



FOR IMMEDIATE RELEASE

Cineplex Inc. Reports Fourth Quarter and Year End 2021 Results Cineplex encouraged by positive momentum as the industry recovers

TORONTO, Canada, February 11, 2022 (TSX: CGX) - Cineplex Inc. (“Cineplex” or the “Company”) today released its financial results for the three months and year ended December 31, 2021. Unless otherwise specified, all amounts are in Canadian dollars.

“Cineplex delivered its strongest quarter in two years,” said Ellis Jacob, President & CEO, Cineplex. “Based on the positive momentum we saw during the quarter, and the success of blockbuster films like *Spider-Man: No Way Home*, we know that guests are coming back to our theatres. Government mandated restrictions and closures in Ontario, Quebec and Atlantic Canada during the busiest box office period constrained our ability to fully capitalize on this resurgence in the fourth quarter as compared to other geographies, including the U.S.”

“Attendance for the fourth quarter was up substantially as we benefited from October and November film releases, despite the closures and capacity restrictions at most of our locations in late December. As a result, we significantly improved our net loss during the quarter to \$21.8 million from \$230.4 million in the prior year period and improved our Adjusted EBITDAaL to \$20.2 million, which represents our highest level during the pandemic. During the quarter, we remained focused on strengthening Cineplex’s financial position and entered into the Fourth Credit Agreement Amendment with our supportive lenders. This continues the suspension of our financial covenant testing until the end of the second quarter of 2022.”

“A highlight from the quarter includes the launch of Scene+ in partnership with Scotiabank. An evolved loyalty program with the foundation of SCENE® and Scotia Rewards, members can benefit from new partners and more ways to earn and redeem points through one simplified offering. We also opened our 25th VIP Cinemas location with *Cineplex VIP Cinemas University District* in Calgary opening its doors in November.”

“We know the industry is recovering and our guests are coming back to our theatres and entertainment venues. Our team has proven that we can safely operate during the pandemic and we have laid the groundwork to take us through the recovery period and beyond. With provincial reopenings, easing restrictions and the enthusiasm of guests wanting to experience out of home entertainment, the team is optimistic about the year ahead and our continued momentum toward a very strong recovery.”

Fourth Quarter Financial Results

	2021	2020	Period over Period Change (i)
Total revenues (ii)	\$ 300.0 million	\$ 52.5 million	471.9%
Theatre attendance	10.2 million	0.8 million	NM
Net loss from continuing operations (iii)	\$ (21.8) million	\$ (230.4) million	-90.5%
Net loss from discontinued operations	\$ — million	\$ — million	NM
Net loss (iii)	\$ (21.8) million	\$ (230.4) million	-90.5%
Net loss as a percentage of sales	(7.3) %	(439.3) %	432.0%
Cash provided by (used in) operating activities	\$ 27.5 million	\$ (61.0) million	NM
Box office revenues per patron (“BPP”) (iv)	\$ 12.29	\$ 9.23	33.2%
Concession revenues per patron (“CPP”) (iv)	\$ 7.49	\$ 9.06	-17.3%
Adjusted EBITDA (iv)	\$ 58.3 million	\$ (32.1) million	NM
Adjusted EBITDAaL (iii) (iv)	\$ 20.2 million	\$ (65.9) million	NM
Adjusted EBITDAaL margin (iii) (iv)	6.7 %	(125.7) %	132.4%
Adjusted free cash flow (iv)	\$ (1.0) million	\$ (30.5) million	-96.6%
Adjusted free cash flow per common share of Cineplex (“Share”) (iv)	\$ (0.016)	\$ (0.482)	-96.7%
Earnings per Share (“EPS”) from continuing operations - basic and diluted (iii)	\$ (0.34)	\$ (3.64)	-90.7%
EPS from discontinued operations - basic and diluted	\$ —	\$ —	—
EPS - basic and diluted (iii)	\$ (0.34)	\$ (3.64)	-90.7%

Full Year Financial Results

	2021	2020	Period over Period Change (i)
Total revenues (ii)	\$ 656.7 million	\$ 418.3 million	57.0%
Theatre attendance	20.1 million	13.1 million	53.7%
Net loss from continuing operations (iii)	\$ (248.7) million	\$ (624.0) million	-60.1%
Net loss from discontinued operations	\$ — million	\$ (5.0) million	-100.0%
Net loss (iii)	\$ (248.7) million	\$ (629.0) million	-60.5%
Net loss as a percentage of sales	(37.9) %	(149.2) %	111.3%
Cash provided by (used in) operating activities	\$ 61.0 million	\$ (106.3) million	NM
Box office revenues per patron ("BPP") (iv)	\$ 11.77	\$ 10.17	15.7%
Concession revenues per patron ("CPP") (iv)	\$ 7.93	\$ 6.99	13.4%
Adjusted EBITDA (iv)	\$ 59.9 million	\$ (55.9) million	NM
Adjusted EBITDAaL (iii) (iv)	\$ (84.3) million	\$ (182.8) million	-53.9%
Adjusted EBITDAaL margin (iii) (iv)	(12.8) %	(43.7) %	30.9%
Adjusted free cash flow (iv)	\$ (151.5) million	\$ (161.9) million	-6.4%
Adjusted free cash flow per common share of Cineplex ("Share") (iv)	\$ (2.392)	\$ (2.556)	-6.4%
Earnings per Share ("EPS") from continuing operations - basic and diluted (iii)	\$ (3.93)	\$ (9.85)	-60.1%
EPS from discontinued operations - basic and diluted	\$ —	\$ (0.08)	-100.0%
EPS - basic and diluted (iii)	\$ (3.93)	\$ (9.93)	-60.4%

- i. Period over period change calculated based on thousands of dollars except percentage and per share values. Changes in percentage amounts are calculated as 2021 value less 2020 value.
- ii. All amounts are from continuing operations.
- iii. 2021 includes expenses related to the Cineworld Transaction in the amount of \$2.3 million (2020 - \$1.3 million) for the fourth quarter and \$11.4 million (2020 - \$4.1 million) for the year-to date.
- iv. 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.

KEY DEVELOPMENTS IN 2021

The following describes certain key business initiatives undertaken and results achieved during 2021 in each of Cineplex's core business areas:

FILM ENTERTAINMENT AND CONTENT

Theatre Exhibition

- Reported annual box office revenues of \$236.3 million, a 77.9% increase from 2020 as a result of increased theatre attendance due to theatre reopenings compared to theatre closures that remained in effect for a majority of the prior year period.
- BPP was \$11.77, an all-time annual record, an increase of \$1.60 or 15.7% when compared to the prior year due to new releases and premium offerings in the current period as compared to the prior period which focused on discounted pricing for older and more classic film product.
- Opened Quebec's second VIP Cinemas at *Cineplex Forum and VIP* in downtown Montreal on June 18, 2021.
- Opened Western Canada's first standalone VIP Cinemas at *Cineplex VIP Cinemas Brentwood* in Burnaby, British Columbia on July 7, 2021.
- Opened Cineplex's 25th VIP Cinemas, *Cineplex VIP Cinemas University District* located in the University District Calgary on November 17, 2021.
- Opened three new ScreenX auditoriums: *Scotiabank Theatre Winnipeg* in Manitoba, *Cinéma Cineplex Odeon Brossard et VIP* in Quebec and *Cineplex Cinemas Ancaster* in Ontario
- Launched CineClub, Canada's first of its kind movie subscription program providing members with benefits accessible across Cineplex's businesses nationwide including Cineplex theatres, the Cineplex Store and LBE venues.

Theatre Food Service

- Reported annual theatre food service revenues of \$159.2 million, a 74.2% increase compared to the prior year period primarily due to a significant increase in theatre attendance as a result of the reopening of theatres coupled with a record CPP.
- CPP was \$7.93, an all-time annual record, an increase of \$0.94 or 13.4% when compared to the prior year, due to product mix, modest price increases and film product that appealed to first-run viewers who tend to have a higher concession spend.
- Continued focus on theatre food delivery service over the prior year reporting annual revenues of \$13.1 million, an increase of 59.7% or \$4.9 million.

Alternative Programming

- Alternative Programming (Cineplex Events) included the stage event *The Great Big Boo*, the documentary about the author CS Lewis, the anime features *Sword Art Online* and *Gintara*, as well as the successful re-release of past films including the reissue of *The Matrix*, *Halloween (1999)* and *Rad the 35th Anniversary*.
- Cineplex released the feature film *Lamb* on October 8, 2021 and *The Tragedy of Macbeth* on December 25, 2021.

Digital Commerce

- Total registered users for Cineplex Store increased by 18% as compared to the prior year period, reaching over 2.2 million registered users.
- Cineplex Store continues to benefit from Premium Video On Demand ("PVOD") and Premium Electronic Sell Through ("PEST") releases.

MEDIA

- Total media revenues remained flat at \$65.3 million for the year ended December 31, 2021.

