualized Adjusted EBITDA and set at 1.0x lower than the Total Leverage Ratio. Senior Leverage Ratio is defined as (i) Total Debt (as defined in the Credit Agreement) less any Notes Payable to (ii) Adjusted EBITDA; and
- f. A fixed charge coverage ratio of greater than 1.25x will continue to apply.

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

## KEY DEVELOPMENTS IN THE SECOND QUARTER OF 2022

The following describes certain key business initiatives undertaken and results achieved during the second quarter of 2022 in each of Cineplex's core business areas:

### FILM ENTERTAINMENT AND CONTENT

#### *Theatre Exhibition*

- Reported second quarter box office revenues of \$136.4 million, a \$123.9 million increase from 2021 as a result of increased theatre attendance compared to theatre closures that remained in effect for a majority of the prior year period due to government mandated restrictions.
- BPP was \$12.29, a second quarter record, which increased by \$1.40 or 12.9% when compared to the prior year period, primarily due to an increase in premium offerings in the current period as compared to the prior period which had no 3D or ScreenX performances, in addition to the VIP auditoriums being closed for the majority of the second quarter of 2021.
- Introduced an online booking fee on June 15, 2022 that applies to tickets purchased through Cineplex's mobile app and website that will contribute to Cineplex's further investment in its digital infrastructure.

#### *Theatre Food Service*

- Reported second quarter theatre food service revenues of \$98.0 million, an increase of \$89.0 million compared to the prior year period primarily due to a significant increase in theatre attendance.
- CPP was \$8.84, an all-time quarterly record, representing an increase of \$0.98 or 12.5% when compared to the prior year period, primarily due to an increase in food service sales at VIP auditoriums which drive a higher CPP and modest price increases.

#### *Alternative Programming*

- During the second quarter, Cineplex hosted the global exclusive free fan event finale of *Star Wars Obi-Wan Kenobi* with a live broadcast to an additional nine locations from the Scotiabank Theatre in Toronto. This event also included a special question and answer session featuring Canadian director Deborah Chow and Canadian actor, Hayden Christensen.
- Alternative Programming (Cineplex Events) in the second quarter of 2022 included the anime feature *Jujutsu Kaisen 0*, *Turandot* and *Hamlet* from The Metropolitan Opera, a concert from Twenty One Pilots, the anime feature *Seventeen Power of Love* and a two-night event for *WWE Wrestlemania 38*.

#### *Digital Commerce*

- Total registered users for Cineplex Store increased 10% from the prior year period, reaching over 2.2 million registered users.

### MEDIA

- Reported second quarter media revenues of \$26.4 million, an increase of \$17.0 million or 180.9% as compared to the prior year period.

#### *Cinema Media*

- Reported second quarter cinema media revenues of \$18.7 million, an increase of \$16.3 million or 675.4% over the prior year period, due to increases in cinema advertising as a result of reopened theatres and new film releases.

#### *Digital Place-Based Media*

- Reported second quarter revenues of \$7.7 million, an increase of \$0.7 million or 10.3% due to higher project installation revenues.

### AMUSEMENT AND LEISURE

#### *Amusement Solutions*

- Reported all-time record revenues in the second quarter of \$65.7 million, an increase of \$43.5 million or 196.3% compared to the prior year period primarily due to increases in PIAG amusement revenues from US and Canada route locations at FEC's and theatres, and increases in amusement revenues from LBE businesses.

### Location-based Entertainment

- Reported all-time record revenues in the second quarter of \$28.1 million, including a second quarter record for food service revenues of \$10.2 million, all-time record for amusement revenues of \$17.4 million and \$0.5 million of media and other revenues, an increase of \$26.0 million compared to the prior year period. The increase was primarily due to all LBE venues being open without capacity restrictions compared to closures that remained in effect for a majority of the prior year period.

### LOYALTY

- Membership in the Scene+ loyalty program remained flat during the period ended June 30, 2022.
- Announced updates to the Scene+ program, welcoming Empire Company Limited as a co-owner of Scene+, providing members with increased opportunities to earn and redeem points. Empire will rollout Scene+ across their family of brands in Atlantic Canada in August 2022, and by early 2023, will be launched across Canada.

### CORPORATE

- Celebrated Pride Month with a collection of films available on the Cineplex Store aiming to recognize and amplify LGBTQ2IA+ voices, with a portion of the proceeds donated to support local Pride celebrations across Canada.
- Partnered with imagineNATIVE, the world's largest presenter of Indigenous screen content to curate a Cineplex Store collection to raise awareness of the rich culture, history and experiences of Indigenous people, with a portion of the proceeds donated to charitable causes.

## OPERATING RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022

### Total revenues

Total revenues for the three months ended June 30, 2022 increased \$285.0 million (438.9%) to \$349.9 million as compared to the prior year period. Total revenues for the six months ended June 30, 2022 increased \$472.3 million (444.1%) to \$578.6 million as compared to the prior year period. A discussion of the factors affecting the changes in box office, food service, media, amusement and other revenues for the two periods is provided below.

Non-GAAP and other financial measures discussed throughout this news release, including adjusted EBITDA, adjusted EBITDAaL, adjusted 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 Non-GAAP and other financial measures section of this news release.

### Box office revenues

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

Box office revenues	Second Quarter			Year to Date		
	2022	2021	Change	2022	2021	Change
Box office revenues	\$ 136,372	\$ 12,498	991.2%	\$ 216,324	\$ 16,316	NM
Theatre attendance (i)	11,092	1,148	866.2%	17,753	1,563	NM
Box office revenue per patron (i)	\$ 12.29	\$ 10.89	12.9%	\$ 12.19	\$ 10.44	16.8%
BPP excluding premium priced product (i)	\$ 10.51	\$ 10.09	4.2%	\$ 10.50	\$ 9.73	7.9%
Same theatre box office revenues (i)	\$ 134,709	\$ 12,484	979.1%	\$ 213,587	\$ 16,296	NM
Same theatre attendance (i)	11,013	1,146	861.0%	17,622	1,560	NM
% Total box from premium priced product (i)	42.4%	22.8%	19.6%	40.2 %	20.2 %	20.0%

(i) Represents a supplementary financial measure. See Non-GAAP and other financial measures section of this news release.

