

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 28, 2023

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-33296

**NATIONAL CINEMEDIA, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

6300 S. Syracuse Way, Suite 300  
(Address of principal executive offices)

Centennial Colorado

20-5665602  
(I.R.S. Employer  
Identification No.)

80111  
(Zip Code)

Registrant's telephone number, including area code: (303) 792-3600

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	NCMI	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Emerging growth company	<input type="checkbox"/>
Accelerated filer	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition method for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

Based on the closing sales price on June 29, 2023, the aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant was \$50,581,965.

As of March 14, 2024, 97,024,547 shares of the registrant's common stock (including unvested restricted stock), par value of \$0.01 per share, were outstanding.

## TABLE OF CONTENTS

	<u>Page</u>
<b>PART I</b>	
Item 1. <a href="#">Business</a>	6
Item 1A. <a href="#">Risk Factors</a>	19
Item 1B. <a href="#">Unresolved Staff Comments</a>	32
Item 1C. <a href="#">Cybersecurity</a>	32
Item 2. <a href="#">Properties</a>	33
Item 3. <a href="#">Legal Proceedings</a>	33
Item 4. <a href="#">Mine Safety Disclosures</a>	33
<b>PART II</b>	
Item 5. <a href="#">Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</a>	34
Item 6. [Reserved]	35
Item 7. <a href="#">Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	36
Item 7A. <a href="#">Quantitative and Qualitative Disclosures about Market Risk</a>	51
Item 8. <a href="#">Financial Statements and Supplementary Data</a>	52
Item 9. <a href="#">Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</a>	89
Item 9A. <a href="#">Controls and Procedures</a>	89
Item 9B. <a href="#">Other Information</a>	89
Item 9C. <a href="#">Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</a>	89
<b>PART III</b>	
Item 10. <a href="#">Directors, Executive Officers and Corporate Governance</a>	89
Item 11. <a href="#">Executive Compensation</a>	89
Item 12. <a href="#">Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</a>	90
Item 13. <a href="#">Certain Relationships and Related Transactions, and Director Independence</a>	90
Item 14. <a href="#">Principal Accounting Fees and Services</a>	90
<b>PART IV</b>	
Item 15. <a href="#">Exhibits, Financial Statement Schedules</a>	91
Item 16. <a href="#">Form 10-K Summary</a>	95
<a href="#">Signatures</a>	96

---

## Certain Definitions

In this document, unless the context otherwise requires:

- “NCM, Inc.,” “NCM,” “the Company,” “we,” “us” or “our” refer to National CineMedia, Inc., a Delaware corporation, and its consolidated subsidiary National CineMedia, LLC.
- “NCM LLC” refers to National CineMedia, LLC, a Delaware limited liability company, the current operating company for our business, which NCM, Inc. acquired an interest in, and became a member and the sole manager of, upon completion of our initial public offering, or “IPO,” which closed on February 13, 2007.
- “ESAs” refers to the amended and restated exhibitor services agreements entered into by NCM LLC with each of NCM LLC’s original founding members (AMC, Cinemark and Regal) upon completion of the IPO, which were further amended and restated on December 26, 2013 in connection with the sale of the Fathom Events business and, in the case of the ESAs with Cinemark and Regal, were further amended on September 17, 2019 (the “2019 ESA Amendments”) to extend the terms of the ESAs and modify the program distributed by NCM LLC through its DCN for exhibition in Cinemark and Regal theaters. On July 14, 2023, Regal terminated their ESA with NCM LLC.
- “AMC” refers to AMC Entertainment Holdings, Inc. and its subsidiaries, National Cinema Network, Inc., which contributed assets used in the operations of NCM LLC and formed NCM LLC in March 2005, AMC ShowPlace Theatres, Inc., AMC Starplex, LLC and American Multi-Cinema, Inc., which is a party to an ESA with NCM LLC.
- “Cinemark” refers to Cinemark Holdings, Inc. and its subsidiaries, Cinemark Media, Inc., which joined NCM LLC in July 2005, and Cinemark USA, Inc., which is a party to an ESA with NCM LLC.
- “Regal” refers to Cineworld Group plc, Regal Entertainment Group and its subsidiaries, Regal CineMedia Corporation, which contributed assets used in the operations of NCM LLC, Regal CineMedia Holdings, LLC, which formed NCM LLC in March 2005, and Regal Cinemas, Inc., which was a party to an ESA with NCM LLC until July 14, 2023, when Regal terminated their ESA. On July 14, 2023, Regal entered into a network affiliate agreement.
- “ESA Parties” refers to AMC and Cinemark. It additionally refers to Regal, for activity prior to July 14, 2023.
- “Network affiliates” refers to certain third-party theater circuits with which NCM LLC has long-term network affiliate agreements, including with Regal.
- “Adjusted OIBDA” refers to a non-GAAP financial measure, which management defines as operating income before depreciation and amortization expense adjusted to also exclude amortization of intangibles, non-cash share-based payment costs, executive transition costs, advisor fees related to abandoned financing transactions, impairment of long-lived assets, sales force reorganization costs, termination of the Regal ESA and advisor fees related to involvement in the Cineworld Proceeding and Chapter 11 Case (each as defined herein).
- “Adjusted OIBDA margin” is a non-GAAP financial measure calculated by dividing Adjusted OIBDA by total revenue.
- “LEN” refers to NCM LLC’s Lobby Entertainment Network.
- “CPM” is a basis for which advertising is sold by the cost per thousand viewers.
- “DCN” refers to NCM LLC’s Digital Content Network.
- “TRA” refers to the tax receivable agreement entered into by NCM, Inc. and the ESA Parties. Regal was a party to this agreement until July 14, 2023, when Regal terminated their tax receivable agreement with NCM LLC.

## Market Information

Information regarding market share, market position and industry data pertaining to our business contained in this report consists of estimates based on data and reports compiled by industry professional organizations (including, but not limited to, the Motion Picture Association of America, and the National Association of Theatre Owners) and analysts and our knowledge of our revenues and markets. Designated Market Area® is a registered trademark of Nielsen Media Research, Inc. (“Nielsen”). We take responsibility for compiling and extracting, but have not independently verified, market and industry data provided by third parties, or by industry or general publications, and take no further responsibility for such data. Similarly, while we believe our internal data is reliable, our data has not been verified by any independent sources, and we cannot assure you as to their accuracy.

### Cautionary Statement Regarding Forward-Looking Statements

In addition to historical information, some of the information in this Form 10-K includes “forward-looking statements.” All statements other than statements of historical facts included in this Form 10-K, including, without limitation, certain statements under “Business,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” may constitute forward-looking statements. In some cases, you can identify these “forward-looking statements” by the specific words, including but not limited to “may,” “will,” “can,” “should,” “expects,” “forecasts,” “projects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of those words and other comparable words. These forward-looking statements involve known and unknown risks and uncertainties, assumptions and other factors, including, but not limited to, the following:

- Impacts to our business related to NCM LLC’s emergence from bankruptcy, including outstanding litigation, relationships with vendors, network theater circuits, ESA Parties, employees, and customers, financial results, and revised corporate structure;
- Continued declines in theater attendance, including as a result of pandemics, epidemics, or disease outbreaks, can disrupt our business and the business of our ESA Parties and network affiliates;
- Changes in theater patron behavior could result in declines in viewership of The *Noovie*® Show;
- Changes to the ESAs or network affiliate agreements and the relationships with NCM LLC’s ESA Parties and network affiliates and NCM LLC’s ability to enforce the provisions contained in the ESAs or network affiliate agreements;
- We may not be successful in increasing the number of theaters in which NCM LLC has the right to display Post-Showtime Inventory;
- Our plans for developing additional digital or digital out-of-home revenue opportunities may not be implemented and may not be achieved;
- Changes in regulation and potential liability arising out of the gathering and use of user information collected through online or mobile services;
- Competition within the overall advertising industry;
- Failure to continue to upgrade our technology and that of our advertising network;
- Changes in economic conditions;
- We may not be able to grow our advertising revenue in line with the growth of our contractual costs;
- The potential loss of any major content partner or advertising client, including due to the uncertainty or perception of uncertainty in the industry;
- Potential inability to retain or replace our senior management;
- The effects of government regulation on ESA Party and network affiliate growth;
- Failure to effectively manage change to our strategy or continue our growth;
- Potential failures or disruptions in our technology systems or the failure to adequately protect our systems, data or property from threats;
- Possible infringement of our technology on intellectual property rights owned by others;
- Failure to protect or enforce our intellectual property rights;
- We are a holding company with no operations of our own, and we depend on distributions and payments under the NCM LLC operating and management services agreements from NCM LLC to meet our ongoing obligations and to pay cash dividends on our common stock;
- NCM LLC’s other members, their affiliates or our largest stockholder may have interests that differ from those of us or our public stockholders and they may be able to influence our affairs, compete with us or benefit from corporate opportunities that might otherwise be available to us;
- Our certificate of incorporation contains anti-takeover protections that may discourage a strategic transaction;
- Future issuance of membership units or preferred stock could dilute the interest of our common stockholders;

- Determination that NCM, Inc. is an investment company;
- Determination that any amount of our tax benefits under the TRA should not have been available;
- The effect on our stock price from the substantial number of our shares eligible for sale; and
- Other factors described under “Risk Factors” or elsewhere in this Annual Report on Form 10-K.

This list of factors that may affect future performance and the accuracy of forward-looking statements are illustrative and not exhaustive. Our actual results, performance or achievements could differ materially from those indicated in these statements as a result of additional factors as more fully discussed in the section titled “Risk Factors,” and elsewhere in this Annual Report on Form 10-K. Given these uncertainties, readers are cautioned not to place undue reliance on our forward-looking statements.

All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. We disclaim any intention or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

## PART I

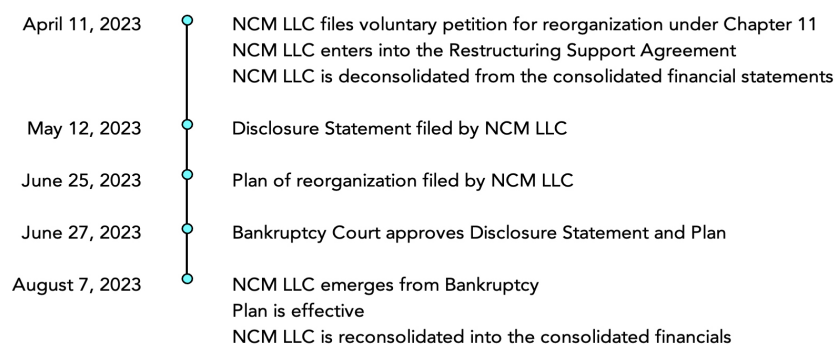
### Item 1. Business

#### The Company

NCM, Inc., a Delaware corporation, was organized on October 5, 2006 and began operations on February 13, 2007 upon completion of its IPO. NCM, Inc. is a holding company that manages its consolidated subsidiary, NCM LLC. NCM, Inc. has no business operations or material assets other than its cash and ownership interest of 100.0% of the common membership units in NCM LLC as of December 28, 2023. In December 2022, AMC and Regal each redeemed all of their outstanding membership units in exchange for shares of NCM, Inc. common stock, reducing AMC's and Regal's ownership interest in NCM LLC to 0.0% as of December 29, 2022. On February 23, 2023 and March 23, 2023, Cinemark redeemed all of their outstanding membership units in exchange for shares of NCM, Inc. common stock reducing Cinemark's ownership interest in NCM LLC to 0.0% as of December 28, 2023. NCM, Inc.'s primary source of cash flow from operations is distributions from NCM LLC pursuant to the NCM LLC Operating Agreement. NCM, Inc. also receives management fees pursuant to a management services agreement with NCM LLC in exchange for providing specified management services to NCM LLC.

#### Chapter 11 Proceedings

##### Chapter 11 Proceedings Timeline



On April 11, 2023, NCM LLC filed a voluntary petition for reorganization (“Chapter 11 Case”) with a prearranged Chapter 11 plan under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) in the U.S. Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”).

On April 11, 2023, NCM, Inc. entered into a restructuring support agreement (the “Restructuring Support Agreement”) with NCM LLC and certain of NCM LLC’s (a) prepetition lenders under (i) the Term Loan Credit Agreement, dated as of June 18, 2018 among NCM LLC as borrower, JPMorgan Chase Bank, N.A. (“JPM”) in its capacity as administrative agent, and the lenders party thereto (as amended, supplemented or otherwise modified from time to time, the “Credit Agreement”); (ii) the Revolving Credit Agreement, dated as of June 20, 2018 among NCM LLC as borrower, JPM in its capacity as administrative agent, and the lenders party thereto (as amended, supplemented or otherwise modified from time to time, the “Revolving Credit Agreement 2018”); (iii) the Revolving Credit Agreement dated as of January 5, 2022 among NCM LLC as borrower, JPM in its capacity as administrative agent, and the lenders party thereto (as amended, supplemented or otherwise modified from time to time, the “Revolving Credit Agreement 2022”); and (b) prepetition noteholders under (i) the Secured Notes Indenture dated as of October 8, 2019 and Computershare Trust Company, National Association (“Computershare”) in its capacity as indenture trustee for NCM LLC’s 5.875% Senior Secured Notes due 2028 (as amended, supplemented or otherwise modified from time to time, the “Secured Notes Indenture” and together with the Term Loan Credit Agreement, Revolving Credit Facility 2018, and Revolving Credit Agreement 2022, the “Prepetition Secured Debt Documents”) and (ii) the Unsecured Notes Indenture dated as of August 19, 2016 with Computershare in its capacity as indenture trustee for NCM LLC’s 5.750% Senior Unsecured Notes due 2026 (as amended, supplemented or otherwise modified from time to time, the “Unsecured Notes Indenture”). The parties to the Restructuring Support Agreement held, in the aggregate, more than two-thirds of all claims arising under the Prepetition Secured Debt Documents.

In connection with the Restructuring Support Agreement, the Company, NCM LLC, and lender parties agreed to a settlement, the “NCMI 9019 Settlement,” pursuant to which, the Company agreed to (i) affirm its obligations under NCM LLC and NCM, Inc.’s joint venture agreements (including the Tax Receivable Agreement and the Common Unit Adjustment Agreement) to preserve the Company’s Up-C corporate structure, (ii) issue equity to the lenders as provided in the Plan (as defined below), (iii) make a capital contribution of \$15 million to NCM LLC (the “NCMI Capital Contribution”), (iv) enter into the new Director Designation Agreement and appoint the director nominees appointed by the creditors upon NCM LLC’s emergence from Chapter 11, and (v) take other specified actions needed to facilitate the completion of the transactions contemplated by the Plan (as described below) and in exchange the Company would receive approximately 13.8% of the ownership of NCM LLC’s equity upon emergence from Chapter 11 including equity issued on account of the Company’s ownership of NCM LLC’s prepetition secured notes. The Restructuring Support Agreement also set forth additional transactions that became the basis of the Plan.

On May 12, 2023, NCM LLC filed the solicitation versions of the First Amended Plan of Reorganization of National CineMedia, LLC Pursuant to Chapter 11 of the Bankruptcy Code [Docket No. 249] and the Amended Disclosure Statement for First Amended Chapter 11 Plan of Reorganization of National CineMedia, LLC [Docket No. 250] (the “Disclosure Statement”). On June 25, 2023, NCM LLC filed the Modified First Amended Plan of Reorganization of National CineMedia, LLC Pursuant to Chapter 11 of the Bankruptcy Code [Docket No. 428] (as may be amended, supplemented, or otherwise modified from time to time, and including all exhibits and supplements thereto, the “Plan”).

On June 27, 2023, the Bankruptcy Court entered an order (the “Confirmation Order”) which approved the Disclosure Statement on a final basis and confirmed the Plan. Pursuant to the Plan, the following restructuring was provided for, among other things, the treatment for classes of claims and interests as follows:

- Secured debt claims. Each holder of a secured debt claim received its pro rata share of 100% of new common membership units (the equity in reorganized NCM LLC) with the right to exchange the units and receive shares of NCM, Inc.’s common stock subject to (a) reallocation of new common membership units to NCM, Inc. pursuant to the NCMI 9019 Settlement and (b) dilution on account of new common membership units issued on account of, among other things, a post-emergence management incentive plan.
- General unsecured claims. Each holder of a general unsecured claim, which includes, among other things, claims under the Unsecured Note Indenture, received its pro rata share of \$15.0 million, with (i) \$14.5 million contributed by NCM LLC and (ii) \$0.5 million contributed directly from NCM, Inc. (the “General Unsecured Claim Pool”).
- General unsecured convenience claims. Each holder of a general unsecured claim in the amount of \$50,000 or less received payment in full in cash on NCM LLC’s emergence from Chapter 11 or the date due in the ordinary course of business in accordance with the terms and conditions of the particular transaction giving rise to such claim; provided that any general unsecured claim (other than claims under the Unsecured Note Indenture) that is allowed in excess of \$50,000 shall not be treated as a general unsecured convenience claim unless the holder of such allowed general unsecured claim opts in to such treatment, and agrees to reduce its allowed general unsecured claim to \$50,000 pursuant to the procedures set forth in the Confirmation Order.
- Existing NCM LLC interests. Interests in NCM LLC received no recovery and were cancelled.

Pursuant to Section 1123(b)(3) of the Bankruptcy Code and Rule 9019 of the Federal Rules of Bankruptcy Procedure, the Plan contained and effected global and integrated compromises and settlements between and among NCM LLC, the Creditors’ Committee (as defined in the Plan), the Consenting Creditors (as defined in the Plan) and NCM, Inc. The NCMI 9019 Settlement continued to provide that following the Effective Date (as defined below) the Company has an aggregate ownership interest of approximately 13.8% of NCM LLC that was reallocated to the Company from the Secured Debt Claims.

On August 7, 2023, following confirmation of the Plan, all the conditions to effectiveness of the Plan were satisfied or waived, the Restructuring Transactions (as defined in the Plan) were substantially consummated, and NCM LLC emerged from bankruptcy (the “Effective Date”). Among other things, on the Effective Date, in accordance with the Plan, NCM, Inc. transferred approximately \$15.5 million to NCM LLC consistent with the NCMI 9019 Settlement, NCM LLC assumed certain unexpired Executory Contracts and Unexpired Leases (each, as defined in the Plan), including AMC’s and Cinemark’s ESAs, all Common Units of NCM LLC under the LLC Agreement were canceled and extinguished, NCM LLC commenced distributions to creditors, including the issuance of shares of NCM, Inc. Common Stock to Holders of Secured Debt Claims, and NCM LLC entered into an Exit Facility (as defined in the Plan) to support operations upon emergence.

NCM LLC was wholly owned by NCM, Inc. prior to April 11, 2023 when NCM LLC filed the Chapter 11 Case. As a result of the Chapter 11 Case and in accordance with applicable GAAP, the Company concluded that NCM, Inc. no longer controlled NCM LLC for accounting purposes, and therefore, NCM LLC was deconsolidated from the Company’s unaudited financial statements prospectively as of April 11, 2023. Upon emergence on August 7, 2023, NCM, Inc. retained its ownership in and regained control of NCM LLC for accounting purposes. NCM LLC was again consolidated into the Company’s

consolidated financial statements prospectively as of the Effective Date. Within the financial results outlined within, all activity during the Chapter 11 Case 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. Upon emergence, NCM LLC transferred \$8.8 million of cash to a professional fees escrow account and \$15.0 million to an unsecured creditor settlements escrow account for the General Unsecured Claim Pool.

As of December 28, 2023, NCM LLC was still in the process of finalizing the unsecured creditors' claims and had not completed all agreed upon payments to NCM LLC's unsecured creditors and held a total of \$3.0 million within the escrow accounts and accruals, presented within 'Restricted cash' and 'Accounts Payable' on the audited Consolidated Balance Sheet as of December 28, 2023, respectively. Please refer to Note 5—*Reconsolidation of NCM LLC* for more information regarding the reconsolidation of NCM LLC.

### **Our Business**

National CineMedia is the largest cinema advertising platform in the US. With unparalleled reach and scale, NCM connects brands to sought-after young, diverse audiences through the power of movies and pop culture. A premium video, full-funnel marketing solution for advertisers, NCM enhances marketers' ability to measure and drive results. NCM's *Noovie*® Show is presented exclusively in 45 leading national and regional theater circuits including the only three national chains, AMC, Cinemark and Regal. NCM's cinema advertising platform consists of more than 18,400 screens in over 1,400 theaters in 190 Designated Market Areas® ("DMA<sup>®</sup>") (all of the top 50).

We currently derive revenue principally from the sale of advertising to national, regional and local businesses through The *Noovie*® Show, our cinema advertising and entertainment show seen on movie screens across the U.S., on our LEN, a series of strategically-placed screens located in movie theater lobbies, as well as other forms of advertising and promotions in theater lobbies. We also sell digital online and mobile advertising through Audience Accelerator, across our suite of digital properties, and with third-party internet partners, as well as a variety of complementary out of home venues, including restaurants, convenience stores and college campuses, in order to reach entertainment audiences beyond the theater.

NCM LLC has long-term ESAs with the ESA Parties and multi-year agreements with our network affiliates, which grant NCM LLC exclusive rights in their respective theaters to sell advertising, subject to limited exceptions. The weighted average remaining term of the ESAs with the ESA Parties is approximately 12.2 years as of December 28, 2023. The network affiliate agreements expire at various dates between March 24, 2024 and July 13, 2033. The weighted average remaining term of the ESAs and the network affiliate agreements together is 11.9 years as of December 28, 2023.

**Regal Advertising Agreement**—On September 7, 2022, Cineworld Group plc, the parent company of Regal, and certain of its subsidiaries, including Regal, Regal Cinemas, Inc., formerly a party to an ESA with NCM LLC, and Regal CineMedia Holdings, LLC, formerly a party to other agreements with NCM LLC and the Company, filed petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the Southern District of Texas. In connection with their Chapter 11 process, Regal filed a motion to reject the ESA and NCM LLC filed an adversary proceeding against Regal. On June 3, 2023, following extensive negotiations, NCM LLC, entered into a Network Affiliate Transaction Agreement (the "Regal Advertising Agreement") with Regal. The Regal Advertising Agreement became effective on July 14, 2023. Pursuant to a separate termination agreement (the "Regal Termination Agreement"), effective on July 14, 2023, Regal rejected and terminated its ESA. Additionally Regal and Regal's affiliates' waived all rights and interests as to the TRA, the Common Unit Adjustment Agreement, the Software License Agreement, the Director Designation Agreement, the Registration Rights Agreement and all the other joint venture agreements described in the NCM LLC Operating Agreement and the Company and NCM LLC, and Regal and Regal's affiliates waived and released claims against the other party. Regal also agreed to support NCM LLC's Plan and surrendered all shares of NCM, Inc. common stock upon the Effective Date. In connection with the Regal Advertising Agreement, NCM LLC and Regal also agreed to dismiss with prejudice the ongoing litigation between the parties related to NCM LLC's request to enforce certain provisions of the ESA, including the exclusivity provision. As of July 14, 2023, Regal is no longer an ESA Party of NCM, Inc. or NCM LLC and is presented within network affiliate balances and metrics as of December 28, 2023.

**Loan, Security and Guarantee Agreement**—On August 7, 2023, NCM LLC entered into a Loan, Security and Guarantee Agreement (the "Revolving Credit Facility 2023") with CIT Northbridge Credit LLC as agent. The Revolving Credit Facility 2023 is an asset backed line facility where the capacity depends upon NCM LLC's trade accounts receivable balance, as adjusted for aged balances and other considerations. The maximum capacity of the Revolving Credit Facility 2023 is \$55.0 million. The proceeds of the Revolving Credit Facility 2023 may be used for, inter alia, working capital and capital expenditures. The Revolving Credit Facility 2023 will mature on August 7, 2026.

**Reverse Stock Split**—On August 3, 2023, the Company effected a one-for-ten (1:10) reverse stock split of its common stock, par value \$0.01 per share. The reverse stock split, which was authorized by the Company's Board of Directors, was approved by the Company's stockholders on August 2, 2023. The reverse stock split reduced the number of outstanding shares



of the Company’s common stock from 174,112,385 shares as of August 3, 2023, to 17,411,323 shares outstanding post-split. After the cancellation of Regal’s shares on August 7, 2023, there were 13,343,065 shares outstanding. The primary purpose of the reverse stock split was to comply with the Company’s obligations under the NCMI 9019 Settlement and so that the Plan could become effective, as well as to increase the per share market price of the Company’s common stock in an effort to maintain compliance with applicable Nasdaq continued listing standards with respect to the closing price of the Company’s common stock.

**The Noovie® Show Advertising**

**The Noovie Show**—The *Noovie Show* provides an entertaining pre-movie experience for theater patrons while serving as an incremental revenue source for our theater circuits. The *Noovie Show* gives movie audiences a reason to arrive at the theater early to discover what's next, with exclusive entertainment content and engaging advertising from national, regional and local brands, as well as long-form entertainment and advertising content provided to us under exclusive multi-year arrangements with leading media, entertainment, technology and other companies (“content partners”).

We present multiple different formats of The *Noovie Show* depending on the theater circuit in which it runs. In Cinemark, Regal and certain other network affiliate theaters, after The *Noovie Show* ends at the advertising showtime, NCM offers additional post-show advertising inventory which may consist of a lights down segment that runs after the advertised showtime with trailer lighting and may consist of a 30- or 60-second Platinum Spot, as further described below (“Post-Showtime Inventory”). As of December 28, 2023, theaters presenting the updated *Noovie Show* format with Post-Showtime Inventory made up 65.4% of our network. All other NCM network theater circuits, which make up the remaining 34.6% of our network, present the Classic *Noovie Show*, which ends approximately at the advertised movie showtime when the movie trailers begin, which are not part of The *Noovie Show*.

Because The *Noovie Show* is customized by theater circuit, theater location/market, film rating, film genre and film title, we produce and distribute many different versions of The *Noovie Show* each month. This programming flexibility provides advertisers with the ability to target specific audience demographics and geographic locations and ensure that the content and advertising are age-appropriate for the movie audience.

We have also launched several specialty networks to cater to specific audiences, including the Elevate Cinema Network, a strategic sales partnership with Spotlight Cinema Networks which combined nearly 1,500 of our premier screens with Spotlight’s existing premier network of over 1,200 screens. This combined network provides reach and recall to brands targeting the upscale, educated, adult demographic with disposable income. Additional specialty networks include the NCM Black Cinema Network and the NCM Hispanic Cinema Network, reaching those audiences where they over index in top DMAs.

All versions of The *Noovie Show* are produced by our internal creative team, which is cost-effective and gives us significant flexibility while offering advertisers opportunities for sponsorship and integration into our movie and pop culture content series. We also offer pre- and post-production advertising creative services to our clients (primarily local clients who may not have their own creative agency), as well as branded content creation for national brands for a fee.

**The Noovie Show Structure Including Post-Showtime Inventory**—The *Noovie Show* with Post-Showtime Inventory format is comprised of substantially the same segments included within the Classic *Noovie Show*, each approximately four to ten minutes in length, as well as two additional advertising segments after the advertised showtime as described below. The total length of The *Noovie Show* plus our Post-Showtime Inventory is the same as the Classic *Noovie Show* as the amount of time displayed prior to the advertised showtime is reduced by the sum of five minutes plus the aggregate length of time of the Platinum Spot, if any. The following graphic is for illustrative purposes and is not to exact scale.



- The Silver Pod is the first sections of The *Noovie* Show which contain the entertaining content that is a core element of The *Noovie* Show programming. NCM programs exclusive Noovie content at the beginning of the show that gives audiences a look at what’s happening in the movie and pop culture arenas and features long-form entertainment from our content partners. We continued several new *Noovie* Show editorial series from 2022 featuring celebrities, creators and journalists to appeal to both our moviegoing audience and to advertisers for sponsorship and integration opportunities. These include The *Noovie* Trivia Show, where our Emmy-award winning host Maria Menounos quizzes celebrities about their career through the lens of movie trivia; *Noovieverse*, which stars popular social media influencers who analyze upcoming superhero blockbuster movies; and Perri’s Picks, starring movie expert Perri Nemiroff, who shares her insider reviews on what movies to watch and why. The Silver Pod features primarily local and regional advertisements, which generally range between 15 to 90 seconds. This segment also typically includes a spot for *Noovie* Show programming, such as *Noovie* Trivia, *Noovie* Cultural Celebrations (e.g. original content around Black History Month or Hispanic Heritage Month, which can also be sponsored by advertisers), and shorter segments from the editorial series mentioned above.
- The Gold Pod runs closest to the advertised showtime and features primarily national advertisements, which are generally 30 or 60 seconds, as well as a long-form entertainment content segment from one of our content partners.
- The Pre-Trailer Pod features a post-showtime lights down segment with trailer lighting beginning at the advertised showtime with approximately 5 to 10 minutes of national advertisements (except in Regal, which is approximately 10 minutes) depending upon the affiliate which generally range between 30 or 60 seconds, followed by a courtesy public service announcement (“courtesy PSA”) (e.g. “Silence Your Cell Phones”) and a 30 second or a 60 second advertisement for the ESA Parties’ beverage supplier.
- The Platinum position features an additional single advertising unit that is either 30 or 60 seconds deeply embedded within the movie trailers at trailer level lighting and at similar volume levels, directly prior to the last one or two trailers preceding the feature film, which we refer to as the “Platinum Spot”.
- The Classic *Noovie* Show does not contain the Pre-Trailer Pod of the Platinum Spot and after the Gold Pod concludes there is an advertisement for the ESA Parties’ beverage supplier and a courtesy PSA.

References to The *Noovie* Show relate to both the Classic *Noovie* Show and the *Noovie* Show including Post-Showtime Inventory formats, unless specified otherwise.

*National, Regional and Local Advertising*—Our cinema advertising business has a diverse customer base, consisting of national, regional and local advertisers. National and regional on-screen advertising in The *Noovie* Show is sold on a CPM basis to national and regional clients. We generally sell our national advertising units across our national network by film rating or groups of ratings, or by individual film or film genre grouping. This ability to target various groups of films offers national advertisers a way to target specific audience demographics at various price points and overall cost levels, which we believe expands the number of potential clients. Local advertising is typically sold on a per-theater, per-week basis.

As with other premium video mediums like TV, we sell The *Noovie* Show inventory in both the upfront and scatter markets. Upfront is a term that describes the practice of buying advertising time “up front” on an annual basis for the upcoming year, purchasing inventory in advance and locking in the advertising rates (CPMs). Consistent with the television industry's upfront booking practices, a portion of our upfront commitments have cancellation options or options to reduce the amount that advertisers may purchase up until their commitment begins airing. These options could reduce what is ultimately spent by clients that have made upfront commitments. Scatter refers to the buying of advertising on a shorter-term basis closer to when the advertisements will run, which often results in a pricing premium compared to upfront rates. The mix between the upfront and scatter markets is based upon a number of advertising market factors, such as pricing, demand for advertising time and economic conditions. The demand in the scatter market impacts the pricing achieved for our remaining advertising inventory not sold upfront and can vary throughout the year.

During the years ended December 28, 2023 and December 29, 2022, NCM LLC derived 73.2% and 75.1% of its advertising revenue from national clients (including advertising agencies that represent our clients) and 19.7% and 17.5% of its advertising revenue from regional and local advertisers across the country (including advertising agencies that represent these clients).

*Beverage Advertising.* Each of the ESA Parties has a relationship with a beverage concessionaire supplier under which it is obligated to provide on-screen advertising time as part of its agreement to purchase branded beverages sold in its theaters. Under the ESAs, up to 90 seconds of the *Noovie* program can be sold to the ESA Parties to satisfy their on-screen advertising commitments under their beverage concessionaire agreements. The price for the time sold to Cinemark’s beverage supplier increases 2% each year. The time sold to AMC’s beverage supplier is priced equal to the greater of (1) the advertising CPM charged by NCM LLC in the previous year for the time sold to AMC’s beverage supplier and (2) the advertising CPM for the

previous year charged by NCM LLC to unaffiliated third parties during segment one (closest to showtime) of *The Noovie Show* in AMC's theaters, limited to the highest advertising CPM being then-charged by NCM LLC pursuant to the ESAs.

During 2023, we sold 60 seconds to one of the ESA Parties, 30 seconds to the other ESA Party and sold 30 seconds to Regal prior to their termination of their ESA to provide on-screen advertising for their beverage concessionaires. During 2023, the beverage concessionaire revenue from the ESA Parties' beverage agreements was approximately 7.2% of NCM LLC's total revenue. In the instance of certain theaters that are acquired by the ESA Parties but are not incorporated into our network because of an existing on-screen advertising agreement with an alternative provider, we remain entitled to these encumbered theater beverage payments under the terms of the ESA which are treated as a reduction to the intangible asset and not classified as revenue.

*Content.* Beyond the *Noovie*-branded content during *The Noovie Show*, the majority of our entertainment and advertising content segments are provided to us by content partners. Under the terms of the contracts, our content partners create original long-form entertainment content segments and make commitments to buy a portion of our advertising inventory at a specified CPM over a one- or two-year period with options to renew, exercisable at the content partner's option. The original content produced by these content partners typically features upcoming media programming or technology products. In 2023, the content partner segments were between 90 and 120 seconds in length.

*Courtesy PSA.* In 2023, we had one agreement throughout the year to exhibit a 40-second "silence your cell phone" courtesy PSA reminding moviegoers to silence their cell phones and refrain from texting during feature films. There are two agreements in place for 2024.

*Theater Circuit Messaging.* The *Noovie Show* also includes time slots for the ESA Parties and network affiliates to advertise various activities associated with the operations of the theaters, including concessions, online ticketing partners, gift card and loyalty programs, special events presented by the theater operator and vendors of services provided to theaters, so long as such promotion is incidental to the vendor's service or products sold in the theater. This time is provided to the theater operator at no charge.