Cinema Media

- Reported annual Cinema media revenues of \$33.0 million, an increase of \$9.4 million or 39.8% over the prior year, due to increases in show-time and pre-show advertising as a result of reopened theatres and new film releases.

Digital Place-Based Media

- Reported annual revenues of \$32.4 million, a decrease of \$9.4 million or 22.5%, compared to 2020. The decrease is attributable to a lower number of deployments combined with the impact of certain contract expirations while focusing on higher margin projects.
- Cineplex Digital Media rolled out the Flex SmartEngine, a data-driven machine learning software platform that optimizes digital signage.

AMUSEMENT AND LEISURE

Amusement Solutions

- Reported annual revenues of \$134.5 million an increase of \$56.6 million or 72.6% as compared to the prior year. The increase is due to the reopening of P1AG route locations in Canada and the United States.

Location-based Entertainment

- Reported total annual revenues of \$44.8 million including food service revenues of \$14.7 million, amusement revenues of \$29.2 million and other revenues of \$0.8 million, an increase of \$19.2 million or 75.3% as compared to 2020. The increase was due to the reopening of LBE businesses compared to closures that remained in effect for a majority of the prior year period.
- Opened *Playdium* in Dartmouth, Nova Scotia on February 26, 2021, British Columbia's first location of *The Rec Room* in Burnaby on July 5, 2021, and *The Rec Room* in Barrie, Ontario, on July 26, 2021. With these openings, Cineplex has 10 locations of *The Rec Room* and three locations of *Playdium* across Canada.

LOYALTY

- Scene+ launched on December 13, 2021, merging the SCENE loyalty and Scotia Rewards programs.
- Membership in the Scene+ loyalty program remained flat during the year ended December 31, 2021.

CORPORATE

- Cineplex completed a sale and leaseback transaction for its head office buildings located at 1303 Yonge Street and 1257 Yonge Street, Toronto, Ontario for gross proceeds of \$57.0 million. Fifty percent of the net proceeds were used to permanently reduce the amount outstanding under Cineplex's Credit Facilities.
- On February 8, 2021, Cineplex and Cineplex Entertainment Limited Partnership entered into the Third Credit Agreement Amendment with The Bank of Nova Scotia providing Cineplex with certain financial covenant relief in light of the COVID-19 pandemic and its effects on Cineplex's business.
- On February 26, 2021, Cineplex completed the \$250.0 million Notes Payable offering. Cineplex used the net proceeds raised in part to permanently repay \$100.0 million of its Credit Facilities. The Notes Payable bear interest at a rate of 7.50% per annum and mature on February 26, 2026.
- Cineplex negotiated the sale of certain restrictive lease rights for total proceeds of \$6.4 million.
- On December 14, 2021 the Ontario Superior Court of Justice ruled in favour of Cineplex, finding that Cineworld repudiated the transaction to acquire Cineplex. The court awarded damages for breach of contract to Cineplex in the amount of \$1.24 billion and reimbursement of transaction costs of \$5.5 million.
- On December 30, 2021, Cineplex and Cineplex Entertainment Limited Partnership entered into the Fourth Credit Agreement Amendment with The Bank of Nova Scotia, which among other things, extended the suspension of financial covenant testing until the second quarter of 2022 and liquidity covenant requirements until June 30, 2022.

OPERATING RESULTS FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2021

Total revenues

Total revenues for the three months ended December 31, 2021 increased \$247.5 million (471.9%) to \$300.0 million as compared to the prior year period. Total revenues for the year ended December 31, 2021 increased \$238.4 million (57.0%) to \$656.7 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 measures discussed throughout this MD&A, including adjusted EBITDA, adjusted EBITDAaL, adjusted store level EBITDAaL, adjusted EBITDAaL margin, adjusted store level EBITDAaL margin, adjusted free cash flow, theatre attendance, BPP, premium priced product, same theatre metrics, CPP, film cost percentage, food service cost percentage, concession margin per patron and net cash burn 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 full year (in thousands of dollars, except theatre attendance reported in thousands of patrons and per patron amounts, unless otherwise noted):

Box office revenues	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
Box office revenues	\$ 125,890	\$ 7,260	NM	\$ 236,320	\$ 132,820	77.9%
Theatre attendance (i)	10,245	786	NM	20,080	13,065	53.7%
Box office revenue per patron (i)	\$ 12.29	\$ 9.23	33.2%	\$ 11.77	\$ 10.17	15.7%
BPP excluding premium priced product (i)	\$ 10.40	\$ 8.61	20.8%	\$ 10.25	\$ 9.18	11.7%
Same theatre box office revenues (i)	\$ 124,747	\$ 7,239	NM	\$ 234,474	\$ 131,601	78.2%
Same theatre attendance (i)	10,187	783	NM	19,982	12,920	54.7%
% Total box from premium priced product (i)	47.3%	19.1%	28.2%	38.7 %	28.1 %	10.6%

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

Box office continuity	Fourth Quarter		Full Year	
	Box Office	Theatre Attendance	Box Office	Theatre Attendance
2020 as reported	\$ 7,260	786	\$ 132,820	13,065
Same theatre attendance change	86,915	9,404	71,939	7,062
Impact of same theatre BPP change	30,595	—	30,937	—
New and acquired theatres (i)	1,123	56	1,722	85
Disposed and closed theatres (i)	(3)	(1)	(1,098)	(132)
2021 as reported	\$ 125,890	10,245	\$ 236,320	20,080

(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.

Fourth Quarter and Full Year

Fourth Quarter 2021 Top Cineplex Films		3D	% Box	Fourth Quarter 2020 Top Cineplex Films		3D	% Box
1	Spider-Man: No Way Home	✓	23.7 %	1	Honest Thief		11.9 %
2	No Time To Die	✓	13.4 %	2	Tenet		11.3 %
3	Dune	✓	11.4 %	3	The War With Grandpa		10.3 %
4	Venom: Let There Be Carnage	✓	8.4 %	4	The Croods: A New Age		7.6 %
5	Eternals	✓	8.3 %	5	100% Wolf		5.3 %

Full Year 2021 Top Cineplex Films		3D	% Box	Full Year 2020 Top Cineplex Films		3D	% Box
1	Spider-Man: No Way Home	✓	12.6%	1	1917		8.1 %
2	Shang-Chi And The Legend Of The Ten Rings	✓	8.0%	2	Star Wars: The Rise of Skywalker	✓	7.7 %
3	No Time To Die	✓	7.1%	3	Jumanji: The Next Level	✓	7.6 %
4	Dune	✓	6.1%	4	Bad Boys For Life		7.2 %
5	Venom: Let There Be Carnage	✓	4.5%	5	Sonic The Hedgehog		5.4 %

Fourth Quarter and Full Year

Box office revenues increased \$118.6 million to \$125.9 million during the fourth quarter of 2021, compared to \$7.3 million recorded in the same period in 2020. This increase was mainly due to a 9.5 million increase in theatre attendance as Cineplex's theatre circuit commenced reopening during the third quarter, compared to closures that remained in effect for a majority of the prior year period. The release of Marvel's highly anticipated *Spider-Man: No Way Home* also contributed to the significant increase in box office revenues when compared to the prior year; it had the second biggest North American opening weekend of all-time, grossing \$260.1 million becoming the fourth highest grossing film in North America and eighth highest worldwide of all-time. It is also the first film to generate in excess of \$200.0 million during its opening weekend since *Avengers: Endgame* which debuted in 2019. However, government imposed capacity restrictions were reinstated in December 2021 impacting the majority of Cineplex's theatres, limiting Cineplex's ability to fully benefit from the strong slate of film releases in December.

BPP for the three months ended December 31, 2021 was \$12.29, an all-time quarterly record for Cineplex. Price increases in select key markets and additional VIP theatre locations which drive higher per patron spend attributed to the increase. The release of first run film product available in the current period drove guests to premium experiences compared to limited film product in the prior year, further contributing to the increase in BPP. When compared to the prior year period, BPP increased \$3.06 or 33.2% from \$9.23 due to more new releases and premium offerings in the current period as compared to the prior period which focused on discounted pricing for older and more classic film products.

Cineplex reported box office revenues for the year ended December 31, 2021 of \$236.3 million, an increase of \$103.5 million or 77.9% from the prior year. The increase in box office revenues was primarily due to a 7.0 million increase in theatre attendance as a result of the full reopening of Cineplex's theatres that commenced during the third quarter compared to prolonged closures or significant capacity restrictions that remained in effect for a majority of the prior year period.

Cineplex's BPP for the year ended December 31, 2021 increased \$1.60, or 15.7%, from \$10.17 in 2020 to an all-time annual record of \$11.77 in 2021, eclipsing a record previously established in 2019. This increase was primarily due price increases in select key markets, and more first run film product available in the current period driving guests to premium experiences in the current period as compared to the prior period which focused on discounted pricing for older and more classic film products.