Box office continuity	Second Quarter		Year to Date	
	Box Office	Theatre Attendance	Box Office	Theatre Attendance
2021 as reported	\$ 12,498	1,148	\$ 16,316	1,563
Same theatre attendance change	107,460	9,868	167,732	16,062
Impact of same theatre BPP change	12,294	—	25,680	—
New and acquired theatres (i)	1,663	78	2,722	129
Disposed and closed theatres (i)	(14)	(2)	(4)	(1)
Scene+ points issued presented as marketing costs	2,471	—	3,878	—
2022 as reported	\$ 136,372	11,092	\$ 216,324	17,753

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

Second Quarter 2022 Top Cineplex Films			Second Quarter 2021 Top Cineplex Films		
	3D	% Box		3D	% Box
1		21.1 %	1		17.3 %
2	✓	20.0 %	2		16.0 %
3	✓	10.4 %	3		10.2 %
4		6.9 %	4		8.2 %
5		5.1 %	5		7.9 %

Year to Date 2022 Top Cineplex Films			Year to Date 2021 Top Cineplex Films		
	3D	% Box		3D	% Box
1		13.3 %	1		16.2 %
2	✓	12.6 %	2		15.0 %
3		11.5 %	3		9.6 %
4	✓	7.7 %	4		7.7 %
5	✓	6.6 %	5		7.4 %

## Second Quarter and Year to Date

Box office revenues increased \$123.9 million to \$136.4 million during the second quarter of 2022, compared to \$12.5 million recorded in the same period in 2021. This increase was mainly due to a 9.9 million increase in theatre attendance, as Cineplex's theatre circuit was open during the quarter at full operating capacity, compared to operating restrictions or closure requirements that remained in effect for a majority of the prior year period. The release of highly anticipated films also contributed to the significant increase in box office revenues including *Doctor Strange in the Multiverse of Madness* and *Top Gun: Maverick* which reported a North American gross of \$126.7 million during its opening weekend and has become the ninth biggest all-time grossing film in North America.

BPP for the three months ended June 30, 2022 was \$12.29, a second quarter record, representing an increase of \$1.40 or 12.9% from \$10.89 reported in the prior year period. This increase was due to increased revenue from premium priced offerings, accounting for 42.4% of Cineplex's box office revenues in the second quarter of 2022, as compared to 22.8% in the prior year period. In the prior year period, there were no 3D or ScreenX performances, and VIP auditoriums were closed for the majority of the second quarter of 2021. The reorganization of SCENE resulted in a change in revenue recognition leading to higher box office revenues during the quarter of \$2.6 million, a BPP increase of \$0.24 with a corresponding increase in marketing costs of \$2.6 million, with respect to Scene+ points issued on box office transactions.

For the year to date period, box office revenues increased \$200.0 million to \$216.3 million, compared to \$16.3 million recorded in the prior year period. This increase was primarily due to a 16.2 million increase in theatre attendance as Cineplex's theatre circuit was open for the entire period with increased operating capacity, compared to operating restrictions or closure requirements that remained in effect for a majority of the prior year period.

BPP during the year to date period was \$12.19, which increased \$1.75 or 16.8% from \$10.44 reported in the prior year period. This increase was due to higher percentage of box office revenue from premium priced offering, which accounted for 40.2% of Cineplex's box office revenues in the six months ended June 30, 2022, as compared to 20.2% in the prior year period. The reorganization of SCENE resulted in a change in revenue recognition leading to higher box office revenues during the year to date period of \$4.1 million, a BPP increase of \$0.23 with a corresponding increase in marketing costs of \$4.1 million, with respect to Scene+ points issued on box office transactions.

## Food service revenues

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

Food service revenues	Second Quarter			Year to Date		
	2022	2021	Change	2022	2021	Change
Food service - theatres	\$ 98,046	\$ 9,022	986.7%	\$ 156,805	\$ 11,561	NM
Food delivery - theatres	2,390	3,676	-35.0%	5,639	7,454	-24.4%
Food service - LBE	10,178	516	NM	16,537	687	NM
Food delivery - LBE	23	44	-48.1%	44	81	-45.9%
<b>Total food service revenues</b>	<b>\$ 110,637</b>	<b>\$ 13,258</b>	<b>734.5%</b>	<b>\$ 179,025</b>	<b>\$ 19,783</b>	<b>804.9%</b>
Theatre attendance (i)	11,092	1,148	866.2%	17,753	1,563	NM
CPP (i) (ii)	\$ 8.84	\$ 7.86	12.5%	\$ 8.83	\$ 7.40	19.3%
Same theatre food service revenues (i)	\$ 96,446	\$ 9,006	970.9%	\$ 154,113	\$ 11,537	NM
Same theatre attendance (i)	11,013	1,146	861.0%	17,622	1,560	NM

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

Theatre food service revenue continuity	Second Quarter		Year to Date	
	Theatre Food Service	Theatre Attendance	Theatre Food Service	Theatre Attendance
2021 as reported	\$ 9,022	1,148	\$ 11,561	1,563
Same theatre attendance change	77,523	9,868	118,748	16,062
Impact of same theatre CPP change	7,642	—	20,113	—
New and acquired theatres (i)	1,601	78	2,692	129
Disposed and closed theatres (i)	(16)	(2)	(24)	(1)
Scene+ points issued presented as marketing costs	2,274	—	3,715	—
<b>2022 as reported</b>	<b>\$ 98,046</b>	<b>11,092</b>	<b>\$ 156,805</b>	<b>17,753</b>

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

## Second Quarter and Year to Date

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

Food service revenues increased by \$97.4 million during the second quarter primarily due to the \$89.0 million increase in theatre food service revenues to \$98.0 million in the quarter. During the current period, Cineplex's theatre circuit and LBE businesses operated without government mandated capacity restrictions and proof of vaccination programs compared to ongoing capacity restrictions or mandated closure requirements enforced during the prior year period. Food service revenues from LBE businesses which had two additional locations as compared to the prior year period, increased by \$9.7 million during the second quarter from \$0.5 million to \$10.2 million, further contributing to the increase in food service revenue. However, as a result of staffing availability, certain LBE venues were unable to operate at full operating levels, restricting the ability to book group events, reduced operating hours, and not operating the dining areas at full capacity. CPP for three months ended June 30, 2022 was an all-time quarterly record of \$8.84, which increased by \$0.98 or 12.5%. Modest price increases to Cineplex's core food service products, two additional VIP theatre locations and film product that appealed to first-run viewers who tend to have a higher concession spend contributed to the increase in CPP, as compared to the prior year period. VIP auditoriums which drive higher CPP were closed for the majority of second quarter of 2021. The reorganization of SCENE resulted in a change in revenue recognition leading to higher concession revenues during the quarter of \$2.5 million, a CPP increase of \$0.22 with a corresponding increase in marketing costs of \$2.5 million, with respect to Scene+ points issued on concession transactions.