## **Data & Digital Advertising**

In 2022, we launched NCMx™, our data, insights and analytics platform that utilizes the Company's comprehensive knowledge and extensive data about moviegoer behavior to connect brands with custom audiences in theaters, as well as, on digital screens before and after attending movies. NCM clients are able to leverage NCMx to execute advanced audience-matching against key geographic, behavioral and contextual targets on the big screen, as well as use the NCMx capabilities to retarget moviegoers with digital ads and mobile offers. NCM provides marketers access to one of the largest collections of deterministic moviegoer data in the industry. With over 703.3 million unique data records as of December 28, 2023, NCMx makes 99.3 million unique data records available over a 90-day look back period, delivering marketers a 360-degree view of recent consumer behavior with performance metrics to refine campaign plans and generate a better return on their advertising investment. Neustar, iSpot, Catalina, Affinity Solutions, Adelaide, TransUnion, PlaceIQ, Crossix, Kochava and ElementalTV are all partners on the new platform. NCM is leading the cinema advertising industry as it transforms into a data-first media company that reaches audiences at scale with the most engaging content.

*Audience Accelerator.* Our Audience Accelerator digital product expands cinema advertising campaigns beyond the big screen to reach movie audiences wherever they seek out movie content online and on mobile devices. Audience Accelerator identifies moviegoers through our first-, second- and third-party unique data records. We can target specific demographics, genres or layer on other data to provide our clients with a match against their target audience. Digital ads are then distributed through multiple channels, including online and mobile banners, online and mobile pre-roll video and social media newsfeeds through our owned and operated ad inventory as well as third-party ad inventory across multiple platforms including the Internet, mobile devices and over-the-top (OTT) devices/connected televisions (CTV) to reach moviegoers wherever they may be seeking entertainment information and content.

We sell NCM's data platform and digital products through a digital sales group that is embedded as part of our national and local sales organizations to enable collaborative, integrated selling. We believe that our new and upcoming digital products can be sold in combination with in-theater advertisements as integrated marketing packages as discussed in "Business—Our Strategy". We plan to continue to invest in our digital platform in 2024 and beyond.

*Digital Products.* NCM's consumer-facing digital products, including *Name That Movie* and the *Noovie Trivia* app, all feature advertising opportunities that allow brands to continue to reach movie audiences across multiple platforms, including sponsorships, digital ad inventory such as leaderboards, banner ads, half- and full-page ads and a variety of digital video ad inventory. Our *Noovie*® digital products are designed to not only provide digital advertising inventory to further enhance the marketability of our cinema advertising product offerings, but also to capture exclusive first-party data, which is funneled into NCMx™. As of December 28, 2023, approximately 7.3 million movie-goers have downloaded our mobile apps. These downloads and the acquisition of second- and third-party data sets, including deterministic ticket transaction data from

exhibitors and geo-location and micro-event data for moviegoers that enter theaters in our network, all contribute to NCMx data records.

### **Lobby Advertising**

**Lobby Entertainment Network**—Our LEN is a network of video screens strategically located throughout the lobbies of all digitally equipped ESA Parties’ theaters, as well as the majority of our network affiliates’ theaters. The LEN screens are placed in high-traffic locations such as concession stands, box offices and other waiting areas. Programming on our LEN consists of an approximately 30-minute loop of branded entertainment content segments created specifically for the lobby with advertisements running between each segment. We have the scheduling flexibility to send different LEN programming to each theater through our DCN, and the same program is displayed simultaneously on all LEN screens within a given theater, which we believe provides the maximum impact for our advertisers. We sell national and local advertising on the LEN individually or bundled with on-screen or other lobby promotions.

The LEN programming includes up to two minutes for ESA Parties’ advertisements to promote activities associated with the operation of the theaters, including concessions, online ticketing partners, gift card and loyalty programs, special events presented by the theater operator and vendors of services provided to theaters, so long as such promotion is incidental to the vendor’s service or products sold in the theater. Additionally, subject to certain limitations, the LEN programming includes up to two minutes (one minute of which we provide to the ESA Parties at no cost and one minute of which the ESA Parties may purchase) to promote certain non-exclusive cross-marketing relationships entered into by the theater operators for the purpose of increasing theater attendance, which we call “strategic programs.”

Under the terms of the ESAs, the ESA Parties also have the right to install a second network of additional screens in their theater lobbies which would not display our LEN programming, but would be used to promote strategic programs or products sold in their theater concessions, bars and dining operations, online ticketing partner promotions, gift card and loyalty programs and special events presented by the ESA Parties and vendors of services provided to theaters, so long as such promotion is incidental to the vendor’s service.

In 2024, we plan to expand the Company’s LEN programmatic offering to on-screen advertising. The LEN programmatic offering was launched in 2022 through partnership with Place Exchange, a leading supply-side platform (SSP) for programmatic out-of-home media. This automated offering allows advertisers to access and purchase available LEN programming through partner demand-side platform (DSP) websites. The partnership enabled advertisers to reach the largest network of lobby screens in movie theaters across the country programmatically for the first time.

**Lobby Promotions**—We also sell a wide variety of advertising and promotional products in theater lobbies across our ESA Parties and certain network affiliates. These products can be sold individually or bundled with on-screen, LEN or digital advertising. Lobby promotions typically include:

- advertising on concession items such as beverage cups, popcorn bags and kids’ trays;
- coupons and promotional materials, which are customizable by film and are distributed to ticket buyers at the box office or as they exit the theater;
- tabling displays, product demonstrations and sampling;
- touch-screen display units and kiosks; and
- signage throughout the lobbies, including posters, banners, counter cards, danglers, floor mats, standees and window clings.

Under the terms of the ESAs, the ESA Parties may conduct a limited number of lobby promotions at no charge in connection with strategic programs that promote motion pictures; however, such activities will not reduce the lobby promotions inventory available to us.

Our ability to provide in-lobby marketing and promotional placements in conjunction with our cinema advertising products allows us to offer integrated marketing solutions to advertisers that provide multiple touchpoints with theater patrons throughout the movie-going experience, which we believe is a competitive advantage over other national media platforms.

### **Digital Out-of-Home Products**

NCM’s Digital Out-of-Home (“DOOH”) group is embedded as part of our national and local sales organizations and was created in October 2020 to further unite brands with the power of movies by extending movie-centric *Noovie*® entertainment content, trivia and advertising beyond movie theaters to a variety of complementary venues, including restaurants, convenience stores and college campuses. In 2023, NCM sold DOOH media inventory on a national, regional, local and programmatic level in relationships with digital place-based properties including screens in convenience stores, college campuses and various restaurants.

### **Our Network**

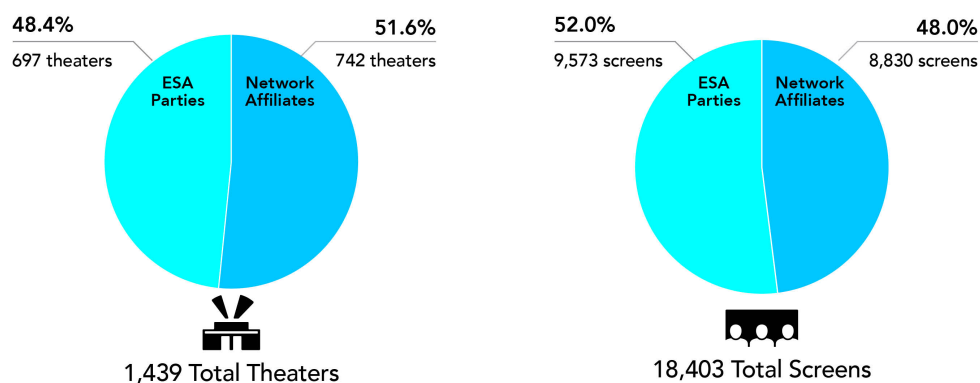
The *Noovie*® Show is distributed across NCM LLC’s national theater network — the largest digital in-theater network in North America — through the use of our proprietary DCN and Digital Content Software (“DCS”). With the DCN and DCS, we are able to schedule, deliver, play and reconcile advertising and entertainment content for The *Noovie* Show and the LEN on a national, regional, local, theater and auditorium level.

The DCN is the combination of a satellite distribution network and a terrestrial management network. The DCN is integrated with NCM’s cinema advertising management system to seamlessly schedule and distribute advertising content. NCM’s integrated system dynamically controls the quality, placement, timing of playback and completeness of content within specific auditoriums, and it also allows us to monitor and initiate repairs to the equipment in our digital network of theaters.

Advertising and entertainment content for The *Noovie* Show and LEN is uploaded to our cinema advertising management system and is delivered via multicast technology to the theaters in our network and received by our Alternative Content Engine. The Alternative Content Engine holds the content until displayed in specified theater auditoriums and lobbies according to contract terms. Each theater auditorium and lobby has hardware and/or software architecture that controls the content to be shown. After playback of content, confirmation of playback is returned to NCM and is included in “post” reports provided to our advertising clients.

In 2023, more than 438 million moviegoers attended theaters that are currently under contract to present The *Noovie* Show. A summary of the screens and theaters in our advertising network is set forth in the table below:

**Our Network**  
(As of December 28, 2023)



As of December 28, 2023, The *Noovie* Show was displayed on network movie screens using digital projectors. Almost all screens within our network receive content through our DCN and are equipped with more powerful digital cinema projectors, with the remainder comprised of LCD projectors.

**Human Capital**

We had 292 full-time employees as of December 28, 2023. Our employees are located in our Centennial, Colorado headquarters, and in our offices in New York, Los Angeles and Chicago. We also have many major markets advertising account executives that work primarily from their homes throughout the U.S. The Company continually works to structure the organization in optimal ways to meet customer, employee and shareholder needs. None of our employees are covered by collective bargaining agreements. We believe that we have a good relationship with our employees.

**Diversity, Equity and Inclusion (DEI)**—We are committed to diversity, equity and inclusion in the workplace. We are focused on building diverse talent at all levels of the organization by recruiting high quality diverse talent and have taken steps to align our policies with best practices from other respected organizations. We are focused on identifying and helping to implement initiatives intended to improve areas such as recruitment, retention, brand awareness and community outreach.

**Organizational Development**—Our Human Resources and leadership team is focused on broad management development as well as supporting targeted training to individuals and teams based on business needs. Managers and supervisors participate in specialized training to develop management skills, encourage employee development and retention and assist the Company with succession planning by identifying top talent to be developed into future leaders. Our Human Resources department also regularly provides employees with mandatory compliance training regarding preventing harassment

and discrimination, workplace diversity, our code of conduct, IT and cyber security and other related courses to help them with their daily responsibilities. Compliance with mandatory training requirements is tracked by our Human Resources department and management is notified when the requirements are not met.

The Human Resources department also focuses on defining and embedding the NCM culture into all people-related practices and policies to help us recruit, develop and retain a world-class team to grow the business. The Company has implemented a number of targeted initiatives to increase employee engagement and satisfaction, including team and culture-building activities, career and succession planning and ongoing analysis and enhancements of our total rewards program.

**Total Rewards**—We invest in our employees by providing comprehensive benefits and compensation packages. Our benefits packages include comprehensive health insurance with a wellness program for all eligible employees, parental leave for all new parents for the birth or adoption of a child or placement of foster care, 401k plan with a comprehensive financial wellness component and voluntary benefits employees can tailor to their specific needs ranging from additional life insurance to pet insurance.

### Seasonality

Our revenue and operating results are seasonal in nature, coinciding with the timing of marketing expenditures by our advertising clients and to a lesser extent the attendance patterns within the film exhibition industry. Historically, both advertising expenditures and theater attendance tend to be higher during the second, third, and fourth fiscal quarters. Advertising revenue is primarily correlated with new product releases, advertising client marketing priorities and economic cycles and to a lesser extent theater attendance levels. Seasonal demand during the summer is driven by the absence of alternative attractive advertising mediums and during the winter holiday season due to high client demand across all advertising mediums. The actual quarterly results for each quarter could differ materially depending on these factors or other risks and uncertainties. Based on our historical experience, our first quarter typically has less revenue than the other quarters of a given year due primarily to lower advertising client demand and increased inventory availability in competitive advertising mediums. Given the temporary closure of our theaters in 2020 and disruptions in the release of motion pictures and regular theater attendance patterns due to the COVID-19 Pandemic, our 2020 and 2021 quarterly results varied from the historical trend and 2020 results have been excluded. There can be no assurances that seasonal variations will not materially affect our results of operations in the future.

The following table reflects the quarterly percentage of total NCM LLC revenue for the fiscal years ended 2021, 2022 and 2023 and a historic average for FY 2017-2019 for comparison given the impacts of COVID-19 on the film release schedule and audience behaviors:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
FY 2021	4.7 %	12.2 %	27.7 %	55.4 %
FY 2022	14.4 %	26.9 %	21.9 %	36.8 %
FY 2023	13.4 %	24.8 %	26.8 %	35.0 %
FY 2017-2019 Average	17.4 %	24.4 %	25.7 %	32.4 %

### Government Regulations

Currently, we are not subject to regulations specific to the sale and distribution of cinema advertising. We are subject to federal, state and local laws that govern businesses generally such as wage and hour, worker compensation and health and safety laws as well as privacy, information security and consumer protection-related laws and regulations. We have been and are currently in compliance with all government mandated and environmental regulations.

### Competition

Our advertising business competes in the estimated \$352.0 billion U.S. advertising industry with many other forms of marketing media, including television, radio, print, internet, mobile and outdoor display advertising. While cinema advertising represents a small portion of the overall advertising industry today, we believe it is well-positioned to capitalize on the continuing shift of advertising spending away from traditional media, in particular linear television where consumers can skip advertisements through DVRs and other technology, to newer and more targeted forms of media.

Our advertising business also competes with many other providers of cinema advertising, which vary substantially in size. As the largest cinema advertising network in the U.S., we believe that we are able to generate economies of scale, operating efficiencies and enhanced opportunities for our clients to reach an engaged movie audience on both a national and local level to allow us to better compete for premium video dollars in the larger advertising marketplace.

### Competitive Strengths

We believe that several strengths position us well to compete in an increasingly fragmented media landscape. We believe that our cinema advertising network is an attractive option for advertisers on a national, regional and local level and delivers measurable results for our clients that are comparable, and preferred, to the television, online and mobile or other video advertising options that we compete against in the marketplace.

**Extensive national market coverage**—Our contractual agreements with our ESA Parties and network affiliates provide long-term exclusive access (subject to limited exceptions) to sell cinema advertising across the largest network of digitally-equipped theaters in the U.S. This allows us to offer advertisers the broad reach and national scale that they need to effectively reach their target audiences.

- Our advertising network consisted of 18,403 screens (9,573 operated by the ESA Parties) located in 1,439 theaters (697 operated by the ESA Parties) in 48 states and the District of Columbia, including each of the top 25, 50 and 100 DMAs®, and 190 DMAs® in total, as of December 28, 2023;
- The over 438 million people who attended theaters in our network in 2023 represented 71.9%, 65.7% and 62.3% of the total theater attendance in theaters that present cinema advertising in the top 10, 25 and 50 U.S. DMAs®, respectively, and 59.1% of all DMAs® nationally, providing an attractive platform for national advertisers who want exposure in larger markets or on a national basis;
- The average screens per theater in our network during 2023 was 12.8 screens; and
- The aggregate annual attendance per screen of theaters included in our network during 2023 was 23,854.

**Scalable, state-of-the-art digital content distribution technology**—Our use of the combination of satellite and terrestrial DCN network technology, combined with the design and functionality of our DCS and Customer Experience Center infrastructure, makes our network efficient and scalable and also allows us to target specific audiences and provide advertising scheduling flexibility and reporting. National, local and regional advertisers are generally able to run their ads in The *Noovie*® Show less than 72 hours following the close of the proposal which is comparable to the lead time of television advertising, giving businesses that rely on time-sensitive promotional advertising strategies the opportunity to take advantage of the power of cinema. The Company plans to further decrease this lead time following additional upgrades of our cinema advertising management system, as further discussed below.

This scalability of our distribution technology allows us to expand our cinema advertising network with minimal additional capital expenditures or personnel, and we expect to benefit from this scalability in the future as we add new theaters from the ESA Parties, our existing network affiliate relationships and the addition of new network affiliates.

**Access to a highly attractive, engaged audience**—We offer advertisers the ability to reach highly-coveted target demographics, including young, affluent and educated “Millennial” and “Gen Z” moviegoers. According to The People Platform for 2023, 64.0% of the NCM LLC audience were between the ages of 12-34, compared to 53.0% in 2019 and 62.0% in 2022, with a median age of 30 in 2023. Further, 47.0% of our moviegoers have a household income greater than \$100,000 (versus 41.0% of the general population), with a median moviegoer household income of \$94,000, and 38.0% have received a bachelor’s degree or higher (versus 35.0% of the general population) according to the 2023 Spring Doublebase MRI Simmons Study.

Because of the impact of cinema’s state-of-the-art immersive video and audio presentation, we also believe that movie audiences are highly engaged with The *Noovie* Show advertising and entertainment content that they view in our theater environment. In a recent 2023 study performed by Lumen, a leader in attention measurement, moviegoers paid greater attention to advertisements in theaters as compared to all other premium video platforms including Linear (Live Sports), Fast Nets (Tubi, Pluto, Roku), premium AVOD, social, digital and premium audio podcasts. Cinema’s attention advantage is 2 to 3 times that of Linear Live Sports, Fast Nets (Tubi, Pluto, Roku), Top Tier AVOD and podcasts and 7 to 16 times that of social media and digital. Further, based upon an average of 7 years of research studies including 323 advertisers across various categories, advertising on the big screen has generated brand lift for the critical key performance indicators of awareness (increase of 62.0%) and consideration (increase of 24.0%). Additionally, according to an intercept study conducted by eWorks, a market research company, a Platinum Spot advertiser experienced 88.0% brand recall, with significant lifts in unaided awareness (increase of 100.0%), favorable opinion (increase of 21.0%) and future consideration (increase of 19.0%) after advertising with the Company in 2022.

**World-class entertainment and innovative, branded pre-feature content**—The film content created by Hollywood studios is considered some of the finest entertainment content in the world, which creates a highly-desirable advertising environment for brands. We believe that The *Noovie* Show program provides a high-quality entertainment experience for theater audiences and an effective marketing platform for advertisers. By partnering with leading media, entertainment, technology and other companies, we are able to provide better original content for our audience and more impact for the advertiser. Because we offer local and national “pods” within The *Noovie* Show (that is, groupings of ads interspersed among

video content), our format is consistent with the grouping of ads on television networks, which allows advertisers to more easily integrate The *Noovie* Show into traditional sight-sound-and-motion media buys.

**Prime movie audience data, measurability and targeting**—As with many other advertising mediums, we are measured by third-party research companies. Epicenter Experience LLC measures our audience, including the total attendance that are in their seats during The *Noovie*® Show. Additionally, unlike some other advertising mediums, we also receive attendance information by film, by rating and by screen at least monthly for all of the ESA Parties’ theaters, and by location for the theaters operated by our network affiliates at least monthly, which allows us to report the actual audience size for each showing of a film where The *Noovie* Show played. We believe that the ability to provide detailed information to our clients gives us a distinct competitive advantage over traditional media platforms whose measurement is based only on extrapolations of a very small sample of the total audience.

In 2023, we continued to invest in the development of our cloud-based Data Management Platform (DMP) which we believe will allow us to provide even more robust audience insights and analytics to our clients. To further enhance the connection between brands and movie audiences, we accumulate audience data from several sources within our DMP. This audience data is then leveraged for the targeting of ad campaigns and can also deliver closed-loop attribution reporting. We expect to continue to enhance the capabilities of the platform in 2024 by continuing to gather first-party data through our *Noovie* digital products, as well as additional second- and third-party data sources and segments.

**Integrated marketing and digital products**—Our ability to bundle our on-screen advertising opportunities with integrated lobby, digital marketing and digital out-of-home products allows us to offer advertisers multiple touchpoints to reach movie audiences anytime and anywhere to execute true 360-degree marketing programs. We believe these multiple marketing impressions throughout the entire entertainment experience allow our advertisers to extend the exposure for their brands and products and create a more engaging relationship with movie audiences in every stage of their movie journey. Additionally, our NCMx™ data platform makes cinema advertising more measurable, targetable and attributable than ever before. Our first and second party data, including the valuable data derived from our owned and operated digital products, help us power our Audience Accelerator product to better reach advertising clients’ target audiences with higher degrees of accuracy and measure a variety of business outcomes more accurately.

**Contractual theater circuit and advertiser relationships**—Our exclusive multi-year contractual relationships with our ESA Parties and network affiliates allow us to offer advertisers a national network with the scale, flexibility and targeting to meet their marketing needs. Our exclusive contractual relationships with our content partners and courtesy PSA sponsors, as well as our agreements to satisfy the ESA Parties’ on-screen marketing obligations to their beverage concessionaires, provide us with a significant upfront revenue commitment, accounting for approximately 28.4% and 25.6% of our total revenue for the years ended December 28, 2023 and December 29, 2022, respectively. In addition, our participation in the annual advertising upfront marketplace has allowed us to secure significant annual upfront commitments from national advertisers looking to secure premium cinema inventory. These upfront commitments accounted for approximately 27.9% and 30.4% of our total revenue for the years ended December 28, 2023 and December 29, 2022, respectively.

**Strong operating margins with limited capital requirements**—Our annual operating income and Adjusted OIBDA margins from our IPO through the year ended December 26, 2019 were consistently strong, ranging from approximately 33.1% to 38.7% and 46.5% to 51.5%, respectively, over the previous five years. NCM LLC’s annual operating income and Adjusted OIBDA margins were (69.6)% and 20.3%, and 2.8% and 23.0%, for the years ended December 28, 2023 and December 29, 2022, respectively, due to the impact of the Chapter 11 Case and the lingering impact of the COVID-19 pandemic on our operations. Refer to “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” for a discussion of the calculation of Adjusted OIBDA margin, which is a non-GAAP financial measure, and a reconciliation of Adjusted OIBDA margin to operating income.

Our capital expenditures have ranged from approximately 2.9% to 3.5% of revenues over the five years through December 26, 2019. NCM LLC’s capital expenditures were 2.0% and 1.7% of revenue for the years ended December 28, 2023 and December 29, 2022. For the year ended December 28, 2023, our capital expenditures and other investments were \$5.3 million, of which \$1.5 million were associated with digital product development; \$2.0 million were associated with upgrades to our existing systems related to the planned upgrade of our cinema advertising management system; \$0.3 million were associated with network affiliate additions; and \$1.3 million were for certain implementation and prepaid costs associated with Cloud Computing arrangements. Given the impact of the Chapter 11 Case and the COVID-19 pandemic on our operations, our current focus is on cash containment and non-essential capital expenditures were reduced in recent years accordingly. Due to the network equipment investments made in recent years by our ESA Parties and network affiliates in new and acquired theaters, ESA provisions requiring the ESA Parties to make future investments for equipment replacements, and the scalable nature of our Customer Experience Center and other infrastructure, we do not expect any necessary major capital investments to grow our operations as our network of theaters continues to expand. As we continue to move our technology to cloud-based Software as a Service (“SaaS”) platforms, we will continue to reduce our annual capital expenditure spending. However, operating expenses associated with the SaaS licenses will continue to increase. Certain implementation costs of our SaaS



platforms were capitalized during the implementation period and are recognized within operating income over the term of the SaaS contract once the systems are fully implemented.

## **Our Strategy**

We are continuing to pursue a growth strategy that we believe will create significant value following the normalization of our operations. Our strategy includes the following three key components:

### ***Increase the Value of Cinema Media***

We intend to drive an increase in value through innovation and optimization of our current product offering. Achieving one of our key initiatives in this strategy, we introduced inventory following The *Noovie*® Show after the advertised showtime within Cinemark following the 2019 ESA Amendments. This Post-Showtime Inventory consists of a total of five to ten minutes depending upon the affiliate between the lights down segment beginning just after the advertised movie showtime and including trailer lighting and the 30- or 60-second Platinum Spot deeply embedded within the movie trailers with trailer lighting and full trailer volume. We believe this inventory constitutes prized and impactful ad spots and expect these improvements to increase the value of the inventory that we can offer to our national clients. We believe our local and regional clients also benefit from better inventory as their placement is closer to the advertised showtime. We introduced this new inventory at select network affiliate theaters beginning in early 2020, continuing throughout 2021, 2022 and 2023, and plan to continue to work toward expanding the portion of our network including this new inventory. Within the Regal Advertising Affiliate Agreement, effective on July 14, 2023, we began advertising for five additional minutes after the posted showtime, as well. We believe this higher value inventory, combined with an entertaining and engaging show program that is integrated with our *Noovie* digital ecosystem, provides a unique cross-platform premium video product that will stand out in the media marketplace. We also believe it will help mitigate the potential future impact of reserved seating on our business.

It is the Company's intention to increase the number of affiliate theaters in our network showing the improved *Noovie*® Show format followed by the premium Post-Showtime Inventory. While adoption across our affiliate network is expected to take some time, 65.4% of our network affiliates are running our Post-Showtime Inventory as of December 28, 2023, which including Regal and Cinemark, accounted for 34.6% of our total network attendance based on 2023 levels.

Our relationships with our exhibitors are a key focus of our business. Our Affiliate Partnerships team is dedicated to serving the needs of our ESA Parties' theater circuits and our 43 network affiliates nationwide as of December 28, 2023. We plan to continue to expand our affiliate network by strategically targeting priority exhibitors who are not currently part of our network and whose cinema advertising contracts we expect will be coming up for renewal in the next several years in order to add key affiliates and screens in select markets. This will allow us to increase our revenue by increasing the number of impressions we have available to sell to advertisers, extending our reach to additional markets to further improve our national footprint for brands looking to reach those audiences and strengthening our reach in markets we are already in for greater saturation in those DMAs. In September 2022, we entered into an exhibitor agreement with VIP Cinemas, a family-owned and operated circuit of seventeen theaters across eight states.

Under the terms of the ESAs and Common Unit Adjustment Agreement with the ESA Parties and our network affiliate agreements, all new theaters built or acquired (subject to existing advertising sales agreements) by the ESA Parties or network affiliates will become part of our network. Including our ESA Parties and network affiliates, our net screens have increased in seven out of the last ten fiscal years. We believe this expansion continues to improve our geographic coverage and enhances our ability to compete with other national advertising mediums, which allows our exhibitor clients to maximize the advertising value of their audiences.

In 2022, we launched several specialty networks to cater to specific audiences, including the Elevate Cinema Network, a strategic sales partnership with Spotlight Cinema Networks which combined nearly 1,500 of our premier screens with Spotlight's existing premier network of over 1,200 screens. This combined network provides reach and recall to brands targeting the upscale, educated, adult demographic with disposable income. We also created NCM Black Cinema Network and NCM Hispanic Cinema Network in connection with NuTime Media, a Black-owned media sales representation company, to better serve marketers looking to reach African-American and Hispanic audiences.

In 2023, we paired with Religion of Sports to cater to specific audiences for a new content partnership. Religion of Sports develops sports content to cater towards the 18-34-year-old demographic, particularly fans of sports who are seeking to consume their sports content in a shorter format outside of TV. This collaboration with NCM is the first of its kind for Religion of Sports.

Also in 2022, we launched NCMx™, our data, insights, and analytics platform. Our valuable unique data records consist of both our own NCM first-party data from our owned-and-operated digital products, as well as, a variety of key second- and third-party data sets addressable consumer records. We believe NCMx has proven to be a highly successful tool in attracting existing and new advertisers for NCM.

In 2023, we released a ground breaking study, conducted by Lumen, the leading technology company for attention measurement, that concludes cinema is the number one media platform for consumers' attention to advertising when measured against all other video platforms, including TV, CTV, social media and digital ads. Other findings of this study included:

- Cinema attention scores were four to seven times greater than all other video channels including TV, CTV, social media and digital ads, across a variety of brands and categories;
- Two and a half times more consumers watched ads playing in a movie theater compared to TV and CTV;
- Consumers watched cinema ads for a longer duration compared to other video platforms; and
- A direct correlation was found between attention metrics and brand recall and brand choice, meaning higher attention metrics leads directly to enhanced performance of the advertising which can result in increased sales lift, foot traffic and app downloads.

#### ***Diversify our Revenue Model***

We are also reimagining The *Noovie*® Show as we strive to increase revenue and grow our advertiser base by developing branded content, sponsorships and integration opportunities which also drive moviegoer engagement. We developed and launched various segments in 2022 including The *Noovie* Trivia Show, *Noovieverse*, *Perri's Picks*, *Noovie* Unwind and *Noovie* Cultural Celebrations and entered into new collaborations in 2023 including those with iHeartMedia and Tastemade. Our *Noovie* Studios in-house creative team develops and produces original storytelling content for advertisers for a fee, with content tied to these new *Noovie* Show segments or fully customized based on brand needs.

We plan to expand upon NCMx™, our data-platform that allows us to meet the needs of today's modern video advertising marketplace. It is important that we accelerate the growth, scale, targeting and measurability of our theater audience data to maintain a critical mass to be able to effectively use that audience data to deliver value to our clients. It is that scale that we believe will make our NCM digital and data capabilities increasingly attractive to advertisers, especially to national brands who buy both our national and regional inventory.

We also intend to enter into synergistic business opportunities. NCM's DOOH group serves to further unite brands with the power of movies by extending movie-centric entertainment content, trivia and advertising beyond theaters to a variety of complementary Digital Out-Of-Home platforms. NCM is now able to combine the strengths and effectiveness of Cinema, Digital and Place-Based media together to create innovative, integrated campaigns that engage movie fans anytime and anywhere through our partnerships with screens in convenience stores, college campuses and various restaurants.

#### ***Optimize Operation Effectiveness and Efficiency***

We intend to ensure our technology infrastructure is built to support sustained revenue growth. Our first initiative in this process is to further enhance our cinema advertising management system implemented in January of 2021 to allow for self-serve programmatic purchasing for certain of our product offerings beginning with LEN. We finalized the functionality for LEN in 2022 and released a beta version for local and national onscreen programmatic in late 2023 with a full launch anticipated in 2024.

#### **Intellectual Property Rights**

We have been granted a perpetual, royalty-free license from the ESA Parties to use certain proprietary software for the delivery of digital advertising and other content through our DCN to screens in the U.S. We have made improvements to this software since our IPO and we own those improvements exclusively, except for improvements that were developed jointly by us and the ESA Parties.

We have secured U.S. trademark registrations for NCM®, National CineMedia®, *Noovie*® and NCMx™. It is our practice to defend our trademarks and other intellectual property rights, including the associated goodwill, from infringement by others. We are aware that other persons or entities may use names and marks containing variations of our registered trademarks and other marks and trade names. Potentially, claims alleging infringement of intellectual property rights, such as trademark infringement, could be brought against us by the users of those other names and marks. If any such infringement claim were to prove successful in preventing us from either using or prohibiting a competitor's use of our registered trademarks or other marks or trade names, our ability to build brand identity could be negatively impacted.

#### **Available Information**

We maintain a website at [www.ncm.com](http://www.ncm.com), on which we will post free of charge our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to these reports under the heading "Investor Relations" located at the bottom of the home page after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (the "SEC"). We also regularly post information about the Company on the Investor Relations page. We do not incorporate the information on our website into this document and you should not consider any information on,

or that can be accessed through, our website as part of this document. The SEC also maintains a website that contains our reports and other information at [www.sec.gov](http://www.sec.gov).

## **Item 1A. Risk Factors**

*Ownership of the common stock and other securities of the Company involves certain risks. You should carefully consider the following material risks and other information in this document, including our historical financial statements and related notes included herein. The material risks and uncertainties described in this document are not the only ones facing us. If any of the risks and uncertainties described in this document actually occur, our business, financial condition and results of operations could be adversely affected in a material way. This could cause the trading price of our common stock to decline, perhaps significantly, and you may lose part or all of your investment.*

### **Risks Related to NCM LLC's Emergence from Bankruptcy**

***The ongoing effects of NCM LLC's Chapter 11 Case, including the risks and uncertainties associated with bankruptcy, may harm the Company's business following emergence.***

NCM LLC recently emerged from bankruptcy on August 7, 2023 (the "Effective Date"). The Company's senior management has been required to spend a significant amount of time and effort attending to the negotiation and execution of the Modified First Amended Plan of Reorganization of National CineMedia, LLC Pursuant to Chapter 11 of the Bankruptcy Code (as amended, modified, or supplemented from time to time, the "Plan") instead of focusing exclusively on the Company's business operations. Risks associated with NCM LLC's emergence from bankruptcy include the following:

- Vendors or other contract counterparties could terminate their relationship with us or require financial assurances or other enhanced performance commitments such as upfront payments;
- The ability to renew existing contracts and compete for new business may be adversely affected;
- It may be more difficult to attract, motivate, and retain key employees and executives;
- Employees may have been distracted from the performance of their duties by matters related to the Chapter 11 Case;
- Litigation with AMC and Cinemark regarding confirmation of the Plan could impact our relationship with AMC and Cinemark or the terms of the Plan; and
- Competitors may take business away from us, and our ability to attract and retain customers may be negatively impacted.

We cannot accurately predict or quantify the impacts or adverse effects of the residual risk and uncertainties associated with NCM LLC's emergence, or the occurrence of one or more of these risks could have on our results of operations, financial condition, business, and reputation.

***The Company's actual financial results following NCM LLC's emergence from bankruptcy may not be comparable to the Company's historical financial information or to NCM LLC's projections filed with the Bankruptcy Court.***

The Company has historically consolidated NCM LLC's financial statements, but upon the filing of the Chapter 11 Case and in accordance with applicable GAAP, the Company concluded that NCM, Inc. no longer controlled NCM LLC for accounting purposes as of April 11, 2023, the date on which NCM LLC filed its Chapter 11 Case and NCM LLC was deconsolidated from the Company's consolidated financial statements prospectively. On August 7, 2023, and subsequent to NCM LLC's emergence from bankruptcy, NCM, Inc. regained control of NCM LLC. The reconsolidation was treated for accounting purposes as a business combination under *ASC 805—Business Combinations* and accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values as of the date of acquisition, the Effective Date. Accordingly, the Company's future results of operations, financial condition and business may not be comparable to the results of operations, financial condition and business reflected in our historical financial statements.