Food service revenues

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

Food service revenues	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
Food service - theatres	\$ 76,695	\$ 7,122	976.8%	\$ 159,201	\$ 91,384	74.2%
Food delivery - theatres	2,999	2,660	12.7%	13,052	8,175	59.7%
Food service - LBE	7,524	632	NM	14,613	8,882	64.5%
Food delivery - LBE	26	129	-79.9%	132	191	-31.1%
Total food service revenues	\$ 87,244	\$ 10,543	727.5%	\$ 186,998	\$ 108,632	72.1%
Theatre attendance (i)	10,245	786	NM	20,080	13,065	53.7%
CPP (i) (ii) (iii)	\$ 7.49	\$ 9.06	-17.3%	\$ 7.93	\$ 6.99	13.4%
Same theatre food service revenues (i)	\$ 75,594	\$ 7,189	951.5%	\$ 157,465	\$ 90,695	73.6%
Same theatre attendance (i)	10,187	783	NM	19,982	12,920	54.7%

(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.

(iii) 2021 CPP was negatively impacted by government restrictions prohibiting concession sales effective December 18, 2021, in Ontario.

Theatre food service revenue continuity	Fourth Quarter		Full Year	
	Theatre Food Service	Theatre Attendance	Theatre Food Service	Theatre Attendance
2020 as reported	\$ 7,122	786	\$ 91,384	13,065
Same theatre attendance change	86,412	9,404	49,576	7,062
Impact of same theatre CPP change	(17,911)	—	17,193	—
New and acquired theatres (i)	1,089	56	1,651	85
Disposed and closed theatres (i)	(17)	(1)	(603)	(132)
2021 as reported	\$ 76,695	10,245	\$ 159,201	20,080

(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.

Fourth Quarter and Full Year

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 services revenues increased by \$76.7 million primarily due to the \$69.6 million increase in theatre food service revenues to \$76.7 million in the quarter. The increase in food service revenues is due to the reopening of theatres and LBE businesses that commenced during the third quarter resulting in an increase in attendance across Cineplex's businesses, although government imposed capacity restrictions reinstated in December limited attendance levels that have historically been higher during the holiday period. CPP decreased by \$1.57 or 17.3% to \$7.49, partly due to government restrictions imposed in Ontario prohibiting food consumption which negatively impacted theatre food sales and CPP. In the prior year period, a higher percentage of theatres were open in provinces that have historically had a higher CPP, with excited movie goers incurring a higher spend per visit. Food service revenues from LBE venues increased by \$6.9 million to \$7.5 million compared to the prior year period due to the reopening of LBE businesses across Canada as restrictions were temporarily lifted in 2021 and the addition of new LBE locations.

Annual food service revenues increased \$78.4 million, or 72.1% as compared to the prior year to \$187.0 million. The increase in food service revenues is primarily driven by the increase in theatre food service revenue as a result of the reopening of theatres across Canada compared to extended closure periods experienced in the prior year. CPP increased \$0.94 or 13.4% to an all-time annual record of \$7.93. Product mix, modest price increases to Cineplex's core food service products, additional VIP theatre locations and film product targeted towards adult demographics all contributed to the increase in CPP.

Media revenues

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

Media revenues	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
Cinema media	\$ 22,007	\$ 1,368	NM	\$ 32,958	\$ 23,568	39.8%
Digital place-based media	10,788	11,128	-3.1%	32,372	41,790	-22.5%
Total media revenues from continuing operations	\$ 32,795	\$ 12,496	162.4%	\$ 65,330	\$ 65,358	—%
Media revenues from discontinued operations	—	—	—%	—	602	-100.0%
Total media revenues	\$ 32,795	\$ 12,496	162.4%	\$ 65,330	\$ 65,960	-1.0%

Fourth Quarter and Full Year

Total media revenues from continuing operations increased \$20.3 million or 162.4% to \$32.8 million in the fourth quarter of 2021 compared to the prior year period. This increase was due to a \$20.6 million increase in Cinema media as a result of the reopening of theatres leading to significant increases in pre-show and show-time advertising 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 is consistent with the increase in attendance levels when compared to the prior period. The release of the highly anticipated films *Spider-Man: No Way Home* and *The Matrix Resurrections* during the fourth quarter of 2021 contributed to the increase in both pre-show and show-time advertising revenue compared to the prior year period which had limited first run product releases. The increase in Cinema media revenues was partially offset by a \$0.3 million decrease in digital place-based media revenues.

Total media revenues from continuing operations remained flat at \$65.3 million for the year ended December 31, 2021. Cineplex recognized a \$9.4 million increase in Cinema media revenue primarily due to the reopening of theatres resulting in an increase in pre-show and show time advertising revenue. This was offset by a decrease in digital place-based media revenue of \$9.4 million due to lower project revenue (hardware sales), creative and digital advertising revenue.

Amusement Revenues

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

Amusement revenues	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
Amusement - PIAG excluding Cineplex exhibition and LBE (i)	\$ 31,804	\$ 11,815	169.2%	\$ 100,282	\$ 60,027	67.1%
Amusement - Cineplex exhibition (i)	1,963	130	NM	4,943	2,457	101.2%
Amusement - LBE	11,329	1,652	585.7%	29,248	15,417	89.7%
Total amusement revenues	\$ 45,096	\$ 13,597	231.7%	\$ 134,473	\$ 77,901	72.6%

(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.

Fourth Quarter and Full Year

Amusement revenues increased \$31.5 million or 231.7% to \$45.1 million during the quarter compared to the prior year period. The quarterly increase in revenues was primarily due to the reopening of PIAG US and Canada route locations at FECs and theatres. Additionally, the reopening of LBE businesses also resulted in increased amusement revenues when compared to the prior year period. However, government imposed restrictions reinstated during December in several key provinces in which Cineplex operates, reduced operations to below normal capacity levels negatively impacting Cineplex's revenue generating potential.

For the annual period, amusement revenues increased by \$56.6 million or 72.6% compared to the prior year period to \$134.5 million. The increase was due to strong reopening of P1AG US route locations at FECs, theatres and increased equipment sales when compared to the prior year where government mandated closures resulted in prolonged closures of P1AG route locations, Cineplex theatres and LBE venues. The opening of an additional *Playdium* location in Dartmouth, Nova Scotia and two additional *The Rec Room* locations in Burnaby, British Columbia and Barrie, Ontario during year also contributed to the increase in LBE amusement revenues.

Other revenues

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

Other revenues	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
Other revenues from continuing operations	\$ 8,926	\$ 8,556	4.3%	\$ 33,548	\$ 33,552	—%
Other revenues from discontinued operations	—	—	—	—	199	-100.0%
Total other revenues	\$ 8,926	\$ 8,556	4.3%	\$ 33,548	\$ 33,751	-0.6%

Fourth Quarter and Full Year

The quarterly increase in other revenues from continuing operations is primarily due to the resumption of the recognition of breakage revenues relating to gift card sales, net of lower digital commerce sales.

The annual increase in other revenues from continuing operations was primarily due to the resumption of the recognition of breakage revenues relating to gift card sales compared to the prior year where the recognition of breakage revenue was suspended during the shutdown of theatres and LBE venues.

Film cost

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

Film cost	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
Film cost	\$ 61,990	\$ 3,151	NM	\$ 114,674	\$ 66,922	71.4%
Film cost percentage (i)	49.2%	43.4%	5.8%	48.5%	50.4%	-1.9%

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

Fourth Quarter and Full Year

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 fourth quarter over the prior year period is due to the release of first run film product including *Spider-Man: No Way Home*, *Dune*, *Ghostbusters: Afterlife* and *No Time to Die*, compared to limited releases in the comparative period.

The increase in film cost for the annual period is due to the release of first run film product in the current period compared to limited releases and older and classic film product with lower settlement rates in the prior year. In the prior year period, there were a limited number of theatres open operating at significantly reduced capacities, resulting in a less meaningful comparison of film cost percentages.

Cost of food service

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

Cost of food service	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
Cost of food service - theatre	\$ 19,066	\$ 3,704	414.8%	\$ 37,697	\$ 27,845	35.4%
Cost of food service - LBE	1,976	285	593.2%	3,986	2,822	41.2%
Total cost of food service	\$ 21,042	\$ 3,989	427.5%	\$ 41,683	\$ 30,667	35.9%
Theatre concession cost percentage (i)	23.9%	37.9%	-14.0%	21.9%	28.0%	-6.1%
LBE food cost percentage (i)	26.2%	37.4%	-11.2%	27.0%	31.1%	-4.1%
Theatre concession margin per patron (i)	\$ 5.70	\$ 5.63	1.2%	\$ 6.19	\$ 5.04	22.8%

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

Fourth Quarter and Full Year

Cost of food service at the theatres varies primarily with theatre attendance 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 quarterly and annual increase in cost of food service is positively correlated to the increase in food service revenues recognized during the quarter and annual period as a result of the reopening of Cineplex theatres and LBE businesses, compared to closures that remained in effect for a majority of the prior year period. The quarterly and annual decrease in theatre concession cost percentage and LBE food cost percentage when compared to the prior year is due to higher costs resulting from extended closure periods of theatres and LBE businesses in 2020 resulting in lower volume of food sales and increased reserves on perishable inventory as a result of mandated closures with limited notice in 2020.