For the year to date period, food service revenues increased by \$159.2 million, primarily due to a \$145.2 million increase in theatre food service revenues. The increase in theatre food service revenues is primarily due to increases in theatre attendance which increased by 16.2 million to 17.8 million. The prior year period was materially impacted by government mandated theatre and LBE venues closures, restrictions indoor dining and operating restrictions. Contributing to the increase in total food service, food service revenues from LBE businesses increased \$15.9 million during the year to date period from \$0.7 million to \$16.5 million. CPP during the year to date period was \$8.83, which increased by \$1.43 or 19.3%. During the prior year period, government mandated closure requirements and restrictions limited consumer spend resulting in minimal premium purchases which historically generate higher CPP, contributing to a lower CPP recognized. The reorganization of SCENE resulted in a change in revenue recognition leading to higher concession revenues during the year to date period of \$4.0 million, a BPP increase of \$0.22 with a corresponding increase in marketing costs of \$4.0 million, with respect to Scene+ points issued on concession transactions.

## Media revenues

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

Media revenues	Second Quarter			Year to Date		
	2022	2021	Change	2022	2021	Change
Cinema media	\$ 18,700	\$ 2,412	675.3%	\$ 26,949	\$ 4,311	525.1%
Digital place-based media	7,706	6,989	10.3%	15,002	14,164	5.9%
Total media revenues	\$ 26,406	\$ 9,401	180.9%	\$ 41,951	\$ 18,475	127.1%

### Second Quarter and Year to Date

Total media revenues increased \$17.0 million or 180.9% to \$26.4 million during the second quarter of 2022 compared to the prior year period. For the year to date period, total media revenues increased \$23.5 million or 127.1% to \$42.0 million. The increase during both periods was due to an increase in Cinema media due to significant increases in pre-show and show-time advertising revenues, resulting in a quarterly and year to date increase of \$16.3 million and \$22.6 million, respectively. During the prior year periods, theatre closures or operating restrictions remained in effect for a majority of the prior year period negatively impacting media revenues. Cineplex's cinema media arrangements are impacted by theatre attendance levels which drive impressions and ultimately impact media revenue generated by Cineplex. Accordingly, the increase in cinema media revenue reflects the increase in attendance levels when compared to the prior period. During the second quarter and year to date periods, digital placed-based media revenues increased \$0.7 million and \$0.8 million, respectively, compared to the prior year periods as a result of higher project installation revenues.

## Amusement revenues

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

Amusement revenues	Second Quarter			Year to Date		
	2022	2021	Change	2022	2021	Change
Amusement - PIAG excluding Cineplex exhibition and LBE (i)	\$ 45,097	\$ 20,446	120.6%	\$ 79,936	\$ 33,005	142.2%
Amusement - Cineplex exhibition (i)	3,248	199	NM	5,339	271	NM
Amusement - LBE	17,378	1,539	NM	30,872	2,782	NM
Total amusement revenues	\$ 65,723	\$ 22,184	196.3%	\$ 116,147	\$ 36,058	222.1%

(i) Cineplex receives a venue revenue share on games revenues earned at in-theatre game rooms and XSCAPE Entertainment Centres. Amusement - Cineplex exhibition reports the total of this venue revenue share which is consistent with the historical presentation of Cineplex's amusement revenues. Amusement - PIAG excluding Cineplex exhibition and LBE reflects PIAG's gross amusement revenues, net of the venue revenue share paid to Cineplex reflected in Amusement - Cineplex exhibition above.

### Second Quarter and Year to Date

Amusement revenues increased \$43.5 million or 196.3% to an all-time quarterly record of \$65.7 million during the second quarter as compared to the prior year period. The increase was primarily due to a \$24.7 million increase in PIAG amusement revenues from US and Canada route locations at FEC's and theatres. The increase was also attributable to a \$15.8 million increase in LBE amusement revenues, resulting in an all-time quarterly record of \$17.4 million for LBE amusement revenues. During the period, increased operating activities at PIAG US and Canada route locations at FEC's and theatres, as well as LBE businesses, compared to the government mandated closure requirements or capacity restrictions that remained in effect for a majority of the prior year period, contributed to significant increases in amusement revenues.

For the year to date period, amusement revenues increased \$80.1 million or 222.1% to \$116.1 million. The increase was primarily due to a \$46.9 million increase in P1AG amusement revenues from US and Canada route locations at FEC's and theatres. Further contributing to the increase was a \$28.1 million increase in LBE amusement revenues. The current period also includes two additional locations of *The Rec Room*, resulting in increased LBE amusement revenues as compared to the prior year period. The increase is also attributable to increased operating activities as operating restrictions and mandatory closure requirements were lifted, compared to the government mandated closure requirements or capacity restrictions that remained in effect for a majority of the prior year period.

### Other revenues

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

Other revenues	Second Quarter			Year to Date		
	2022	2021	Change	2022	2021	Change
Total other revenues	\$ 10,740	\$ 7,585	41.6%	\$ 25,154	\$ 15,706	60.2%

#### Second Quarter and Year to Date

The increase in other revenues during the second quarter of 2022 and year to date period is primarily due to breakage revenues relating to higher gift card redemptions and an online booking fee that applies to tickets purchased through Cineplex's mobile app and website which was implemented on June 15, 2022.