In connection with filings made with the Bankruptcy Court and as cleansing materials after negotiations with NCM LLC's creditors, the Company disclosed projected financial information regarding NCM LLC's future prospects. Those projections were prepared solely for the purpose of negotiations and the bankruptcy proceedings and have not been, and will not be, updated on an ongoing basis and should not be relied upon by investors. At the time they were prepared, the projections reflected numerous assumptions concerning our anticipated future performance with respect to prevailing and anticipated market and economic conditions that were and remain beyond our control and that may not materialize. Projections are inherently subject to substantial and numerous uncertainties and to a wide variety of significant business, economic and competitive risks and the assumptions underlying the projections and/or valuation estimates may prove to be wrong in material respects. Actual results may vary significantly from those contemplated by the projections. As a result, investors should not rely on these projections.

***There can be no assurance as to the effect that NCM LLC's bankruptcy and emergence from Chapter 11 will have on its relationships with its ESA Parties, vendors, network theater circuits, employees and customers.***

There can be no assurance as to the effect that NCM LLC's bankruptcy and emergence from Chapter 11 will have on its ongoing relationships with its ESA Parties, vendors, network theater circuits, employees and customers. The Chapter 11 Case required NCM LLC to forbear making payments to vendors for certain pre-petition goods and services until NCM LLC assumed the underlying agreements. The delay of payments or non-payment due to provisions of the Bankruptcy Code may have damaged underlying relationships with certain vendors and network theater circuits that may be difficult to repair. Additionally, AMC and Cinemark, the ESA Parties, sought a stay of the Confirmation Order and the Regal Order in the Bankruptcy Court, the District Court for the Southern District of Texas, and the Fifth Circuit Court of Appeals, all of which denied the request. The consolidated appeals of the Confirmation Order and the Regal Order on the merits are pending in the United States District Court for the Southern District of Texas. To the extent that any of these events result in the tightening of payment or credit terms, increases in the price of supplied services, the loss of customers, the revision of contractual terms, or loss of key employees, it could have a significant negative effect on the Company's business, financial condition, liquidity and results of operations.

***Certain stockholders own a significant portion of our outstanding voting stock and a Director Designation Agreement entered into with certain of NCM LLC's previous creditors grants the right to appoint up to six of the nine directors on our Board and may limit investors ability to influence significant corporate decisions.***

As of August 7, 2023, Blantyre Capital Limited ("Blantyre Capital"), our largest stockholder, beneficially owns 26,664,349 shares of our common stock, representing approximately 27.5% of the Company's shares outstanding as of December 28, 2023. Additionally, the Company entered into a Director Designation Agreement (the "Designation Agreement") among the Company, the Consenting Creditor Designation Committee (the "Designation Committee") and Blantyre Capital in accordance with the Plan. The Designation Agreement provides for the designation of up to six directors, three of whom must be independent, by the Designation Committee and Blantyre Capital with up to two of the directors designated by Blantyre Capital. The number of directors designated will vary based on the ownership level of the Consenting Creditors under the Designation Agreement. As a result, the directors appointed by Blantyre and the Designation Committee could have significant influence on corporate matters.

It is possible that the interests of the stockholders on the Designation Committee will not align with the interests of our other stockholders. The concentration of ownership of our largest stockholders may also have the effect of delaying or preventing a change in control and may not be fully aligned with the interests of other stockholders.

***Upon NCM LLC's emergence from bankruptcy, the composition of the Board of Directors has changed significantly.***

Upon emergence from bankruptcy, five of the Company's directors resigned and six new directors were appointed pursuant to the terms of the Plan. The Company's current directors have different backgrounds, experiences and perspectives from those individuals who previously served on the Company's Board of Directors during and prior to NCM LLC's bankruptcy, and the current Board of Directors may have different views on strategic initiatives and a range of issues that will determine the future of the Company. As a result, the future strategy and plans of the Company may differ materially from those of the past.

***The Revolving Credit Facility 2023 contains restrictions and may not provide sufficient capital resources and flexibility for the Company in the future.***

On August 7, 2023, NCM LLC entered into a Loan, Security and Guarantee Agreement with the lenders party thereto and CIT Northbridge Credit LLC (the "Revolving Credit Facility 2023"). The Revolving Credit Facility 2023 matures on August 7, 2026, contains customary representations, warranties, covenants, events of default, terms and conditions, including limitations on liens, incurrence of debt, mergers and significant asset dispositions, and a maximum revolving credit line capacity of \$55.0 million. The revolving credit line availability under the Revolving Credit Facility 2023 is calculated by reference to the total amounts of NCM LLC's accounts receivable. The restrictions in the Revolving Credit Facility 2023 may restrict NCM LLC from taking actions, distributing cash, or entering into agreements to raise additional capital, and the availability of the Revolving Credit Facility 2023 may vary and be insufficient for NCM LLC's needs, particularly in the event of an economic downturn. The Company's future capital resource and flexibility needs are difficult to predict at this time and will depend on (i) NCM LLC's ability to comply with the terms and conditions of the Revolving Credit Facility 2023, (ii) ability to generate sufficient cash flow from operations, and (iii) future strategic initiatives.

***The market price of our common stock is subject to volatility.***

On August 3, 2023, the Company effected a one-for-ten (1:10) reverse stock split of its common stock, par value \$0.01 per share. The reverse stock split reduced the number of outstanding shares of the Company's common stock from 174,112,385 shares as of August 3, 2023, to 17,411,323 shares outstanding post-split. On August 7, 2023, the Effective Date, the Company issued 83,421,135 shares of the Company's common stock to holders of secured debt claims as provided in the Plan and under

the terms of the Regal Termination Agreement, Regal surrendered 4,068,381 shares of common stock for cancellation. As of December 28, 2023, there were 96,837,039 shares outstanding. The liquidity and market price of our common stock will depend on our results of operations and financial condition, expectations regarding our future prospects, the number of shares that NCM LLC's previous holders of secured debt claims sell into the market, among other various factors. The market price for our common stock may be volatile until the market normalizes and is able to take into account all of the new information related to NCM LLC's emergence and other factors.

### **Risks Related to Our Business and Industry**

#### ***Significant declines in theater attendance could reduce the attractiveness of cinema advertising and could reduce our revenue.***

Our business is affected by the level of attendance at the theaters in our advertising network that operate in a highly competitive industry and whose attendance is reliant on the presence of motion pictures that attract audiences. Over the 10 years prior to the outbreak of the novel corona virus or COVID-19 in 2020 (the "COVID 19 Pandemic"), theater attendance has fluctuated from year to year but on average has remained relatively flat. The value of our advertising business could be adversely affected by a decline in theater attendance or even the perception by media buyers that our network is no longer relevant to their marketing plan due to the decreases in attendance and geographic coverage.

The COVID-19 Pandemic also led to several changes impacting patron attendance at theaters including studios electing to shorten or eliminate the "release window" between the release of major motion pictures to alternative delivery methods or released motion pictures directly to alternative delivery methods bypassing the theater entirely. Certain patrons also avoided crowds and other public indoor spaces and governments restrictions impacted the ability of theaters to operate at normal capacity. While consumers have largely returned to pre-COVID-19 Pandemic behavior, it is unknown how future pandemics or epidemics will influence behavior. Additional factors that could reduce attendance at our network theaters include the following:

- if NCM LLC's network theater circuits cannot compete with other entertainment due to an increase in the use of alternative film delivery methods (and the shortening or elimination of the "release window" of major motion pictures bypassing the theater entirely), including network and online video streaming and downloads;
- theater circuits in NCM LLC's network are expected to continue to renovate auditoriums in certain of their theaters to install new larger, more comfortable seating or adjust seating arrangements, reducing the number of seats and the audience size in a theater auditorium. These renovations have been viewed favorably by patrons and many theater circuits have noted an intent to continue such renovations;
- changes in theater operating policies, including the number and length of trailers for films that are played prior to the start of the feature film, which may result in most or all of The *Noovie*® Show starting further out from the actual start of the feature film;
- any reduction in consumer confidence or disposable income in general that reduces the demand for motion pictures or adversely affects the motion picture production or exhibition industries;
- the success of first-run motion pictures, which depends upon the number of films produced for theater exhibition and the production and marketing efforts of the major studios and the attractiveness and value proposition of the movies to consumers compared to other forms of entertainment;
- if political events, such as terrorist attacks, or health-related epidemics, such as flu outbreaks and pandemics, such as the COVID-19 Pandemic, cause consumers to avoid movie theaters or other places where large crowds are in attendance;
- the film production process may be impacted by production delays, writers' or actors' strikes, such as those that took place in 2023, incidents on sets, government regulation, or other factors that could limit the number of films available and cause films to be delayed;
- government regulations or theater operating policies that require higher levels of social distancing, restriction of capacity or prohibition of operations;
- if the theaters in our network fail to maintain and clean their theaters and provide amenities that consumers prefer;
- if future theater attendance declines significantly over an extended time period, one or more of NCM LLC's network theater circuits may face financial difficulties and could be forced to sell or close theaters or reduce the number of screens it builds or upgrades or increase ticket prices; and
- NCM LLC's network theater circuits also may not successfully compete for licenses to exhibit quality films and are not assured a consistent supply of motion pictures.

Any of these circumstances could reduce our revenue because our national and regional advertising revenue, and local advertising revenue to a lesser extent, depends on the number of theater patrons who attend movies. Additionally, if attendance underperforms against expectations or declines significantly, the Company will be required to provide additional advertising time (makegoods) to national advertisers to reach agreed-on audience delivery thresholds. Certain of these circumstances can also lead to volatility within our utilization, which typically varies more than 10% on an annual basis and even more substantially quarter-to-quarter.

***Pandemics, epidemics or disease outbreaks, such as the COVID-19 virus, have disrupted and are continuing to disrupt our business and the business of NCM LLC's network theaters, which has and could continue to materially affect our operations, liquidity and results of operations.***

Pandemics or disease outbreaks such as the COVID-19 virus, including variants, have and are continuing to disrupt our business and the business of NCM LLC's network theaters. There can be no assurance that the COVID-19 Pandemic and associated impacts will not return in the future, or a future pandemic will not lead to public safety restrictions or consumer behavior that will negatively impact our business, advertiser sentiment, or audience attendance.

In-theater advertising revenue and overall theatrical attendance has remained below historical levels since the start of the COVID-19 Pandemic even though certain released films achieved attendance that was comparable to levels prior to the COVID-19 Pandemic. The uncertainty around attendance and film release plans created by the COVID-19 pandemic also limited our ability to participate in the annual advertising upfronts impacting our typical mix of upfront and scatter revenue. We believe that the exhibition industry has historically fared well during periods of economic stress, and we remain optimistic, though cannot guarantee, that the theatrical business and attendance figures will continue to rebound. However, the ultimate significance of the COVID-19 Pandemic or other future pandemics, on our business is still unknown. We are monitoring the rapidly evolving situation and its potential impacts on our financial position, results of operations, liquidity and cash flows.

Due to the impacts to our operations, we were required to take drastic measures to ensure our business survived the COVID-19 Pandemic, including furloughing and terminating employees, extending payment terms on accounts payable, and reducing or delaying planned operating and capital expenditures. The ultimate impact of these actions following NCM LLC's emergence from bankruptcy on our operations in the future remains to be seen, including increased difficulties in accessing lending or capital markets or other sources of liquidity, increased employee turnover or litigation, actual or potential impairment charges, and advertisers perception and willingness to invest with us. Additionally, many of our network's theaters were also required to take significant actions during the COVID-19 Pandemic and these actions may lead to decreased attendance in the future and may cause financial distress, including the Cineworld Proceeding, described further below. Even the perception that our business or the business of network's theaters may be impacted, could lead to decreased advertising expenditures and other significant disruption to our business. Future pandemics could require us to implement measures similar to those implemented in response to the COVID-19 Pandemic.

***Changes in theater patron behavior could result in declines in the viewership of The Noovie® Show which could reduce the attractiveness of cinema advertising and our revenues.***

The value of our national and regional on-screen advertising and to a lesser extent our local advertising is based on the number of theater patrons that are in their seats and thus have the opportunity to view The Noovie Show. Trends in patron behavior that could reduce viewership of The Noovie Show include the following:

- theater patrons are increasingly purchasing tickets ahead of time via online ticketing mediums and when available reserving a seat in the theater (offered in a significant percentage of our network), which could affect how early patrons arrive to the theater and reduce the number of patrons that are in a theater seat to view most or all of The Noovie® Show;
- during the COVID-19 Pandemic, certain consumers changed their behavior in order to avoid large groups and other public indoor activities, and these behavior changes could become a long-term trend;
- certain theater chains have increased the number of trailers and time devoted to other programming prior to the display of the feature film, and in combination with our Post-Showtime Inventory, may cause patrons to arrive later to theaters and reduce the number of patrons that are in a theater seat to view most or all of The Noovie Show; and
- changes in theater patron amenities, including bars and entertainment within exhibitor lobbies causing increased dwell time of patrons.

National advertising sales and rates are dependent on the methodology used to measure audience impressions. If a change is made to this methodology that reflects fewer audience impressions available during the show, this could adversely affect the Company's revenue and results of operations.

***Changes in the ESAs with, or lack of support by, the ESA Parties could adversely affect our revenue, growth and profitability.***

The ESAs with the ESA Parties are critical to our business. The ESA with AMC has an initial term of 30 years and the ESA with Cinemark (as amended by the 2019 ESA Amendment) has a term of 34 years, each such term beginning February 13, 2007. Each ESA provides NCM LLC with a five-year right of first refusal for the services that it provides to the ESA Parties, which begins one year prior to the end of the term of each respective ESA. The ESA Parties' theaters represent approximately 52.0% of the screens and approximately 72.4% of the attendance in our network as of December 28, 2023. If either ESA were terminated, not renewed at its expiration, rejected in a bankruptcy proceeding, or found to be unenforceable, it could have a material negative impact on our revenue, profitability and financial condition.

The ESAs require the continuing cooperation, investment and support of the ESA Parties, the absence of which could adversely affect us. Pursuant to the ESAs, the ESA Parties must make investments to replace network equipment within their theaters and equip newly constructed theaters with digital network equipment. If the ESA Parties do not have adequate financial resources or operational strength, and if they do not replace equipment or equip new theaters to maintain the level of operating functionality that we have today, or if such equipment becomes obsolete, we may have to make additional capital expenditures or our advertising revenue and operating margins may decline. In addition, the ESAs give the ESA Parties the right to object to certain content in The *Noovie*® Show, including content that competes with us or the applicable ESA Party. If the ESA Parties do not agree with our decisions on what content, strategic program or partnerships are permitted under the ESAs, we may lose advertising clients and the resulting revenue, which would harm our business.

Following NCM LLC's emergence from bankruptcy, neither AMC nor Cinemark holds any membership units in NCM LLC, but are eligible to be issued additional units pursuant to the terms of the Common Unit Adjustment Agreement. We are uncertain how the lack of ownership interest in NCM LLC and limited ownership at NCM, Inc. may affect their cooperation with us under the ESAs or otherwise going forward. Additionally, following the approval of the bankruptcy court authorizing NCM LLC's entry into the Regal Advertising Agreement and the Regal Termination Agreement (the "Regal Order") and approval of the Confirmation Order approving NCM LLC's disclosure statement on a final basis and confirming NCM LLC's Plan (the "Confirmation Order"), AMC and Cinemark filed notice of appeal of the Confirmation Order and the Regal Order. Subsequently, AMC and Cinemark sought a stay of the Confirmation Order and Regal Order in the Bankruptcy Court, the District Court for the Southern District of Texas, and the Fifth Circuit Court of Appeals, all of which denied the request. The consolidated appeals of the Confirmation Order and the Regal Order on the merits are pending in the District Court for the Southern District of Texas. We are uncertain how this litigation will impact AMC and Cinemark's willingness to cooperate under the ESAs or how long the litigation may last.

***If the non-competition provisions of the ESAs or other advertising agreements are deemed unenforceable, the counterparties could compete against us and our business could be adversely affected.***

With certain limited exceptions, each of the ESAs and other network affiliate agreements prohibits the applicable counterparty from engaging in any of the business activities that we provide in the counterparty's theaters under the ESAs and network affiliate agreements, and the ESAs and certain network affiliate agreements prohibit the counterparty from owning interests in other entities that compete with us. These provisions are intended to prevent the counterparties from harming our business by providing cinema advertising services directly to their theaters or by entering into agreements with other third-party cinema advertising providers. However, under state and federal law, a court may determine that a non-competition covenant is unenforceable, in whole or in part, for reasons including, but not limited to, the court's determination that the covenant:

- is not necessary to protect a legitimate business interest of the party seeking enforcement;
- unreasonably restrains the party against whom enforcement is sought; or
- is contrary to the public interest.

Enforceability of a non-competition covenant is determined by a court based on all of the facts and circumstances of the specific case at the time enforcement is sought, including the type of court hearing the matter. For this reason, it is not possible for us to predict whether, or to what extent, a court would enforce the non-competition provisions contained in the ESAs and network affiliate agreements. If a court were to determine that the non-competition provisions are unenforceable, the counterparties could compete directly against us or enter into an agreement with another cinema advertising provider that competes against us. Any inability to enforce the non-competition provisions, in whole or in part, could cause our revenue to decline and could have a material negative impact on our business. If NCM seeks to enforce the non-competition provisions in connection with a counterparty's bankruptcy, the bankruptcy court may be a less favorable venue for adjudicating the implicated provisions and result in a different outcome than would occur outside of bankruptcy.

***The ESA with an ESA Party that has declared bankruptcy may be rejected, renegotiated or deemed unenforceable.***

On September 7, 2022, Cineworld Group plc, the parent company of Regal, and certain of its subsidiaries, including Regal, Regal Cinemas, Inc., formerly a party to an ESA, and Regal CineMedia Holdings, LLC, formerly a party to other agreements with NCM LLC and NCM, Inc., filed petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the Southern District of Texas (the "Cineworld Proceeding"). In addition, each of the other ESA Parties currently has a

significant amount of indebtedness. As a result of the COVID-19 Pandemic, all of the theaters in NCM LLC's network were temporarily closed and were required to seek additional financing through various methods. If a bankruptcy case were commenced by or against another ESA Party, it is possible that all or part of the ESA with the applicable ESA Party could be rejected by a trustee in the bankruptcy case pursuant to Section 365 or Section 1123 of the United States Bankruptcy Code, or by the ESA Party, and thus not be enforceable. On October 21, 2022, Regal filed a motion to reject its ESA without specifying an effective date for the rejection and indicated that Regal intended to negotiate with the Company regarding the ESA. NCM LLC filed a complaint against Regal seeking declaratory relief and an injunction prohibiting Regal from breaching certain exclusivity, non-compete, non-negotiate and confidentiality provisions in the ESA by entering into a new agreement with a third-party or bringing any of the services performed by NCM LLC in-house. Following negotiations, NCM LLC and Regal entered into a Network Affiliate Transaction Agreement (the "Regal Advertising Agreement") and a separate termination agreement, pursuant to which, effective on July 14, 2023, Regal rejected and terminated its ESA, and Regal waived all rights and interests in the other agreements Regal and its affiliates were a party to with NCM LLC. In the event another ESA Party declares bankruptcy, NCM LLC may be required to litigate its rights and negotiate with the bankrupt ESA Party.

In addition, as a part of the Cineworld Proceeding, Regal announced plans to optimize the number of theaters it operates and announced the closures of certain theaters. Should Regal or another ESA Party liquidate or dispose of theaters or remove theaters from our network through bankruptcy or for other business reasons, if the acquirer did not agree to continue to allow us to sell advertising in the acquired theaters the number of theaters in our advertising networks would be reduced which in turn would reduce the number of advertising impressions available to us and thus could reduce our advertising revenue.

***We may not realize the anticipated benefits of additional Post-Showtime inventory or be successful in increasing the number of theaters in which NCM LLC has the right to display Post-Showtime inventory.***

Beginning with the 2019 ESA Amendment with affiliates of Cinemark in 2019, NCM LLC is entitled to display up to five minutes of The *Noovie*® Show after the scheduled showtime of a feature film and a Platinum Spot that is either 30 or 60 seconds of The *Noovie* Show in the trailer position directly prior to the "attached" trailers preceding the feature film in Cinemark and certain other network affiliates' theaters. The Regal Advertising Agreement also provides for (i) up to ten minutes immediately after the advertised showtime of a feature film, extending the time available to NCM LLC by five minutes, and (ii) the Platinum Spot that may be exhibited on-screen prior to the last two trailers, which may be either thirty or sixty seconds in length. Subject to Regal's approval, NCM LLC may display two thirty-second spots in the Platinum Spot and a Gold Spot, a thirty second spot displayed immediately prior to the fourth trailer preceding a feature film or digital programming event.

We expect that Post-Showtime Inventory will ultimately result in an increase in average CPM, revenues and Adjusted OIBDA, however we may not realize any or all such benefits. Potential difficulties and uncertainties that may impair the full realization of the anticipated benefits include, among others:

- the behavior of theater patrons may change in response to the display of a portion of The *Noovie*® Show after the advertised showtime, or in response to the combination of advertising and trailers before the start of the feature film, resulting in a reduction to the number of patrons that are in a theater seat to view most or all of The *Noovie* Show;
- potential advertisers may not view the Post-Showtime Inventory as attractive due to inability to run across our entire network or view it as a premium advertising opportunity and the average CPMs for The *Noovie* Show may not increase as much as anticipated, or at all;
- NCM LLC may not be able to generate sufficient revenue to satisfy any minimum guarantees required to enter into agreements for Post-Showtime inventory or sufficient minimum average CPMs required to display the Platinum Spot in Cinemark's theaters;
- the extended length of time between the advertised showtime and the beginning of the feature film may decrease the average CPM for that portion of The *Noovie* Show appearing before the advertised showtime, which may partially or fully offset any increase in average CPM for the Post-Showtime Inventory; or
- the increased fees payable in connection with the Post-Showtime Inventory with certain counterparties may exceed the increase, if any, in revenue resulting from the access to the Post-Showtime inventory.

There can be no assurance that we will be successful in increasing the number of theaters in which NCM LLC has the right to display Post-Showtime Inventory

The anticipated benefits we expect to receive as a result of the Post-Showtime Inventory are subject to factors that we do not and cannot control. Failure to realize the anticipated benefits could result in decreases in revenue and Adjusted OIBDA and diversion of management's time and energy, and could adversely affect our business, financial condition and operating results.

***Our plans for developing additional digital or digital out-of-home revenue opportunities may not be implemented and may not be achieved.***



We have invested significant resources in pursuing potential opportunities for revenue growth, which we describe under “Business—Our Strategy.” We had 703.3 million and 374.4 million unique data records as of December 28, 2023 and December 29, 2022, respectively. These valuable data records consist of both our own NCM first-party data from our owned-and-operated digital products, and a variety of key second- and third-party data addressable consumer records, including location-based data that allows us to track when our audiences go to the movie theater to see *The Noovie Show* and where they go in the days and weeks afterwards. Our ability to increase our unique data records requires us to invest in third-party relationships, to comply with evolving privacy and data security laws, rules and regulations and to develop innovative digital properties that will increase the number of users of our online and mobile entertainment and advertising network and mobile apps. Our ability to collect and leverage movie audience data is under increasing competitive and regulatory pressure and may be negatively impacted by changes to advertising technology, platform operator policies and privacy laws and regulation and may not deliver the future benefits that we are expecting. It is important that we maintain a critical mass of audience data to make our digital offering more attractive to advertisers, including national brands who buy both our national and regional advertising inventory.

Our digital out-of-home business remains at an early stage and is under significant competitive pressure with the proliferation of available alternatives in the digital out-of-home space and may not deliver the future benefits that we are expecting. If we are unable to develop relationships and advertising that is relevant to the marketplace that can be integrated with our core on-screen advertising products, and if these offerings are not attractive to our advertisers, then the digital out-of-home business may not provide significant revenue or a method to help expand our cinema advertising business as it matures. As such, there can be no assurance that we will recoup our investments made pursuing this business.

If we are unable to execute on products relevant to the marketplace or integrate these digital and digital out-of-home marketing products with our core on-screen and theater lobby products, or if these offerings or other data sources do not continue or are unable to provide relevant data or to grow in importance to advertising clients and agencies, they may not provide a way to help expand our advertising business as it matures and begins to compete with new or improved advertising platforms including online and mobile video services. As such, there can be no assurance that we will recoup our investments made pursuing additional revenue opportunities.

***The personal information we collect and maintain through our online and mobile services, as well as from third-party sources, may expose us to liability or cause us to incur greater operating expenses.***

We collect personal information from users of our websites or apps, including those users who establish accounts, or users who view certain advertising displayed through our online and mobile services. We receive certain personal information regarding consumers who enter the theaters in our network, including places visited before entering the theater and after leaving the theater, from third parties to supplement or enhance the information we collect and maintain about users of our online and mobile services or individuals who view advertising or enter theaters. We also collect personal information relating to individuals who are job applicants, employees, stockholders, directors, officers and independent contractors of NCM, as well as emergency contact information they provide. In addition, we collect personal information relating to employees, owners, directors, officers and independent contractors of other organizations within the context of conducting due diligence regarding or providing or receiving a product or service to or from such organization. The collection and use of this information is governed by applicable privacy, information security and consumer protection laws and regulations that continue to evolve and may be inconsistent from one jurisdiction to another. Compliance with all such laws and regulations may increase our operating costs and adversely impact our ability to offer our clients advertising targeted to moviegoer demographics or to interact with users of our online and mobile services, and could result in legal liability. For example, the failure, or perceived failure, to comply with applicable privacy information security or consumer protection-related laws or regulations or our posted privacy policies could result in actions against us by governmental entities or others. If an actual or perceived breach of our data occurs, we could incur significant costs notifying affected individuals and providing them with credit monitoring services. The market perception of the effectiveness of our security measures could also be harmed, and we could lose users of these services and the associated benefits from gathering such user data.

***Changes in laws, regulations or rules relating to privacy, data security, the Internet or other areas of our online or mobile services may result in the need to alter our business practices or incur greater operating expenses.***

A number of statutes, regulations and rules may impact our business as a result of our online or mobile services and our use of personal information we receive from third parties. For example, privacy laws that have passed or are being contemplated give, or will give, individuals additional rights with regards to the collection, use, access to, correction, deletion, selling, sharing and protection of their personal information and sensitive personal information. The costs of compliance with privacy laws, regulations and rules and other regulations relating to our online and mobile services or other areas of our business, may be significant. The manner in which these and other regulations may be interpreted or enforced may subject us to potential liability, which in turn could have an adverse effect on our business, results of operations, or financial condition. Changes to these and other regulations may impose additional burdens on us or otherwise adversely affect our business and financial results because of, for example, increased costs relating to legal compliance, defense against claims, adverse rulings or

damages, the reduction or elimination of features, functionality or content from our online or mobile services, or our inability to use unique data records effectively. Likewise, any failure on our part to comply with these and other regulations may subject us to additional liabilities.

***The markets for advertising are competitive and we may be unable to compete successfully.***

The market for advertising is very competitive. Cinema advertising is a small component of video advertising in the U.S. and thus, we must compete with established, larger and better known national and local media platforms such as cable, broadcast and satellite television networks, ad supported video-on-demand and other video media platforms. In addition to these video advertising platforms, we compete for advertising directly with additional media platforms, including digital advertising providers, online, digital out-of-home and mobile, radio, various local print media and billboards, and other cinema advertising companies. We expect all of these competitors to devote significant effort to maintaining and growing their business, which may be at our expense. We also expect existing competitors and new entrants to the advertising business, most notably the online, digital out-of-home and mobile advertising companies and ad supported video-on-demand platforms, to constantly revise and improve their business models to meet expectations of advertising clients. In addition, the pricing and volume of advertising may be affected by shifts in spending toward digital platforms from more traditional media, or toward new ways of purchasing advertising, such as through automated purchasing, dynamic advertising insertion, third parties selling local advertising posts and advertising exchanges, some or all of which may not be as advantageous to the Company as current advertising methods. Expenditures by advertisers tend to be cyclical, reflecting overall economic conditions, as well as budgeting and buying patterns. A decline in the economic prospects of advertisers, industries, such as retail or consumer products, or the economy in general could alter current or prospective advertisers' spending priorities, including changes in prospects caused by inflationary pressures, pandemics or other events. If we cannot respond effectively to media marketplace changes, advertising market changes, new entrants or advances by our existing competitors, our business may be adversely affected.

Additionally, the number of films and mix of film ratings of the available motion pictures, such as the proportion of G and PG rated films or a shift in the types and numbers of films being shown in theaters, could cause advertisers to reduce their spending with us as the theater patrons for the available films may not represent those advertisers' target markets.

Advertising demand also impacts the price (CPM) we are able to charge our clients. Due to increased competition, combined with seasonal marketplace supply and demand characteristics, we have experienced volatility in our pricing (CPMs) over the years, with annual national CPM increases (decreases) ranging from (4.2%) to 23.6% from 2015 to 2023 (excluding 2020).

***If we do not continue to upgrade our technology, our business could fail to grow and revenue and operating margins could decline.***

In early 2021, we implemented a new cinema advertising management system which was developed by a third-party vendor. This system replaced many of our internally developed systems and provides delivery optimization, inventory management and monetization, intelligent dynamic scheduling, increased flexibility, and workflow automation. The system also interfaces with our accounting system thus driving client invoicing and revenue recognition. Given the pervasive impact of this new system on the Company's processes, problems with the system and software could cause operational difficulties, lead to errors within our financial reporting and slow or prevent the growth of our business in the future. As we continue to move our technology to cloud-based SaaS platforms, our operating results may be impacted as operating expenses associated with the SaaS licenses may increase as our annual capital expenditure spending may decrease and this shift in costs may exceed our current estimates.

If our cinema advertising management system does not successfully provide all of the services we expect, if we are unable to continue to successfully and cost-effectively implement further upgrades to the system, including a programmatic advertising sales option currently in progress, or if we lose access to the system through termination of the agreement or otherwise, our ability to offer our clients innovative, unique, integrated and targeted marketing products may be impacted, which could limit our future revenue growth. The failure to upgrade and maintain our technology allowing our advertising to reach a broader audience and allow for more targeted marketing products similar to other products in the inventory could hurt our ability to compete. Under the ESAs, the ESA Parties are required to provide technology that is consistent with that in place at the signing of the ESA. We may request that the ESA Parties or other theaters in our network upgrade the equipment or software installed in their theaters, but we must negotiate as to the terms of such upgrade, including cost sharing terms, if any. If we are not able to come to an agreement on a future upgrade request, we may elect to pay for the upgrades requested which could result in our incurring significant capital expenditures that could adversely affect our profitability.

***Economic uncertainty or deterioration in economic conditions may adversely impact our business, operating results or financial condition.***

The financial markets have experienced extreme disruption and volatility at times. A decline in consumer spending in the U.S. may lead to decreased demand for our services or delay in payments by our advertising clients. As a result, our results of operations and financial condition could be adversely affected. These challenging economic conditions also may result in:

- increased competition for fewer advertising and entertainment programming dollars;
- pricing pressure that may adversely affect revenue and gross margin;
- declining attendance and thus a decline in the impressions available for The *Noovie* Show;
- reduced credit availability and/or access to capital markets;
- difficulty forecasting, budgeting and planning due to limited visibility into the spending plans of current or prospective clients;
- client financial difficulty and increased risk of uncollectible accounts; or
- financial difficulty for NCM LLC's network theaters.

***Our Adjusted OIBDA is derived from high margin advertising revenue. Our contractual costs will grow over time, and the reduction in spending by or loss of a national advertiser or group of local advertisers or failure to grow our advertising revenue in line with these costs could have a meaningful adverse effect on our business.***

The ESAs and certain of our network affiliate agreements include automatic annual cost or fee increases. The theater access fees under the ESAs are composed of a fixed payment per patron, increasing by 8% every five years, and a fixed payment per digital screen connected to the DCN, increasing annually by 5%, and certain of our network affiliate agreements include annual increases in the minimum fee per patron payable. If NCM LLC further amends the ESAs or network affiliate agreements in response to market conditions or in connection with the bankruptcy of a counterparty, the costs could increase. If we are unable to grow our high margin advertising revenue at a rate at least equal to that of our contractual obligations, our margins and results would be negatively affected.

We generate all of our operating income and Adjusted OIBDA from our high margin advertising business. Advertisers will not continue to do business with us if they believe our advertising medium is ineffective, unpredictable or overly expensive or lacks sufficient scale. In addition, large advertisers generally have set advertising budgets, of which cinema advertising may only be a small portion. Reductions in the size of advertisers' budgets due to local or national economic trends, epidemics, pandemics, other natural disasters or similar events, a shift in spending to other advertising mediums, perception of uncertainty in advertising mediums, or other factors could result in lower spending on our advertising inventory. Advertisers are spending in the scatter market closer to the start date of their advertising campaign. A substantial portion of our advertising revenue relates to contracts with terms of a month or less, and clients have many video media choices and can adjust where ads are placed up until their airdates without the risk of securing desired impressions. We have previously been successful in securing favorable upfront advertising agreements, but as advertising spending shifts in the scatter market closer to the start date of advertising campaigns, our ability to maintain high CPMs in the upfront markets may decrease. If we are unable to remain competitive and provide value to our advertising clients, they may reduce their advertising purchases or stop placing advertisements with us. Even the loss of a small number of clients on large contracts that we are not able to replace would negatively affect our results.