Depreciation and amortization

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

Depreciation and amortization expenses	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
Depreciation of property, equipment and leaseholds	\$ 24,754	\$ 27,043	-8.5%	\$ 102,277	\$ 113,346	-9.8%
Amortization of intangible assets and other assets	2,747	1,707	60.9%	10,765	11,500	-6.4%
Sub-total - depreciation and amortization - other assets	\$ 27,501	\$ 28,750	-4.3%	\$ 113,042	\$ 124,846	-9.5%
Depreciation - right-of-use assets	25,041	28,136	-11.0%	102,247	128,393	-20.4%
Total depreciation and amortization	\$ 52,542	\$ 56,886	-7.6%	\$ 215,289	\$ 253,239	-15.0%

Fourth Quarter and Full Year

Depreciation of property, equipment and leaseholds decreased by \$2.3 million, or 8.5% during the quarter compared to the prior year period, and by \$11.1 million or 9.8% for the year compared to the prior year period. The decrease was due primarily to fully depreciated property, equipment and leaseholds.

The quarterly increase in amortization of intangible assets and other relates to software developments and additions in the current period. The decrease in amortization of intangible assets and other assets as compared to the prior full year period is due to fully amortized intangible assets.

The quarterly and annual decrease of \$3.1 million and \$26.1 million, respectively, in depreciation of right-of-use assets 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.

Impairment of long-lived assets, goodwill and investments

The following table highlights the movement in impairment of long-lived assets and goodwill during the quarter and the full year (in thousands of dollars):

Impairment of long-lived assets and goodwill	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
Impairment of property, equipment and leaseholds	\$ 943	\$ 5,243	-82.0%	\$ 943	\$ 39,192	-97.6%
Impairment of right-of-use assets	2,774	21,236	-86.9%	2,774	71,846	-96.1%
Impairment of goodwill	—	26,906	NM	—	181,035	NM
Impairment of investments	—	2,790	NM	—	2,790	NM
Impairment of long-lived assets, goodwill and investments	\$ 3,717	\$ 56,175	-93.4%	\$ 3,717	\$ 294,863	-98.7%

Fourth Quarter and Full Year

Cineplex generally performs its annual test for impairment of goodwill and indefinite-lived intangible assets in the fourth quarter, in accordance with the policy described in its annual consolidated financial statements. Assessment of impairment for long-lived assets, including property, equipment, leaseholds, right-of-use assets, intangible assets and goodwill is performed more frequently as specific events or circumstances dictate triggering events and changes in circumstances indicate that the carrying amount of the asset group may not be fully recoverable.

In early 2020, in response to the outbreak of the COVID-19 pandemic as declared by the WHO, the government of Canada announced mandated closure of schools, public facilities and non-essential businesses. Consequently, effective March 16, 2020 and continuing throughout the remainder of the year, Cineplex had to either temporarily close its theatres and location-based entertainment venues or operate with strict capacity restrictions across its operations, resulting in material decreases in revenues, results of operations and cash flows and a material decrease in Cineplex's market value due to a sharp decline in its share price. These represented triggering events at each balance sheet date in 2020.

Increasing concerns over the new highly transmissible Omicron COVID-19 variant and increased daily COVID-19 case counts led to shutdowns and restrictions in several provinces that materially affected operations representing a triggering event requiring impairment testing for long-lived assets, indefinite-lived intangible assets and goodwill at December 31, 2021. During the fourth quarter of 2021, government imposed restrictions were reinstated in Ontario, British Columbia, New Brunswick, Nova Scotia and Prince Edward Island, reducing capacity limits to 50% and requiring temporary theatre closures in Quebec. Further government-imposed restrictions were reinstated or modified subsequent to December 31, 2021 resulting in temporary theatre closures in Ontario, Newfoundland and New Brunswick. Based on the results of the impairment tests, Cineplex recognized non-cash impairment charges of \$0.9 million to property, equipment and leaseholds and \$2.8 million to right-of-use assets for the year ended December 31, 2021. If the discount rates were to increase by 2.0%, assuming a constant cash flow margin, or discounted cash flows were 13% less than estimated, there would not be any further material impairments to property, equipment and leaseholds, and right-of-use assets.

Fair value less cost to sell is determined using Level 3 inputs such as attendance and the related revenue growth rates, variable and fixed cash flows, operating margins, and discount rates based on Cineplex's internal budget. Cineplex projects revenue, operating margins and cash flows for a period of five years, and applies a perpetual long-term growth rate thereafter. In arriving at its forecasts, Cineplex considers past experience, economic trends such as inflation, as well as industry and market trends. Cineplex has considered the significant impact of COVID-19 on the business with the capacity restrictions and/or temporary theatre closures reinstated during and subsequent to December 2021. Estimates have been applied for the impact of temporary closures and for operations with capacity restrictions, for both Cineplex and customer locations for the first quarter of 2022. Subsequent to 2022, a range of estimates for growth in adjusted EBITDAaL (See Non-GAAP and other financial measures section of this news release) from 1% to 6% has been applied across locations for the period 2023-2026 to reflect a staged reopening and other scenarios. Cineplex's estimated adjusted EBITDAaL for 2022 contemplates the latest information provided by government, at the measurement date, related to the timing of the lifting of restrictions on locations and available information related to the release of film content, as well as observable evidence from other territories of consumer behaviour upon the reopening of theatres.

Cineplex's projected revenue and cash flows for 2022 assume business will be negatively impacted by the further government-imposed restrictions reinstated or modified in Ontario, Quebec, British Columbia, Newfoundland and New Brunswick subsequent to December 31, 2021. For every quarter Cineplex stays closed, additional impairment charges could be required.

Discount rates applied to the groups of goodwill cash-generating units ("CGUs") represent Cineplex's assessment of the risks specific to each group of CGUs regarding the time value of money and individual risks of the underlying assets. Cineplex used discount rates between 8.0% and 13.6% (2020 - between 11.0% and 16.7%), and no change to the perpetual growth rates

between 0.5% and 1.0% (2020 - between 0.5% and 1.0%), which are consistent with the observed long-term average growth rates in the exhibition, amusement and leisure, and digital media industries.

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

If the return to business continues to be delayed as a result of actions outside of the control of management, including but not limited to additional changes to the film slate release schedule, ongoing government restrictions impacting the re-opening of entertainment venues and delays in the vaccine roll out, management's estimates of operating results and further cash flows for the forecasted period may be negatively impacted. As a result, they may be insufficient to support the recoverability of goodwill and long lived assets in certain CGUs, thus requiring further impairment charges. Cineplex will continue to evaluate the recoverability of goodwill at the cash generating unit level on an annual basis during its fourth quarter and whenever events or changes in circumstances indicate there may be a potential impairment.

For goodwill, Cineplex concluded there were no non-cash impairment losses in the exhibition business within the Film Entertainment and Content segment. For one group of CGUs in the Film Entertainment and Content segment, if the discount rates were to increase by 2.0%, assuming a constant cash flow margin, or discounted cash flows were 13% less than estimated, the carrying amount of the group of CGUs would exceed the reasonable range for the recoverable amounts by \$5.2 million. The goodwill for this group of CGUs represents 8% of the total carrying amount of goodwill. For all other CGUs, no reasonably possible change in assumption would cause the recoverable amount to fall below the carrying value.

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

Impairment of intangible assets - discontinued operations

The following table highlights the movement in impairment of intangible assets - discontinued operations during the quarter and the full year (in thousands of dollars):

Impairment of intangible assets - discontinued operations	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
Impairment of intangible assets - discontinued operations	\$ —	\$ —	NM	\$ —	\$ 5,156	NM

Intangible assets included in assets held for sale were written down in 2020 prior to disposition to reflect their expected net realizable value. On June 29, 2020, Cineplex sold all of its interest in WorldGaming Network LP for a nominal amount. No other operations were classified as a discontinued operation in the current period.

Loss (gain) on disposal of assets

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

Loss (gain) on disposal of assets	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
Loss (gain) on disposal from continuing operations	\$ 1,576	\$ (283)	NM	\$ (28,283)	\$ (13,101)	115.9%
Loss on disposal from discontinued operations	—	—	—%	—	129	-100.0%
Loss (gain) on disposal of assets	\$ 1,576	\$ (283)	NM	\$ (28,283)	\$ (12,972)	118.0%

The annual gain on disposal of assets was primarily from the sale of the head office buildings completed in the first quarter of 2021, for gross proceeds of \$57.0 million. Cineplex continues to occupy its head office buildings as a tenant. The prior full year gain includes the sale of certain restrictive lease rights in the third quarter.