### Film cost

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

Film cost	Second Quarter			Year to Date		
	2022	2021	Change	2022	2021	Change
Film cost	\$ 69,958	\$ 5,611	NM	\$ 108,974	\$ 6,846	NM
Film cost percentage (i)	51.3%	44.9%	6.4%	50.4%	42.0%	8.4%

(i) Represents a supplementary financial measure. See Non-GAAP and other financial measures section of this news release.

#### Second Quarter and Year to Date

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

The increase in film cost and film cost percentage in the second quarter of 2022 and year to date over the prior year periods is due to the release of first run film product including *Doctor Strange in the Multiverse of Madness* and *Top Gun: Maverick*. Film cost percentage increased 6.4% and 8.4% for the second quarter and year to date as compared to the prior year periods due to the top films in second quarter of 2022 having higher settlement rates and making up a larger percentage of box office revenues.

### 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 year to date (in thousands of dollars, except percentages and margins per patron):



Cost of food service	Second Quarter			Year to Date		
	2022	2021	Change	2022	2021	Change
Cost of food service - theatre	\$ 22,447	\$ 2,686	735.8 %	\$ 35,483	\$ 4,019	783.0 %
Cost of food service - LBE	2,888	181	NM	4,709	260	NM
Total cost of food service	\$ 25,335	\$ 2,867	783.7 %	\$ 40,192	\$ 4,279	839.3 %
Theatre concession cost percentage (i)	22.3%	21.2%	1.1 %	21.8%	21.1%	0.7 %
LBE food cost percentage (i)	28.3%	32.3%	-4.0 %	28.4%	33.9%	-5.5 %
Theatre concession margin per patron (i)	\$ 6.86	\$ 6.20	10.6 %	\$ 6.90	\$ 5.83	18.4 %

(i) Represents a supplementary financial measure. See Non-GAAP and other financial measures section of this news release.

## Second Quarter and Year to Date

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

The increase in cost of food service during the second quarter of 2022 and year to date period is positively correlated to the increase in food service revenues recognized during the quarter and year to date period as Cineplex's theatre circuit and LBE businesses were open and operating for the entire period, compared to closures or capacity restrictions that remained in effect for a majority of the prior year period. Theatre concession cost percentage for the second quarter and year to date period remained flat when compared to the prior year period. LBE food cost percentage decreased for both the second quarter and year to date period when compared to the prior year period which focused primarily on food delivery service with lower margins.

## Depreciation and amortization

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

Depreciation and amortization expenses	Second Quarter			Year to Date		
	2022	2021	Change	2022	2021	Change
Depreciation of property, equipment and leaseholds	\$ 23,865	\$ 25,197	-5.3 %	\$ 48,132	\$ 51,980	-7.4 %
Amortization of intangible assets and other assets	2,786	2,538	9.8 %	5,411	5,264	2.8 %
Sub-total - depreciation and amortization - other assets	\$ 26,651	\$ 27,735	-3.9 %	\$ 53,543	\$ 57,244	-6.5 %
Depreciation - right-of-use assets	24,486	25,737	-4.9 %	48,749	52,055	-6.4 %
Total depreciation and amortization	\$ 51,137	\$ 53,472	-4.4 %	\$ 102,292	\$ 109,299	-6.4 %

## Second Quarter and Year to Date

Depreciation of property, equipment and leaseholds decreased by \$1.3 million, or 5.3% during the quarter compared to the prior year period, and by \$3.8 million or 7.4% for the year to date period compared to the prior year period. The decrease was primarily due to fully depreciated property, equipment and leaseholds.

The quarterly and year to date increase in amortization of intangible assets and other as compared to the prior year period is due to software developments and additions.

Depreciation of right-of-use decreased by \$1.3 million and \$3.3 million during the quarter and year to date period, respectively. The decrease is primarily due to modifications to lease agreements as a result of COVID-19 which reduced the corresponding right-of-use asset and related depreciation recognized.

## (Gain) loss on disposal of assets

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

(Gain) loss on disposal of assets	Second Quarter			Year to Date		
	2022	2021	Change	2022	2021	Change
(Gain) loss on disposal of assets	\$ (4,650)	\$ 179	NM	\$ (4,493)	\$ (29,881)	-85.0%

## Second Quarter and Year to Date

The change in the (gain) loss on disposal of assets for the second quarter as compared to the prior year period was due to the sale of certain restrictive lease rights for total proceeds of \$5.4 million completed during the second quarter, compared to nominal activity in the prior year period.

The change in the (gain) loss on disposal of assets for the year to date period as compared to the prior year period was due to the sale of Cineplex's head office buildings for gross proceeds of \$57.0 million completed during the first quarter of 2021.

## 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, as well as amusement and leisure; and general and administrative expenses, which includes costs related to managing Cineplex's operations, including head office expenses. Please see the discussions below for more details on these categories.

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

Other costs	Second Quarter			Year to Date		
	2022	2021	Change	2022	2021	Change
Theatre occupancy expenses	\$ 17,398	\$ 5,349	225.3%	\$ 29,160	\$ 12,131	140.4%
Other operating expenses	144,021	53,790	167.7%	254,527	101,596	150.5%
General and administrative expenses	15,322	14,213	7.8%	31,406	28,330	10.9%
Total other costs	\$ 176,741	\$ 73,352	140.9%	\$ 315,093	\$ 142,057	121.8%

## Theatre occupancy expenses

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

Theatre occupancy expenses	Second Quarter			Year to Date		
	2022	2021	Change	2022	2021	Change
Cash rent paid/payable (i)	\$ 36,931	\$ 25,530	44.7%	\$ 72,763	\$ 47,752	52.4%
Other occupancy	18,259	12,204	49.6%	33,159	26,511	25.1%
One-time items (ii)	(678)	(2,237)	-69.7%	(1,283)	(3,219)	-60.1%
Total theatre occupancy including cash lease payments	\$ 54,512	\$ 35,497	53.6%	\$ 104,639	\$ 71,044	47.3%
Cash rent paid/payable related to lease obligations (iii)	(37,114)	(30,148)	23.1%	(75,479)	(58,913)	28.1%
Theatre occupancy as reported	\$ 17,398	\$ 5,349	225.3%	\$ 29,160	\$ 12,131	140.4%

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

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

(iii) Cash rent paid/payable that has been reallocated to offset the lease obligations.