***The loss of any major content partner or advertising client could significantly reduce our revenue.***

We derive a significant portion of our revenue from our contracts with our content partners, courtesy PSAs and the ESA Parties' agreements to purchase on-screen advertising for their beverage concessionaires. We are not direct parties to the agreements between the ESA Parties' and their beverage concessionaires but expect that each ESA Party will have an agreement with a beverage concessionaire to provide advertising for the foreseeable future. The Company had no agencies through which it sourced advertising revenue that accounted for more than 10% of the Company's gross outstanding receivable balance as of December 28, 2023. As of December 29, 2022 there was one advertising agency group through which the Company sources national advertising revenue that accounted for 13.0% of the Company's outstanding gross receivable balance. During the years ended December 28, 2023 and December 29, 2022, the Company had one customer that accounted for 11.2% and 12.9%, respectively, of the Company's revenue. Because we derive a significant percentage of our total revenue from a relatively small number of large companies, the loss of one or more as a customer could decrease our revenue and adversely affect current and future operating results.

***Our contracts for theater advertising allow certain counterparties to engage in activities that might compete with certain elements of our business, which could reduce our revenue and growth potential.***

The ESAs and network affiliate agreements contain certain limited exceptions to our exclusive right to use the counterparties' theaters for our advertising business. Certain counterparties have the right to enter into a limited number of strategic cross-marketing relationships with third-party, unaffiliated businesses for the purpose of generating increased

attendance or revenue (other than revenue from the sale of advertising). NCM has limited rights or does not have the right to advertise in certain theater lobbies or agreed to allow the counterparty to sell certain types of inventory on their own behalf. Some of these strategic marketing relationships can include the use of on-screen, LEN and certain types of lobby promotions and can be provided at no cost, but only for the purpose of promoting the products or services of those businesses while at the same time promoting the theater circuit or the movie-going experience and some of these exceptions are broader. The use of LEN or lobby promotions or other inventory by the theater counterparties for these advertisements and programs could result in the theater counterparties creating relationships with advertisers that could adversely affect our advertising revenue and profitability, as well as the potential we have to grow that advertising revenue in the future. In particular, the LEN and lobby promotions represented approximately 0.9% and 0.8% of our total advertising revenue for the year ended December 28, 2023 and December 29, 2022, respectively.

The ESA Parties also have the right to install a network of video monitors in the theater lobbies in excess of those required to be installed for the LEN, and this right has been used to install a significant number of video monitors in theater lobbies. The presence of this additional lobby video network could reduce the effectiveness of our LEN, thereby reducing our current LEN advertising revenue and profitability and adversely affecting future revenue potential associated with that marketing platform.

***We depend upon our senior management and our business may be adversely affected if we cannot retain or replace them.***

Our success depends in part upon the retention of our experienced senior management with specialized industry, sales and technical knowledge or industry relationships. Following the resignations of certain members of our senior management in 2021 and 2020, in 2021 we appointed a new President of Sales, Marketing and Partnerships, Chief Financial Officer, and General Counsel. If we are not able to find qualified internal or external replacements for critical members of our senior management team, the loss of these key employees could have a material negative impact on our ability to effectively pursue our business strategy and our relationships with advertisers, exhibitors, media and content partners. While the Company was able to retain our senior management during the uncertainty caused by the Chapter 11 Case, there is no guarantee that the Company will continue to be able to recruit experienced replacements, or that the Company will not be required to institute additional retention or incentive programs in order to retain senior management. We do not have key-man life insurance covering any of our employees.

***The ESA Parties and our network affiliates are subject to substantial government regulation, which could limit their current business, slow their future growth of locations and screens and in turn impact our business and slow our growth prospects.***

The ESA Parties and our network affiliates are subject to various federal, state and local laws, regulations and administrative practices affecting their movie theater business, including provisions regulating antitrust, health, safety and sanitation standards (including in connection with the COVID-19 Pandemic or other public health events), access for those with disabilities, environmental, and licensing. Some of these laws and regulations also apply directly to us and NCM LLC. Changes in existing laws or implementation of new laws, regulations and practices could have a significant impact on the ESA Parties', our network affiliates' and our respective businesses. For example, during a portion of the COVID-19 Pandemic, health and safety laws restricted the ability of the ESA Parties and network affiliates from opening their theaters and operating at full capacity, which significantly impacted their and our businesses.

***We may be unable to effectively manage changes to our business strategy to continue the growth of our advertising inventory and network.***

If we do not effectively implement our strategy, we may not be able to continue our historical growth. To effectively execute on our strategy to expand our digital offerings and continue to grow our inventory, we will need to develop additional products or obtain access to third-party digital inventory. These enhancements and improvements could require an additional allocation of financial and management resources and acquisition of talent. High turnover, loss of specialized talent or insufficient capital could also place significant demands on management, the success of the organization, and our strategic outlook. Our ability to invest in our existing digital business, our new digital out-of-home business and other ventures has been and will continue to be negatively impacted by the COVID-19 Pandemic, NCM LLC's Chapter 11 Case, and the current industry and economic environment, which may decrease the growth of these businesses.

The amount of in-theater inventory we have to sell is limited by the length of The *Noovie*® Show. In order to maintain in-theater growth we will need to expand the number of theaters and screens in our network. If we lose a significant number of theaters or are unable to expand our network, our revenue and operating results could be adversely impacted.

***Our business relies heavily on technology systems, and any failures or disruptions may materially and adversely affect our operations.***

In order to conduct our business, we rely on information technology networks and systems, including those managed and owned by third parties, to process, transmit and store electronic information and manage and support business processes and activities. The temporary or permanent loss of our computer equipment, networks, data or software systems through

ransomware, data exfiltration, and other cyberattacks and other security threats, termination of a material technology license or contract, operating malfunction, software virus, human error, natural disaster, power loss, terrorist attacks or other catastrophic events could disrupt our operations and cause a material negative impact and the steps that we have taken to mitigate these risks may prove to be ineffective. Although the Company maintains robust procedures, internal policies and technological security measures to safeguard its systems, including disaster recovery systems separate from our operations, robust network security and other measures to help protect our network from unauthorized access and misuse, and a cyber-security insurance policy, the Company's information technology systems or systems of the ESA Parties, network affiliates or third-party service providers could be penetrated by internal or external parties intent on extracting information, corrupting information, stealing intellectual property or trade secrets, or disrupting business processes. For example, some of our software vendors have previously announced that their systems were infected with malicious software, which might have impacted customers, including NCM. While NCM took prompt action to address the potential vulnerability and does not believe that there were any adverse consequences, there is no guarantee that future hacks and attacks on our network, including those through third parties, will be unsuccessful or resolved without damage to us or our customers. NCM has also been the target of numerous cyber attacks that NCM's cyber security teams were able to identify and resolve prior to any significant impact on the Company, but future attacks may use methods that our cyber security team is not able to identify, or our cyber security team may not identify the attacks prior to the compromise of our systems or data. Techniques used by cyber criminals to obtain unauthorized access, disable or degrade services, or sabotage systems evolve frequently and may not immediately be detected, and we may be unable to implement adequate preventative measures. Additionally, we are reliant on third parties for back-up, disaster recovery, and other preventative systems that have failed in the past, may fail in the future, and we are periodically required to obtain replacement services and migrate data, which may result in temporary lapses of protection and increased risk of disruption or data loss. Depending on the nature and scope of a disruption, if any technology network or systems fail and we are unable to recover in a timely manner, we may be unable to fulfill critical business functions, which could lead to a loss of clients and revenue, harm our reputation or interfere with our ability to comply with financial reporting and other regulatory requirements.

***Our revenue and Adjusted OIBDA fluctuate from quarter to quarter and may be unpredictable, which could increase the volatility of our stock price.***

A weak advertising market, the shift in spending of a major client from one quarter to another, the performance of films released in a given quarter, a disruption in the release schedule of films or changes in the television scatter market could significantly affect quarter-to-quarter results or even affect annual results. Our revenue and operating results are seasonal in nature, coinciding with the timing of marketing expenditures by our advertising clients and, to a lesser extent, the attendance patterns within the film exhibition industry, which have historically been higher during the second, third, and fourth fiscal quarters. Because our results may vary from quarter to quarter and may be unpredictable, our financial results for one quarter cannot necessarily be compared to another quarter or the same quarter in prior years and may not be indicative of our financial performance in subsequent quarters. Additionally, the bankruptcy of one of NCM LLC's significant network theater circuits, or negative news regarding the theater industry, cinema advertising generally or us could lead to increased volatility in revenue from quarter to quarter. These variations in our financial results could contribute to volatility in our stock price.

***Our business, services, or technology may infringe on intellectual property rights owned by others, which may interfere with our ability to provide services or expose us to increased liability or expense, or otherwise may be affected by our efforts to protect our intellectual property or restrictions or obligations in third-party licenses.***

Our business uses a variety of intellectual property rights, including copyrights, trademarks, trade secrets, domain names and patents or patentable ideas in the provision of our advertising services, the websites we operate at [ncm.com](http://ncm.com) and [Noovie.com](http://Noovie.com), our digital gaming products including *Noovie* Trivia and the features and functionality, content and software we make available through those websites and apps. We rely on our own intellectual property rights, as well as intellectual property rights obtained from third parties (including through open-source licenses), to conduct our business and provide our in-theater, online, mobile and creative services. We may incur expenses, some of which may be significant, in developing, protecting, maintaining, and defending our intellectual property rights or licensing intellectual property from third parties.

In some instances, we may not be able to or may choose not to protect, maintain, or defend our intellectual property rights or the laws of certain foreign countries may not protect our intellectual property rights to the same extent as do the laws of the U.S.

We may discover that our business or the technology or methods we use to operate our business infringes patent, trademark, copyright, publicity rights, or other intellectual property rights owned by others or is otherwise negatively impacted by restrictions imposed by or obligations under third-party intellectual property licenses. In addition, our competitors or others may claim rights in patents, trademarks, copyrights, publicity rights, or other intellectual property rights that will prevent, limit or interfere with our ability to provide our in-theater, online, or mobile services either in the U.S. or in international markets. We may incur significant costs in protecting our own intellectual property rights or defending or settling intellectual property infringement claims and may face significant damage awards (including the potential for awards of attorneys' fees) if we are found to be infringing third-party intellectual property rights.

Our in-theater, online and mobile services facilitate the distribution of content, and we create content for others. This content includes advertising-related content, as well as movie, television, music, gaming and other media content, much of which is obtained from third parties. Our apps, websites, and social media channels also include features enabling users to upload or add their own content and modify certain content. As a distributor of content, we face potential liability for negligence, copyright, patent, trademark, or publicity infringement, or other claims based on the content that we distribute or create for others. We or entities that we license or receive content from or distribute content through may not be adequately insured or indemnified to cover claims of these types or liability that may be imposed on us.

### **Risks Related to Our Corporate Structure**

***We are a holding company with no operations of our own, and we depend on distributions and payments under the NCM LLC operating and management services agreements from NCM LLC to meet our ongoing obligations.***

We are a holding company with no operations of our own and have no independent ability to generate cash flow other than interest income on cash balances or other securities owned. Consequently, our ability to obtain operating funds primarily depends upon distributions and payments under the NCM LLC operating and management services agreement from NCM LLC. The distribution of cash flows and other transfers of funds by NCM LLC to us are subject to statutory and contractual restrictions based upon NCM LLC's financial performance, including NCM LLC's compliance with the covenants in the Revolving Credit Facility 2023 and the NCM LLC Operating Agreement. The Revolving Credit Facility 2023 may limit NCM LLC's ability to distribute cash to its members, including us, based upon certain financial tests, with exceptions for, among other things, payment of our income taxes and a management fee to NCM, Inc. pursuant to the terms of the management services agreement. The declaration of future dividends on our common stock will be at the discretion of our Board of Directors and will depend upon many factors, including NCM LLC's results of operations, financial condition, earnings, capital requirements, limitations in the Revolving Credit Facility 2023 and legal requirements. In the event NCM LLC fails to comply with these covenants and is unable to distribute cash to us quarterly, NCM, Inc.'s ability to make distributions or pay other expenses outside the ordinary course of business may be limited.

Pursuant to the management services agreement between us and NCM LLC, NCM LLC makes payments to us to fund our day-to-day operating expenses, such as payroll. However, if NCM LLC has insufficient cash flow to make the payments pursuant to the management services agreement, we may be unable to cover these expenses.

As a member of NCM LLC, we incur income taxes on our proportionate share of any net taxable income of NCM LLC. The Revolving Credit Facility 2023 is structured to allow NCM LLC to distribute cash to its members (including us and NCM LLC's other members, if any) in amounts sufficient to cover their tax liabilities and management fees, if any. To the extent that NCM LLC has insufficient cash flow to make such payments, it could have a negative impact on our business, financial condition, results of operations or prospects.

***NCM LLC's other equityholders or their affiliates, as well as our largest stockholders, may have interests that differ from those of our public stockholders and they may be able to influence our affairs.***

As of the Effective Date, NCM Inc. was the only beneficial owner of NCM LLC's membership units, but AMC and Cinemark continue to have rights to receive additional units pursuant to the terms of the Common Unit Adjustment Agreement. As of August 7, 2023, Blantyre Capital, our largest stockholder, beneficially owns 26,664,349 shares of our common stock, representing 27.5% of the Company's shares outstanding as of December 28, 2023. As a result, this stockholder could be in a position to influence or control to some degree the outcome of matters requiring stockholder approval, including the adoption of amendments to our certificate of incorporation and the approval of mergers and other significant corporate transactions. Their influence or control of our Company and NCM LLC may have the effect of delaying or promoting a change of control of our Company and may adversely affect the voting and other rights of other stockholders.

It is possible that the interests of these stockholders may in some circumstances conflict with our interests and the interests of our other stockholders. For example, Cinemark may have different tax positions from us, especially in light of the TRA that provides for the payment by us to Cinemark of 90% of the amount of any tax benefits that we actually realize, or in some cases are deemed to realize, due to Cinemark's portion of certain tax assets. This could influence Cinemark's decisions regarding whether and when we should dispose of assets, and whether and when we or NCM LLC should incur indebtedness. As another example, Blantyre Capital is in the business of making investments in companies and may hold, and may from time to time in the future acquire, interests in or provide advice to businesses that directly or indirectly compete with us.

***The agreements between us and the ESA Parties were made in the context of an affiliated relationship and may contain different terms than comparable agreements with unaffiliated third parties.***

The ESAs and the other contractual agreements that we have with the ESA Parties were originally negotiated in the context of an affiliated relationship in which representatives of the ESA Parties and their affiliates comprised our entire Board of Directors. As a result, the financial provisions and the other terms of these agreements, such as covenants, contractual

obligations on our part and on the part of the ESA Parties and termination and default provisions may be less favorable to us than terms that we might have obtained in negotiations with unaffiliated third parties in similar circumstances.

***Our certificate of incorporation and bylaws contain anti-takeover protections that may discourage or prevent strategic transactions, including a takeover of our Company, even if such a transaction would be beneficial to our stockholders.***

Provisions contained in our certificate of incorporation and bylaws, the NCM LLC Operating Agreement, and provisions of the Delaware General Corporation Law (“DGCL”), could delay or prevent a third-party from entering into a strategic transaction with us, even if such a transaction would benefit our stockholders. For example, our certificate of incorporation and bylaws:

- authorize the issuance of “blank check” preferred stock that could be issued by our Board of Directors to increase the number of outstanding shares, making a takeover more difficult and expensive;
- prohibit stockholder action by written consent; and
- do not permit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates.

These restrictions could keep us from pursuing relationships with strategic partners and from raising additional capital, which could impede our ability to expand our business and strengthen our competitive position. These restrictions could also limit stockholder value by impeding a sale of us or NCM LLC. Further, these restrictions could restrict or limit certain investors from owning our stock.

***Any future issuance of membership units by NCM LLC and subsequent redemption of such units for common stock could dilute the voting power of our existing common stockholders and adversely affect the market value of our common stock.***

The Common Unit Adjustment Agreement and the ESAs provide that NCM LLC will issue common membership units to account for changes in attendance associated with the theaters that the ESA Parties operate and which are made part of our advertising network. Historically, each of the ESA Parties has increased the attendance associated with the theaters it operates in most years. If this trend continues, NCM LLC may issue additional common membership units to the ESA Parties to reflect their increases in attendance associated with theaters. Each common membership unit may be redeemed in exchange for, at our option, shares of our common stock on a one-for-one basis or a cash payment equal to the market price of one share of our common stock. Other than the maximum number of authorized shares of common stock in our certificate of incorporation, there is no limit on the number of shares of our common stock that we may issue upon redemption of an ESA Party’s common membership units in NCM LLC. For further information, refer to Note 6 to the Consolidated Financial Statements included elsewhere in this document.

***Our future issuance of preferred stock could dilute the voting power of our common stockholders and adversely affect the market value of our common stock.***

In connection with NCM LLC’s Plan and the terms of the Restructuring Support Agreement, NCM, Inc. issued 5,000,000 shares of Series A Preferred Stock. The Series A Preferred Stock had no dividends or other economic rights, but voted with the shares of Common Stock with a number of votes per share of Series A Preferred Stock equal to 217.47 shares of common stock. The Series A Preferred Stock was cancelled on August 7, 2023 and no shares remain outstanding. Additionally, on the Effective Date and in connection the consummation of the transactions contemplated by the Plan, the Company issued 50 shares of Series B Preferred Stock to Mr. Lesinski. The Series B Preferred Stock has no voting rights, but shall be entitled to receive cumulative dividends at a dividend rate of 11.0% on the per share liquidation value of \$1,000 per share. The future issuance of shares of preferred stock with voting rights may adversely affect the voting power of the holders of our other classes of voting stock, either by diluting the voting power of our other classes of voting stock if they vote together as a single class, or by giving the holders of any such preferred stock the right to block an action on which they have a separate class vote even if the action were approved by the holders of our other classes of voting stock.

The future issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in the common stock less attractive. For example, investors in the common stock may not wish to purchase common stock at a price above the conversion price of a series of convertible preferred stock because the holders of the preferred stock would effectively be entitled to purchase common stock at the lower conversion price causing economic dilution to the holders of common stock.

***If we are determined to be an investment company, we would become subject to burdensome regulatory requirements and our business activities could be restricted.***

We do not believe that we are an “investment company” under the Investment Company Act of 1940, as amended. As sole manager of NCM LLC, we control NCM LLC, and our interest in NCM LLC is not an “investment security” as that term is

used in the Investment Company Act of 1940. If we were to stop participating in the management of NCM LLC, our interest in NCM LLC could be deemed an “investment security” for purposes of the Investment Company Act of 1940. Generally, a company is an “investment company” if it owns investment securities having a value exceeding 40% of the value of its total assets (excluding U.S. government securities and cash items). Our sole material asset is our equity interest in NCM LLC, and we and NCM LLC intend to conduct our operations so that we are not deemed an investment company under the Investment Company Act of 1940. However, a determination that we are an investment company would cause us to become subject to registration and other burdensome requirements of the Investment Company Act, which could restrict our business activities, including our ability to issue securities, limitations on our capital structure and our ability to enter into transactions with our affiliates. This may make it impractical for us to continue our business as currently conducted and could have a material negative impact on our financial performance and operations.

***Our TRA with the ESA Parties is expected to reduce the amount of overall cash flow that would otherwise be available to us and will increase our potential exposure to the financial condition of the ESA Parties.***

Our initial public offering and related transactions have the effect of reducing the amounts NCM, Inc. would otherwise pay in the future to various tax authorities as a result of an increase in its proportionate share of tax basis in NCM LLC’s tangible and intangible assets. We have agreed in our TRA with the ESA Parties to pay to the ESA Parties 90% of the amount by which NCM, Inc.’s tax payments to various tax authorities are reduced as a result of the increase in tax basis associated with the ESA Parties’ share of certain tax assets. After paying these reduced amounts to tax authorities, if it is determined as a result of an income tax audit or examination that any amount of NCM, Inc.’s claimed tax benefits should not have been available, NCM, Inc. may be required to pay additional taxes and possibly penalties and interest to one or more tax authorities. If this were to occur and if one or more of the ESA Parties was insolvent or bankrupt or otherwise unable to make payment under its indemnification obligation under the TRA, then NCM, Inc.’s financial condition could be negatively impacted.

***The substantial number of shares that are eligible for sale could cause the market price for our common stock to decline or make it difficult for us to sell equity securities in the future.***

We cannot predict the effect, if any, that market sales of shares of common stock by Blantyre Capital, Cinemark, or any of our significant stockholders will have on the market price of our common stock from time to time. Sales of substantial amounts of shares of our common stock in the public market, or the perception that those sales will occur, could cause the market price of our common stock to decline or make future offerings of our equity securities more difficult. If we are unable to sell equity securities at times and prices that we deem appropriate, we may be unable to fund growth. Additionally, once equity awards held by our employees become vested and/or exercisable, as applicable, to the extent that they are not held by one of our affiliates, the shares acquired upon vesting or exercise are freely tradable.

**Item 1B. Unresolved Staff Comments**

None.

**Item 1C. Cybersecurity**

**Risk Management and Strategy**

We maintain a cybersecurity management program designed to identify, assess, manage, mitigate, and respond to cybersecurity threats and incidents. We review our program design on at least a quarterly basis and update as needed to address the risks and threats that our corporate security team has identified. Our team also benchmarks our program to industry recognized frameworks, including the International Organization for Standardization. The Audit Committee of the Board of Directors receives regular reports on cybersecurity risks and evaluates these risks as a part of their enterprise risk review.

Our teams also rely on third-party diagnostic tools and periodic audits to ensure that our program is performing as designed and in-line with applicable standards. Our Chief Information Officer oversees a security committee made up of professionals on our corporate security, and other information technology teams to review the results of these audits and recommend improvements. Prior to engaging a third party to provide services, our information technology team performs a risk assessment to determine the level of review of the vendor needed based on the nature of the services to be provided and type of information that may be shared. The resulting vendor review may include requiring the vendor to provide the results of external audits. We continue to monitor our vendors throughout their engagements with us to ensure they have complied with their contractual obligations, including service level agreements and other contractual standards.

We have also established an incident response plan to assess, identify and manage specific potential cybersecurity incidents. This plan requires the corporate security team to notify a response team. The response team assesses the risks of the identified potential incident and determines an appropriate response based on the risks identified. The response team then reports on the incident to senior management and, if necessary, a subset of our financial disclosure committee to determine if the cybersecurity incident should be reported in our public filings.



We face cybersecurity risks in connection with our business operations. Although such risks have not materially affected us, including our business strategy, results of operations or financial condition, to date, we have, from time to time, experienced threats to our data and systems, including social engineering threats, denial of service attacks, malware and computer virus attacks. For more information about the cybersecurity risks we face, see Item 1A—*Risk Factors*.

## Governance

**Board Oversight**—The Audit Committee of the Board of Directors oversees the Company’s cybersecurity program. The cybersecurity team updates the Audit Committee on at least a quarterly basis to discuss the effectiveness of the Company’s risk management program, potential and identified threats, remediation and mitigation plans, and other topics as requested by the Audit Committee. The Audit Committee regularly reports to the full Board of Directors and management reports on specific matters as requested by the Board of Directors.

**Management’s Role**—The Company’s Chief Information Officer is responsible for the Company’s cybersecurity team and for reporting to the Audit Committee of the Board of Directors. The Company’s corporate security team reports directly to the Chief Information Officer. Our Chief Information Officer has more than thirty years of experience managing communications networks, data centers, information technology teams, systems administration, and cybersecurity in the media and advertising industry. Our corporate security team is similarly composed of seasoned professionals with significant experience in the field. The Chief Information Officer regularly informs the Company’s senior management regarding the prevention, detection, mitigation, and remediation of cybersecurity incidents and supervises such efforts. The corporate security team has a broad range of experience selecting, deploying, and operating cybersecurity technologies initiatives and seek to ensure that each team stays educated on emerging technologies and threats.

## Item 2. Properties

The Company's headquarters are located in Centennial, Colorado. As of December 28, 2023, the Company also leases offices in New York, Los Angeles and Chicago. We own no material real property. We believe that all of our present facilities are adequate for our current needs and that additional space is available for future expansion on acceptable terms.

## Item 3. Legal Proceedings

On June 26, 2023, the Bankruptcy Court entered an order authorizing NCM LLC’s entry into the Regal Advertising Agreement and the Regal Termination Agreement (the “Regal Order”). On June 27, 2023, the Bankruptcy Court entered the Confirmation Order approving the Disclosure Statement on a final basis and confirming the Company’s Plan. On August 7, 2023, the conditions precedent to the Plan were satisfied and NCM LLC emerged from bankruptcy. On June 29, 2023, AMC and Cinemark filed a notice of appeal of the Confirmation Order, and a week later appealed the Regal Order. Subsequently, AMC and Cinemark sought a stay of the Confirmation Order and Regal Order in the Bankruptcy Court, the District Court for the Southern District of Texas, and the Fifth Circuit Court of Appeals, all of which denied the request. The consolidated appeals of the Confirmation Order and the Regal Order on the merits are pending in the District Court for the Southern District of Texas.

We are sometimes involved in legal proceedings arising in the ordinary course of business. We are not aware of any litigation currently pending that would have a material adverse effect on our operating results or financial condition.

## Item 4. Mine Safety Disclosures

Not applicable.

## Information about our Executive Officers

Shown below are the names, ages as of the filing date of this Form 10-K, and current positions of our executive officers. There are no family relationships between any of the persons listed below, or between any of such persons and any of the directors of the Company or any persons nominated or chosen by the Company to become a director or executive officer of the Company.

Name	Age	Position
Thomas F. Lesinski	64	Chief Executive Officer
Ronnie Y. Ng	44	Chief Financial Officer
Scott D. Felenstein	55	President of Sales, Marketing & Partnerships
Maria V. Woods	55	Executive Vice President, General Counsel and Secretary

*Thomas F. Lesinski.* Mr. Lesinski was appointed Chief Executive Officer of NCM, Inc. in August 2019. Prior to his current position, Mr. Lesinski served as the Non-Employee Chairman of the Board of Directors of NCM, Inc. since August

2018 and as a member of the Board of Directors of NCM, Inc. since 2014. In addition to his roles on the Board of Directors of NCM, Inc., Mr. Lesinski also served as the Chief Executive Officer of Sonar Entertainment, an independent entertainment studio, from January 2016 to August 2019. Mr. Lesinski served as the founder and CEO of Energi Entertainment, a multi-media content production company, from August 2014 until December 2015. From 2013 to 2014, Mr. Lesinski was President of Digital Content and Distribution at Legendary Entertainment, a leading media company dedicated to owning, producing and delivering content to mainstream audiences with a targeted focus on the powerful fandom demographic. Prior to that role, from 2006 to 2013, Mr. Lesinski served as President, Digital Entertainment at Paramount Pictures, a global producer and distributor of filmed entertainment. Mr. Lesinski also served as President of Worldwide Home Entertainment at Paramount Pictures for three years, prior to which, he spent ten years as an Executive Vice President and General Manager at Warner Bros. Entertainment and was a Managing Director for an advertising agency.

*Ronnie Y. Ng.* Mr. Ng was appointed Chief Financial Officer in September 2021. Mr. Ng previously served as the Chief Financial Officer and Head of Corporate Development of Allen Media Group from October 2018 until September 2021 where he led the company's finance organization and oversaw multiple large scale acquisitions and the refinancing of the company's capital structure. Before joining Allen Media Group, Mr. Ng served as Vice President in the Fixed Income Group for TCW Group from 2013 to 2018 where he invested in investment grade corporate bonds, high-yield bonds and leveraged loans. Prior to joining TCW Group, Mr. Ng was an investment banker for approximately 10 years. From 2006 to 2012 he was an Executive Director at UBS Investment Bank's Global Media Group where he managed, advised, and structured various financings and mergers and acquisition transactions. Previously, Mr. Ng held similar investment banking positions from 2003 to 2006 at Deutsche Bank and Houlihan Lokey. Prior to Mr. Ng's investment banking career, he provided financial and accounting due diligence services for merger and acquisition and financing transactions at Arthur Andersen. Mr. Ng holds a Bachelor of Science degree in finance from the University of Illinois at Urbana-Champaign and was a licensed general securities representative (Series 7) and Uniform Securities Agent (Series 63).

*Scott D. Felenstein.* Mr. Felenstein was appointed as President of Sales, Marketing & Partnerships in July 2021. Prior to this appointment, Mr. Felenstein served as Executive Vice President and Chief Revenue Officer since April 2017. Prior to joining NCM, Inc., Mr. Felenstein served as Executive Vice President, National Advertising Sales for Discovery Communications, Inc. since 2013 and Senior Vice President, National Advertising Sales for Discovery Communications, Inc. since 2000. Prior to working at Discovery Communications, Inc., Mr. Felenstein served on the digital ad sales team at Excite@Home and worked as an account executive at CBS Sports.

*Maria V. Woods.* Ms. Woods was appointed Executive Vice President and General Counsel in September 2021. Ms. Woods previously served in several key leadership roles on NCM's legal team from 2010 through 2015, rising to the role of National CineMedia, LLC's EVP and General Counsel. Ms. Woods previously served as General Counsel for Lucky's Market from June of 2015 to June of 2020, including during their bankruptcy proceedings in January of 2020. In between her role at Lucky's Market and returning to NCM in September 2021, Ms. Woods served as General Counsel and Secretary at JumpCloud, Inc., providing strategic legal counsel for all legal aspects of the company's SaaS identity management business, including, corporate governance, merger and acquisition activity, financing and stock repurchases and commercial contracting and served as General Counsel & Secretary at ONE Group Hospitality, Inc. Earlier in her career, she was Associate General Counsel at Einstein Noah Restaurant Group, Inc. and Assistant General Counsel at Sun Microsystems, Inc. She began her career at Holme Roberts & Owen (now Bryan Cave) in Denver. She holds a Bachelor of Arts in Communications Studies from the University of Iowa and a Juris Doctorate from the University of Denver Sturm College of Law.

## PART II

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

#### Market Information

Our common stock, \$0.01 par value, is traded on The Nasdaq Global Select Market under the symbol "NCMI". There were 284 stockholders of record as of March 14, 2024 (does not include beneficial holders of shares held in "street name").

#### Dividend Policy

At the discretion of the Board of Directors, it is the Company's intention to distribute substantially all its free cash flow to stockholders through dividends. The declaration, payment, timing and amount of any future dividends payable will be at the sole discretion of the Board of Directors who will take into account general economic and advertising market business conditions, the Company's financial condition, available cash, current and anticipated cash needs and any other factors that the Board of Directors considers relevant.

#### Issuer Purchases of Equity Securities

The table below provides information about shares delivered to the Company from restricted stock held by Company employees upon vesting for the purpose of funding the recipient's tax withholding obligations.

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares that may yet be Purchased under the Plans or Programs
September 29, 2023 through October 26, 2023	—	\$ —	—	N/A
October 27, 2023 through November 30, 2023	—	\$ —	—	N/A
December 1, 2023 through December 28, 2023	—	\$ —	—	N/A

**Item 6.**            **[RESERVED]**

## **Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

As discussed in the forepart of this report, some of the information in this Annual Report on Form 10-K includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical facts included in this Form 10-K, including, without limitation, certain statements under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” may constitute forward-looking statements. In some cases, you can identify these “forward-looking statements” by the specific words, including but not limited to “may,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of those words and other comparable words. These forward-looking statements involve risks and uncertainties. The following discussion and analysis should be read in conjunction with our historical financial statements and the related notes thereto included elsewhere in this document. In the following discussion and analysis, the term net income refers to net income attributable to NCM, Inc.

This section of this Form 10-K generally discusses fiscal 2023 and fiscal 2022 items and year-to-year comparisons between fiscal 2023 and fiscal 2022. Discussions of fiscal 2021 items and year-to-year comparisons between fiscal 2022 and fiscal 2021 that are not included in this Form 10-K can be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 of the Company’s Annual Report on Form 10-K for the fiscal year ended December 29, 2022.

### **Overview**

We are America’s Movie Network. As the largest cinema advertising network in North America, we are a media company dedicated to uniting brands with young, diverse audiences through the power of movies and pop culture. We currently derive revenue principally from the sale of advertising to national, regional and local businesses in The *Noovie*® Show, our cinema advertising and entertainment show seen on movie screens across the U.S.

We present multiple formats of The *Noovie*® Show depending on the theater circuit in which it runs, which may include Post-Showtime advertising inventory after the advertised showtime. As of December 28, 2023, theaters presenting The *Noovie* Show format with Post-Showtime Inventory made up approximately 65.4% of our network. All other NCM network theater circuits, which make up the remaining 34.6% of our network, present The *Noovie* Show, without Post-Showtime advertising inventory. The movie trailers presented by the theater circuits that run before the feature film are not part of The *Noovie* Show.

We also sell advertising on our LEN, a series of strategically-placed screens located in movie theater lobbies, as well as other forms of advertising and promotions in theater lobbies. In addition, we sell digital online and mobile advertising through our Audience Accelerator, across our suite of *Noovie* digital properties and a variety of complementary out of home venues in order to reach entertainment audiences beyond the theater. As of December 28, 2023, approximately 7.3 million moviegoers have downloaded our mobile apps. These downloads and the acquisition of second- and third-party data sets have resulted in unique data records of approximately 703.3 million as of December 28, 2023. We have long-term ESAs (approximately 12.2 weighted average years) with the ESA Parties and multi-year agreements with network affiliates, which expire at various dates between March 24, 2024 and July 13, 2033. The weighted average remaining term of the ESAs and the network affiliate agreements is 11.9 years as of December 28, 2023. The ESAs and network affiliate agreements grant NCM LLC exclusive rights in their theaters to sell advertising, subject to limited exceptions. The *Noovie* Show and our LEN programming are distributed predominantly via satellite through our proprietary DCN.