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 include 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 full year (in thousands of dollars):

Other costs	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
Theatre occupancy expenses	\$ 13,176	\$ 9,891	33.2%	\$ 40,945	\$ 60,514	-32.3%
Other operating expenses	129,023	55,567	132.2%	339,313	276,092	22.9%
General and administrative expenses	15,771	11,755	34.2%	59,296	39,084	51.7%
Total other costs from continuing operations	\$ 157,970	\$ 77,213	104.6%	\$ 439,554	\$ 375,690	17.0%
Other costs from discontinued operations	—	—	—%	—	2,212	-100.0%
Total other costs	\$ 157,970	\$ 77,213	104.6%	\$ 439,554	\$ 377,902	16.3%

Theatre occupancy expenses

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

Theatre occupancy expenses	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
Cash rent paid/payable (i)	\$ 32,415	\$ 23,727	36.6%	\$ 113,080	\$ 109,161	3.6%
Other occupancy	14,786	12,820	15.3%	57,852	65,545	-11.7%
One-time items (ii)	(863)	(169)	410.7%	(4,690)	(2,108)	122.5%
Total theatre occupancy including cash lease payments	\$ 46,338	\$ 36,378	27.4%	\$ 166,242	\$ 172,598	-3.7%
Cash rent paid/payable related to lease obligations (iii)	(33,162)	(26,487)	25.2%	(125,297)	(112,084)	11.8%
Theatre occupancy as reported	\$ 13,176	\$ 9,891	33.2%	\$ 40,945	\$ 60,514	-32.3%

(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	Fourth Quarter Occupancy	Full Year Occupancy
2020 as reported	\$ 9,891	\$ 60,514
Impact of new and acquired theatres	218	363
Impact of disposed theatres	(179)	(1,410)
Same theatre rent change (i)	7,100	14,566
One-time items	(694)	(2,582)
Other	3,515	(17,293)
<u>Impact of IFRS 16 adoption:</u>		
Cash rent paid/payable related to lease obligations	(6,675)	(13,213)
2021 as reported	\$ 13,176	\$ 40,945

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

Fourth Quarter

Theatre occupancy expenses increased \$3.3 million or 33.2% during the fourth quarter of 2021 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 the increase 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. As a result, rent relief measures negotiated with landlord partners were higher in the prior year period as compared to the current period. Cineplex was able to reduce theatre occupancy expenses through the receipt of realty tax and rent subsidies of \$0.5 million (2020 - \$2.9 million) and \$1.0 million (\$2.7 million), respectively.

Full Year

The decrease in theatre occupancy expenses of \$19.6 million or 32.3% for the 2021 year compared the prior year was due to lower theatre rent related expenses including common area maintenance and taxes as compared to the prior year period. Cineplex recognized realty tax subsidies of \$11.0 million (2020 - \$2.9 million) and rent subsidies of \$12.9 million (2020 - \$2.7 million), contributing to the decrease in theatre occupancy expenses.

Other operating expenses

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

Other operating expenses	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
Theatre payroll	\$ 30,766	\$ 5,157	496.6%	\$ 63,818	\$ 40,689	56.8%
Theatre operating expenses	27,146	12,717	113.5%	66,188	61,359	7.9%
Media	13,146	8,513	54.4%	37,263	42,913	-13.2%
PIAG	27,853	15,494	79.8%	91,573	71,638	27.8%
LBE (i)	12,692	5,037	152.0%	31,331	26,731	17.2%
LBE pre-opening (ii)	—	785	NM	1,354	1,907	-29.0%
SCENE	8,641	4,890	76.7%	29,019	13,423	116.2%
Marketing	5,211	2,136	144.0%	10,710	7,223	48.3%
Other (iii)	7,605	5,093	49.3%	24,676	24,389	1.2%
Other operating expenses including cash lease payments	\$ 133,060	\$ 59,822	122.4%	\$ 355,933	\$ 290,272	22.6%
Cash rent paid/payable related to lease obligations (iv)	(4,037)	(4,255)	-5.1%	(16,620)	(14,180)	17.2%
Other operating expenses from continuing operations	\$ 129,023	\$ 55,567	132.2%	\$ 339,313	\$ 276,092	22.9%
Other operating expenses from discontinued operations	—	—	—%	—	2,212	-100.0%
Total other operating expenses	\$ 129,023	\$ 55,567	132.2%	\$ 339,313	\$ 278,304	21.9%

(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.

Other operating continuity from continuing operations	Fourth Quarter Other Operating	Full Year Other Operating
2020 as reported	\$ 55,567	\$ 276,092
Impact of new and acquired theatres	788	1,238
Impact of disposed theatres	21	(1,071)
Same theatre payroll change (i)	24,834	22,542
Same theatre operating expenses change (i)	14,451	5,276
Media operating expenses change	4,633	(5,650)
PIAG operating expenses change	12,359	19,935
LBE operating expenses change	7,655	4,600
LBE pre-opening change	(785)	(553)
SCENE change	3,751	15,596
Marketing change	3,075	3,487
Other	2,456	261
Impact of IFRS 16 adoption:		
Cash rent related to lease obligations	218	\$ (2,440)
2021 as reported	\$ 129,023	\$ 339,313

(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.

Fourth Quarter

Other operating expenses increased \$73.5 million or 132.2% during the fourth quarter of 2021 compared to the prior year period. The increase was primarily driven by increases in same store theatre payroll and theatre operating expenses of \$25.6 million and \$14.4 million, respectively, as Cineplex's theatres were operating at a greater capacity in the current period as compared to extended closures in effect during the prior year. Cineplex also recognized P1AG other operating expenses of \$27.9 million, an increase of \$12.4 million when compared to the prior year due to the reopening of P1AG US and Canadian route locations. With the lifting of government-imposed restrictions, Cineplex's LBE locations were also open for the majority of the fourth quarter resulting in LBE other operating expenses of \$12.7 million an increase of \$7.7 million when compared to the prior year. Cineplex also recognized a \$3.8 million increase in SCENE operating costs prior to the launch of Scene+, and a \$3.1 million increase in marketing expenses primarily related to the launch of Cineplex's national brand campaign, *Where Escape Begins* which launched on September 27, 2021. Cineplex received \$8.9 million of subsidies in the current period, comprised of \$8.8 million (2020 -\$14.3 million) of payroll subsidies of which \$6.5 million (2020 - \$6.9 million) was offset against theatre payroll, and \$0.1 million (2020 - \$1.8 million) of non-theatre rent, realty tax and utilities subsidies.

Full Year

The overall increase in other operating expenses was a result of the reopening of Cineplex's theatres, LBE businesses and P1AG US and Canada route locations at FEC's and theatres. The increase is also attributable to the increase in SCENE operating costs prior the launch of Scene+. In the prior year period, Cineplex experienced extended closure periods of its theatres, LBE locations and P1AG route locations resulting in a significant decrease in business volumes. For the annual period, Cineplex received \$54.8 million (2020 - \$49.8 million) of subsidies in the current period, comprised of \$48.4 million (2020 - \$47.6 million) of payroll subsidies of which \$30.6 million (2020 - \$25.3 million) was offset against theatre payroll, and \$6.4 million (2020 - \$2.2 million) 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 full year, including Share-based compensation costs, and G&A expenses net of these costs (in thousands of dollars):

G&A expenses	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
G&A excluding the following items	\$ 12,730	\$ 7,261	75.3%	\$ 44,239	\$ 43,717	1.2%
Restructuring	—	2,396	-100.0%	—	8,258	-100.0%
Transaction / Litigation costs	2,275	1,279	77.9%	11,395	4,101	177.9%
LTIP (i)	800	248	222.6%	4,065	(15,104)	-126.9%
Option plan	523	718	-27.2%	1,903	(1,203)	-258.2%
G&A expenses including cash lease payments	\$ 16,328	\$ 11,902	37.2%	\$ 61,602	\$ 39,769	54.9%
Cash rent paid/payable included as part of lease obligations (ii)	(557)	(147)	278.9%	(2,306)	(685)	236.6%
G&A expenses as reported	\$ 15,771	\$ 11,755	34.2%	\$ 59,296	\$ 39,084	51.7%

(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.

Fourth Quarter and Full Year

G&A expenses increased \$4.0 million during the fourth quarter of 2021 compared to the prior year period. The change is attributable to higher head office payroll expenses and professional fees incurred related to the litigation against Cineworld. Cineplex incurred \$2.3 million (2020 - \$1.3 million) of expenses related to litigation arising from the Cineworld Transaction during the quarter (Section 1.1, Cineworld Transaction). Variable wage subsidies declined as business volumes increased, resulting in lower wage benefits received in the current period, contributing to the higher G&A expenses compared to the prior year. Employee payroll was reduced by \$0.8 million (2020 - \$2.3 million) under the THRP.