Theatre occupancy continuity	Second Quarter Occupancy	Year to Date Occupancy
2021 as reported	\$ 5,349	\$ 12,131
Impact of new and acquired theatres	353	673
Impact of disposed theatres	133	570
Same store rent change (i)	6,878	16,317
One-time items	1,558	1,936
Decrease in subsidies	9,313	13,647
Other	781	452
<u>Impact of IFRS 16:</u>		
Cash rent related to lease obligations	(6,967)	(16,566)
2022 as reported	<b>\$ 17,398</b>	<b>\$ 29,160</b>

(i) Represents a supplementary financial measure. See Non-GAAP and other financial measures section of this news release.

## Second Quarter and Year to Date

Theatre occupancy expenses increased \$12.0 million or 225.3% during the second quarter of 2022 compared to the prior year period. This increase was primarily due to the reduction in subsidies received as a result of the reopening of Cineplex's businesses. The increase was also attributable to higher theatre rent related expenses including common area maintenance and taxes incurred as Cineplex's theatres were open during the period. During the prior year period, Cineplex recognized lower theatre occupancy expenses as a majority of theatres were closed or operating at far below normal capacity levels. Same-store rent increased \$6.9 million primarily due to rent relief measures negotiated with landlord partners which were \$6.7 million higher in the prior year period. Cineplex was able to reduce theatre occupancy expenses through the recognition of realty tax and rent subsidies of \$0.4 million (2021 - \$9.9 million).

For the year to date period, theatre occupancy expenses increased \$17.0 million or 140.4% compared to the prior year. This increase was primarily due to increased theatre rent related expenses, including common area maintenance and taxes, as Cineplex's theatres were permitted to operate in the current period at a greater capacity compared to the prior year period. During the prior year period, Cineplex recognized lower theatre occupancy expenses as a majority of theatres were closed or operating at far below normal capacity levels. Same-store rent increased \$16.3 million primarily due to rent relief measures negotiated with landlord partners, which were \$17.4 million higher in the prior year period. Similarly, due to the reopening of Cineplex's businesses, Cineplex received a lower amount of subsidy relief when compared to the prior year period and recognized realty tax and rent subsidies of \$6.9 million (2021 - \$20.8 million).

## Other operating expenses

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

Other operating expenses	Second Quarter			Year to Date		
	2022	2021	Change	2022	2021	Change
Theatre payroll	\$ 37,175	\$ 5,473	579.2%	\$ 53,472	\$ 9,108	487.1%
Theatre operating expenses	26,184	8,078	224.2%	48,539	17,431	178.5%
Media	12,017	7,959	51.0%	22,196	16,243	36.7%
PIAG	36,979	19,687	87.8%	66,833	35,257	89.6%
LBE (i)	16,885	3,939	328.7%	28,007	7,757	261.1%
LBE pre-opening (ii)	—	678	NM	—	906	NM
SCENE	4,663	5,654	-17.5%	18,504	10,398	78.0%
Marketing	2,458	1,123	118.9%	3,820	2,240	70.5%
Scene+ point issuance	5,126	—	100.0%	8,121	—	100.0%
Other (iii)	6,621	5,630	17.6%	13,549	11,150	21.5%
Other operating expenses including cash lease payments	<b>\$ 148,105</b>	<b>\$ 58,221</b>	<b>154.4%</b>	<b>\$ 263,043</b>	<b>\$ 110,490</b>	<b>138.1%</b>
Cash rent paid/payable related to lease obligations (iv)	(4,084)	(4,431)	-7.8%	(8,516)	(8,894)	-4.3%
Total other operating expenses	<b>\$ 144,021</b>	<b>\$ 53,790</b>	<b>167.7%</b>	<b>\$ 254,527</b>	<b>\$ 101,596</b>	<b>150.5%</b>

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

(ii) Includes pre-opening costs of LBE.

(iii) Other category includes overhead costs related to LBE and other Cineplex internal departments.

(iv) Cash rent paid/payable that has been reallocated to offset the lease obligations.

<b>Other operating expenses continuity</b>	<b>Second Quarter</b>	<b>Year to Date</b>
2021 as reported	\$ 53,790	\$ 101,596
Impact of new and acquired theatres	1,043	1,601
Impact of disposed theatres	(116)	(161)
Same theatre payroll change (i)	30,979	43,344
Same theatre operating expenses change (i)	17,974	30,805
Media operating expenses change	4,058	5,954
P1AG operating expenses change	17,292	31,576
LBE operating expenses change	12,946	20,250
LBE pre-opening change	(678)	(906)
SCENE change	(991)	8,106
Marketing change	1,335	1,580
Scene+ point issuance change	5,126	8,121
Other	916	2,283
<u>Impact of IFRS 16:</u>		
Cash rent related to lease obligations	347	\$ 378
2022 as reported	<b>\$ 144,021</b>	<b>\$ 254,527</b>
(i) See Non-GAAP and other financial measures section of this news release. These are measures included as part of Cineplex's supplementary financial measure calculations.		

## Second Quarter and Year to Date

Other operating expenses increased \$90.2 million or 167.7% during the second quarter of 2022 compared to the prior year period. The increase was primarily driven by increases in same store theatre payroll and theatre operating expenses of \$31.0 million and \$18.0 million, respectively, as Cineplex's theatres were permitted to operate for the entire period as compared to extended closures in effect during the prior year period. Cineplex also recognized P1AG other operating expenses of \$37.0 million, an increase of \$17.3 million when compared to the prior year period. During the second quarter of 2022, government mandated closure requirements and capacity restrictions were lifted, resulting in increased operating activities at P1AG US and Canadian route locations at FEC's and theatres. The lifting of government-imposed restrictions also resulted in increased operations at LBE businesses leading to a \$12.9 million increase in LBE other operating expenses when compared to the prior year period. Cineplex also recognized a \$1.0 million decrease in SCENE operating costs, and a \$5.1 million increase in marketing expenses relating to the presentation of the cost of issuance of Scene+ points. Despite the lifting of government mandated restrictions in the current period, Cineplex received \$1.2 million (2021 - \$15.8 million) of subsidies, which offset theatre payroll, non-theatre rent, realty tax and utilities.