Management focuses on several measurements that we believe provide us with the necessary ratios and key performance indicators to manage our business, determine how we are performing versus our internal goals and targets, and against the performance of our competitors and other benchmarks in the marketplace in which we operate. We focus on many operating metrics including changes in revenue, Adjusted OIBDA and Adjusted OIBDA margin, as some of our primary measurement metrics. In addition, we monitor our monthly advertising performance measurements, including advertising inventory utilization, advertising pricing (CPM), local advertising rate per theater per week, advertising revenue per attendee, as well as significant operating expenses and related trends. We also monitor free cash flow, cash balances, the fixed charge coverage ratio and revolving credit facility availability to ensure financial debt covenant compliance and that there is adequate cash availability to fund our working capital needs, debt obligations and any future dividends declared by our Board of Directors.

### **Recent Developments**

**Bankruptcy Filing, Deconsolidation and Reconsolidation of NCM LLC**—On April 11, 2023 NCM LLC filed a voluntary petition for reorganization with a prearranged Chapter 11 plan under Chapter 11 of Title 11 of the United States Code in the Bankruptcy Code in the Bankruptcy Court. During the Chapter 11 Case, the Company was deemed to no longer control NCM LLC for accounting purposes and NCM LLC was deconsolidated from the Company’s financial statements prospectively as of April 11, 2023. We continued to operate as the manager of the debtor-in-possession pursuant to the authority granted under Chapter 11 of the Bankruptcy Code throughout the Chapter 11 Case.

On June 27, 2023, the Bankruptcy Court entered the Confirmation Order approving the Disclosure Statement on a final basis and confirming the Company's Plan. Following confirmation of the Plan on August 7, 2023, all the conditions to effectiveness of the Plan were satisfied or waived, the Restructuring Transactions were substantially consummated and NCM LLC emerged from bankruptcy. Among other things, on the Effective Date, in accordance with the Plan, all common units under the NCM LLC Operating Agreement were canceled and extinguished, NCM, Inc. received NCM LLC common units and transferred the NCM Capital Contribution of approximately \$15.5 million to NCM LLC, NCM LLC assumed certain unexpired Executory Contracts and Unexpired Leases, including AMC's and Cinemark's ESAs, NCM LLC transferred \$8.8 million of cash to a professional fees escrow account and \$15.0 million to an unsecured creditor settlements escrow account for the General Unsecured Claim Pool. NCM LLC commenced distributions to creditors, including the issuance of shares of NCM, Inc. common stock to holders of Secured Debt Claims and NCM LLC entered into an Exit Facility to support operations upon emergence. As a result of the Plan, all historical debt of NCM LLC was discharged and NCM LLC recorded a gain on bankruptcy of \$916.4 million for the year ended December 28, 2023.

Additionally, upon emergence from bankruptcy, NCM, Inc., regained control and retained 100.0% ownership of NCM LLC, after taking into account elections by the holders of Secured Debt Claims to receive NCM, Inc. common stock in lieu of NCM LLC common units and was therefore reconsolidated into the Company's financial statements prospectively as of August 7, 2023 akin to an acquisition under *ASC 805 – Business Combinations*. In accordance with *ASC 805 – Business Combinations*, the assets and liabilities of NCM LLC were adjusted to their estimated fair value as of the Effective Date.

As of December 28, 2023, the Company had not completed all agreed upon payments to the General Unsecured Claim Pool and held a total of \$3.0 million within the escrow accounts and accruals, presented within 'Restricted cash' and 'Accounts Payable' on the unaudited Consolidated Balance Sheet as of December 28, 2023, respectively.

**Regal Advertising Agreement**—On September 7, 2022, Cineworld Group plc, the parent company of Regal, and certain of its subsidiaries, including Regal, Regal Cinemas, Inc., formerly a party to an ESA with NCM LLC, and Regal CineMedia Holdings, LLC, formerly a party to other agreements with NCM LLC and NCM, Inc., filed petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the Southern District of Texas. On October 21, 2022, Regal filed a motion to reject the ESA without specifying an effective date for the rejection and indicated that Regal planned on negotiating with NCM LLC. NCM LLC also filed an adversary proceeding against Regal seeking declaratory relief and an injunction prohibiting Regal from breaching certain exclusivity, non-compete, non-negotiate and confidentiality provisions in the ESA by entering into a new agreement with a third-party or bringing any of the services performed by NCM LLC in-house. On February 1, 2023, Cineworld filed a motion for summary judgment on NCM LLC's adversary proceeding with a hearing scheduled during the second quarter of 2023. On May 5, 2023, NCM LLC and Regal agreed to stay the ongoing litigation while the parties worked towards the terms of a new arrangement for NCM LLC to provide advertising services to Regal. In lieu of litigating Regal's potential rejection of the ESA and NCM LLC's adversary proceeding against Regal, the parties negotiated a Regal Advertising Agreement and Regal Termination Agreement. The Regal Advertising Agreement was effective on July 14, 2023 and provides that NCM LLC acquired the exclusive right to provide on-screen advertisements at Regal's theaters for a term of ten years in exchange for payments based on the attendance at Regal's theaters and the revenue generated by NCM LLC through advertising displayed in Regal's theaters.

Pursuant to the Regal Advertising Agreement, NCM LLC has the right to display advertising in Regal's theaters with a program of inventory that provides for (i) up to five minutes in length for exhibition on-screen immediately prior to showtime of a feature film or digital programming event, (ii) up to ten minutes immediately after the showtime of a feature film, extending the time available to NCM LLC by five minutes, and (iii) the Platinum Spot that may be exhibited on-screen prior to the last two trailers, which may be either thirty or sixty seconds in length, and subject to Regal's approval, NCM LLC may display two thirty-second spots in the Platinum Spot and a Gold Spot, a thirty second spot displayed immediately prior to the fourth trailer preceding a feature film or digital programming event.

Pursuant to the Regal Termination Agreement, effective on July 14, 2023, Regal rejected and terminated the ESA. Additionally Regal and Regal's affiliates' waived all rights and interests as to the Tax Receivable Agreement, the Common Unit Adjustment Agreement, the Software License Agreement, the Director Designation Agreement, the Registration Rights Agreement and all the other joint venture agreements described in NCM LLC's Company Operating Agreement, and Regal and Regal's affiliates waived and released claims against other parties thereto. In connection with the Regal Advertising Agreement, NCM LLC and Regal also agreed to dismiss with prejudice the ongoing litigation between the parties related to NCM LLC's request to enforce certain provisions of the ESA, including the exclusivity provision. Following the effective date of the Regal Termination Agreement of July 14, 2023, Regal is no longer an ESA Party or related party and is included within the network affiliate metrics.

**Revolving Credit Facility 2023**—On August 7, 2023, NCM LLC entered into the Revolving Credit Facility 2023 with the lenders party thereto and CIT Northbridge Credit LLC as agent. The Revolving Credit Facility 2023 is an asset backed line facility where the capacity depends upon NCM LLC's trade accounts receivable balance, as adjusted for aged balances and other considerations. The maximum capacity of the Revolving Credit Facility 2023 is \$55.0 million. The proceeds of the

Revolving Credit Facility 2023 may be used for, inter alia, working capital and capital expenditures. The Revolving Credit Facility 2023 will mature on August 7, 2026. The interest rate under the Revolving Credit Facility 2023 is a base rate or SOFR benchmark plus (i) 3.75% if less than 50% of revolving commitments are utilized or (ii) 4.50% if 50% or more of revolving commitments are utilized (utilizing the average revolver usage for the prior calendar month as a benchmark for this determination). The Revolving Credit Facility 2023 also contains a financial maintenance covenant requiring that the fixed charge coverage ratio ending on the last day of each fiscal month is at least 1.1 to 1.0 during a “Trigger Period.” A Trigger Period begins upon (i) an event of default or (ii) if availability is less than the greater of (a) \$5.0 million and (b) 10% of aggregate revolving commitments. A Trigger Period ends only if (i) no event of default existed for the preceding 30 consecutive days and (ii) availability is greater than both (a) \$5.0 million and (b) 10% of aggregate revolving commitments. Upon the effectiveness of the Revolving Credit Facility 2023, NCM LLC immediately drew \$10.0 million from the facility, which represents the only amount currently outstanding under the Revolving Credit Facility 2023 as of December 28, 2023.

**Reverse Stock Split**—On August 3, 2023, the Company effected a one-for-ten (1:10) reverse stock split of its common stock, par value \$0.01 per share. The reverse stock split, which was authorized by its Board of Directors, was approved by the Company’s stockholders on August 2, 2023. The reverse stock split reduced the number of outstanding shares of the Company’s common stock from 174,112,385 shares as of August 3, 2023, to 17,411,323 shares outstanding post-split. After the cancellation of Regal’s shares on August 7, 2023, there were 13,343,065 shares outstanding. The primary purpose of the reverse stock split was to comply with the Company’s obligations under the NCM 9019 Settlement and so that the Plan could become effective, as well as, to increase the per share market price of the Company’s common stock in an effort to maintain compliance with applicable Nasdaq continued listing standards with respect to the closing price of the Company’s common stock.

### Selected Historical and Operating Data

The following table sets forth our historical selected financial and operating data for the periods indicated. The selected financial and operating data should be read in conjunction with the other information contained in this document, including “Item 1. Business,” the audited historical Consolidated Financial Statements and the notes thereto included elsewhere in this document, and historical audited Consolidated Financial Statements, which have not been included in this document.

The results of operations data for the years ended December 28, 2023 and December 29, 2022 and the balance sheet data as of December 28, 2023 and December 29, 2022 are derived from the audited Consolidated Financial Statements of NCM, Inc. included elsewhere in this document. The results of operations data for the years ended December 30, 2021, December 31, 2020 and December 31, 2019 and the balance sheet data as of December 30, 2021, December 31, 2020 and December 31, 2019 are derived from the audited Consolidated Financial Statements of NCM, Inc. that are not included in this document.

#### Results of Operations Data - Consolidated

(\$ in millions, except per share data)	Years Ended				
	Dec. 28, 2023	Dec. 29, 2022	Dec. 30, 2021	Dec. 31, 2020	Dec. 26, 2019
Revenue	\$ 165.2	\$ 249.2	\$ 114.6	\$ 90.4	\$ 444.8
OPERATING EXPENSES:					
Advertising operating costs	30.7	27.2	18.4	10.3	38.3
Network costs	6.3	8.4	7.4	8.6	13.5
ESA theater access fees and revenue share	43.1	82.3	51.1	24.6	82.7
Selling and marketing costs	29.6	42.8	34.7	37.6	64.9
Administrative and other costs	57.3	44.3	36.0	30.9	43.8
Impairment of long-lived assets	—	5.8	—	1.7	—
Depreciation expense	3.1	6.5	10.9	13.1	13.6
Amortization expense	22.4	25.0	24.7	24.6	26.7
Total	192.5	242.3	183.2	151.4	283.5
OPERATING (LOSS) INCOME	(27.3)	6.9	(68.6)	(61.0)	161.3
NON-OPERATING (INCOME) EXPENSE	(724.0)	73.1	49.8	(96.9)	62.2
INCOME (LOSS) BEFORE INCOME TAXES	696.7	(66.2)	(118.4)	35.9	99.1
Provision for income taxes	—	—	—	162.2	12.4
CONSOLIDATED NET INCOME (LOSS)	696.7	(66.2)	(118.4)	(126.3)	86.7
Less: Net (loss) income attributable to noncontrolling interests	(8.5)	(37.5)	(69.7)	(60.9)	50.6
NET INCOME (LOSS) ATTRIBUTABLE TO NCM, Inc.	\$ 705.2	\$ (28.7)	\$ (48.7)	\$ (65.4)	\$ 36.1

EARNINGS (LOSS) PER NCM, INC. COMMON SHARE:					
Basic	\$	14.73	\$	(3.50)	\$ (0.61) \$ (0.84) \$ 0.47
Diluted	\$	14.34	\$	(3.50)	\$ (0.61) \$ (0.84) \$ 0.46

### Summary Operating Data

**Our Operating Data**—Within the financial results outlined below, all activity during the Chapter 11 Case 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 separately subsequent to the operating data for NCM, Inc., which is presented below (dollars in millions, except share and margin data):

(\$ in millions)	Years Ended		% Change 2023 to 2022
	Dec. 28, 2023	Dec. 29, 2022	
Revenue	\$ 165.2	\$ 249.2	(33.7)%
Operating expenses:			
Advertising operating costs	30.7	27.2	12.9%
Network costs	6.3	8.4	(25.0)%
ESA theater access fees and revenue share	43.1	82.3	(47.6)%
Selling and marketing costs	29.6	42.8	(30.8)%
Administrative and other costs	57.3	44.3	29.3%
Impairment of long-lived assets	—	5.8	(100.0)%
Depreciation expense	3.1	6.5	(52.3)%
Amortization expense	22.4	25.0	(10.4)%
Total operating expenses	192.5	242.3	(20.6)%
Operating (loss) income	(27.3)	6.9	(495.7)%
Non-operating (income) expense	(724.0)	73.1	(1090.4)%
Income tax expense	—	—	—%
Net loss attributable to noncontrolling interests	(8.5)	(37.5)	(77.3)%
Net income (loss) attributable to NCM, Inc.	\$ 705.2	\$ (28.7)	(2557.1)%
Net income (loss) per NCM, Inc. basic share	\$ 14.73	\$ (3.50)	(520.9)%
Net income (loss) per NCM, Inc. diluted share	\$ 14.34	\$ (3.50)	(509.7)%

**Our Network**—The net screens lost from our network by the ESA Parties and network affiliates during 2023 were as follows.

	Number of screens		
	ESA Parties	Network Affiliates	Total
Balance as of December 29, 2022	16,062	4,033	20,095
Lost affiliates, net of new affiliates (1)	—	(154)	(154)
Closures, net of openings (2)	(675)	29	(646)
Affiliates rejected in NCM LLC’s Chapter 11 Case (3)	—	(892)	(892)
Regal theaters (4)	(5,814)	5,814	—
Balance as of December 28, 2023	9,573	8,830	18,403

(1) Represents the loss of three of our affiliates, partially offset by the gain of three affiliates during 2023 resulting in a net reduction of 154 affiliate screens to our network as of December 28, 2023.

- (2) Represents the closure of 646 screens, net of new screens added, across our ESA Parties and network affiliates, including 645 screens closed by Regal prior to the Regal Advertising Agreement.
- (3) Represents the loss of theaters related to affiliate agreements that were rejected by NCM LLC during the Chapter 11 Case.
- (4) Represents the prospective reclassification of Regal's theaters upon Regal's rejection of its ESA and the commencement of the Regal Advertising Agreement on July 14, 2023, whereby Regal is now included within the Network Affiliates reporting.

Our ESA Party and network affiliate agreements allow us to sell cinema advertising across the largest network of digitally equipped theaters in the U.S. We believe that our market coverage strengthens our selling proposition and competitive positioning against other national, regional and local video advertising platforms, including television, online and mobile video platforms and other out of home video advertising platforms by allowing advertisers the broad reach and national scale that they need to effectively reach their target audiences.

### Basis of Presentation

Prior to the completion of our IPO, NCM LLC was wholly-owned by its ESA Parties. In connection with the offering, NCM, Inc. purchased newly issued common membership units from NCM LLC and common membership units from NCM LLC's ESA Parties and became a member of and the sole manager of NCM LLC. We entered into several agreements to effect the reorganization and the financing transaction and certain amendments were made to the existing ESAs to govern the relationships among NCM LLC and NCM LLC's ESA Parties after the completion of these transactions.

The results of operations data discussed herein were derived from the audited Consolidated Financial Statements and accounting records of NCM, Inc. and should be read in conjunction with the notes thereto.

We have a 52-week or 53-week fiscal year ending on the first Thursday after December 25. Fiscal year 2023 contained 52 weeks and fiscal year 2022 contained 52 weeks. Our 2024 fiscal year will also contain 52 weeks. Throughout this document, we refer to our fiscal years as set forth below:

Fiscal Year Ended	Reference in this Document
December 28, 2023	2023
December 29, 2022	2022

### Results of Operations

#### Fiscal Years 2023 and 2022

*Revenue.* Total revenue decreased \$84.0 million, or 33.7%, from \$249.2 million for 2022 to \$165.2 million for 2023. The following is a summary of revenue by category (in millions):

	Fiscal Year		\$ Change	% Change
	2023	2022	2022 to 2023	2022 to 2023
Advertising revenue	\$ 155.1	\$ 249.2	\$ (94.1)	(37.8)%
Management fee reimbursement	10.1	—	10.1	100.0 %
Total revenue	<u>\$ 165.2</u>	<u>\$ 249.2</u>	<u>\$ (84.0)</u>	<u>(33.7)%</u>

Advertising revenue. Advertising revenue decreased by \$94.1 million, or 37.8%, from \$249.2 million in 2022 to \$155.1 million in 2023. This decrease was primarily due to the deconsolidation of NCM LLC for the period of April 11, 2023 through August 7, 2023 during NCM LLC's Chapter 11 Case. The \$155.1 million of revenue for 2023 represents the activity of NCM LLC for the year prior to deconsolidation on April 11, 2023 and after the reconsolidation of NCM LLC August 7, 2023.

Management fee reimbursement. Management fee reimbursement increased by \$10.1 million, or 100.0%, from \$0.0 million in 2022 to \$10.1 million in 2023. This increase was primarily due to the deconsolidation of NCM LLC on April 11, 2023 and represents the revenue recognized by NCM, Inc. for managing NCM LLC for the portion of 2023 when NCM LLC was deconsolidated from NCM, Inc. Management fee reimbursement is eliminated during periods of consolidation. This amount is equal to the expenses incurred by NCM, Inc. that were paid by NCM LLC.

*Operating expenses.* Total operating expenses decreased \$49.8 million, or 20.6%, from \$242.3 million for 2022 to \$192.5 million for 2023. The following table shows the changes in operating expense for 2022 and 2023 (in millions):



	Fiscal Year		\$ Change	% Change
	2023	2022	2022 to 2023	2022 to 2023
Advertising operating costs	\$ 30.7	\$ 27.2	\$ 3.5	12.9 %
Network costs	6.3	8.4	(2.1)	(25.0)%
ESA theater access fees and revenue share	43.1	82.3	(39.2)	(47.6)%
Selling and marketing costs	29.6	42.8	(13.2)	(30.8)%
Administrative and other costs	57.3	44.3	13.0	29.3 %
Impairment of long-lived assets	—	5.8	(5.8)	100.0 %
Depreciation expense	3.1	6.5	(3.4)	(52.3)%
Amortization expense	22.4	25.0	(2.6)	(10.4)%
Total operating expenses	\$ 192.5	\$ 242.3	\$ (49.8)	(20.6)%

Advertising operating costs. Advertising operating costs increased \$3.5 million, or 12.9%, from \$27.2 million in 2022 to \$30.7 million in 2023. The increase was primarily due to an increase in advertising affiliate and partner expense for 2023, compared to 2022, primarily related to the Regal Advertising Agreement which commenced on July 14, 2023. When operating under the Regal ESA, the fees owed to Regal were previously presented within “ESA theater access fees and revenue share”. The increase was partially offset by the deconsolidation of NCM LLC from April 11, 2023 through August 7, 2023 during NCM LLC’s Chapter 11 Case, with the \$30.7 million of expense for the year 2023 representing the activity of NCM LLC prior to deconsolidation on April 11, 2023 and after the reconsolidation of NCM LLC on August 7, 2023.

Network costs. Network costs decreased \$2.1 million, or 25.0%, from \$8.4 million in 2022 to \$6.3 million in 2023. The decrease was due to the deconsolidation of NCM LLC from April 11, 2023 through August 7, 2023 during NCM LLC’s Chapter 11 Case, with the \$6.3 million of expense for the year 2023 representing the activity of NCM LLC prior to deconsolidation on April 11, 2023 and after the reconsolidation of NCM LLC on August 7, 2023.

ESA theater access fees and revenue share. Theater access fees and revenue share decreased \$39.2 million, or 47.6%, from \$82.3 million in 2022 to \$43.1 million in 2023. The decrease was primarily due to the deconsolidation of NCM LLC from April 11, 2023 through August 7, 2023 during NCM LLC’s Chapter 11 Case, with the \$43.1 million of expense for the year 2023 representing the activity of NCM LLC prior to deconsolidation on April 11, 2023 and after the reconsolidation of NCM LLC on August 7, 2023. The decrease was also due to the exclusion of Regal theater access fees following Regal’s termination of the Regal ESA on July 14, 2023.

Selling and marketing costs. Selling and marketing costs decreased \$13.2 million, or 30.8%, from \$42.8 million in 2022 to \$29.6 million in 2023. The decrease was due to the deconsolidation of NCM LLC from April 11, 2023 through August 7, 2023 during NCM LLC’s Chapter 11 Case, with the \$29.6 million of expense for the year 2023 representing the activity of NCM LLC prior to deconsolidation on April 11, 2023 and after the reconsolidation of NCM LLC on August 7, 2023.

Administrative and other costs. Administrative and other costs increased \$13.0 million, or 29.3%, from \$44.3 million in 2022 to \$57.3 million in 2023. The increase is due to costs incurred by NCM LLC through the petition date and subsequent to the Effective Date related to the Chapter 11 Case, as well as, expenses incurred directly by NCM, Inc. related to NCM LLC’s Chapter 11 Case, an increase in NCM, Inc. personnel related costs primarily related to a retention program implemented to ensure continuity of the management team during the Chapter 11 Case and an allocation of NCM LLC expenses related to NCM LLC administrative services utilized by NCM, Inc. during the deconsolidated period. These increases were partially offset by the deconsolidation of NCM LLC and exclusion of administrative and other costs incurred from April 11, 2023 through August 7, 2023 during NCM LLC’s Chapter 11 Case.

Depreciation expense. Depreciation expense decreased \$3.4 million, or 52.3%, from \$6.5 million in 2022 to \$3.1 million in 2023. This decrease was primarily due to a \$1.9 million decrease in depreciation expense following the fair value adjustments to NCM LLC’s property and equipment upon reconsolidation on August 7, 2023. This decrease was also partially due to a reduction in depreciation expense caused by the deconsolidation of NCM LLC from April 11, 2023 through August 7, 2023 during NCM LLC’s Chapter 11 Case.

Amortization expense. Amortization expense decreased \$2.6 million, or 10.4%, from \$25.0 million in 2022, to \$22.4 million in 2023. The decrease was primarily based on the increase in amortization expense associated with NCM LLC’s intangible assets based upon the fair value adjustments to NCM LLC’s intangible assets upon reconsolidation on

August 7, 2023. This increase was partially offset by a reduction in amortization expense caused by the deconsolidation of NCM LLC from April 11, 2023 through August 7, 2023 during NCM LLC's Chapter 11 Case.

*Non-operating (income) expense.* Total non-operating income increased \$797.1 million, or 1090.4%, from non-operating expense of \$73.1 million in 2022 to non-operating income of \$724.0 million in 2023. The following table shows the changes in non-operating income for 2023 and 2022 (in millions):

	Fiscal Year		\$ Change	% Change
	2023	2022	2022 to 2023	2022 to 2023
Interest on borrowings	\$ 27.9	\$ 79.7	\$ (51.8)	(65.0)%
Loss (gain) on modification and retirement of debt, net	0.4	(5.9)	6.3	(106.8)%
Loss on re-measurement of the payable under the tax receivable agreement	9.3	2.2	7.1	322.7 %
Gain on sale of asset	(0.3)	(2.2)	1.9	(86.4)%
Gain on deconsolidation of affiliate	(557.7)	—	(557.7)	100.0 %
Gain on re-measurement of investment in NCM LLC	(35.5)	—	(35.5)	(86.4)%
Gain on reconsolidation of NCM LLC	(167.8)	—	(167.8)	100.0 %
Other non-operating income	(0.3)	(0.7)	0.4	(57.1)%
Total non-operating (income) expense	\$ (724.0)	\$ 73.1	\$ (797.1)	(1090.4)%

The increase in non-operating income was primarily due to a \$557.7 million gain on deconsolidation of affiliate, a \$167.8 million gain on reconsolidation of NCM LLC and a \$35.5 million gain on remeasurement of NCM LLC recorded after NCM LLC emerged from bankruptcy and was reconsolidated on August 7, 2023, as well as a \$51.8 million decrease in interest on borrowings primarily due to the discharge of historical debt that occurred upon NCM LLC's emergence from bankruptcy and reconsolidation on August 7, 2023. This was partially offset by a \$7.1 million increase in the loss on re-measurement of the payable under the tax receivable agreement primarily due to the net impact of the reconsolidation of NCM LLC and the Regal Termination Agreement and a \$6.3 million decrease in loss on modification and retirement of debt, net due to limited activity within 2023 compared to 2022.

### Results of Operations - NCM LLC

The following table presents operating data and Adjusted OIBDA (dollars in millions, except share and margin data) for the years ended December 28, 2023 and December 29, 2022 for NCM LLC:

(\$ in millions)	Years Ended		\$ Change	% Change
	Dec. 28, 2023	Dec. 29, 2022	2022 to 2023	2023 to 2022
Revenue	\$ 259.8	\$ 249.2	\$ 10.6	4.3 %
Operating expenses:				
Advertising operating costs	48.4	27.2	21.2	77.9 %
Network costs	8.9	8.4	0.5	6.0 %
ESA theater access fees and revenue share	72.7	82.3	(9.6)	(11.7)%
Selling and marketing costs	44.1	42.8	1.3	3.0 %
Administrative and other costs	75.9	32.7	43.2	132.1 %
Loss on impairment of Regal ESA	125.7	—	125.7	100.0 %
Impairment of long-lived assets	8.9	5.8	3.1	53.4 %
Administrative fee—managing member	21.7	11.0	10.7	97.3 %
Depreciation expense	4.6	6.5	(1.9)	(29.2)%
Amortization expense	29.8	25.0	4.8	19.2 %
Total operating expenses	440.7	241.7	199.0	82.3 %
Operating (loss) income	\$ (180.9)	\$ 6.9	\$ (187.8)	(2721.7)%
Adjusted OIBDA	\$ 52.7	\$ 57.3	\$ (4.6)	(8.0)%
Adjusted OIBDA margin	20.3 %	23.0 %	(2.7)%	(2.7)%
Total theater attendance (in millions) (1)	438.9	394.8	44.1	11.2 %

---

(1) Represents the total attendance within NCM LLC's advertising network, excluding screens and attendance associated with AMC Carmike theaters that are currently part of another cinema advertising network for each of the periods presented. Refer to Note 6 to the audited Consolidated Financial Statements included elsewhere in this document.

Revenue. Revenue increased \$10.6 million, or 4.3%, from \$249.2 million for the year ended 2022 to \$259.8 million for the year ended 2023.

National advertising revenue increased by \$2.9 million, or 1.5%, from \$187.2 million in 2022 to \$190.1 million in 2023. The increase in national advertising revenue was primarily due to an 8.7% increase in impressions sold and a 11.2% increase in network attendance in 2023, as compared to 2022.

Local and regional advertising revenue increased by \$7.6 million, or 17.5%, from \$43.5 million in 2022 to \$51.1 million in 2023. The increase in local and regional advertising revenue was primarily due to an increase in contract activity and average size within the government, healthcare, travel and education service categories in 2023, as compared to 2022.

National advertising revenue from the ESA Parties' beverage concessionaire agreements did not change from \$18.6 million for 2022 to \$18.6 million for 2023. While national advertising revenue from the ESA Parties' beverage concessionaire agreements increased due to higher ESA Party theater attendance, the increase was fully offset by the discontinuation of beverage concessionaire revenue generated under the Regal ESA subsequent to its termination effective July 14, 2023.

Advertising operating costs. Advertising operating costs increased \$21.2 million, or 77.9%, from \$27.2 million in 2022 to \$48.4 million in 2023. The increase was due primarily to a \$20.4 million increase in advertising affiliate and partner expense, primarily related to the prospective reclassification of the fees associated with the Regal Advertising Agreement following its commencement on July 14, 2023. When operating under the Regal ESA, the fees owed to Regal were previously presented within "ESA theater access fees and revenue share". This increase was also due to a \$0.5 million increase in personnel related costs, primarily related to a retention program implemented to ensure continuity of the management team during the Chapter 11 Case, and a \$0.3 million increase in partner revenue share expense in 2023, as compared to 2022.

Network costs. Network costs increased \$0.5 million, or 6.0%, from \$8.4 million in 2022 to \$8.9 million in 2023. The increase was primarily related to a \$0.4 million increase in personnel related costs primarily related to a retention program implemented to ensure continuity of the management team during the Chapter 11 Case.

ESA theater access fees and revenue share. Theater access fees and revenue share decreased \$9.6 million, or 11.7%, from \$82.3 million in 2022 to \$72.7 million in 2023. This decrease was primarily due to a \$14.7 million decrease caused by Regal's termination of the Regal ESA on July 14, 2023 and the subsequent discontinuation of Regal's theater access fees. This decrease was partially offset by a \$4.5 million increase in the fees related to the number of active screens and ESA Party theater attendance following an increase in ESA Party screens and attendance, excluding Regal, in 2023, as compared to 2022, as well as a \$1.0 million increase in fees due to contractual rate increases in 2023, as compared to 2022.

Selling and marketing costs. Selling and marketing costs increased \$1.3 million, or 3.0%, from \$42.8 million in 2022 to \$44.1 million in 2023. This increase was primarily related to a \$2.5 million increase in personnel related costs in 2023, as compared to 2022, driven by an increase in commissions to local and regional sales account directors consistent with the increase in local and regional revenue during 2023, as well as a \$0.7 million increase in other selling related expenses in 2023, as compared to 2022 consistent with the increase in revenue. This increase was partially offset by a \$1.3 million decrease due to a discontinuation of a sales partnership and a \$0.8 million decrease in bad debt expense in 2023, as compared to 2022.

Administrative and other costs. Administrative and other costs increased \$43.2 million, or 132.1%, from \$32.7 million in 2022 to \$75.9 million in 2023. This increase was primarily related to a \$44.6 million increase in advisor and legal fees related to the Chapter 11 Case and Cineworld Proceeding. This was offset partially by a decrease of \$0.5 million in recurring advisor fees, a \$0.3 million decrease in annual licensing expenses and a \$0.3 million decrease in lease costs related to leases modified and terminated in conjunction with the Chapter 11 Case in 2023, as compared to 2022.

Administrative fee—managing member. Administrative fee—managing member increased \$10.7 million, or 97.3%, from \$11.0 million in 2022 to \$21.7 million in 2023. This increase was primarily due to a \$6.0 million increase in personnel related costs primarily related to a retention program implemented to ensure continuity of the management team during the Chapter 11 Case, a \$3.3 million increase in advisor and legal fees related to the Chapter 11 Case and Cineworld Proceeding, \$0.9 million increase in personnel related costs primarily due to retainers paid to the members of the special and restructuring committees of the Company’s Board of Directors during the Chapter 11 Case, as compared to 2022.

Loss on termination of Regal ESA. Loss on termination of Regal ESA costs increased \$125.7 million, or 100.0%, from \$0.0 million in 2022 to \$125.7 million in 2023. This increase was primarily due to the \$141.5 million disposal of the intangible asset related to the Regal ESA. This was partially offset by a \$13.0 million gain on Regal’s surrender of ownership in the Company and the \$2.9 million in payables forgiven in conjunction with emergence from bankruptcy in conjunction with the Chapter 11 Case.

Impairment of long-lived assets. Impairment of long-lived assets increased \$3.1 million, or 53.4%, from \$5.8 million in 2022 to \$8.9 million in 2023. This increase was primarily due to the \$8.9 million write-off of certain long-lived intangible assets in 2023, compared to 2022, with only \$5.8 million of write-off of long-lived assets in 2022.

Depreciation expense. Depreciation expense decreased \$1.9 million, or 29.2%, from \$6.5 million in 2022 to \$4.6 million in 2023. This was primarily due to a \$1.9 million decrease in depreciation expense based upon the fair value adjustments to NCM LLC’s property and equipment upon reconsolidation with NCM, Inc. on August 7, 2023.

Amortization expense. Amortization expense increased \$4.8 million, or 19.2%, from \$25.0 million in 2022, to \$29.8 million in 2023. The increase was primarily due to a \$4.8 million increase in amortization expense of NCM LLC’s intangible assets following the fair value adjustments to NCM LLC’s intangible assets upon reconsolidation with NCM, Inc. on August 7, 2023.

### **Non-GAAP Financial Measures for NCM LLC**

Adjusted OIBDA and Adjusted OIBDA margin are not financial measures calculated in accordance with GAAP in the United States.

Adjusted OIBDA represents operating income before depreciation and amortization expense adjusted to also exclude amortization of intangibles, non-cash share-based payment costs, executive transition costs, advisor fees related to abandoned financing transactions, impairment of long-lived assets, sales force reorganization costs, termination of the Regal ESA and advisor fees related to involvement in the Cineworld Proceeding and Chapter 11 Case. Our management use this non-GAAP financial measure to evaluate operating performance, to forecast future results and as a basis for compensation. The Company believes this is an important supplemental measure of operating performance because it eliminates items that have less bearing on its operating performance and highlights trends in its core business that may not otherwise be apparent when relying solely on GAAP financial measures. The Company believes the presentation of this measure 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 and amortization policies, amounts of amortization of intangibles, non-cash share-based compensation programs, executive transition costs, advisor fees related to abandoned financing transactions, impairment of long-lived assets, sales force reorganization costs, termination of the Regal ESA and advisor fees related to involvement in the Cineworld Proceeding and Chapter 11 Case, interest rates, debt levels or income tax rates.