G&A expenses for the annual period increased \$20.2 million as compared to the prior year. The change was primarily due to a significant decrease in LTIP expense in the prior period due to the sharp decline in Cineplex's Share price as a result of the impact of the COVID-19 pandemic on Cineplex's business, which fell from \$33.90 at the beginning of 2020 to \$9.27 per Share at December 31, 2020. Cineplex also recognized total costs relating to litigation arising from the Cineworld Transaction of \$11.4 million, an increase of \$7.3 million when compared to the prior year. Employee payroll was reduced by \$7.8 million (2020 - \$9.4 million) received under the CEWS and THRP program in 2021.

NET LOSS AND EARNINGS BEFORE INTEREST, INCOME TAXES, DEPRECIATION AND AMORTIZATION AFTER LEASES (“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 months and year ended December 31, 2021 as compared to the prior year period (expressed in thousands of dollars, except adjusted EBITDAaL margin):

NET LOSS AND EBITDA	Fourth Quarter			Full Year		
	2021	2020	Change	2021	2020	Change
Net loss	\$ (21,778)	\$ (230,403)	-90.5 %	\$ (248,722)	\$ (624,001)	-60.1%
Net loss as a percentage of sales	(7.3)%	(439.3)%	432.0 %	(37.9)%	(149.2)%	111.3%
EBITDA	\$ 60,966	\$ (90,897)	NM	\$ 93,402	\$ (345,244)	NM
Adjusted EBITDA	\$ 58,328	\$ (32,097)	NM	\$ 59,927	\$ (55,866)	NM
Adjusted EBITDAaL	\$ 20,198	\$ (65,948)	NM	\$ (84,295)	\$ (182,815)	-53.9%
Adjusted EBITDAaL margin	6.7 %	(125.7)%	132.4 %	(12.8)%	(43.7)%	30.9%

Net loss and adjusted EBITDAaL for the fourth quarter of 2021 were \$(21.8) million and \$20.2 million, respectively, as compared to the net loss of \$(230.4) million and adjusted EBITDAaL of \$(65.9) million, respectively, in the prior year period. The movement in both net loss and adjusted EBITDAaL was primarily due to the reopening of Cineplex’s entire circuit of theatres and LBE venues during the majority of the fourth quarter, despite capacity restrictions reinstated in Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and British Columbia on December 18, 2021 and theatres in Quebec mandated to close effective December 20, 2021 in response to a surge in COVID-19 cases. Cinema media revenues and amusement revenues from route operations in both Canada and the United States also increased in the periods of reopening. In the prior year period, the second wave of COVID-19 in the winter resulted in another round of closures of Cineplex’s theatres and LBE venues in several provinces during the latter half of the fourth quarter of 2020.

Net loss for the year ended December 31, 2021 was \$(248.7) million, as compared to the net loss of \$(624.0) million in the prior year period. Adjusted EBITDAaL for the year ended December 31, 2021 was a loss of \$(84.3) million as compared to a loss of \$(182.8) million for the same period in 2020. The movements in both net loss and adjusted EBITDAaL were primarily due to the lifting of some restrictions on the theatre and LBE businesses commencing near the end of the second quarter of 2021, and reopening of Cineplex’s entire circuit of theatres and LBE venues as of July 17, 2021, continuing into the third and fourth quarters. In response to a surge in COVID-19 cases, capacity restrictions were reinstated in Ontario, New Brunswick, Nova Scotia, Prince Edward Island and British Columbia effective December 18, 2021 and theatres in Quebec were mandated to close effective December 20, 2021. In the prior year period, Cineplex operated at full capacity until restrictions and closures began in March 2020 which continued until the latter half of August subsequent to which limited reopenings were allowed. The second wave of COVID-19 in the winter resulted in another round of closures in Cineplex’s theatres and LBE venues in several provinces during the latter half of the fourth quarter of 2020.

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

For the fourth quarter of 2021, adjusted free cash flow per common share of Cineplex was \$(0.02) as compared to \$(0.48) in the prior year period. During the 12 months ended December 31, 2021, Cineplex generated adjusted free cash flow per Share of \$(2.39), compared to \$(2.55) in the prior 12 month period. Cineplex declared dividends per Share of \$0.00 and \$0.15, respectively, in each 12 month period. The payout ratios for these periods were 0.0% and (5.9)%, respectively.

NON-GAAP AND OTHER FINANCIAL MEASURES

National Instrument 52-112, *Non-GAAP and Other Financial Measures Disclosure* (“NI 52-112”) is effective for documents filed by reporting issuers for years ending on or after October 15, 2021. The Instrument 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 the performance of Cineplex. 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 and Adjusted Free Cash Flow

EBITDA and adjusted free cash flow are not measures recognized by GAAP and do not have standardized meanings in accordance with such principles. Therefore, EBITDA and adjusted free cash flow may not be comparable to similar measures presented by other issuers.

EBITDA is calculated by adding back to net income or net loss, income tax expense, depreciation and amortization expense, and interest income from continuing operations. Adjusted EBITDA excludes the change in fair value of financial instrument, gain on disposal of assets, foreign exchange, the equity income (loss) of CDCP, the non-controlling interests' share of adjusted EBITDA of TG-CPX Limited Partnership, and impairment, depreciation, amortization, interest and taxes of Cineplex's other joint ventures and associates. Adjusted EBITDAaL modifies adjusted EBITDA to deduct current period cash rent paid or payable related to lease obligations. During the year, Cineplex agreed to a variety of arrangements with landlords to reduce or defer cash rent paid or payable as a result of the impact of COVID-19.

Cineplex's management believes that adjusted EBITDAaL is an important supplemental measure of Cineplex's profitability at an operational level and provides analysts and investors with comparability in evaluating and valuing Cineplex's performance period over period. EBITDA, adjusted for various unusual items, is also used to define certain financial covenants in Cineplex's Credit Facilities. Management calculates adjusted EBITDAaL margin by dividing adjusted EBITDAaL by total revenues.

Adjusted free cash flow is a non-GAAP measure generally used by Canadian corporations, as an indicator of financial performance and it should not be seen as a measure of liquidity or a substitute for comparable metrics prepared in accordance with GAAP. For a detailed reconciliation of net income or net loss to EBITDA, adjusted EBITDA and adjusted EBITDAaL and from cash provided by operating activities to adjusted free cash flow, please refer to Section 17, Non-GAAP and other financial measures Cineplex's 2021 Management Discussion & Analysis, on page 77.

Net cash burn

Management believes that net cash burn is an important non-GAAP measure that is used to analyze Cineplex's cash used to maintain operating activities, make growth capital expenditures and principal repayments on its lease obligations. Net Cash Burn is calculated as net cash provided by (used in) operating activities adjusted for the timing differences of changes in operating assets and liabilities, less repayments of lease obligations - principal and net capital expenditures, adjusted for the the timing of lease payments and tax recoveries.

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 December 31, 2021 the impact of 2 locations that have been opened or acquired and 6 locations that have been closed have been excluded, resulting in 152 theatres being included in the same theatre metrics. For the year ended December 31, 2021 the impact of the 2 locations that have been opened or acquired and the 7 locations that have been closed have been excluded, resulting in 151 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 include, among other things, the introduction of vaccine passports or proof of vaccination mandates, social distancing measures and restrictions including those on capacity. The uncertainty of the timing of the reductions of many government-imposed restrictions may potentially have negative effects on Cineplex's businesses. Restrictions imposed in many of the markets in which Cineplex operates are gradually being lifted as COVID-19 cases decline across the country, providing clearer visibility for the reopening of 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 duration and impact of the COVID-19 pandemic on Cineplex, the movie exhibition industry and the economy in general, as well as Cineplex's response to the COVID-19 pandemic as it relates to the closure 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.

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

Cineplex Inc. Q4 2021 Analyst Conference Call Details:

Date: Friday, February 11, 2022

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

Audio Webcast: Available [here](#) or on the Company's investor website homepage at <http://ir.cineplex.com/>.
The webcast will be available for one year.

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: 448868.

All attendees should join the event 5-10 minutes prior to the scheduled start time. When prompted, please provide the confirmation code or event title. 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 or download the Cineplex App.