For the year to date, the overall increase in other operating expenses from the prior year resulted from the reopening of Cineplex's theatres, LBE businesses and P1AG US and Canada route locations at FEC's and theatres as compared to the closure requirements and capacity restrictions that remained in effect for a majority of the prior year period. The increase was primarily driven by increases in same theatre payroll and theatre operating expenses of \$44.4 million and \$31.1 million, respectively, as Cineplex's theatres operated for the entire period as compared to government mandated restrictions and closures in the prior year. Similarly, due to increased operating activities at P1AG US and Canadian route locations at FEC's and theatres, Cineplex also recognized P1AG other operating expenses of \$66.8 million, an increase of \$31.6 million when compared to the prior year. LBE businesses were permitted to operate at increased capacity due to the lifting of government mandated restrictions, resulting in a \$20.3 million increase in LBE other operating expenses when compared to the prior year. Cineplex also recognized a \$8.1 million increase in SCENE operating costs, and a \$8.1 million increase in marketing expenses relating to the presentation of the cost of issuance of Scene+ points. Cineplex received \$21.9 million (2021 - \$30.2 million) of subsidies in the current period, comprised of \$19.5 million (2021 - \$24.7 million) of payroll subsidies of which \$14.6 million (2021 - \$13.1 million) was offset against theatre payroll, and \$2.4 million (2021 - \$5.5 million) of non-theatre rent, realty tax and utility subsidies.

## General and administrative expenses

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

G&A expenses	Second Quarter			Year to Date		
	2022	2021	Change	2022	2021	Change
G&A excluding the following items	\$ 13,916	\$ 9,924	40.2%	\$ 26,604	\$ 20,082	32.5%
Restructuring	12	16	-25.0%	1,453	476	205.3%
Transaction / Litigation costs	1,235	2,591	-52.3%	1,489	5,021	-70.3%
LTIP (i)	352	1,795	-80.4%	2,093	3,099	-32.5%
Option plan	399	445	-10.3%	916	844	8.5%
G&A expenses including cash lease payments	\$ 15,914	\$ 14,771	7.7%	\$ 32,555	\$ 29,522	10.3%
Cash rent paid/payable included as part of lease obligations (ii)	(592)	(558)	6.1%	(1,149)	(1,192)	-3.6%
G&A expenses as reported	\$ 15,322	\$ 14,213	7.8%	\$ 31,406	\$ 28,330	10.9%

(i) LTIP includes the expenses for RSUs and PSUs, as well as the expense for the executive and Board deferred share unit plans.  
(ii) Cash rent paid/payable that has been reallocated to offset the lease obligations.

## Second Quarter and Year to Date

G&A expenses increased \$1.1 million during the second quarter of 2022 compared to the prior year period. Cineplex recognized \$2.8 million of labour subsidies in the second quarter of 2021, and none in the second quarter of 2022, contributing to a net increase of \$3.4 million in head office payroll expenses. Cineplex incurred \$1.2 million (2021 - \$2.6 million) of expenses related to litigation and claims recovery arising from the Cineworld Transaction during the quarter.

G&A expenses for the year to date period increased \$3.1 million compared to the prior year period. The change was primarily due to \$7.5 million higher head office payroll expenses due to \$3.7 million lower labour subsidies received. Cineplex received \$2.0 million of labour subsidies in 2022, compared to \$5.7 million received in 2021. Cineplex incurred year to date costs relating to litigation and claims recovery arising from the Cineworld Transaction of \$1.5 million (2021 - \$5.0 million).

## NET INCOME (LOSS), EBITDA AND ADJUSTED EBITDAaL (see Non-GAAP and other financial measures section of this news release)

The following table presents net loss, EBITDA, adjusted EBITDA and adjusted EBITDAaL for the three and six months ended June 30, 2022 as compared to the prior year period (expressed in thousands of dollars, except adjusted EBITDAaL margin):

EBITDAaL	Second Quarter			Year to Date		
	2022	2021	Change	2022	2021	Change
Net income (loss)	\$ 1,313	\$ (103,704)	NM	\$ (40,912)	\$ (193,392)	-78.8%
Net income (loss) as a percentage of sales	0.4 %	(159.7)%	160.1 %	(7.1)%	(181.9)%	174.8%
EBITDA	\$ 80,963	\$ (17,700)	NM	\$ 113,926	\$ (20,224)	NM
Adjusted EBITDA	\$ 77,939	\$ (16,902)	NM	\$ 114,414	\$ (47,007)	NM
Adjusted EBITDAaL	\$ 35,764	\$ (53,165)	NM	\$ 30,045	\$ (115,255)	NM
Adjusted EBITDAaL margin	10.2 %	(81.9)%	92.1 %	5.2 %	(108.4)%	113.6%

## Second Quarter and Year to Date

Net income and adjusted EBITDAaL for the second quarter of 2022 was \$1.3 million and \$35.8 million, respectively, as compared to a net loss of \$103.7 million and an adjusted EBITDAaL loss of \$53.2 million, respectively, in the prior year period. The removal of operating restrictions on Cineplex's theatres and LBE venues across Canada, resulted in significantly improved performance when compared to the prior year period.

Net loss and adjusted EBITDAaL for the six months ended June 30, 2022 was \$40.9 million and \$30.0 million, respectively, as compared to a net loss of \$193.4 million and an adjusted EBITDAaL loss of \$115.3 million, respectively, in the prior year period. The movement in both net loss and adjusted EBITDAaL was due to the removal of operating restrictions on Cineplex theatres and LBE venues across Canada, compared to operating restrictions that remained in effect for a majority of the prior year period.

## ADJUSTED FREE CASH FLOW (see Non-GAAP and other financial measures section of this news release)

For the second quarter of 2022, adjusted free cash flow per common share of Cineplex was \$0.35 as compared to \$(1.04) in the prior year period. Adjusted free cash flow per Share for the second quarter of 2022 and year to date period increased mainly due

to significantly improved operating results with the easing of COVID-19 restrictions on Cineplex's theatres and LBE businesses. During the current period, Cineplex's businesses were permitted to operate at increased capacity levels as remaining government restrictions were lifted, compared to extended closure periods that remained in effect for a majority of the prior year resulting in significantly reduced operations.