Adjusted OIBDA margin is calculated by dividing Adjusted OIBDA by total revenue. Our management use this non-GAAP financial measure to evaluate operating performance, to forecast future results and as a basis for compensation. The Company believes this is an important supplemental measure of operating performance because it eliminates items that have less bearing on its operating performance and 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 this measure 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 and amortization policies, amounts of amortization of intangibles, non-cash share-based compensation programs, executive transition costs, advisor fees related to abandoned financing transactions, impairment of long-lived assets, sales force reorganization costs, termination of the Regal ESA and advisor fees related to involvement in the Cineworld Proceeding and Chapter 11 Case, interest rates, debt levels or income tax rates.

A limitation of both of these measures, however, is that they exclude depreciation and amortization, which represent a proxy for the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in NCM LLC’s

business. In addition, Adjusted OIBDA and Adjusted OIBDA margin have the limitation of not reflecting the effect of the Company's depreciation, amortization of intangibles, non-cash share-based payment costs, executive transition costs, advisor fees related to abandoned financing transactions, impairments of long-lived assets, sales force reorganization costs, termination of the Regal ESA and advisor fees related to involvement in the Cineworld Proceeding or Chapter 11 Case. Adjusted OIBDA should not be regarded as an alternative to operating income, net income or as indicators of operating performance, nor should it be considered in isolation of, or as substitutes for financial measures prepared in accordance with GAAP. The Company believes that operating income is the most directly comparable GAAP financial measure to Adjusted OIBDA, and operating margin is the most directly comparable GAAP financial measure to Adjusted OIBDA margin. 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 NCM LLC's Revolving Credit Facility 2023.

The following table reconciles operating income to Adjusted OIBDA for NCM LLC for the periods presented (dollars in millions):

	Years Ended				
	Dec. 28, 2023	Dec. 29, 2022	Dec. 30, 2021	Dec. 31, 2020	Dec. 26, 2019
Operating (loss) income	\$ (180.9)	\$ 6.9	\$ (68.6)	\$ (61.0)	\$ 161.3
Depreciation expense	4.6	6.5	10.9	13.1	13.6
Amortization expense	29.8	25.0	24.7	24.6	26.7
Share-based compensation costs (1)	5.5	7.1	8.1	2.2	5.5
Advisor fees related to abandoned financing transactions (2)	—	0.5	0.1	—	—
Executive transition costs (3)	—	—	0.1	—	0.4
Impairment of long-lived assets (4)	8.9	5.8	—	1.7	—
Sales force reorganization costs (5)	—	0.4	—	—	—
Loss on termination of Regal ESA, net (6)	125.6	—	—	—	—
Advisor fees related to the Cineworld Proceeding (7)	59.2	5.1	—	—	—
Adjusted OIBDA	<u>\$ 52.7</u>	<u>\$ 57.3</u>	<u>\$ (24.7)</u>	<u>\$ (19.4)</u>	<u>\$ 207.5</u>
Total revenue	<u>\$ 259.8</u>	<u>\$ 249.2</u>	<u>\$ 114.6</u>	<u>\$ 90.4</u>	<u>\$ 444.8</u>
Adjusted OIBDA margin	20.3 %	23.0 %	(21.6)%	(21.5)%	46.7 %

- (1) Share-based compensation costs are included in network operations, selling and marketing and administrative expense in the accompanying Consolidated Financial Statements.
- (2) These fees relate to advisor and legal costs incurred for advice pertaining to an alternative debt transaction that was abandoned in the fourth quarter of 2021 and an alternative equity transaction that was abandoned in the fourth quarter of 2022.
- (3) Executive transition costs represent costs associated with the search for the Company's new CFO during the third quarter of 2021 and the search for the company's CEO in 2019.
- (4) The impairment of long-lived assets primarily relates to the write down of certain intangible assets related to a purchased affiliate and internally developed software and leasehold improvements no longer in use.
- (5) Sales force reorganization costs represents redundancy costs associated with changes to the Company's sales force implemented during the first quarter of 2022.
- (6) The net impact of Regal's termination of the ESA resulting from the disposal of the intangible asset partially offset by the surrender of Regal's ownership in the Company and the forgiveness of prepetition claims.
- (7) Advisor and legal fees and expenses incurred in connection with the Company's involvement in the Cineworld Proceeding and Chapter 11 Case and related appeals during the year ended December 28, 2023, as well as retention related expenses and retainers to the members of the special and restructuring committees of the Company's Board of Directors.

### Known Trends and Uncertainties

**Beverage Revenue**—Under the ESAs, up to 90 seconds of The *Noovie*® Show program can be sold to the ESA Parties to satisfy their on-screen advertising commitments under their beverage concessionaire agreements. In 2023 and 2022, Cinemark and Regal, prior to its termination of the ESA, purchased 60 seconds of on-screen advertising time and AMC purchased 30 seconds to satisfy their obligations under their beverage concessionaire agreements. The ESA Parties' current

long-term contracts with their beverage suppliers require the 30 or 60 seconds of beverage advertising, although such commitments could change in the future. Per the ESA with AMC, the time sold to the beverage supplier is priced equal to the greater of (1) the advertising CPM charged by NCM LLC in the previous year for the time sold to the beverage supplier and (2) the advertising CPM for the previous year charged by NCM LLC to unaffiliated third parties during segment one (closest to showtime) of *The Noovie Show* in the ESA Parties' theaters, limited to the highest advertising CPM being then-charged by NCM LLC. Beginning in 2020 and in accordance with the 2019 ESA Amendments, the price for the time sold to Cinemark and Regal's beverage suppliers now increases at a fixed rate of 2.0% each year. As of July 14, 2023, the effective date of the Regal Advertising Agreement, the Company no longer receives ESA beverage revenue from Regal.

**Theater Access Fees**—In consideration for NCM LLC's access to the ESA Parties' theater attendees for on-screen advertising and use of lobbies and other space within the ESA Parties' theaters for the LEN and lobby promotions, the ESA Parties receive a monthly theater access fee under the ESAs. The theater access fee is composed of a fixed payment per patron and a fixed payment per digital screen (connected to the DCN). The payment per theater patron increases by 8% every five years, with an increase occurring in the current year and the next increase occurring in 2027. Pursuant to the ESAs, the payment per digital screen increases annually by 5%. Pursuant to the 2019 ESA Amendments, Cinemark receives and Regal previously received an additional monthly theater access fee beginning November 1, 2019 in consideration for NCM LLC's access to certain on-screen advertising inventory after the advertised showtime of a feature film. These fees are also based upon a fixed payment per patron of \$0.052 beginning on November 1, 2022 and (iv) increasing 8% every five years beginning November 1, 2027. As of July 14, 2023, Regal rejected and terminated the Regal ESA and the Regal Advertising Agreement became effective. The payments under the Regal Advertising Agreement are based on the attendance at Regal's theaters and the revenue generated by the Company through advertising displayed in Regal's theaters and recorded within "Advertising operating costs" in the Consolidated Statement of Operations.

## Financial Condition and Liquidity

### Liquidity and Capital Resources

Our cash balances can fluctuate due to the seasonality of our business and related timing of collections of accounts receivable balances and operating expenditure payments, as well as interest or principal payments on our Revolving Credit Facility 2023, income tax payments, TRA payments, available cash payments (as defined in the NCM LLC Operating Agreement) to Cinemark and AMC in the event the ESA Parties hold NCM LLC membership units and amount of dividends to NCM, Inc.'s common stockholders.

On August 7, 2023, NCM LLC entered into the Revolving Credit Facility 2023 with CIT Northbridge Credit LLC as agent. The Revolving Credit Facility 2023 is an asset backed line facility where the capacity depends upon NCM LLC's trade accounts receivable balance, as adjusted for aged balances and other considerations. The maximum availability NCM LLC has access to under the revolver is \$55.0 million. The proceeds of the Revolving Credit Facility 2023 may be used for, inter alia, working capital and capital expenditures. The Revolving Credit Facility 2023 will mature on August 7, 2026. The interest rate under the Revolving Credit Facility 2023 is a base rate or SOFR benchmark plus (i) 3.75% if less than 50% of revolving commitments are utilized or (ii) 4.50% if 50% or more of revolving commitments are utilized (utilizing the average revolver usage for the prior calendar month as a benchmark for this determination). The Revolving Credit Facility 2023 also contains a financial maintenance covenant requiring that the fixed charge coverage ratio ending on the last day of each fiscal month is at least 1.1 to 1.0 during a "Trigger Period." A Trigger Period begins upon (i) an event of default or (ii) if availability is less than the greater of (a) \$5.0 million and (b) 10% of aggregate revolving commitments. A Trigger Period ends only if (i) no event of default existed for the preceding 30 consecutive days and (ii) availability is greater than both (a) \$5.0 million and (b) 10% of aggregate revolving commitments. Upon the effectiveness of the Revolving Credit Facility 2023, NCM LLC immediately drew \$10.0 million from the facility, which represents the only amount currently outstanding under the Revolving Credit Facility 2023, as of December 28, 2023.

A summary of our financial liquidity is as follows (in millions):

	Years Ended		\$ Change 2022 to 2023
	December 28, 2023	December 29, 2022	
Cash, cash equivalents and marketable securities (1)	\$ 34.6	\$ 62.7	\$ (28.1)
NCM LLC's Revolving Credit Facility 2023 availability (2)	44.4	—	44.4
NCM LLC's revolver credit facility availability (3)	—	7.2	(7.2)
Total liquidity	\$ 79.0	\$ 69.9	\$ 9.1

- (1) Included in cash and cash equivalents as of December 28, 2023 and December 29, 2022 there was \$31.9 million and \$59.4 million, respectively, of cash held by NCM LLC which is not available to satisfy NCM, Inc.'s dividend payments and other NCM, Inc. obligations.
- (2) NCM LLC's total capacity under the Revolving Credit Facility 2023, which is subject to fluctuations in the underlying assets, is \$55.0 million as of December 28, 2023. As of December 28, 2023, the amount available under the NCM LLC Revolving Credit Facility 2023 in the table above is net of the amount outstanding under the Revolving Credit Facility 2023 of \$10.0 million and the outstanding letters of credit of \$0.6 million.
- (3) The revolving credit facility portion of NCM LLC's total borrowings that was available, subject to certain conditions, for general corporate purposes of NCM LLC in the ordinary course of business and for other transactions permitted under the previous senior secured credit facility, and a portion was available for letters of credit. NCM LLC's total capacity under the previous revolving credit facility pursuant to the Credit Agreement, dated as of June 20, 2018 among NCM LLC as borrower, JPMorgan Chase Bank, N.A. in its capacity as administrative agent and the lenders party thereto (the "Credit Agreement 2018") was \$175.0 million as of December 29, 2022 and NCM LLC's total capacity under the previous revolving credit facility pursuant to the revolving credit agreement, dated as of January 5, 2022, among NCM LLC as borrower, Wilmington Savings Fund Society, FSB in its capacity as administrative agent, and the lenders party thereto (the "Revolving Credit Agreement 2022") was \$50.0 million as of December 29, 2022. As of December 29, 2022, the amount available under the NCM LLC revolving credit facilities pursuant to the Credit Agreement 2018 and the Revolving Credit Agreement 2022 in the table above was net of the amount outstanding under the revolving credit facilities of \$217.0 million and outstanding letters of credit of \$0.8 million. These facilities were terminated on August 7, 2023 in conjunction with the Chapter 11 Case.

We have generated and used cash as follows (in millions):

	Years Ended	
	2023	2022
Operating cash flow	\$ (6.7)	\$ (47.3)
Investing cash flow	\$ 32.6	\$ (0.4)
Financing cash flow	\$ (52.1)	\$ 10.3

### **Cash Flows – Fiscal Years 2023 and 2022**

*Operating Activities.* The \$40.6 million decrease in cash used in operating activities for the year ended December 28, 2023, as compared to the year ended December 29, 2022, was primarily due to 1) a \$76.3 million increase in account receivable collections primarily due to higher revenue of NCM LLC during the year ended December 28, 2023, as compared to the year ended December 29, 2022, 2) a \$2.2 million increase in integration and other encumbered theaters payments received in 2023 due to higher revenue in the fourth quarter of 2022, paid in the first quarter of 2023, as compared to the fourth quarter of 2021 and 3) a \$0.4 million decrease in the change of other assets due primarily to the change in NCM LLC's account balances between deconsolidation on April 11, 2023 and reconsolidation on August 7, 2023. The increases in cash provided by operating activities were partially offset by 1) a \$16.9 million increase in payments of accounts payable and accrued expenses primarily due to NCM LLC's emergence from bankruptcy in 2023, as well as, the change in NCM LLC's account balances between deconsolidation on April 11, 2023 and reconsolidation on August 7, 2023, 2) an \$11.0 million decrease in prepaid expenses primarily due to NCM LLC's emergence from bankruptcy in 2023, 3) a \$5.2 million increase in amounts paid to the ESA Parties, net due to NCM LLC's emergence from bankruptcy and the prospective reclassification of the Regal related payments during 2023 and 4) a \$3.7 million increase in net loss adjusted for non-cash items during the year ended December 28, 2023, as compared to the year ended December 29, 2022.

*Investing Activities.* The \$33.0 million increase in cash provided by investing activities for the year ended December 28, 2023, as compared to the year ended December 29, 2022, was primarily due to a \$49.5 million addition of cash, cash equivalents and restricted cash due to the reconsolidation of NCM LLC in the third quarter of 2023 and a \$0.7 million increase in proceeds from sale and maturities of marketable securities. The increases in cash provided were partially offset by a \$15.5 million contribution provided upon the reconsolidation of NCM LLC and a \$1.9 million decrease in proceeds from the sale of assets in the year ended December 28, 2023, as compared to the year ended December 29, 2022.

*Financing Activities.* The \$62.4 million increase in cash used by financing activities for the year ended December 28, 2023, as compared to the year ended December 29, 2022, was primarily due to the issuance of the \$50.0 million Revolving Credit Facility 2022 in the first quarter of 2022 with no issuance in 2023, as well as, the \$49.6 million removal of cash, cash equivalents and restricted cash due to the deconsolidation of NCM LLC in the second quarter of 2023. These increases in cash used were partially offset by a \$19.8 million decrease in the purchases of NCM LLC's 5.875% Senior Secured Notes due 2028

as there were no purchases made in 2023, a \$9.0 million decrease in dividend payments following the suspension of the dividend in the third quarter of 2022, a \$5.8 million decrease in payments of debt issuance costs due to limited refinancing activity in the year ended December 28, 2023, as compared to the year ended December 29, 2022, and a \$2.4 million decrease in repayment of the term loan facility due to the discharge of NCM LLC's historical debt through its Chapter 11 Case during the year ended December 28, 2023.

### ***Sources of Capital and Capital Requirements***

NCM, Inc.'s primary source of liquidity and capital resources is the quarterly available cash distributions from NCM LLC as well as its existing cash balances and marketable securities, which as of December 28, 2023 were \$37.6 million (including \$34.9 million of cash and restricted cash held by NCM LLC). NCM LLC's primary sources of liquidity and capital resources are its cash provided by operating activities, availability under its Revolving Credit Facility 2023 and cash on hand. NCM LLC drew down \$10.0 million of its Revolving Credit Facility 2023 immediately upon emergence from bankruptcy on August 7, 2023. The \$34.9 million of cash at NCM LLC will be used to fund operations. Cash at NCM, Inc. is used to fund income taxes, payments associated with the TRA and for future payment of dividends to NCM, Inc. stockholders.

Cash flows generated by NCM LLC's distributions to NCM, Inc. and NCM LLC's other members were deferred during the Chapter 11 Case. NCM LLC is required, pursuant to the terms of the NCM LLC Operating Agreement, to distribute its available cash, as defined in the NCM LLC Operating Agreement, quarterly to its members (only NCM, Inc. as of December 28, 2023). The other members are only able to receive available cash when they hold units. The available cash distribution to the members of NCM LLC for the three months ended December 28, 2023 was calculated as approximately \$30.3 million, due entirely to NCM, Inc. as the sole holder of NCM LLC units as of December 28, 2023. The available cash distribution to the members of NCM LLC for the combined three months ended March 31, 2023, three months ended June 29, 2023 and three months ended September 28, 2023 was calculated as approximately negative \$50.6 million, of which NCM, Inc.'s share is approximately negative \$50.6 million. Further there was \$20.6 million and \$93.7 million of negative available cash generated during the years ended December 29, 2022 and December 30, 2021, respectively. Regal's portion of the negative available cash generated was extinguished as part of the Termination Agreement. Pursuant to the NCM LLC Operating Agreement, there were no available cash distributions made for the first, second or third quarter of 2023. The available cash distribution related to the fourth quarter of 2023 is due to NCM, Inc. in the first quarter of 2024. NCM, Inc. has the option to defer payment at its discretion. Negative available cash distributions for the years of 2022 and 2021 are expected to be netted in accordance with the NCM LLC Operating Agreement against future positive available cash distributions.

NCM, Inc. expects to use its cash balances and cash received from future available cash distributions (as allowed for under the Revolving Credit Facility 2023) to fund payments associated with the TRA, stock repurchases and future dividends as declared by the Board of Directors. The Company does not expect to make a TRA payment in 2024 for the 2023 tax year and did not make a TRA payment in 2023 for the 2022 tax year. Distributions from NCM LLC and NCM, Inc. cash balances should be sufficient to fund payments associated with the TRA, income taxes and any stock buybacks or declared dividends for the foreseeable future at the discretion of the Board of Directors. At the discretion of the Board of Directors, it is the Company's intention to distribute substantially all its free cash flow to stockholders through dividends. The declaration, payment, timing and amount of any future dividends payable will be at the sole discretion of the Board of Directors who will take into account general economic and advertising market business conditions, the Company's financial condition, available cash, current and anticipated cash needs and any other factors that the Board of Directors considers relevant.

### ***Capital Expenditures***

Capital expenditures of NCM LLC include digital applications being developed primarily by our programmers and outside consultants, capitalized software development or upgrades for our Digital Content Software, audience targeting and data management systems, cinema advertising management system, equipment required for our Customer Experience Center and content production and post-production facilities, office leasehold improvements, desktop equipment for use by our employees, and in certain cases, the costs necessary to install equipment at or digitize all or a portion of a network affiliate's theaters when they are added to our network. Capital expenditures in 2023 were \$5.3 million (including \$2.0 million associated with upgrades to our existing systems related to the continued upgrades of our cinema advertising management system; \$1.5 million associated with digital product development; \$1.3 million associated with certain implementation and prepaid costs associated with Cloud Computing arrangements and \$0.3 million associated with network affiliate additions) compared to \$4.2 million for the 2022 period (including \$1.9 million associated with digital product development; \$0.9 million associated with upgrades to our existing systems related to the continued upgrades of our cinema advertising management system; \$0.4 million associated with network affiliate additions and \$0.1 million associated with certain implementation and prepaid costs associated with Cloud Computing arrangements). The capital expenditures have typically been satisfied through cash flow from operations. All capital expenditures related to the DCN within the ESA Parties' theaters have been made by the ESA Parties under the ESAs. We expect they will continue to be made by the ESA Parties in accordance with the ESAs.



We expect to make approximately \$6.0 million to \$7.0 million of capital expenditures in fiscal 2024. We expect approximately \$3.2 million of capital expenditures related to upgrades to our Digital Content Software distribution and content management software and our other internal management systems, including our cinema advertising management system, reporting systems, network equipment related to currently contracted network affiliate theaters, server and storage upgrades and software licensing, \$ 1.5 million towards network affiliate additions, \$1.5 million towards digital products and data sets and \$0.2 million towards leasehold improvements. Our capital expenditures may increase as we add additional network affiliates. We expect that additional expenditures, if any, would be funded in part by additional cash flows associated with those new network affiliates.

### **Financings**

On August 7, 2023, NCM LLC entered into the Revolving Credit Facility 2023 with CIT Northbridge Credit LLC as agent. The Revolving Credit Facility 2023 is an asset backed line facility where the capacity depends upon NCM LLC's trade accounts receivable balance, as adjusted for aged balances and other considerations, and is secured by a lien on substantially all of assets of NCM LLC. The maximum availability NCM LLC has access to under the Revolving Credit Facility 2023 is \$55.0 million. The proceeds of the Revolving Credit Facility 2023 may be used for, inter alia, working capital and capital expenditures. The Revolving Credit Facility 2023 will mature on August 7, 2026. The interest rate under the Revolving credit facility 2023 is a base rate or SOFR benchmark plus (i) 3.75% if less than 50% of revolving commitments are utilized or (ii) 4.50% if 50% or more of revolving commitments are utilized (utilizing the average revolver usage for the prior calendar month as a benchmark for this determination). The Revolving Credit Facility 2023 also contains a financial maintenance covenant requiring that the fixed charge coverage ratio ending on the last day of each fiscal month is at least 1.1 to 1.0 during a "Trigger Period." A Trigger Period begins upon (i) an event of default or (ii) if availability is less than the greater of (a) \$5.0 million and (b) 10% of aggregate revolving commitments. A Trigger Period ends only if (i) no event of default existed for the preceding thirty (30) consecutive days and (ii) availability is greater than both (a) \$5.0 million and (b) 10% of aggregate revolving commitments. Upon the effectiveness of the Revolving Credit Facility 2023, NCM LLC immediately drew \$10.0 million from the facility, which represents the only amount currently outstanding under the Revolving Credit Facility 2023, as of December 28, 2023. The Revolving Credit Facility 2023 also contains customary representations, warranties, covenants, events of default, terms and conditions, including limitations on liens, incurrence of debt, mergers and significant asset dispositions. As of December 28, 2023, NCM LLC's maximum availability under the \$55.0 million Revolving Credit Facility 2023 was \$44.4 million, net of \$10.0 million outstanding and net letters of credit of \$0.6 million. The weighted-average interest rate on the Revolving Credit Facility 2023 as of December 28, 2023 was 9.20%. Upon execution of the Revolving Credit Facility 2023, NCM LLC recorded \$2.4 million as debt issuance costs and received \$9.1 million in proceeds.

The Revolving Credit Facility 2023 contains a number of covenants and financial ratio requirements, with which NCM LLC was in compliance at December 28, 2023, including maintaining a fixed charge coverage ratio in excess of 1.1:1.00 on a monthly basis while maintaining availability in excess of either (i) \$8.25 million or (ii) 15.0% of the aggregate revolver commitments (the "availability thresholds"). NCM LLC is permitted to make quarterly dividend payments and other payments based on the fixed charge coverage ratio and availability thresholds so long as no default or event of default has occurred and continues to occur. Dividend payments and other distributions are made if the fixed charge coverage ratio is in excess of 1.1:1.0 and availability, after the distribution, is in compliance with the availability thresholds.

There are no borrower distribution restrictions as long as NCM LLC's fixed coverage ratio is 1.1:1.0, NCM LLC maintains availability under the availability thresholds and NCM LLC is in compliance with its debt covenants. If there are borrower distribution restrictions on the payments, NCM LLC may not declare or pay any dividends, or make any payments on account of NCM LLC or make any other distribution for obligations of NCM LLC. When these restrictions are effective, NCM LLC may still pay the services fee and reimbursable costs pursuant to terms of a management services agreement, between NCM, Inc. and NCM LLC, in exchange for NCM, Inc. providing specified management services to NCM LLC. NCM LLC can also make payments pursuant to the Common Unit Adjustment Agreement and Tax Receivable Agreement in the amount, and at the time necessary to satisfy the contractual obligations with respect to the actual cash tax benefits payable to NCM LLC's founding members.

As of December 28, 2023, the NCM LLC's fixed charge coverage ratio was 54.2:1.0 (versus the required ratio of 1.1:1.0) and had availability under the Revolving Credit Facility 2023 of \$44.4 million (versus the applicable availability threshold of \$8.25 million). As of December 28, 2023, NCM LLC was in compliance with the financial covenants of the Revolving Credit Facility 2023 described above.

As of December 28, 2023, the weighted average remaining maturity was 2.6 years. As of December 28, 2023, 100% of our borrowings bear interest at variable rates and as such, our net income and earnings per share could fluctuate with market interest rate fluctuations that could increase or decrease the interest paid on our borrowings.

### **Critical Accounting Estimates and Policies**

The significant accounting policies of the Company are described in Note 1 to the audited Consolidated Financial Statements included elsewhere in this document. Certain accounting policies involve significant judgments, assumptions and estimates by management that have a material impact on the carrying value of certain assets and liabilities, which management considers critical accounting policies. The judgments, assumptions and estimates used by management are based on historical experience, knowledge of the accounts and other factors, which are believed to be reasonable under the circumstances and are evaluated on an ongoing basis. Because of the nature of the judgments and assumptions made by management, actual results could differ from these judgments and estimates, which could have a material impact on the carrying values of assets and liabilities and the results of operations of the Company.

#### ***Deconsolidation of NCM LLC***

NCM LLC does not have a readily determinable fair value. Upon the deconsolidation of NCM LLC, the original cost of the investment was valued based upon NCM, Inc.'s ownership of the secured debt of NCM LLC and the estimation of the enterprise value of NCM LLC utilizing a combination of a market approach and income approach. The market approach relied upon a comparison with guideline public companies and entails selecting relevant financial information of the subject company and capitalizing those amounts using valuation multiples that are based on empirical market observation. The income approach relied upon an analysis of NCM LLC's projected economic earnings discounted to present value. Significant assumptions utilized within these analyses include the weighted average cost of capital and NCM LLC's forecasted cash flows. Due to the inherent uncertainty of determining the fair value of securities that do not have a readily available fair value, the determination of the fair value required significant judgment or estimation and changes in the estimates and assumptions used in the valuation models could materially affect the determination.

#### ***Reconsolidation of NCM LLC***

The Company accounted for the reconsolidation of NCM LLC using the acquisition method of accounting. The acquisition method requires the Company to make significant estimates and assumptions, especially at the acquisition date as the Company allocates the estimated fair values of acquired tangible and intangible assets and the liabilities assumed. The Company also uses our best estimates to determine the useful lives of the tangible and definite-lived intangible assets, which impact the periods over which depreciation and amortization of those assets are recognized. These best estimates and assumptions are inherently uncertain as they pertain to forward looking views of the Company's businesses, client behavior and market conditions. See Note 5—*Reconsolidation of NCM LLC* for further information on the valuation methods and the results of applying the acquisition method of accounting, including the estimated fair values of the assets acquired and liabilities assumed, and, where relevant, the estimated remaining useful lives.

#### ***Valuation of Intangible Assets***

In accordance with ASC 360—*Property, Plant and Equipment*, we evaluate intangible assets and other long-lived assets for impairment whenever a triggering event occurs indicating that they may not be recoverable. Recoverability is assessed by comparing the carrying amount of an asset group to future undiscounted net cash flows expected to be generated. If the carrying amount of an asset group is not recoverable, an impairment loss is recognized equal to the difference between the carrying amount and the fair value of the asset group. We group assets for purposes of such review at the lowest level for which identifiable cash flows of the asset group are largely independent of the cash flows of the other groups of assets and liabilities. In order to develop future undiscounted net cash flows, we utilize estimates and assumptions based on historical data and consideration of future market conditions while incorporating management's expectations as of the balance sheet date. Unforeseen events, changes in circumstances and market conditions and material differences in estimates of future cash flows could adversely affect the fair value of our assets and could result in impairment charges.

#### ***Income Taxes***

*Nature of Estimates Required.* We account for income taxes in accordance with ASC 740 – *Income Taxes*, which requires an asset and liability approach to financial accounting and reporting for income taxes. Accordingly, deferred tax assets and liabilities arise from the differences between the tax basis of an asset or liability and its reported amount in the audited Consolidated Financial Statements. Deferred tax amounts are determined using the tax rates expected to be in effect when the taxes will actually be paid or refunds received, as provided under currently enacted tax law. Valuation allowances are to be established when necessary to reduce deferred tax assets to the amount expected to be realized. The Company generated a three-year cumulative pre-tax book loss during 2021 driven by the impact of the COVID-19 Pandemic on the Company's operations in 2020 and 2021. Given the associated weight assigned to this item as negative evidence within the Company's analysis, the Company determined it is more-likely-than-not that the Company will not be able to realize certain of the Company's deferred tax assets before they expire. Given the additional pre-tax book losses in 2022, the Company continues to have a valuation allowance in the amount of \$146.0 million against the deferred tax asset as of December 28, 2023. As we do expect to generate pre-tax book income following the complete recovery from the lingering impacts of the COVID-19 Pandemic and Chapter 11 Case, we have recorded an impact from the Net Business Interest Expense Limitation IRC § 163(j) on our payable to ESA Parties under the TRA.

In addition, due to the basis differences resulting from our IPO-related transactions (including the TRA with the ESA Parties) and subsequent adjustments pursuant to the Common Unit Adjustment Agreement, we are required to make cash payments under the TRA to the ESA Parties in amounts equal to 90% of our actual tax benefit realized from the tax amortization of the basis difference for certain deferred assets noted above. Following the increase in the valuation allowance as of December 31, 2020, the Company recorded a corresponding \$151.9 million reduction to the “Payable to ESA Parties under the tax receivable agreement” equal to the portion of the payable related to 90% of the amortization of the expected benefits from the realization of the deferred tax assets deemed not more-likely-than-not to be realized as of December 31, 2020. Once the Company returns to a more normal operating level and emerges from a three-year cumulative pre-tax book loss position, part or all the valuation allowance is expected to reverse, resulting in an inverse impact to the payable to ESA Parties under the tax receivable agreement which would increase to reflect future payments to the ESA Parties at that time. The requirements of the TRA, as amended, are highly technical and complex and involve management’s judgment, including judgments to determine hypothetical tax outcomes exclusive of the IPO date transaction and agreements. Management performs thorough analysis of the estimate each quarter and upon new information or conditions will refine its estimate. If we were to fail to meet certain of the requirements of the TRA, we could be subject to additional payments to taxing authorities or to the ESA Parties. We recognize the tax benefit from an uncertain tax position only when it is more likely than not, based on the technical merits of the position, that the tax position will be sustained upon examination, including the resolution of any related appeals or litigation. The tax benefits recognized in the audited Consolidated Financial Statements from such a position are measured as the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution.

For fiscal 2023, our provision for income taxes was \$0.0 million. Changes in management’s estimates and assumptions regarding the enacted tax rate applied to deferred tax assets and liabilities, the ability to realize the value of deferred tax assets, or the timing of the reversal of tax basis differences and judgments used to determine hypothetical tax outcomes exclusive of the IPO date transaction and agreements could impact the provision for income taxes and change the effective tax rate.

#### **Recent Accounting Pronouncements**

For a discussion of the recent accounting pronouncements relevant to our business operations, refer to the information provided under Note 1 to the audited Consolidated Financial Statements included elsewhere in this document.

#### **Related-Party Transactions**

For a discussion of the related-party transactions, refer to the information provided under Note 9 to the audited Consolidated Financial Statements included elsewhere in this document.

#### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

The primary market risk to which we are exposed is interest rate risk. On August 7, 2023, NCM LLC entered into the Revolving Credit Facility 2023. The maximum capacity that NCM LLC has access to under the Revolving Credit Facility 2023 is \$55.0 million. The interest rate under the Revolving Credit Facility 2023 is a base rate or SOFR benchmark plus (i) 3.75% if less than 50.0% of revolving commitments are utilized or (ii) 4.50% if 50.0% or more of revolving commitments are utilized (utilizing the average revolver usage for the prior calendar month as a benchmark for this determination).

As of December 28, 2023, the interest rate risk that we are exposed to is related to our \$10.0 million draw upon the Company’s Revolving Credit Facility 2023. A 100 basis point fluctuation in market interest rates underlying the Revolving Credit Facility 2023 would have the effect of increasing or decreasing our interest expense by approximately \$0.1 million for an annual period on the \$10.0 million outstanding as of December 28, 2023.

**Item 8. Financial Statements and Supplementary Data**

**INDEX TO FINANCIAL STATEMENTS**

	<b><u>Page</u></b>
<b>National CineMedia, Inc. and Subsidiaries</b>	
<a href="#">Report of Deloitte &amp; Touche LLP, Independent Registered Public Accounting Firm (PCAOB ID: 34)</a>	53
<a href="#">Consolidated Balance Sheets as of December 28, 2023 and December 29, 2022</a>	56
<a href="#">Consolidated Statements of Operations for the years ended December 28, 2023 and December 29, 2022</a>	57
<a href="#">Consolidated Statements of Equity/(Deficit) for the years ended December 28, 2023 and December 29, 2022</a>	58
<a href="#">Consolidated Statements of Cash Flows for the years ended December 28, 2023 and December 29, 2022</a>	59
<a href="#">Notes to Consolidated Financial Statements</a>	61

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of National CineMedia, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of National CineMedia, Inc. and subsidiaries (the "Company") as of December 28, 2023 and December 29, 2022, the related consolidated statements of operations, equity/(deficit), and cash flows, for each of the two years in the period ended December 28, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 28, 2023 and December 29, 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 28, 2023, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

#### ***Income Taxes – Tax Receivable Agreement — Refer to Notes 1, 7 and 9 to the Consolidated Financial Statements***

##### Critical Audit Matter Description

The Company and the ESA Parties entered into the Tax Receivable Agreement ("TRA") at the time of the Company's initial public offering ("IPO"). Under the terms of this agreement, the Company will make cash payments to the ESA Parties in amounts equal to 90% of the Company's actual tax benefit realized primarily from the tax amortization of the intangible assets described below, which is recorded as a deferred tax asset. For purposes of the TRA, cash savings in income and franchise tax will be computed by comparing the Company's actual income and franchise tax liability to the amount of such taxes that the Company would have been required to pay had there been no increase in the Company's proportionate share of tax basis in National CineMedia, LLC's ("NCM LLC") tangible and intangible assets had the Company not entered into the TRA. The TRA applies to the Company's taxable years up to and including the 30th anniversary of the IPO. During the fiscal year ended December 28, 2023, the Company paid the ESA Parties \$0.0 million for the 2022 tax year. In addition, changes in the deferred tax rate and in the Company's realization assessment of its deferred tax assets, and therefore changes to future amounts probable to be paid under the TRA led to a re-measurement of the payable, resulting in an increase of \$24.2 million during the fiscal year. At December 28, 2023, the Company's payable under the TRA was \$59.8 million; of which \$0.0 million is presented as a component of current liabilities and \$59.8 million is presented as a component of non-current liabilities.