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

	December 31,		December 31,
	2021		2020
Assets			
Current assets			
Cash and cash equivalents	\$ 26,938	\$	16,254
Trade and other receivables	80,679		51,834
Income taxes receivable	1,984		66,551
Inventories	24,899		21,712
Prepaid expenses and other current assets	13,365		11,613
	<hr/>		<hr/>
	147,865		167,964
Non-current assets			
Property, equipment and leaseholds	464,439		555,340
Right-of-use assets	768,675		881,418
Interests in joint ventures and associates	7,423		8,644
Intangible assets	81,651		84,922
Goodwill	635,545		635,582
Derivative financial instrument	9,240		—
	<hr/>		<hr/>
	\$ 2,114,838	\$	2,333,870
	<hr/>		<hr/>

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

(expressed in thousands of Canadian dollars)

	December 31, 2021	December 31, 2020
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 157,950	\$ 82,992
Share-based compensation	—	482
Income taxes payable	1,945	802
Deferred revenue and other	293,206	219,983
Lease obligations	101,058	97,259
Fair value of interest rate swap agreements	8,063	7,202
	<hr/> 562,222	<hr/> 408,720
Non-current liabilities		
Share-based compensation	4,940	2,670
Long-term debt	739,211	725,271
Fair value of interest rate swap agreements	6,160	19,157
Lease obligations	1,004,465	1,073,666
Post-employment benefit obligations	9,973	11,503
Other liabilities	7,590	68,649
	<hr/> 1,772,339	<hr/> 1,900,916
Total liabilities	<hr/> 2,334,561	<hr/> 2,309,636
Shareholders' (deficit) equity		
Share capital	852,465	852,379
Deficit	(1,151,394)	(903,394)
Hedging reserves and other	(131)	(131)
Contributed surplus	80,027	75,882
Cumulative translation adjustment	(690)	(502)
Total shareholders' (deficit) equity	<hr/> (219,723)	<hr/> 24,234
	<hr/> \$ 2,114,838	<hr/> \$ 2,333,870

Cineplex Inc.**Consolidated Statements of Operations**

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

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Revenues				
Box office	\$ 125,890	\$ 7,260	\$ 236,320	\$ 132,820
Food service	87,244	10,543	186,998	108,632
Media	32,795	12,496	65,330	65,358
Amusement	45,096	13,597	134,473	77,901
Other	8,926	8,556	33,548	33,552
	<u>299,951</u>	<u>52,452</u>	<u>656,669</u>	<u>418,263</u>
Expenses				
Film cost	61,990	3,151	114,674	66,922
Cost of food service	21,042	3,989	41,683	30,667
Depreciation - right-of-use assets	25,041	28,136	102,247	128,393
Depreciation and amortization - other assets	27,501	28,750	113,042	124,846
Loss (gain) on disposal of assets	1,576	(283)	(28,283)	(13,101)
Other costs	157,970	77,213	439,554	375,690
Share of (income) loss of joint ventures and associates	(1,781)	2,345	755	8,409
Interest expense - lease obligations	14,648	14,200	58,590	49,085
Interest expense - other	15,584	19,375	65,138	61,483
Interest income	(30)	(33)	(232)	(182)
Foreign exchange	(109)	759	(43)	57
Change in fair value of financial instruments	(5,420)	—	(8,790)	—
Impairment of long-lived assets and goodwill	3,717	56,175	3,717	294,863
	<u>321,729</u>	<u>233,777</u>	<u>902,052</u>	<u>1,127,132</u>
Loss from continuing operations before income taxes	<u>(21,778)</u>	<u>(181,325)</u>	<u>(245,383)</u>	<u>(708,869)</u>
Provision for income taxes				
Current	—	(65,776)	3,339	(73,495)
Deferred	—	114,854	—	(11,373)
	<u>—</u>	<u>49,078</u>	<u>3,339</u>	<u>(84,868)</u>
Net loss from continuing operations	<u>\$ (21,778)</u>	<u>\$ (230,403)</u>	<u>\$ (248,722)</u>	<u>\$ (624,001)</u>
Net loss from discontinued operations, net of taxes	—	—	—	(4,952)
Net loss	<u>\$ (21,778)</u>	<u>\$ (230,403)</u>	<u>\$ (248,722)</u>	<u>\$ (628,953)</u>
Net loss from continuing operations attributable to:				
Owners of Cineplex	\$ (21,778)	\$ (230,403)	\$ (248,722)	\$ (623,996)
Non-controlling interests	—	—	—	(5)
Net loss from continuing operations	<u>\$ (21,778)</u>	<u>\$ (230,403)</u>	<u>\$ (248,722)</u>	<u>\$ (624,001)</u>
Net loss attributable to:				
Owners of Cineplex	\$ (21,778)	\$ (230,403)	\$ (248,722)	\$ (628,948)
Non-controlling interests	—	—	—	(5)
Net loss	<u>\$ (21,778)</u>	<u>\$ (230,403)</u>	<u>\$ (248,722)</u>	<u>\$ (628,953)</u>
Net loss per share attributable to owners of Cineplex - basic and diluted:				
Continuing operations	\$ (0.34)	\$ (3.64)	\$ (3.93)	\$ (9.85)
Discontinued operations	—	—	—	(0.08)
Total operations	<u>\$ (0.34)</u>	<u>\$ (3.64)</u>	<u>\$ (3.93)</u>	<u>\$ (9.93)</u>

Cineplex Inc.

Consolidated Statements of Comprehensive Loss
(expressed in thousands of Canadian dollars)

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Net loss from continuing operations	\$ (21,778)	\$ (230,403)	\$ (248,722)	\$ (624,001)
Other comprehensive (loss) income from continuing operations				
<i>Items that will be reclassified subsequently to net income:</i>				
Foreign currency translation adjustment	(141)	(1,862)	(188)	378
Recognition of currency translation adjustment on disposition of discontinued operations	—	—	—	(160)
<i>Items that will not be reclassified to net income:</i>				
Actuarial loss of post-employment benefit obligations	722	(495)	722	(495)
Associated deferred income taxes expense	—	133	—	133
Other comprehensive income (loss) from continuing operations	581	(2,224)	534	(144)
Comprehensive loss from continuing operations	(21,197)	(232,627)	(248,188)	(624,145)
Net loss from discontinued operations, net of taxes	—	—	—	(4,952)
Foreign currency translation adjustment from discontinued operations	—	—	—	7
Comprehensive loss	\$ (21,197)	\$ (232,627)	\$ (248,188)	\$ (629,090)
Comprehensive loss from continuing operations attributable to:				
Owners of Cineplex	\$ (21,197)	\$ (232,627)	\$ (248,188)	\$ (624,140)
Non-controlling interests	—	—	—	(5)
	\$ (21,197)	\$ (232,627)	\$ (248,188)	\$ (624,145)
Comprehensive loss attributable to:				
Owners of Cineplex	\$ (21,197)	\$ (232,627)	\$ (248,188)	\$ (629,085)
Non-controlling interests	—	—	—	(5)
	\$ (21,197)	\$ (232,627)	\$ (248,188)	\$ (629,090)

Cineplex Inc.

Consolidated Statements of Changes in Equity

(expressed in thousands of Canadian dollars)

For the periods ended December 31, 2021 and 2020

	Share capital	Contributed surplus	Hedging reserves and other	Cumulative translation adjustment	Deficit	Non-controlling interests	Total
January 1, 2021	\$ 852,379	\$ 75,882	\$ (131)	\$ (502)	\$ (903,394)	\$ —	\$ 24,234
Net loss	—	—	—	—	(248,722)	—	(248,722)
Other comprehensive income (loss)	—	—	—	(188)	722	—	534
Total comprehensive loss	—	—	—	(188)	(248,000)	—	(248,188)
Share option expense	—	1,903	—	—	—	—	1,903
PSU/RSU expense	—	2,388	—	—	—	—	2,388
Settlement for cancelled options	—	(60)	—	—	—	—	(60)
Issuance of shares on exercise of options	86	(86)	—	—	—	—	—
December 31, 2021	\$ 852,465	\$ 80,027	\$ (131)	\$ (690)	\$ (1,151,394)	\$ —	\$ (219,723)
January 1, 2020	\$ 852,379	\$ 4,052	\$ (131)	\$ (887)	\$ (264,310)	\$ (109)	\$ 590,994
Net loss	—	—	—	—	(628,948)	(5)	(628,953)
Other comprehensive income (loss)	—	—	—	385	(522)	—	(137)
Total comprehensive loss	—	—	—	385	(629,470)	(5)	(629,090)
Dividends declared	—	—	—	—	(9,500)	—	(9,500)
Share option expense	—	1,152	—	—	—	—	1,152
PSU/RSU expense	—	76	—	—	—	—	76
Settlement for cancelled options	—	(453)	—	—	—	—	(453)
Conversion to equity-settled option plan	—	3,944	—	—	—	—	3,944
Conversion to equity-settled PSU/RSU plan	—	311	—	—	—	—	311
Issuance of convertible debentures	—	66,800	—	—	—	—	66,800
Non-controlling interests acquired	—	—	—	—	(114)	114	—
December 31, 2020	\$ 852,379	\$ 75,882	\$ (131)	\$ (502)	\$ (903,394)	\$ —	\$ 24,234

Cineplex Inc.