## **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 news release 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 its management believes that they assist investors in assessing financial performance. These non-GAAP and other financial measures are used throughout this news release and are defined below.

### **NON-GAAP FINANCIAL MEASURES**

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

### **NON-GAAP RATIO**

A non-GAAP ratio is defined by 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.

The below are non-GAAP financial measures or non-GAAP ratios that are reported by Cineplex.

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

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

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

## **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. Beginning with the MD&A for the three months ending March 31, 2019, Adjusted free cash flow included 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 effective January 1, 2019. Given that the materiality of the principal portion of the rent expenses and comparability of adjusted free cash flow disclosure for comparative periods, adjusted free cash flow also adjusts standard free cash flow to deduct principal amount of repayment of lease obligation.

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

## **SUPPLEMENTARY FINANCIAL MEASURES**

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

### **Earnings per Share Metrics**

Cineplex has presented basic and diluted earnings per share net of this item to provide a more comparable earnings per share metric between the current periods and prior year periods. In the non-GAAP and other financial measure, 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 and theatre food service revenue such as BPP, CPP, BPP excluding premium priced product, and concession margin per patron, as these are key measures used by investors to value and assess Cineplex's performance, and are widely used in the theatre exhibition industry. Management of Cineplex 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 total theatre attendance for the period.

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

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

### **Same Theatre Analysis**

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

Same theatre metrics are calculated by removing the results for all theatres that have been opened, acquired, closed or otherwise disposed of subsequent to the start of the prior year comparative period. For the three months ended June 30, 2022 the impact of two locations that have been opened or acquired and four locations that have been closed or otherwise disposed of have been excluded, resulting in 153 theatres being included in the same theatre metrics. For the six months ended June 30, 2022 the impact of one location that has been opened or acquired and five locations that have been closed or otherwise disposed of have been excluded, resulting in 153 theatres being included in the same theatre metrics.

### **Cost of sales percentages**

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

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

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

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

### **Lease-related cash saving**

Quantified savings negotiated with landlords as a result of the COVID-19 disclosures.

*Certain information included in this news release 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, goals and strategies to achieve those 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 negative thereof), and words and expressions of similar import, are intended to identify forward-looking statements. Forward-looking statements also include, statements pertaining to:*

- *Cineplex's outlook, goals, expectations and projected results of operations, including factors and assumptions underlying Cineplex's projections regarding the duration and impact of a novel strain of coronavirus ("COVID-19") pandemic on Cineplex, the movie exhibition industry and the economy in general, as well as Cineplex's response to the pandemic related to the closure or operational restrictions of its theatres and location-based entertainment ("LBE") venues, employee reductions and other cost-cutting initiatives and increased expenses relating to safety measures taken at its facilities to protect the health and well-being of guests and employees;*
- *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; and*
- *Cineplex's ability to execute cost-cutting and revenue enhancement initiatives in response to the COVID-19 pandemic.*

*The COVID-19 pandemic has had an unprecedented impact on Cineplex, along with the rest of the movie exhibition industry and other industries in which Cineplex operates, including material decreases in revenues, results of operations and cash flows. The situation continues to evolve and the social and economic effects are widespread. As an entertainment and media company that operates spaces where guests gather in close proximity, Cineplex's business has been significantly impacted by the actions taken to control the spread of COVID-19. These actions included, among other things, the introduction of vaccine passports or proof of vaccination mandates, social distancing measures and restrictions including those on capacity. During the second quarter of 2022, as COVID-19 cases declined across the country, restrictions relating to capacity limits, vaccine passports and mask mandates were lifted in all of the markets in which Cineplex operates, providing clearer visibility for Cineplex's business and the return to normalcy. Cineplex is actively monitoring the situation and is adapting its business strategies as the impact of the COVID-19 pandemic evolves.*

*By their very nature, forward-looking statements involve inherent risks and uncertainties, including those described in Cineplex's Annual Information Form ("AIF"), and MD&A for the year ended December 31, 2021 ("Annual MD&A") and in*



*this news release. Those 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 the movie exhibition industry and the economy in general, as well as Cineplex's response to the COVID-19 pandemic as related to the closure or capacity restrictions of its theatres and LBE venues, employee reductions and other cost-cutting initiatives, and increased expenses relating to safety measures taken at its facilities to protect the health and well-being of customers and employees; 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 the COVID-19 pandemic; risks generally encountered in the relevant industry, competition, customer, legal, taxation and accounting matters; the outcome of the litigation surrounding the termination of the Cineworld transaction; and diversion of management time on litigation related to the Cineworld transaction.*

*The foregoing list of factors that may affect future results is not exhaustive. When reviewing Cineplex's forward-looking statements, readers should carefully consider the foregoing factors and other uncertainties and potential events. Additional information about factors that may cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the "Risks and Uncertainties" section of Cineplex's 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 news release are made as of the date hereof and are qualified by these cautionary statements. Additional information, including Cineplex's AIF and Annual MD&A, can be found on SEDAR at [www.sedar.com](http://www.sedar.com).*

You are cordially invited to participate in a conference call with the management of Cineplex (TSX: CGX) to review our second quarter. **Ellis Jacob, President and Chief Executive Officer and Gord Nelson, Chief Financial Officer**, will host the call scheduled for:

Cineplex Inc. Q2 2022 Earnings Webcast:

Date: Thursday, August 11, 2022

Time: 10:00 a.m. Eastern Daylight Time

Audio Webcast: Audience URL <https://events.q4inc.com/attendee/339303405>

Pre-registration available.

An archive of the webcast will be available at <https://corp.cineplex.com/investors> after the webcast for a limited time.

Please note, analysts who cover the Company, should use the dial-in option to participate in the live question period: 1-226-828-7575 (Local) or 1-833-950-0062 (Canada Toll-free), access code 200573. All attendees should join the event 5-10 minutes prior to the scheduled start time. Media are welcome to join the call in listen-only mode.