We identified the computation of adjustments to the payable under the TRA as a critical audit matter because of the complex calculations required to arrive at the correct tax basis upon which to calculate the corresponding payable under the TRA and deferred tax asset adjustments. This involved complexity in applying the tax law, and calculations of (a) incremental amortizable step-up in tax basis, (b) the iterative impact of the computation of adjustments to the payable under the TRA to owners and (c) the overall payable under the TRA. The amount of the payable under the TRA, as well as the timing of such payments, is dependent upon a number of complex items including: (i) the tax basis in the units of NCM LLC being issued as part of a common unit adjustment or exchanged for common stock of the Company, (ii) the allocation of the tax basis step up to the applicable assets, (iii) the amount and timing of taxable income the Company generates in future periods until the payable under the TRA is settled, (iv) the portion of the Company's payments under the TRA that constitute imputed interest or give rise to depreciable or amortizable tax basis and (v) the amount and timing of tax attribute utilization on a with and without basis in accordance with the TRA.

#### How the Critical Audit Matter Was Addressed in the Audit

With the assistance of our income tax specialists, our audit procedures related to the computation of adjustments to the payable under the TRA included the following procedures, among others:

- We read the individual TRA and Exhibitor Services Agreements to compare the terms in each agreement for consistency with the mathematical model used by management to calculate the adjustments to the payable under the TRA and deferred tax asset.
- We evaluated management's computation of adjustments to the year-end balance of the payable under the TRA amount by recalculating the payable under the TRA at the end of the year, taking into account the various unit exchanges occurring during the year as well as the additions in the payable under the TRA for each Common Unit Adjustment, termination of the Regal Exhibitor Service Agreement, and bankruptcy emergence, among others.
- We analyzed the impact of any taxable income limitations on the payable under the TRA.
- We prepared our own model to independently recompute the payable under the TRA and compare to the recorded balance.
- We reconciled realization of tax payments and deductions to the payable under the TRA.

#### ***Reconsolidation of National CineMedia, LLC — Refer to Notes 1 and 5 to the Consolidated Financial Statements***

##### Critical Audit Matter Description

On April 11, 2023, NCM LLC filed a voluntary petition for reorganization with a prearranged Chapter 11 plan under Chapter 11 of Title 11 of the United States Code in the Bankruptcy Code in the Bankruptcy Court. During the Chapter 11 Case, the Company was deemed to no longer control NCM LLC for accounting purposes and NCM LLC was deconsolidated from the Company's financial statements prospectively as of April 11, 2023. Upon emergence from bankruptcy, the Company regained control and retained 100.0% ownership of NCM LLC, after taking into account elections by the holders of secured debt claims to receive NCM, Inc. common stock in lieu of NCM LLC common units. Therefore, NCM LLC was reconsolidated into the Company's financial statements prospectively as of August 7, 2023. The Company accounted for the reconsolidation of NCM LLC as a business combination using the acquisition method of accounting. Accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values as of the date of reconsolidation, including exhibitor service agreements of \$250.0 million and network affiliate agreements of \$75.0 million. Management estimated the fair values of the exhibitor service agreements and network affiliate agreements using the multi-period excess earnings method. The fair value determination of the exhibitor service agreements and network affiliate agreements requires management to make significant estimates and assumptions to determine forecasted cash flows, including those related to future revenue growth rates and the weighted average cost of capital.

As such, performing audit procedures to evaluate the reasonableness of these estimates and assumptions required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists.

#### How the Critical Audit Matter Was Addressed in the Audit

Our auditing procedures related to the future revenue growth rates and the weighted average cost of capital included the following, among others:

- We obtained an understanding of management's key assumptions in developing the forecasted revenue.

- We evaluated management’s ability to accurately forecast revenue growth rates by comparing actual results to management’s historical forecasts.
- We assessed the reasonableness of management’s forecast of future revenue growth rates by comparing projections to historical results, macroeconomic data, industry data, analyst reports, and certain of its peer companies.
- We evaluated whether the forecast of future revenue growth rates was consistent with projections used by the Company in other areas of the audit.
- With the assistance of our fair value specialists, we evaluated the reasonableness of management’s long-term revenue growth rate by analyzing inflation, economic, and industry growth statistics.
- With the assistance of our fair value specialists, we evaluated the reasonableness of management’s weighted average cost of capital by:
  - Testing the source information underlying the determination of the weighted average cost of capital and testing the mathematical accuracy of the calculation.
  - Developing a range of independent estimates and comparing those to the weighted average cost of capital selected by management.

/s/ Deloitte & Touche LLP

Denver, Colorado

March 18, 2024

We have served as the Company's auditor since 2006.

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(In millions, except share and per share data)

	December 28, 2023	December 29, 2022
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 34.6	\$ 61.7
Restricted cash	3.0	2.1
Short-term marketable securities	—	0.7
Receivables, net of allowance of \$1.4 and \$1.7, respectively	96.6	92.0
Prepaid expenses and other current assets	9.6	7.9
Total current assets	143.8	164.4
<b>NON-CURRENT ASSETS:</b>		
Property and equipment, net of accumulated depreciation of \$1.6 and \$54.8, respectively	15.8	13.0
Intangible assets, net of accumulated amortization of \$15.0 and \$270.2, respectively	394.3	586.7
Other investments	0.7	0.9
Long-term marketable securities	—	0.3
Debt issuance costs, net	2.2	3.3
Other assets	10.9	23.8
Total non-current assets	423.9	628.0
<b>TOTAL ASSETS</b>	<b>\$ 567.7</b>	<b>\$ 792.4</b>
<b>LIABILITIES AND EQUITY/(DEFICIT)</b>		
<b>CURRENT LIABILITIES:</b>		
Amounts due to ESA Parties, net (related party payables of \$0.0 and \$15.2, respectively)	\$ 6.6	\$ 18.2
Payable under the TRA (related party payables of \$0.0 and \$0.2, respectively)	—	0.3
Accrued expenses	1.6	17.8
Accrued payroll and related expenses	17.7	8.3
Accounts payable	21.7	25.0
Deferred revenue	9.8	10.2
Short-term debt, net of debt issuance costs of \$0.0 and \$7.9, respectively	—	1,121.1
Other current liabilities	1.0	2.2
Total current liabilities	58.4	1,203.1
<b>NON-CURRENT LIABILITIES:</b>		
Long-term debt	10.0	—
Payable under the TRA (related party payables of \$0.0 and \$25.5, respectively)	59.8	35.3
Other liabilities	5.0	18.0
Total non-current liabilities	74.8	53.3
Total liabilities	133.2	1,256.4
<b>COMMITMENTS AND CONTINGENCIES (NOTE 13)</b>		
<b>EQUITY/(DEFICIT):</b>		
NCM, Inc. Stockholders' Equity/(Deficit):		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized, 50 and 0 issued and outstanding, respectively	—	—
Common stock, \$0.01 par value; 260,000,000 shares authorized, 96,837,039 and 12,840,264 issued and outstanding, respectively	2.6	1.3
Additional paid in capital (deficit)	115.3	(146.2)
Retained earnings (distributions in excess of earnings)	316.6	(370.4)
Total NCM, Inc. stockholders' equity/(deficit)	434.5	(515.3)
Noncontrolling interests	—	51.3
Total equity/(deficit)	434.5	(464.0)
<b>TOTAL LIABILITIES AND EQUITY/(DEFICIT)</b>	<b>\$ 567.7</b>	<b>\$ 792.4</b>

Refer to accompanying notes to Consolidated Financial Statements.



**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In millions, except share and per share data)

	Years Ended	
	December 28, 2023	December 29, 2022
Revenue (including revenue from related parties of \$14.2 and \$14.4, respectively)	\$ 165.2	\$ 249.2
OPERATING EXPENSES:		
Advertising operating costs	30.7	27.2
Network costs	6.3	8.4
ESA theater access fees and revenue share (including fees to related parties of \$16.5 and \$59.4, respectively)	43.1	82.3
Selling and marketing costs	29.6	42.8
Administrative and other costs	57.3	44.3
Impairment of long-lived assets	—	5.8
Depreciation expense	3.1	6.5
Amortization expense	22.4	25.0
Total	192.5	242.3
OPERATING (LOSS) INCOME	(27.3)	6.9
NON-OPERATING (INCOME) EXPENSES:		
Interest on borrowings	27.9	79.7
Loss (gain) on modification and retirement of debt, net	0.4	(5.9)
Loss on re-measurement of the payable under the tax receivable agreement	9.3	2.2
Gain on sale of asset	(0.3)	(2.2)
Gain on deconsolidation of affiliate	(557.7)	—
Gain on re-measurement of investment in NCM LLC	(35.5)	—
Gain on reconsolidation of NCM LLC	(167.8)	—
Other non-operating income, net	(0.3)	(0.7)
Total	(724.0)	73.1
INCOME (LOSS) BEFORE INCOME TAXES	696.7	(66.2)
Income tax expense	—	—
CONSOLIDATED NET INCOME (LOSS)	696.7	(66.2)
Less: Net loss attributable to noncontrolling interests	(8.5)	(37.5)
NET INCOME (LOSS) ATTRIBUTABLE TO NCM, INC.	705.2	(28.7)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO NCM, INC.	\$ 705.2	\$ (28.7)
NET INCOME (LOSS) PER NCM, INC. COMMON SHARE:		
Basic	\$ 14.73	\$ (3.50)
Diluted	\$ 14.34	\$ (3.50)
WEIGHTED AVERAGE SHARES OUTSTANDING:		
Basic	47,882,944	8,196,801
Diluted	48,574,583	8,196,801

Refer to accompanying notes to Consolidated Financial Statements.

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EQUITY/ (DEFICIT)**  
(In millions, except share and per share data)

	NCM, Inc.							
	Consolidated	Common Stock		Preferred Stock		Additional Paid in Capital (Deficit)	Retained Earnings (Distributions in Excess of Earnings)	Noncontrolling Interest
		Shares	Amount	Shares	Amount			
Balance—December 30, 2021	\$ (383.5)	8,062,689	\$ 0.8	—	\$ —	\$ (195.5)	\$ (332.0)	\$ 143.2
Distributions to ESA Parties	(4.9)	—	—	—	—	—	—	(4.9)
NCM LLC equity issued for purchase of intangible asset	10.4	—	—	—	—	4.9	—	5.5
Income tax and other impacts of NCM LLC ownership changes	(17.3)	—	—	—	—	39.8	—	(57.1)
Issuance of shares	12.4	4,663,845	0.4	—	—	12.0	—	—
NCM, Inc. investment in NCM LLC	(12.4)	—	—	—	—	(12.4)	—	—
Comprehensive loss, net of tax	(66.2)	—	—	—	—	—	(28.7)	(37.5)
Share-based compensation issued, net of tax	(0.1)	113,730	0.1	—	—	(0.2)	—	—
Share-based compensation expense/capitalized	7.3	—	—	—	—	5.2	—	2.1
Cash dividends declared \$0.11 per share	(9.7)	—	—	—	—	—	(9.7)	—
Balance—December 29, 2022	\$ (464.0)	12,840,264	\$ 1.3	—	\$ —	\$ (146.2)	\$ (370.4)	\$ 51.3
Deconsolidation of affiliate	(33.4)	—	—	—	—	(15.3)	(18.1)	—
Income tax and other impacts of NCM LLC ownership changes	(9.5)	—	—	—	—	33.6	(0.1)	(43.0)
Issuance of shares	242.5	83,722,159	1.2	50.0	—	241.3	—	—
NCM LLC common membership unit redemption	(2.6)	—	—	—	—	(2.6)	—	—
Comprehensive income, net of tax	696.7	—	—	—	—	—	705.2	(8.5)
Share-based compensation issued, net of tax	0.1	274,616	0.1	—	—	—	—	—
Share-based compensation expense/capitalized	4.7	—	—	—	—	4.5	—	0.2
Balance—December 28, 2023	\$ 434.5	96,837,039	\$ 2.6	50.0	\$ —	\$ 115.3	\$ 316.6	\$ —

Refer to accompanying notes to Consolidated Financial Statements.

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In millions)

	Years Ended	
	December 28, 2023	December 29, 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Consolidated net income (loss)	\$ 696.7	\$ (66.2)
Adjustments to reconcile consolidated net income (loss) to net cash used in operating activities:		
Depreciation expense	3.1	6.5
Amortization expense	22.4	25.0
Non-cash share-based compensation	4.5	7.1
Impairment of long-lived assets	—	5.8
Bad-debt expense	—	1.0
Amortization of debt issuance costs	3.4	8.9
Loss (gain) on modification and retirement of debt, net	0.4	(5.9)
Non-cash loss on re-measurement of the payable under the TRA	9.3	2.2
Gain on sale of asset	(0.3)	(2.2)
Gain on deconsolidation of affiliate	(557.7)	—
Gain on re-measurement of NCM LLC	(35.5)	—
Gain on reconsolidation of NCM LLC	(167.8)	—
Other	(0.4)	(0.4)
ESA Party integration and encumbered theater payments (including payments from related parties of \$0.0 and \$0.0, respectively)	5.0	2.8
Other cash flows from operating activities, net	(0.8)	0.1
Changes in operating assets and liabilities:		
Receivables, net	36.3	(40.0)
Accounts payable and accrued expenses	(2.7)	14.2
Amounts due to ESA Parties, net	(4.2)	1.0
Deferred revenue	(5.4)	(4.8)
Prepaid expenses	(11.0)	—
Other, net	(2.0)	(2.4)
Net cash used in operating activities	<u>(6.7)</u>	<u>(47.3)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(3.3)	(2.9)
Cash contributed in reconsolidation	(15.5)	—
Cash, cash equivalents and restricted cash reconsolidated	49.5	—
Proceeds from sale and maturities of marketable securities	1.0	0.3
Proceeds from sale of asset	0.3	2.2
Proceeds received from equity method investment	0.6	—
Net cash provided by investing activities	<u>32.6</u>	<u>(0.4)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment of dividends	(0.5)	(9.5)
Issuance of revolving credit facility	—	50.0
Repayments of term loan facility	(0.8)	(3.2)
Removal of cash, cash equivalents and restricted cash of unconsolidated affiliate	(49.6)	—
Repayment Notes due 2028	—	(19.8)
Payment of debt issuance costs	(1.2)	(7.0)
Repurchase of stock for restricted stock tax withholding	—	(0.2)
Net cash used in financing activities	<u>(52.1)</u>	<u>10.3</u>
<b>CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<u>(26.2)</u>	<u>(37.4)</u>
Cash, cash equivalents and restricted cash at beginning of period	63.8	101.2
Cash, cash equivalents and restricted cash at end of period	<u>\$ 37.6</u>	<u>\$ 63.8</u>

Refer to accompanying notes to Consolidated Financial Statements.

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
(In millions)

	Years Ended	
	December 28, 2023	December 29, 2022
<b>Supplemental disclosure of non-cash financing and investing activity:</b>		
Purchase of an intangible asset with NCM LLC equity	\$ —	\$ 10.4
Accrued distributions to ESA Parties (including accrued payments due to related parties of \$0.0 and \$4.9, respectively)	\$ —	\$ 4.9
Issuance of shares upon the reconsolidation of NCM LLC	\$ 245.3	\$ —
Fair value of NCM LLC net assets reconsolidated, net of cash	\$ 433.8	\$ —
Purchase of subsidiary equity with NCM, Inc. equity	\$ 2.6	\$ 12.4
Accrued purchases of property and equipment	\$ 0.8	\$ 0.8
Dividends declared not requiring cash in the period	\$ —	\$ 0.7
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 12.5	\$ 66.5
Cash payments for income taxes	\$ —	\$ 0.1

Refer to accompanying notes to Consolidated Financial Statements.

**1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

NCM, Inc. was incorporated in Delaware as a holding company formed with the purpose of becoming a member and sole manager of NCM LLC, a limited liability company owned by NCM, Inc. The terms “NCM”, “the Company” or “we” shall, unless the context otherwise requires, be deemed to include the consolidated entity. NCM, Inc. has no business operations or material assets other than its cash and ownership interest of 100.0% of the common membership units in NCM LLC as of December 28, 2023.

The Company operates the largest cinema advertising network reaching movie audiences in the U.S., allowing NCM LLC to sell advertising under long-term ESAs with the ESA Parties and certain third-party network affiliates, under long-term network affiliate agreements. As of December 28, 2023, the weighted average remaining term of the ESAs is approximately 12.2 years. The network affiliate agreements expire at various dates between March 24, 2024 and July 13, 2033. The weighted average remaining term of the ESAs and the network affiliate agreements together is 11.9 years as of December 28, 2023.

In December 2022, AMC and Regal each redeemed all of their outstanding membership units in exchange for shares of NCM, Inc. common stock, reducing AMC’s and Regal’s ownership to 0.0% as of December 29, 2022. On February 23, 2023 and March 23, 2023, Cinemark redeemed all of their outstanding membership units in exchange for shares of NCM, Inc. common stock reducing Cinemark’s ownership interest in NCM LLC to 0.0% as of December 28, 2023. NCM, Inc.’s primary source of cash flow from operations is distributions from NCM LLC pursuant to the NCM LLC Operating Agreement. NCM, Inc. also receives management fees pursuant to a management services agreement with NCM LLC in exchange for providing specified management services to NCM LLC.

***Basis of Presentation***

The Company has prepared its Consolidated Financial Statements and related notes of NCM, Inc. in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and the rules and regulations of the Securities and Exchange Commission (“SEC”).

In the opinion of management, all adjustments necessary to present fairly in all material respects the financial position, results of operations and cash flows for all periods presented have been made and all intercompany accounts have been eliminated in consolidation. As a result of the various related-party agreements discussed in Note 9—*Related Party Transactions*, the operating results as presented are not necessarily indicative of the results that might have occurred if all agreements were with non-related third parties.

Advertising is the principal business activity of the Company and is the Company’s only operating and reportable segment under the requirements of ASC 280—*Segment Reporting*.

***Estimates***—The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those related to the reserve for uncollectible accounts receivable, share-based compensation, income taxes, intangible assets and the valuation of NCM LLC upon deconsolidation and reconsolidation. Actual results could differ from those estimates.

***Bankruptcy Filing, Deconsolidation and Reconsolidation of NCM LLC***—On April 11, 2023, NCM LLC filed a voluntary petition for reorganization with a prearranged Chapter 11 plan under Chapter 11 of Title 11 of the United States Code in the Bankruptcy Court in the Bankruptcy Code in the Bankruptcy Court (the “Chapter 11 Case”). During the Chapter 11 Case, the Company was deemed to no longer control NCM LLC for accounting purposes and NCM LLC was deconsolidated from the Company’s financial statements prospectively as of April 11, 2023. NCM LLC does not have a readily determinable fair value. Upon the deconsolidation of NCM LLC, the original cost of the investment was valued based upon NCM, Inc.’s ownership of the secured debt of NCM LLC and the estimation of the enterprise value of NCM LLC utilizing a combination of a market approach and income approach. The market approach relied upon a comparison with guideline public companies and entails selecting relevant financial information of the subject company and capitalizing those amounts using valuation multiples that are based on empirical market observation. The income approach relied upon an analysis of NCM LLC’s projected economic earnings discounted to present value. Significant assumptions utilized within these analyses include the weighted average cost of capital and NCM LLC’s forecasted cash flows.

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Upon emergence from bankruptcy, NCM, Inc., regained control and retained 100.0% ownership of NCM LLC, after taking into account elections by the holders of Secured Debt Claims to receive NCM, Inc. common stock in lieu of NCM LLC common units and was therefore reconsolidated into the Company's financial statements prospectively as of August 7, 2023 akin to an acquisition under *ASC 805 – Business Combinations*. The acquisition method requires the Company to make significant estimates and assumptions, especially at the acquisition date as the Company allocates the estimated fair values of acquired tangible and intangible assets and the liabilities assumed. The Company also uses our best estimates to determine the useful lives of the tangible and definite-lived intangible assets, which impact the periods over which depreciation and amortization of those assets are recognized. All balances within the Company's financial statements reflect NCM LLC activity only for the periods while consolidated, December 30, 2022 through April 11, 2023 and August 7, 2023 through December 28, 2023.

**Significant Accounting Policies**

**Accounting Period**—The Company has a 52-week or 53-week fiscal year ending on the first Thursday after December 25. Fiscal year 2022 contained 52 weeks and 2023 contained 52 weeks. Throughout this document, the fiscal years are referred to as set forth below:

Fiscal Year Ended	Reference in this Document
December 28, 2023	2023
December 29, 2022	2022

**Revenue Recognition**—The Company derives revenue principally from the sale of advertising to national, regional and local businesses in *Noovie*®, our cinema advertising and entertainment show seen on movie screens across the U.S., as well as on our LEN, a series of strategically-placed screens located in movie theater lobbies, as well as other forms of advertising and promotions in theater lobbies. In addition, the Company sells online and mobile advertising, including through *Noovie* Audience Accelerator, through NCM's digital gaming products, which can be played on the mobile apps and through partnerships with certain internet platforms. Further the Company sells advertising in a variety of complementary out of home venues, including restaurants, convenience stores and college campuses. The Company also has a long-term agreement to exhibit the advertising of the ESA Parties' beverage suppliers. The Company considers the terms of each arrangement to determine the appropriate accounting treatment as more fully discussed in Note 2—*Revenue from Contracts with Customers*.

**Operating Costs**—The Company classifies its core operating expenses within the following categories on the audited Consolidated Statements of Operations:

**Advertising operating costs**—This balance relates to advertising fulfillment-related operating costs primarily consisting of personnel and other costs, revenue share and per patron based fees due to network affiliates and other sales partners, and to a lesser extent, production costs of non-digital advertising.

**Network costs**—This balance consists of personnel, satellite bandwidth, repairs and other costs of maintaining and operating the digital network as well as preparing advertising and other content for transmission across the digital network.

**ESA theater access fees and revenue share**—This balance consists of payments to the ESA Parties in return for the rights to advertise in their theaters comprised of a payment per theater attendee, a payment for post-showtime advertising, a payment per digital screen and a payment per digital cinema projector equipped in the theaters, all of which escalate over time, and revenue share for the Platinum Spot, when sold.

**Selling and marketing costs**—This balance consists primarily of sales personnel costs including sales commissions and selling related expenses such as travel, barter and bad debt expense, marketing expenses including research subscriptions and studies and production costs for internal segments shown within The *Noovie*® Show, lease expense for the Company's sales offices and costs associated with digital inventory, including revenue shares paid to DOOH and other partners.

**Administrative and other costs**—This balance consists of personnel costs for the Company's executives as well as administrative functions including legal, information technology and accounting, lease expense for the Company's headquarters, legal and professional fees, cloud computing costs for the Company's cinema advertising management system and repairs and maintenance costs.

**Cash and Cash Equivalents**—All highly liquid debt instruments and investments purchased with an original maturity of three months or less are classified as cash equivalents and are considered available-for-sale securities. There are cash balances in a bank in excess of the federally insured limits or in the form of a money market demand account with a major financial institution. The Company has elected the fair value option for valuing its cash equivalents. The cash equivalents are valued at fair value at each balance sheet date and the change in value from the prior period is recognized within "Other non-operating income, net" on the audited Consolidated Statements of Operations.

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Restricted Cash**— The Company’s restricted cash balance was \$3.0 million and \$2.1 million for the years ended December 28, 2023 and December 29, 2022, respectively. The balance as of December 28, 2023 is related to unsettled, agreed upon payments to NCM LLC’s unsecured creditors within the escrow accounts and “Accounts payable” on the audited Consolidated Balance Sheet. The balance as of December 29, 2022 related to fees due to Regal in accordance with the ESA which were held in escrow in conjunction with the Cineworld Proceeding.

**Marketable Securities**—The Company’s marketable securities are classified as available-for-sale and are reported at fair value. The fair value of substantially all securities is determined by quoted market information and pricing models using inputs based upon market information, including contractual terms, market prices and yield curves. The estimated fair value of securities for which there are no quoted market prices is based on similar types of securities that are traded in the market. The change in value from the prior period is recognized within “Other non-operating income, net” on the audited Consolidated Statements of Operations.

**Concentration of Credit Risk and Significant Customers**—The risk of credit loss related to the Company's trade receivables and unbilled receivables balances is accounted for through the allowance for doubtful accounts, a contra asset account which reduces the net receivables balance. The allowance for doubtful accounts balance is determined by pooling the Company's receivables with similar risk characteristics, specifically by type of customer (national or local/ regional) and then age of receivable, and applying historical write off percentages to these pools in order to determine the amount of expected credit losses as of the balance sheet date. National receivables are with large advertising agencies with strong reputations in the advertising industry and clients with stable financial positions and good credit ratings, represent larger receivables balances per customer and have significantly lower historical and expected credit loss patterns. Local and regional receivables are with smaller companies sometimes with less credit history and represent smaller receivable balances per customer and higher historical and expected credit loss patterns. The Company has smaller contracts with many local clients that are not individually significant. The Company also considers current economic conditions and trends to determine whether adjustments to historical loss rates are necessary. The Company also reserves for specific receivable balances that it expects to write off based on known concerns regarding the financial health of the customer. Receivables are written off when management determines amounts are uncollectible. The Company had no agencies through which it sourced advertising revenue that accounted for more than 10% of the Company’s gross outstanding receivable balance as of December 28, 2023. As of December 29, 2022 there was one advertising agency group through which the Company sources national advertising revenue that accounted for 13.0% of the Company’s outstanding gross receivable balance. During the years ended December 28, 2023 and December 29, 2022, the Company had one customer that accounted for 11.2% and 12.9%, respectively, of the Company's revenue.

Receivables consisted of the following (in millions):

	As of	
	December 28, 2023	December 29, 2022
Trade accounts	\$ 98.0	\$ 93.1
Other	—	0.6
Less: Allowance for doubtful accounts	(1.4)	(1.7)
Total	<u>\$ 96.6</u>	<u>\$ 92.0</u>

**Long-lived Assets**—Property and equipment is stated at cost, net of accumulated depreciation or amortization. Generally, the equipment associated with the digital network of the ESA Party theaters is owned by the ESA Parties, while the equipment associated with network affiliate theaters is owned by the Company. Major renewals and improvements are capitalized, while replacements, maintenance, and repairs that do not improve or extend the lives of the respective assets are expensed as incurred. The Company records depreciation using the straight-line method over the following estimated useful lives:

Equipment	4-10 years
Computer hardware and software	3-5 years
Leasehold improvements	Lesser of lease term or asset life

Software and website development costs developed or obtained for internal use are accounted for in accordance with ASC 350—*Internal Use Software* and ASC 350—*Website Development Costs*. The subtopics require the capitalization of certain costs incurred in developing or obtaining software for internal use. Software costs related primarily to the Company’s cinema advertising management system, digital products, digital network distribution system (DCS), enterprise resource planning system and website development costs, which are included in equipment, and are depreciated over three to ten years. As of December 28, 2023 and December 29, 2022, the Company had a net book value of \$11.1 million and \$7.4 million, respectively, of capitalized software and website development costs. Depreciation expense related to software and website development was approximately \$1.8 million and \$3.8 million for the years ended December 28, 2023 and December 29, 2022, respectively. The subtopics also require the capitalization of certain implementation costs related to qualifying Cloud

Computing Arrangements (“CCAs”) upon adoption of ASU 2018-15— *Intangibles - Goodwill and Other - Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* as of September 28, 2018. As of December 28, 2023 and December 29, 2022 the Company had a net book value of \$4.5 million and \$3.7 million of capitalized implementation costs for CCAs, respectively, recorded within “Other assets” in the Consolidated Balance Sheets. These costs primarily relate to the Company’s hosted cinema advertising management system which was implemented in January 2021. Depreciation expense related to capitalized implementation costs for CCAs was approximately \$0.5 million and \$0.4 million for the years ended December 28, 2023 and December 29, 2022, respectively. These costs are amortized to “Administrative and other costs” within the audited Consolidated Statements of Operations over the life of the hosting arrangement beginning at implementation. For the years ended December 28, 2023 and December 29, 2022, the Company recorded \$3.0 million and \$4.6 million in research and development expense, respectively.

The Company assesses impairment of long-lived assets pursuant with ASC 360 – *Property, Plant and Equipment*. This includes determining if certain triggering events have occurred that could affect the value of an asset. The Company recorded losses of \$0.0 million and \$5.8 million related to the write-off of certain internally developed software during the years ended December 28, 2023 and December 29, 2022, respectively, which has been included within “Impairment of long-lived assets” within the respective audited Consolidated Statements of Operations.

**Intangible Assets**—The Company’s intangible assets consist of contractual rights to provide its services within the theaters under the ESAs and the network affiliate agreements, customer relationships developed and maintained by the Company’s sales force and trademarks held and used by the Company. The intangible assets are stated at their estimated fair values upon the reconsolidation of NCM LLC on August 7, 2023 as further described within Note 5— *Reconsolidation of NCM LLC*, net of accumulated amortization. The Company records amortization using the straight-line method over the estimated useful life of the intangibles, corresponding to the expected term of the ESAs, the average renewable term of the contracts with the network affiliates and industry standard lives for customer relationships and trademarks. Intangible assets are tested for impairment whenever events or changes in circumstances indicate the carrying value may not be fully recoverable. In its impairment testing, the Company estimates the fair value of the intangible asset by determining the estimated future cash flows associated with the ESAs, network affiliate agreements and trademarks or the estimated replacement cost of the customer relationships. If after determining that gross cash flows are insufficient to recover the asset, the estimated fair value is less than the carrying value, the intangible asset is written down to its estimated fair value. Significant judgment is involved in estimating long-term cash flow forecasts and replacement costs.

**Amounts Due to/from ESA Parties**—Amounts due to/from ESA Parties include amounts due for the theater access fees and revenue share, offset by a receivable for advertising time purchased by the ESA Parties on behalf of their beverage concessionaire, plus any amounts outstanding under other contractually obligated payments. Payments to or received from the ESA Parties against outstanding balances are made monthly. Available cash distributions are made quarterly contingent upon the ESA Parties’ ownership of NCM LLC membership units, the Company’s compliance with the covenants outlined within the 2023 Revolving Credit Facility and in accordance with the NCM LLC Operating Agreement.

**Income Taxes**—Income taxes are accounted for under the asset and liability method, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which differences are expected to be recovered or settled pursuant to the provisions of ASC 740 – *Income Taxes*. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records a valuation allowance if it is deemed more likely than not that all or a portion of its deferred income tax assets will not be realized, which will be assessed on an on-going basis. Only the portion of deferred income tax assets deemed more likely than not to be realized are considered within the calculation of the payable to the ESA Parties under the TRA which is equal to 90% of the Company’s actual tax benefit realized from the tax amortization of the basis difference for qualifying deferred income tax assets. Refer to Note 7—*Income Taxes* to the audited Consolidated Financial Statements for discussion of changes within the Company’s valuation allowance on its deferred tax assets during the years ended December 28, 2023 and December 29, 2022.

In addition, income tax rules and regulations are subject to interpretation and the application of those rules and regulations require judgment by the Company and may be challenged by the taxation authorities. The Company follows ASC 740-10-25, which requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions. Only tax positions that meet the more likely than not recognition threshold are recognized. In addition, income tax rules and regulations are subject to interpretation and the application of those rules and regulations require judgment by the Company and may be challenged by the taxation authorities. The Company follows ASC 740-10-25, which requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions. Only tax positions that meet the more likely than not recognition threshold are recognized.



**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The Company recognizes the tax benefits from uncertain tax positions only when it is more likely than not, based on the technical merits of the position, the tax position will be sustained upon examination, including the resolution of any related appeals or litigation. The tax benefits recognized in the Consolidated Financial Statements from such a position are measured as the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense.

**Debt Issuance Costs**—In relation to the issuance of outstanding debt discussed in Note 10—*Borrowings*, there is a balance of \$2.2 million and \$11.2 million in deferred financing costs as of December 28, 2023 and December 29, 2022, respectively. The debt issuance costs are being amortized on a straight-line basis over the terms of the underlying obligations and are included in interest on borrowings, which approximates the effective interest method. Debt issuance costs are written-off in the event that the underlying debt is extinguished through partial or full repayment of the obligation.

The changes in debt issuance costs are as follows (in millions):

	Years Ended	
	December 28, 2023	December 29, 2022
Beginning balance	\$ 11.2	\$ 15.0
Debt issuance costs	0.9	5.1
Deconsolidation of NCM LLC	(8.9)	—
Reconsolidation for NCM LLC	2.4	—
Amortization of debt issuance costs	(3.4)	(8.9)
Ending balance	<u>\$ 2.2</u>	<u>\$ 11.2</u>

**Share-Based Compensation**—During 2023 and 2022, the Company issued stock options and restricted stock units. Restricted stock units vest upon the achievement of Company two or three-year cumulative performance measures and service conditions or only service conditions. The Company recognizes share-based compensation net of an estimated forfeiture rate. Compensation expense of restricted stock units that vest upon the achievement of Company performance measures is based on management’s financial projections and the probability of achieving the projections, which requires considerable judgment. A cumulative adjustment is recorded to share-based compensation expense in periods that management changes its estimate of the number of shares expected to vest. Ultimately, the Company adjusts the expense recognized to reflect the actual vested shares following the resolution of the performance conditions. Dividends are accrued when declared on unvested restricted stock units that are expected to vest and are only paid with respect to shares that actually vest.