Consolidated Statements of Cash Flows

(expressed in thousands of Canadian dollars)

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Cash provided by (used in)				
Operating activities				
Net loss from continuing operations	\$ (21,778)	\$ (230,403)	\$ (248,722)	\$ (624,001)
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization - other assets	27,501	28,750	113,042	124,846
Depreciation - right-of-use assets	25,041	28,136	102,247	128,393
Unrealized foreign exchange	78	787	55	342
Interest rate swap agreements - non-cash interest	(5,282)	2,509	(12,730)	13,922
Accretion of convertible debentures and notes payable	4,164	3,428	15,973	7,471
Other non-cash interest	148	368	960	1,396
Loss (gain) on disposal of assets	1,576	(283)	(28,283)	(13,101)
Deferred income taxes	—	114,854	—	(11,373)
Non-cash share-based compensation	1,228	(3,149)	4,292	1,228
Change in fair value of financial instruments	(5,420)	—	(8,790)	—
Impairment of long-lived assets, goodwill and investments	3,717	56,175	3,717	294,863
Net change in interests in joint ventures and associates	(2,088)	5,044	1,805	12,878
Changes in operating assets and liabilities	(1,405)	(67,257)	117,438	(43,178)
Net cash provided by (used in) operating activities	27,480	(61,041)	61,004	(106,314)
Investing activities				
Proceeds from disposal of assets, net	68	59,870	63,215	80,920
Purchases of property, equipment and leaseholds	(5,052)	(9,969)	(23,627)	(73,411)
Intangible assets additions	(1,992)	(2,106)	(9,200)	(9,005)
Tenant inducements	1,044	2,697	8,068	24,296
Net cash received from CDCP	1,995	—	1,995	3,910
Net cash (used in) provided by investing activities	(3,937)	50,492	40,451	26,710
Financing activities				
Dividends paid	—	—	—	(19,000)
Repayments under credit facilities, net	1,000	46,000	(246,000)	(119,000)
Repayments of lease obligations - principal	(25,525)	(32,323)	(88,259)	(91,946)
Issuance of convertible debentures, net	—	—	—	303,063
Issuance of notes payable, net	—	—	243,996	—
Financing fees	(542)	(700)	(863)	(1,500)
Net cash (used in) provided by financing activities	(25,067)	12,977	(91,126)	71,617
Effect of exchange rate differences on cash	(9)	650	355	552
(Decrease) increase in cash and cash equivalents from continuing operations	(1,533)	3,078	10,684	(7,435)
Cash flows used in discontinued operations	—	—	—	(2,391)
Cash and cash equivalents - Beginning of period	28,471	13,176	16,254	26,080
Cash and cash equivalents - End of period	\$ 26,938	\$ 16,254	\$ 26,938	\$ 16,254
Supplemental information				
Cash paid for interest - lease obligation	\$ 14,581	\$ 13,203	\$ 56,708	\$ 32,371
Cash paid for interest - other	\$ 27,798	\$ 27,247	\$ 52,143	\$ 47,859
Cash received for income taxes, net	\$ —	\$ (1,124)	\$ (62,329)	\$ (16,297)

Cineplex Inc.

Consolidated Supplemental Information

(expressed in thousands of Canadian dollars)

Reconciliation to reported net loss to adjusted EBITDAaL

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Net loss from continuing operations	\$ (21,778)	\$ (230,403)	\$ (248,722)	\$ (624,001)
Depreciation and amortization - other	27,501	28,750	113,042	124,846
Depreciation - right-of-use assets	25,041	28,136	102,247	128,393
Interest expense - lease obligations	14,648	14,200	58,590	61,483
Interest expense - other	15,584	19,375	65,138	49,085
Interest income	(30)	(33)	(232)	(182)
Current income tax (recovery) expense	—	(65,776)	3,339	(73,495)
Deferred income tax expense (recovery)	—	114,854	—	(11,373)
EBITDA from continuing operations	\$ 60,966	\$ (90,897)	\$ 93,402	\$ (345,244)
Loss (gain) on disposal of assets	1,576	(283)	(28,283)	(13,101)
Change in fair value of financial instruments	(5,420)	—	(8,790)	—
CDCP equity (income) loss (i)	(2,439)	2,085	(146)	7,279
Foreign exchange (gain) loss	(109)	759	(43)	57
Impairment of long-lived assets, goodwill and investments	3,717	56,175	3,717	294,863
Non-controlling interest adjusted EBITDA	—	—	—	5
Depreciation and amortization - joint ventures and associates (ii)	25	11	25	73
Taxes and interest of joint ventures and associates (ii)	12	53	45	202
Adjusted EBITDA from continuing operations	\$ 58,328	\$ (32,097)	\$ 59,927	\$ (55,866)
Cash rent paid/payable related to lease obligations (iii)	(37,755)	(30,889)	(144,222)	(126,949)
Negotiated lease-related cash savings for the period (iii)	—	(2,598)	—	—
Cash rent paid not pertaining to current period (iv)	(375)	(364)	—	—
Adjusted EBITDAaL (v)	\$ 20,198	\$ (65,948)	\$ (84,295)	\$ (182,815)

(i) CDCP equity (income) loss 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 \$34.9 million (2020 - \$42.5 million) through December 31, 2021.

(iv) Includes amounts pre-paid or deferred to future periods, to better reflect the current period EBITDAaL.

(v) 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 December 31,		Year ended December 31,	
	2021	2020	2021	2020
Cash provided by (used in) operating activities	\$ 27,480	\$ (61,041)	\$ 61,004	\$ (106,314)
Less: Total capital expenditures net of proceeds on sale of assets	(4,985)	(10,099)	(20,295)	(73,411)
Standardized free cash flow	22,495	(71,140)	40,709	(179,725)
Add/(Less):				
Changes in operating assets and liabilities (i)	1,405	67,257	(117,438)	43,178
Changes in operating assets and liabilities of joint ventures and associates (i)	307	(2,699)	(1,050)	(4,469)
Principal component of lease obligations	(25,525)	(32,323)	(88,259)	(91,946)
Principal portion of cash rent paid not pertaining to current period	(737)	(357)	—	—
Growth capital expenditures and other (ii)	(350)	8,928	13,358	68,032
Share of loss of joint ventures and associates, net of non-cash depreciation	(622)	(196)	(832)	(855)
Non-controlling interest	—	—	—	5
Net cash received from CDCP (iii)	1,995	—	1,995	3,910
Adjusted free cash flow	\$ (1,032)	\$ (30,530)	\$ (151,517)	\$ (161,870)
Average number of Shares outstanding	63,343,223	63,333,238	63,339,239	63,333,238
Adjusted free cash flow per Share	\$ (0.016)	\$ (0.482)	\$ (2.392)	\$ (2.556)
Dividends declared	\$ —	\$ —	\$ —	\$ 0.150

(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 cash distributions received from CDCP, are considered to be uses and sources of adjusted free cash flow.

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

Reconciliation of net cash provided by (used in) operating activities to net cash burn

Net cash burn	2021				2020		
	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net cash provided by (used in) operating activities	\$ 27,480	\$ 52,023	\$ 17,133	\$ (35,632)	\$ (61,041)	\$ (86,558)	\$ 18,095
Changes in operating assets and liabilities	1,405	(32,640)	(62,622)	(23,581)	67,257	34,894	(69,401)
Repayments of lease obligations - principal	(25,525)	(24,191)	(19,086)	(19,457)	(32,323)	(24,811)	(933)
Net capital expenditures	(4,008)	(3,475)	(3,021)	(5,055)	(7,272)	(8,198)	(8,019)
Timing difference of lease abatements recognized as compared to cash payments	1,965	1,153	(2,435)	1,830	12,672	18,868	(18,933)
Timing difference of cash tax recoveries as compared to current tax provision	—	—	—	3,309	(53,946)	16,643	26,808
Total net cash burn	\$ 1,317	\$ (7,130)	\$ (70,031)	\$ (78,586)	\$ (74,653)	\$ (49,162)	\$ (52,383)
Average monthly net cash burn	\$ 439	\$ (2,377)	\$ (23,344)	\$ (26,195)	\$ (24,884)	\$ (16,387)	\$ (17,461)

To comply with NI 52-112, effective this quarter, Cineplex revised its presentation of Net Cash Burn to reconcile from its closest GAAP figure, net cash provided by (used in) operating activities. Under the previous presentation beginning with Adjusted EBITDAaL, Net Cash Burn would be presented as follows:

Net cash burn	2021				2020		
	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Adjusted EBITDAaL	\$ 20,198	\$ 10,762	\$ (53,165)	\$ (62,090)	\$ (65,948)	\$ (46,725)	\$ (72,532)
Cash interest expense excluding lease obligations	(16,669)	(15,983)	(15,701)	(13,429)	(13,412)	(11,317)	(7,782)
Provision for income taxes	—	—	—	—	12,355	16,497	34,440
Net capital expenditures	(4,008)	(3,475)	(3,021)	(5,055)	(7,272)	(8,198)	(8,019)
Other adjustments to conform to current presentation	1,796	1,566	1,856	1,988	(376)	581	1,510
Total net cash burn	\$ 1,317	\$ (7,130)	\$ (70,031)	\$ (78,586)	\$ (74,653)	\$ (49,162)	\$ (52,383)
Average monthly net cash burn	\$ 439	\$ (2,377)	\$ (23,344)	\$ (26,195)	\$ (24,884)	\$ (16,387)	\$ (17,461)