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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*) and complexes specially designed for teens and families (*Playdium*). It also operates successful businesses in digital commerce (CineplexStore.com), alternative programming (Cineplex Events), cinema media (Cineplex Media), digital place-based media (Cineplex Digital Media "CDM") and amusement solutions (Player One Amusement Group "PIAG"). Providing even more value for its guests, Cineplex is a joint venture partner in Scene+, Canada's largest entertainment loyalty program.

Proudly recognized as having one of the country's Most Admired Corporate Cultures, Cineplex employs approximately 10,000 people in its offices across Canada and the United States. To learn more visit [Cineplex.com](http://Cineplex.com) or download the Cineplex App.

### **For further information:**

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**Cineplex Inc.**  
**Consolidated Balance Sheets**  
**(expressed in thousands of Canadian dollars)**

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

**Cineplex Inc.****Consolidated Balance Sheets ... continued**

(expressed in thousands of Canadian dollars)

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

**Cineplex Inc.****Consolidated Statements of Operations****(expressed in thousands of Canadian dollars, except per share amounts)**

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

**Cineplex Inc.****Consolidated Statements of Comprehensive Income (Loss)****(expressed in thousands of Canadian dollars)**

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

**Cineplex Inc.****Consolidated Statements of Changes in Equity****(expressed in thousands of Canadian dollars)****For the periods ended June 30, 2022 and 2021**

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

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# Cineplex Inc.

## Consolidated Statements of Cash Flows

(expressed in thousands of Canadian dollars)

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



**Cineplex Inc.**  
**Consolidated Supplemental Information**  
**(expressed in thousands of Canadian dollars)**

**Reconciliation of reported net income (loss) to adjusted EBITDAaL**

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
<b>Net income (loss)</b>	\$ 1,313	\$ (103,704)	\$ (40,912)	\$ (193,392)
Depreciation and amortization - other	26,651	27,735	53,543	57,244
Depreciation - right-of-use assets	24,486	25,737	48,749	52,055
Interest expense - lease obligations	14,739	14,741	29,443	29,100
Interest expense - other	13,812	17,899	23,895	31,564
Interest income	(38)	(108)	(68)	(134)
Current income tax (recovery) expense	—	—	(724)	3,339
<b>EBITDA</b>	\$ 80,963	\$ (17,700)	\$ 113,926	\$ (20,224)
(Gain) loss on disposal of assets	(4,650)	179	(4,493)	(29,881)
Loss (gain) on financial instruments recorded at fair value	1,770	(800)	5,600	(800)
CDCP equity loss (income) (i)	332	1,043	(522)	3,281
Foreign exchange (gain) loss	(623)	365	(389)	595
Depreciation and amortization - joint ventures and associates (ii)	133	—	264	—
Taxes and interest of joint ventures and associates (ii)	14	11	28	22
<b>Adjusted EBITDA</b>	\$ 77,939	\$ (16,902)	\$ 114,414	\$ (47,807)
Cash rent paid/payable related to lease obligations (iii)	(41,791)	(35,137)	(85,144)	(68,998)
Negotiated lease-related cash savings for the period (iii) (iv)	—	(751)	—	—
Cash rent paid not pertaining to current period	(384)	(375)	775	750
<b>Adjusted EBITDAaL (iv)</b>	\$ 35,764	\$ (53,165)	\$ 30,045	\$ (115,255)

(i) CDCP equity loss (income) not included in adjusted EBITDA as CDCP is a limited-life financing vehicle that is funded by virtual print fees collected from distributors.

(ii) Includes the joint ventures with the exception of CDCP (see (i) above).

(iii) The cash rent paid or payable includes negotiated lease obligations savings of \$0.8 million (2021 - \$18.2 million) through June 30, 2022. The negotiated lease obligation savings represent forgiveness of lease payments.

(iv) See Non-GAAP and other financial measures section of this news release.

**Cineplex Inc.**

**Consolidated Supplemental Information**

(expressed in thousands of Canadian dollars, except number of shares and per share data)

**Reconciliation of reported cash provided by (used in) operating activities to adjusted free cash flow per share**

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
<b>Cash provided by (used in) operating activities</b>	\$ 47,152	\$ 17,133	\$ 41,715	\$ (18,499)
Less: Total capital expenditures net of proceeds on sale of assets	(10,885)	(4,992)	(20,470)	(13,707)
Standardized free cash flow	<b>36,267</b>	<b>12,141</b>	<b>21,245</b>	<b>(32,206)</b>
Add/(Less):				
Changes in operating assets and liabilities (i)	1,120	(62,622)	16,197	(86,203)
Changes in operating assets and liabilities of joint ventures and associates (i)	775	(524)	68	(1,326)
Repayments of lease obligations - principal	(27,428)	(19,086)	(56,695)	(38,543)
Principal portion of cash rent paid not pertaining to current period	(381)	(369)	762	737
Growth capital expenditures and other (ii)	6,078	4,511	13,132	12,972
Share of loss (income) of joint ventures and associates, net of non-cash depreciation	95	2	72	(163)
Net cash received from CDCP (iii)	5,318	—	5,318	—
<b>Adjusted free cash flow</b>	<b>\$ 21,844</b>	<b>\$ (65,947)</b>	<b>\$ 99</b>	<b>\$ (144,732)</b>
Average number of Shares outstanding	63,360,746	63,339,618	63,353,634	63,337,300
<b>Adjusted free cash flow per Share</b>	<b>\$ 0.345</b>	<b>\$ (1.041)</b>	<b>\$ 0.002</b>	<b>\$ (2.285)</b>

(i) Changes in operating assets and liabilities are not considered a source or use of adjusted free cash flow.

(ii) Growth capital expenditures and other represent expenditures on Board approved projects, exclude maintenance capital expenditures, and are net of proceeds on asset sales. The Revolving Facility is available to Cineplex to fund Board approved projects.

(iii) Excludes the share of loss of CDCP, as CDCP is a limited-life financing vehicle funded by virtual print fees collected from distributors. Cash invested into CDCP, as well as distributions received from CDCP, are considered to be uses and sources of adjusted free cash flow.