National CineMedia, Inc.
Reconciliation of Operating Income to Adjusted OIBDA, Adjusted OIBDA Margin and Free Cash Flow
(dollars in millions)
(unaudited)

Adjusted Operating Income Before Depreciation and Amortization ("Adjusted OIBDA") and Adjusted OIBDA margin are not financial measures calculated in accordance with GAAP in the United States. Adjusted OIBDA represents operating income (loss) before depreciation expense adjusted to also exclude amortization expense and non-cash share-based compensation costs, impairment of long-lived assets, termination of the Regal ESA, advisor fees related to the Cineworld proceeding and Chapter 11 Case and certain workforce reorganization costs. Adjusted OIBDA margin is calculated by dividing Adjusted OIBDA by total revenue. Our management uses these non-GAAP financial measures to evaluate operating performance, to forecast future results and as a basis for compensation. The Company believes these are important supplemental measures of operating performance because they eliminate items that have less bearing on its operating performance and so highlight trends in its core business that may not otherwise be apparent when relying solely on GAAP financial measures. The Company believes the presentation of these measures is relevant and useful for investors because it enables them to view performance in a manner similar to the method used by the Company's management, helps improve their ability to understand the Company's operating performance and makes it easier to compare the Company's results with other companies that may have different depreciation policies, amortization expense, non-cash share based compensation programs, non-recurring workforce reorganization costs, non-recurring advisor fees, impairments of long-lived assets, interest rates, debt levels or income tax rates. A limitation of these measures, however, is that they exclude depreciation and amortization expense, which represent a proxy for the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in the Company's business. In addition, Adjusted OIBDA has the limitation of not reflecting the effect of the Company's share-based payment costs, impairments of long-lived assets, termination of the Regal ESA and advisor fees related to the Cineworld proceeding or Chapter 11 Case. Adjusted OIBDA should not be regarded as an alternative to operating income, net income or as an indicator of operating performance, nor should it be considered in isolation of, or as a substitute for financial measures prepared in accordance with GAAP. The Company believes that operating income (loss) is the most directly comparable GAAP financial measure to Adjusted OIBDA. Because not all companies use identical calculations, these non-GAAP presentations may not be comparable to other similarly titled measures of other companies, or calculations in the Company's debt agreement.

	Q1 2023	Q2 2023*	Q3 2023*	Q4 2023*	FY 2023*	Q1 2024
Operating income	$ (30.6)	$ (2.2)	$ (150.7)	$ 21.3	$ (180.9)	$ (22.7)
Depreciation expense	1.3	1.3	1.0	1.0	4.6	1.0
Amortization expense	6.2	6.2	7.8	9.6	29.8	9.5
Share-based compensation costs *(1)*	1.6	1.2	1.2	1.5	5.5	2.6
Impairment of long-lived assets *(2)*	—	—	9.6	(0.7)	8.9	0.1
Workforce reorganization costs (3)	—	—	—	—	—	1.5
Loss on termination of Regal ESA, net *(4)*	—	—	125.6	—	125.6	—
Fees and expenses related to the Cineworld Proceeding and Chapter 11 Case included within Operating Incom *(8)*	$ 10.6	$ 6.0	$ 16.8	$ 7.1	59.2	2.3
Adjusted OIBDA	(10.9)	12.5	11.3	39.8	$ 52.7	$ (5.7)
Total revenue	$ 34.9	$ 64.4	$ 69.6	$ 90.9	$ 259.8	$ 37.4
Adjusted OIBDA margin	-31%	19%	16%	44%	20%	-15%
Net cash provided by (used in) operating activities	$ 10.4	$ (5.9)	$ (26.8)	$ 15.6	$ (6.7)	$ 24.1
Purchases of property and equipment	(1.0)	(0.1)	(0.6)	(1.6)	(3.3)	(1.5)
Free cash flow	$ 9.4	$ (6.0)	$ (27.4)	$ 14.0	$ (10.0)	$ 22.6

(1) Share-based compensation costs are included in network operations, selling and marketing and administrative expense in the accompanying unaudited Condensed Consolidated Financial Statements.

(2) The impairment of long-lived assets primarily relates to the write down of certain property and equipment no longer in use.

(3) Workforce reorganization costs represents redundancy costs associated with changes to the Company's workforce primarily implemented during the first quarter of 2024.

(4) Advisor and legal fees and expenses incurred in connection with the Company's involvement in the Cineworld Proceeding and Chapter 11 Case during the first quarter of 2024, as well as retention related expenses.

** With respect to operating data, all activity during NCM LLC's financial restructuring from April 11, 2023, to August 7, 2023, when NCM LLC was deconsolidated from NCM, Inc., represents activity and balances for NCM, Inc. standalone. All activity and balances prior to the deconsolidation of NCM LLC on April 11, 2023, and after the reconsolidation of NCM LLC on August 7, 2023, represent NCM, Inc. consolidated, inclusive of NCM LLC. The operating results for NCM LLC, which management believes better represent the Company's historical consolidated performance, are presented within this reconciliation*