Compensation cost of stock options is based on the estimated grant date fair value using the Black-Scholes option pricing model, which requires that the Company make estimates of various factors. Under the fair value recognition provisions of ASC 718, *Compensation—Stock Compensation*, the Company recognizes share-based compensation net of an estimated forfeiture rate, and therefore only recognizes compensation cost for those shares expected to vest over the requisite service period of the award. Refer to Note 11—*Share-Based Compensation* for more information.

**Fair Value Measurements**—Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

*Level 1* – Quoted prices in active markets for identical assets or liabilities.

*Level 2* – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3* – Inputs that are generally unobservable and typically reflect management’s estimate of assumptions that market participants would use in pricing the asset or liability.

**Consolidation**—NCM, Inc. consolidates the accounts of NCM LLC under the provisions of ASC 810—*Consolidation* (“ASC 810”). Under Accounting Standards Update 2015-2, Consolidation (Topic 810): Amendments to the Consolidation Analysis (“ASU 2015-2”), a limited partnership is a variable interest entity unless a simple majority or lower threshold of all limited partners unrelated to the general partner have kick-out or participating rights. The non-managing members of NCM LLC do not have dissolution rights or removal rights. NCM, Inc. has evaluated the provisions of the NCM LLC membership agreement and has concluded that the various rights of the non-managing members are not substantive participating rights under ASC 810, as they do not limit NCM, Inc.’s ability to make decisions in the ordinary course of business. The Company concluded that NCM LLC is a variable interest entity and determined that NCM, Inc. should consolidate the accounts of NCM LLC pursuant to ASU 2015-2 because 1) it has the power to direct the activities of NCM LLC in its role as managing member

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

and 2) NCM, Inc. has the obligation to absorb losses of, or the right to receive benefits from NCM LLC, that could potentially be significant provided its 100.0% ownership in NCM LLC. Upon NCM LLC's emergence from bankruptcy, it was determined that NCM, Inc. continues to hold the current rights that give it power to direct activities of NCM LLC that most significantly impact NCM LLC's economic performance and that NCM, Inc. continues to have the rights to receive the significant benefits or the obligations to absorb potentially significant losses, resulting in NCM, Inc. having a controlling financial interest in NCM LLC. As a result, NCM, Inc. was deemed to be the primary beneficiary of NCM LLC and the Company has consolidated NCM LLC under the variable interest entity provisions of ASC 810—*Consolidation*.

The following table presents the changes in NCM, Inc.'s equity resulting from net income attributable to NCM, Inc. and transfers to or from noncontrolling interests (in millions):

	<b>Years Ended</b>	
	<b>December 28, 2023</b>	<b>December 29, 2022</b>
Net income (loss) attributable to NCM, Inc.	\$ 705.2	\$ (28.7)
NCM LLC equity issued for purchase of intangible asset	—	4.9
Income tax and other impacts of NCM LLC ownership changes	33.6	39.8
NCM, Inc. investment in NCM LLC	(2.6)	(12.4)
Issuance of shares	241.3	12.0
Change from net income (loss) attributable to NCM, Inc. and transfers from noncontrolling interests	<u>\$ 977.5</u>	<u>\$ 15.6</u>

**Recently Adopted Accounting Pronouncements**

In March 2020, the FASB issued Accounting Standards Update No. 2020-04, Reference Rate Reform ("ASU 2020-04"), which provides temporary optional guidance to companies impacted by the transition away from the London Interbank Offered Rate ("LIBOR"). The guidance provides certain expedients and exceptions to applying GAAP in order to lessen the potential accounting burden when contracts, hedging relationships, and other transactions that reference LIBOR as a benchmark rate are modified. This guidance is effective upon issuance and expires on December 31, 2024. The Company concluded the LIBOR transition did not have a material impact on the Company's Consolidated Financial Statements.

The Company did not adopt any other accounting pronouncements during the year ended December 28, 2023.

**Recently Issued Accounting Pronouncements**

In January 2024, the FASB issued Accounting Standards Update No. 2023-09, Income Tax Disclosures ("ASU 2023-09"), which establishes new income tax disclosure requirements in addition to modifying and eliminating certain existing requirements. Under the new guidance, entities must consistently categorize and provide greater disaggregation of information in the rate reconciliation. They must also further disaggregate income taxes paid. This guidance is effective upon issuance on December 15, 2024. The Company does not believe this will have a material impact on the Company's Consolidated Financial Statements.

The Company has considered all other recently issued accounting pronouncements and does not believe the adoption of such pronouncements will have a material impact on its Consolidated Financial Statements or notes thereto.

**2. REVENUE FROM CONTRACTS WITH CUSTOMERS**

**Revenue Recognition**

NCM, Inc. derives revenue principally from its role as sole manager of NCM LLC. NCM LLC derives revenue principally from the sale of advertising to national, regional and local businesses in *Noovie*®, our cinema advertising and entertainment show seen on movie screens across the U.S., as well as on our LEN, a series of strategically-placed screens located in movie theater lobbies, as well as other forms of advertising and promotions in theater lobbies. In addition, the Company sells online and mobile advertising, including through Audience Accelerator, through NCM's digital gaming products which can be played on the mobile app and through partnerships with certain internet platforms. Further the Company sells advertising in a variety of complementary out of home venues, including restaurants, convenience stores and college campuses. The Company also has a long-term agreement to exhibit the advertising of the ESA Parties' beverage suppliers.

National and regional advertising, including advertising under the beverage concessionaire and courtesy PSA agreements, are sold on a CPM basis. The Company recognizes national and regional advertising over time as impressions (or theater attendees) are delivered. National advertising is also sold to content partners. The content partners provide the Company with original entertainment content segments, typically 90 seconds in length, that are entertaining, informative, or educational

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

in nature in The *Noovie*® Show and they make commitments to buy a portion of the Company’s advertising inventory at a specified CPM. The Company recognizes revenue for the content segments ratably over time as the content segments air. Local advertising is sold on a per-screen, per-week basis and to a lesser extent on a CPM basis. The Company recognizes local on-screen advertising revenue over the period in which the advertising airs as dictated by the underlying sales contracts. When sold separately, LEN advertising and lobby promotions are sold based on length and breadth of the promotion. The Company recognizes revenue derived from lobby network and promotions over time when the advertising is displayed in theater lobbies. The Company sells online and mobile advertising on a CPM basis. The Company recognizes revenue from branded entertainment websites and mobile applications over time as the online or mobile impressions are served.

Customer contracts often include multiple advertising services to reach the moviegoer at multiple points during a theater experience. The Company considers each of these advertising services to represent distinct performance obligations of the contract and allocates a portion of the transaction price to each service based upon the standalone selling price of the service, when available. When standalone selling prices are not available or not applicable given the nature of the customer, the Company allocates the transaction price based upon all information that is reasonably available and maximizes the use of observable inputs. Methods utilized include the adjusted market and expected cost-plus margin approaches.

The Company enters into barter transactions that exchange advertising program time for products and services used principally for selling and marketing activities. The Company records barter transactions at the estimated fair value of the products and services received. Revenue for advertising barter transactions is recognized when advertising is provided, and products and services received are charged to expense when used. Revenue from barter transactions for the years ended December 28, 2023 and December 29, 2022 was \$0.1 million and \$0.0 million, respectively. Expense recorded from barter transactions for the years ended December 28, 2023 and December 29, 2022 was \$0.1 million and \$0.0 million, respectively. This expense is included within “Selling and marketing costs” on the audited Consolidated Statements of Operations.

The Company recognizes revenue as the performance obligation for the advertising services is satisfied. Invoices are generated following the processing of each revenue contract and payment is due from the customer within 30 days of the invoice date. Customers select to pay the invoice in full at the start of a contract or through equal monthly installments over the course of the contract. The Company records deferred revenue when cash payments are received, or invoices are issued, in advance of revenue being earned. Deferred revenue is classified as a current liability as it is expected to be earned within the next twelve months.

The Company does not have any contracts with terms in excess of one year that are noncancellable as of December 28, 2023. Agreements with a duration less than one year are not included within this disclosure as the Company elected to use the practical expedient in ASC 606-10-50-14 for those contracts. In addition, the Company’s contracts longer than one year that are cancellable are not included within this disclosure.

***Disaggregation of Revenue***

The Company disaggregates revenue based upon the type of customer: national; local and regional; beverage concessionaire; and management fee reimbursement revenue related to NCM LLC. This method of disaggregation is in alignment with how revenue is reviewed by management and discussed with and historically disclosed to investors.

The following table summarizes revenue from contracts with customers for the years ended December 28, 2023 and December 29, 2022 (in millions):

	Years ended	
	December 28, 2023	December 29, 2022
National advertising revenue	\$ 114.8	\$ 187.1
Local and regional advertising revenue	30.4	43.5
ESA advertising revenue from beverage concessionaire agreements	9.9	18.6
Management fee reimbursement	10.1	—
<b>Total revenue</b>	<b>\$ 165.2</b>	<b>\$ 249.2</b>

***Deferred Revenue and Unbilled Accounts Receivable***

Revenue recognized in the year ended December 28, 2023 that was included within the Deferred Revenue balance as of December 29, 2022 was \$8.6 million. Unbilled accounts receivable is classified as a current asset as it is expected to be billed within the next twelve months. As of December 28, 2023 and December 29, 2022, the Company had \$0.8 million and \$5.0 million, respectively, in unbilled accounts receivable, included within the accounts receivable balance.

***Practical Expedients and Exemptions***

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The Company expenses sales commissions when incurred as the amortization period would have been one year or less. These costs are recorded within “Selling and marketing costs” in the audited Consolidated Statements of Operations.

**Allowance for Doubtful Accounts**

The allowance for doubtful accounts balance is determined separately for each pool of the Company's receivables with similar risk characteristics. The Company has determined that two pools, national customers and local/ regional customers, is appropriate. The changes within the allowance for doubtful accounts balances for the years ended December 28, 2023 and December 29, 2022 were as follows (in millions):

	Years Ended			
	December 28, 2023		December 29, 2022	
	Allowance for National Customer Receivables	Allowance for Local/ Regional Customer Receivables	Allowance for National Customer Receivables	Allowance for Local/ Regional Customer Receivables
Balance at beginning of period	\$ 0.3	\$ 1.4	\$ 0.3	\$ 1.4
Provision for bad debt	(0.2)	0.2	0.2	0.8
Write-offs, net of recoveries	—	(0.3)	(0.2)	(0.8)
Balance at end of period	<u>\$ 0.1</u>	<u>\$ 1.3</u>	<u>\$ 0.3</u>	<u>\$ 1.4</u>

**3. INCOME PER SHARE**

Basic income (loss) per share is computed on the basis of the weighted average number of common shares outstanding. Diluted income (loss) per share is computed on the basis of the weighted average number of common shares outstanding plus the effect of potentially dilutive common stock options, restricted stock and exchangeable NCM LLC common units using the treasury stock method. The components of basic and diluted income (loss) per NCM, Inc. share are as follows:

	Years Ended	
	December 28, 2023	December 29, 2022
Net income (loss) attributable to NCM, Inc. (in millions)	<u>\$ 705.2</u>	<u>\$ (28.7)</u>
Weighted average shares outstanding:		
Basic	47,882,944	8,196,801
Add: Dilutive effect of stock options, restricted stock, and exchangeable NCM LLC common membership units	691,639	—
Diluted	<u>48,574,583</u>	<u>8,196,801</u>
Income (loss) per NCM, Inc. share:		
Basic	\$ 14.73	\$ (3.50)
Diluted	\$ 14.34	\$ (3.50)

The effect of the 8,880,101 weighted average exchangeable NCM LLC common membership units held by the ESA Parties for the year ended December 29, 2022 was excluded from the calculation of diluted weighted average shares and earnings per NCM, Inc. share as it was antidilutive. The weighted average exchangeable NCM LLC common membership units held by the ESA Parties for the year ended December 28, 2023 was 685,404 and are included in diluted weighted average shares. In addition, there were 979,176 and 727,338, stock options and non-vested (restricted) shares for the years ended December 28, 2023 and December 29, 2022, respectively, excluded from the calculation as they were antidilutive. The Company's non-vested (restricted) shares do not meet the definition of a participating security as the dividends will not be paid if the shares do not vest.

On August 3, 2023, the Company effected a one-for-ten (1:10) reverse stock split of its common stock, par value \$0.01 per share. The reverse stock split, which was authorized by its Board of Directors, was approved by the Company's stockholders on August 2, 2023. The reverse stock split reduced the number of outstanding shares of the Company's common stock from 174,112,385 shares as of August 3, 2023, to 17,411,323 shares outstanding post-split. In accordance with ASC 260—Earnings Per Share, income (loss) per share for the year ended December 29, 2022 was retrospectively adjusted for the reverse stock split.

Additionally, unaudited (loss) income per share for the quarterly periods through the years ended December 28, 2023 and December 29, 2022, are stated as follows:

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

	Three Months Ended	
	March 30, 2023	March 31, 2022
Net loss attributable to NCM, Inc. (in millions)	\$ (45.5)	\$ (25.2)
Weighted average shares outstanding:		
Basic	14,550,799	8,104,066
Add: Dilutive effect of stock options, restricted stock, and exchangeable NCM LLC common membership units	—	—
Diluted	14,550,799	8,104,066
Loss per NCM, Inc. share:		
Basic	\$ (3.13)	\$ (3.11)
Diluted	\$ (3.13)	\$ (3.11)

The effect of the 2,741,617 and 8,623,385 weighted average exchangeable NCM LLC common membership units held by the ESA Parties for the three months ended March 30, 2023 and March 31, 2022, respectively, were excluded from the calculation of diluted weighted average shares and earnings per NCM, Inc. share as it was antidilutive. In addition, there were 494,695 and 346,330, stock options and non-vested (restricted) shares for the quarters ended March 30, 2023 and March 31, 2022, respectively, excluded from the calculation as they were antidilutive. The Company's non-vested (restricted) shares do not meet the definition of a participating security as the dividends will not be paid if the shares do not vest.

	Three Months Ended		Six Months Ended	
	June 29, 2023	June 30, 2022	June 29, 2023	June 30, 2022
Net loss attributable to NCM, Inc. (in millions)	\$ 545.3	\$ (0.7)	\$ 499.8	\$ (25.9)
Weighted average shares outstanding:				
Basic	17,405,864	8,146,766	15,978,331	8,125,415
Add: Dilutive effect of stock options, restricted stock, and exchangeable NCM LLC common membership units	—	—	1,370,808	—
Diluted	17,405,864	8,146,766	17,349,139	8,125,415
Loss per NCM, Inc. share:				
Basic	\$ 31.33	\$ (0.09)	\$ 31.28	\$ (3.19)
Diluted	\$ 31.33	\$ (0.09)	\$ 28.32	\$ (3.19)

The effect of the 9,037,475 and 8,828,155 weighted average exchangeable NCM LLC common membership units held by the ESA Parties for the three and six months ended June 30, 2022 was excluded from the calculation of diluted weighted average shares and earnings per NCM, Inc. share as it was antidilutive. The weighted average exchangeable NCM LLC common membership units held by the ESA Parties for the three and six months ended June 29, 2023 was 0 and 1,370,808 and are included in diluted weighted average shares. In addition, there were 491,517, 644,216, 491,517 and 644,216 stock options and non-vested (restricted) shares for the three months ended June 29, 2023 and June 30, 2022 and six months ended June 29, 2023 and June 30, 2022, respectively, excluded from the calculation as they were antidilutive. The Company's non-vested (restricted) shares do not meet the definition of a participating security as the dividends will not be paid if the shares do not vest.

#### 4. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment, at cost less accumulated depreciation (in millions):

	As of	
	December 28, 2023	December 29, 2022
Equipment, computer hardware and software	\$ 15.4	\$ 63.8
Leasehold improvements	0.7	2.9
Less: Accumulated depreciation	(1.6)	(54.8)
Subtotal	14.5	11.9
Construction in progress	1.3	1.1
Total property and equipment	\$ 15.8	\$ 13.0

**5. RECONSOLIDATION OF NCM LLC**

Upon filing the Chapter 11 Case and in accordance with applicable GAAP, the Company concluded that NCM, Inc. no longer controlled NCM LLC for accounting purposes as of April 11, 2023 (the "Petition Date"), the date on which NCM LLC filed its Chapter 11 petition, as NCM LLC was under the control of the Bankruptcy Court, and therefore, NCM LLC was deconsolidated from the Company's consolidated financial statements prospectively, resulting in a \$557.7 million gain recorded in "Gain on deconsolidation of affiliate" in the Consolidated Statement of Operations. The recorded gain was measured as the excess of the estimated fair value of the investment in NCM LLC retained over the Net Liabilities of NCM LLC as of April 11, 2023. The investment of NCM LLC was measured at cost minus any impairment in accordance with the measurement alternative outlined in ASC 321—*Investments—Equity Securities*. While NCM LLC remained in bankruptcy, NCM, Inc. accounted for the retained equity interest in NCM LLC at cost less impairment, if any, plus or minus changes resulting from observable price changes in orderly market transactions. Upon the deconsolidation of NCM LLC, the original cost of the investment was valued based upon NCM, Inc.'s ownership of the secured debt of NCM LLC and an estimation of the enterprise value of NCM LLC developed utilizing discounted cash flows and comparable company analysis as of the Petition Date. Significant assumptions utilized within these analyses included the weighted average cost of capital and NCM LLC's forecasted cash flows.

On August 7, 2023, NCM LLC emerged from bankruptcy and NCM, Inc. contributed \$15.0 million in cash to NCM LLC in exchange for 2.8% of additional ownership of NCM LLC in accordance with the NCMI Capital Contribution and \$0.5 million to assist with payments to unsecured creditors in accordance with the settlement with the unsecured creditors. NCM, Inc. also issued 83,421,135 shares to the secured creditors in accordance with the NCMI 9019 Settlement and terms of the Plan with a fair value of \$245.3 million based on the closing stock price of \$2.94. Upon NCM LLC's emergence from bankruptcy, NCM, Inc. retained 100.0% of NCM LLC, regained control of and reconsolidated NCM LLC.

The Company accounted for the NCM LLC reconsolidation as a business combination under *ASC 805—Business Combinations* and accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values as of the date of reconsolidation, the Effective Date. The determination of fair values required management to make significant estimates and assumptions. The estimated fair values of the assets acquired and liabilities assumed are considered provisional and are based on currently available information. The Company believes that the information available provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed; however, these provisional estimates may be adjusted upon the availability of new information regarding facts and circumstances which existed at the reconsolidation date. The Company expects to finalize the valuation of assets and liabilities as soon as practicable, but not later than one year from the reconsolidation date.

The following table summarizes the fair value of NCM LLC and provisional fair values of the assets acquired and liabilities assumed as of the reconsolidation date:

Fair value of assets acquired:	
Cash, cash equivalents and restricted cash	\$ 49.6
Receivables, net (1)	74.8
Prepaid expenses and other current assets	7.2
Property and equipment, net	14.8
Other investments	0.9
Debt issuance costs, net	2.4
Fair value of intangible assets	415.0
Other assets	10.0
Total assets acquired	574.7
Fair value of liabilities assumed:	
Amounts due to members, net	(15.3)
Accrued expenses	(0.7)
Accrued payroll and related expenses	(9.9)
Accounts payable	(37.3)
Deferred revenue	(11.1)
Other current liabilities	(1.5)
Long-term debt	(10.0)
Other liabilities	(5.5)

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

<b>Total liabilities assumed</b>	<b>(91.3)</b>
Fair value of NCM LLC	\$ 483.4

(1) Includes a valuation adjustment recorded during the three months ended December 28, 2023 that decreased accounts receivable, net by \$0.2 million.

The provisional identifiable intangible assets of \$415.0 million are subject to amortization. The following table summarizes the major classes of intangible assets acquired and their respective weighted-average estimated useful lives.

	Estimated Fair Value	Useful Life (years)
Exhibitor service agreements	\$ 250.0	13.0
Network affiliates agreements	75.0	16.0
Customer relationships	75.0	6.0
Trademarks	15.0	8.0
Total intangible assets	\$ 415.0	

The estimated fair values of the ESAs, network affiliate agreements and trademarks were estimated using the income approach. The multi-period excess earnings method starts with a forecast of all of the expected future net cash flows associated with the asset. The forecasts are then adjusted to present value by applying an appropriate discount rate that reflects the risks associated with the company specific cash flow streams. Significant assumptions utilized within the income approach include the weighted average cost of capital and forecasted cash flows. The estimated fair values of the customer relationships were estimated using the cost approach. The cost approach included estimating the investment required to replace the contracts with customers, with significant assumptions including the replacement cost. The Company elected the practical expedients allowed in ASC 805-20-30-29a in estimating the fair value of the contract liabilities assumed.

Upon NCM LLC's emergence from the Chapter 11 Case, NCM, Inc. remeasured the value of the investment in NCM LLC to the estimated fair value calculated as NCM, Inc.'s percentage ownership of NCM LLC, due to NCM, Inc.'s ownership of the secured debt of NCM LLC and the NCMI Capital Contribution, multiplied by the fair value of NCM LLC as of the Effective Date of \$483.4 million. The value of the cost investment of NCM LLC immediately prior to the Effective Date was \$11.9 million based upon NCM, Inc.'s ownership of the secured debt of NCM LLC and an estimation of the enterprise value of NCM LLC developed utilizing discounted cash flows and comparable company analysis as of the Petition Date. The increase in the fair value resulted in a gain on remeasurement of the investment in NCM LLC of \$35.5 million.

Upon reconsolidation, NCM, Inc. recorded the provisional fair values of the assets acquired and liabilities assumed as of the reconsolidation date and the investment in NCM LLC was further adjusted to the full purchase price value of \$483.4 million. The difference between the purchase price of NCM LLC and the fair value of NCM, Inc.'s investment in NCM LLC as calculated above, the \$15.5 million of cash contributed by NCM, Inc. (consisting of \$0.5 million related to the General Unsecured Claim Pool and \$15.0 million under the NCMI Capital Contribution) and the shares issued to NCM LLC's secured lenders of \$245.3 million resulted in a gain of \$167.8 million upon the reconsolidation of NCM LLC. The Company recognized a gain due to the variance between the fair value of NCM LLC's assets and liabilities and NCM, Inc.'s depressed stock price on the Effective Date and the NCM, Inc. shares retained by the existing shareholders as part of the NCMI 9019 Settlement. NCM, Inc.'s stock price has been negatively impacted beginning with the COVID-19 pandemic followed by Cineworld's bankruptcy proceeding and NCM LLC's Chapter 11 Case, as well as by other socioeconomic factors.

The Company's Consolidated Statements of Operations include total net revenues and net loss attributable to NCM LLC of \$155.1 million and \$42.0 million, respectively, for the total of the consolidated periods of December 30, 2022 through April 11, 2023 and August 7, 2023 through December 28, 2023.

**Pro Forma Financial Information (Unaudited)**

The following table presents unaudited pro forma financial information as if the NCM LLC reconsolidation had occurred on December 31, 2021. The unaudited pro forma results reflect adjustments for depreciation of acquired property and equipment, amortization of acquired intangible assets and amortization of acquired debt issuance costs. The unaudited pro forma financial information is presented for informational purposes only and is not necessarily indicative of future operations or results had the NCM LLC reconsolidation been completed as of December 31, 2021.

	Year ended	
	December 28, 2023	December 29, 2022
Revenue	\$ 259.8	\$ 249.2
Net (Loss) Income	\$ (200.5)	\$ 755.9



## 6. INTANGIBLE ASSETS

The Company's intangible assets consist of contractual rights to provide its services within the theaters under the ESAs and network affiliates agreements, customer relationships developed and maintained by the Company's sales force and trademarks held and used by the Company. The intangible assets are stated at their estimated fair values upon the reconsolidation of NCM LLC on August 7, 2023 as further described within Note 5—*Reconsolidation of NCM LLC*, net of accumulated amortization. The Company records amortization using the straight-line method over the contractual life of the intangibles, corresponding to the term of the ESAs, the average renewable term of the contract with the network affiliates and industry standard lives for customer relationships and trademarks. In accordance with *ASC 360—Property, Plant and Equipment*, the Company continuously monitors the performance of the underlying assets for potential triggering events suggesting an impairment review should be performed. No such triggering events were identified in the period since the reconsolidation of NCM LLC on August 7, 2023.

**Common Unit Adjustments**—In accordance with NCM LLC's Common Unit Adjustment Agreement, on an annual basis NCM LLC determines the amount of common membership units to be issued to or returned by AMC and Cinemark based on theater additions, new builds or dispositions during the previous year. In the event AMC or Cinemark does not have sufficient common membership units to return, the adjustment is satisfied in cash in an amount calculated pursuant to NCM LLC's Common Unit Adjustment Agreement. In addition, NCM LLC's Common Unit Adjustment Agreement requires that a Common Unit Adjustment occur for either AMC or Cinemark if its acquisition or disposition of theaters, in a single transaction or cumulatively since the most recent Common Unit Adjustment, results in an attendance increase or decrease in excess of two percent of the annual total attendance at the prior adjustment date. Upon the issuance of common membership units, the Company records an addition to the intangible asset related to AMC and Cinemark's respective ESAs equal to the fair market value of NCM, Inc.'s publicly traded stock as of the date on which the common membership units were issued. The NCM LLC common membership units are fully convertible into NCM, Inc.'s common stock.

During the first quarter of 2022, NCM LLC issued 4,140,896 (6,483,893 issued, net of 2,342,997 returned) common membership units to AMC, Cinemark, and Regal for the rights to exclusive access to the theater screens and attendees added, net of dispositions, to NCM LLC's network during the 2021 fiscal year. The net impact as a result of the Common Unit Adjustment to the intangible asset was \$10.4 million during the first quarter of 2022.

Pursuant to the Plan and in connection with the Chapter 11 Case, during the year ended December 28, 2023, NCM LLC did not issue common membership units to Cinemark for the rights to exclusive access to the theater screens and attendees added, net of dispositions, to NCM LLC's network for the 2022 fiscal year and the 16,581,829 units issued to AMC were issued and cancelled on the Effective Date.

**Integration Payments and Other Encumbered Theater Payments**—If an existing on-screen advertising agreement with an alternative provider is in place with respect to any acquired theaters, the ESA Parties may elect to receive common membership units related to those encumbered theaters in connection with the Common Unit Adjustment. If the ESA Parties make this election, then they are required to make payments on a quarterly basis in arrears in accordance with certain run-out provisions pursuant to the ESAs ("integration payments"). Because the Carmike Cinemas, Inc. ("Carmike") theaters acquired by AMC are subject to an existing on-screen advertising agreement with an alternative provider, AMC will make integration payments to NCM LLC. The integration payments will continue until the earlier of (i) the date the theaters are transferred to NCM LLC's network or (ii) the expiration of the ESA. Integration payments are calculated based upon the advertising cash flow that the Company would have generated if it had exclusive access to sell advertising in the theaters with pre-existing advertising agreements. The ESA additionally entitles NCM LLC to payments related to the ESA Parties' on-screen advertising commitments under their beverage concessionaire agreements for encumbered theaters ("encumbered theater payments"). These payments are also accounted for as a reduction to the intangible asset. If common membership units are issued to an ESA Party for newly acquired theaters that are subject to an existing on-screen advertising agreement with an alternative provider, the amortization of the intangible asset commences after the existing agreement expires and NCM LLC can utilize the theaters for all of its services.

The following is a summary of the Company's intangible asset's activity (in millions) during December 28, 2023 and December 29, 2022:



**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

	As of December 29, 2022	Additions (1)	Disposals (2)	Amortization	Integration and other encumbered theater payments (3)	As of December 28, 2023
Gross carrying amount	\$ 856.9	\$ 415.8	\$ (857.4)	\$ —	\$ (6.0)	\$ 409.3
Accumulated amortization	(270.2)	—	277.6	(22.4)	—	(15.0)
Total intangible assets, net	<u>\$ 586.7</u>	<u>\$ 415.8</u>	<u>\$ (579.8)</u>	<u>\$ (22.4)</u>	<u>\$ (6.0)</u>	<u>\$ 394.3</u>

	As of December 30, 2021	Additions (4)	Disposals	Amortization	Integration and other encumbered theater payments (3)	As of December 29, 2022
Gross carrying amount	\$ 851.9	\$ 10.8	\$ (0.4)	\$ —	\$ (5.4)	\$ 856.9
Accumulated amortization	(245.6)	—	0.4	(25.0)	—	(270.2)
Total intangible assets, net	<u>\$ 606.3</u>	<u>\$ 10.8</u>	<u>\$ —</u>	<u>\$ (25.0)</u>	<u>\$ (5.4)</u>	<u>\$ 586.7</u>

- (1) On August 7, 2023, NCM, Inc. reconsolidated NCM LLC's intangible assets of \$415.0 million. Refer to Note 5 - *Reconsolidation of NCM LLC* for further information. Additionally, there were \$0.8 million in upfront payments made to network affiliates prior to the deconsolidation of NCM LLC on April 11, 2023.
- (2) On April 11, 2023, the intangible asset balance of NCM LLC was deconsolidated from NCM, Inc. Refer to Note 5 - *Reconsolidation of NCM LLC* for further information.
- (3) Carmike theaters had pre-existing advertising agreements for some of the theaters it owned prior to their acquisitions by AMC. As a result, AMC will make integration and other encumbered theater payments over the remaining term of those agreements. For the periods while consolidated, December 30, 2022 through April 11, 2023 and August 7, 2023 through December 28, 2023 and for the year ended December 29, 2022, NCM LLC recorded a reduction to net intangible assets of \$6.0 million and \$5.4 million, respectively, related to integration and other encumbered theater payments due from AMC. During the year ended December 28, 2023 and December 29, 2022, AMC paid a total of \$4.2 million and \$2.8 million, respectively, related to integration and other encumbered theater payments.
- (4) During the first quarter of 2022, NCM LLC issued 4,140,896 common membership units, net of 2,342,997 returned common membership units, to its ESA Parties for the rights to exclusive access to the theater screens and attendees added, net of dispositions by the ESA Parties to NCM LLC's network during the 2021 fiscal year and NCM LLC recorded a net intangible asset of \$10.4 million during the first quarter of 2022 as a result of the Common Unit Adjustment. Additionally, there were \$0.4 million of additions related to upfront affiliate payments in 2022.

As of December 28, 2023 and December 29, 2022, the Company's intangible assets related to the ESA Parties, net of accumulated amortization, was \$236.7 million and \$572.4 million, respectively, with weighted average remaining lives of 12.6 years and 16.3 years, respectively.

As of December 28, 2023 and December 29, 2022, the Company's intangible assets related to the network affiliates, net of accumulated amortization, was \$73.2 million and \$14.3 million, respectively, with weighted average remaining lives of 15.6 years and 6.1 years, respectively.

As of December 28, 2023 and December 29, 2022, the Company's intangible assets related to the customer relationships, was \$70.1 million and \$0.0 million, respectively, with weighted average remaining lives of 5.6 years and 0.0 years, respectively.

As of December 28, 2023 and December 29, 2022, the Company's intangible assets related to trademark, was \$14.3 million and \$0.0 million, respectively, with weighted average remaining lives of 7.6 years and 0.0 years, respectively.

The estimated aggregate amortization expense for each of the five succeeding years is as follows (in millions):

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Year	Amortization	
2024	\$	39.5
2025	\$	39.5
2026	\$	39.5
2027	\$	39.5
2028	\$	39.5

**7. INCOME TAXES**

The Company is subject to taxation in the U.S. and various states. The Company’s tax returns for the calendar years 2020 through 2022 remain open to examination by the IRS in their entirety. With respect to state taxing jurisdictions, the Company’s tax returns for calendar years ended 2019 through 2022 are eligible for examination by various state revenue services.

**Tax Receivable Agreement**—On the IPO date, NCM, Inc. and the ESA Parties entered into a TRA. Under the terms of this agreement, NCM, Inc. will make cash payments to the ESA Parties in amounts equal to 90% of NCM, Inc.’s actual tax benefit realized from the tax amortization of the intangible assets described below. For purposes of the TRA, cash savings in income and franchise tax will be computed by comparing NCM, Inc.’s actual income and franchise tax liability to the amount of such taxes that NCM, Inc. would have been required to pay had there been no increase in NCM, Inc.’s proportionate share of tax basis in NCM LLC’s tangible and intangible assets and had the TRA not been entered into. The TRA applies to NCM, Inc.’s taxable years up to and including the 30th anniversary date of the offering. For the 2022 tax year, the Company paid the ESA Parties \$0.0 million in the year ended December 28, 2023. The Company paid the ESA Parties \$0.9 million in the year ended December 29, 2022 for the 2019 tax year.

NCM, Inc. recorded a long-term payable to the ESA Parties related to the TRA. The Company recorded an increase of \$24.2 million and \$19.2 million to the “Payable to ESA Parties under the tax receivable agreement” during the years ended December 28, 2023 and December 29, 2022, respectively. The increases in the year ended December 28, 2023 and December 29, 2022 was primarily due to the increase in NCM, Inc.’s ownership percentage of NCM LLC. The ownership related changes to the “Payable to ESA Parties under the tax receivable agreement” were recorded within “Additional paid in capital, deficit” on the Consolidated Balance Sheet and the non-ownership related changes were recorded within “Non-operating income” within the Consolidated Statements of Operations. Following the Regal Termination Agreement whereby Regal waived all rights and interests as to the TRA, the Company reduced the “Payable under the TRA” on the Consolidated Balance Sheets for the amounts expected to be owed to Regal. This decrease was ultimately offset by the increase in the ‘Payable under the TRA’ on the Consolidated Balance Sheets due to the additional basis created upon the revaluation and reconsolidation of NCM LLC on the Effective Date.

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Provision for Income Taxes**—A reconciliation of the provision for income taxes as reported and the amount computed by multiplying income before taxes, less noncontrolling interest, by the U.S. federal statutory rate of 21.0% as of December 28, 2023 and December 29, 2022 was (in millions):

	Years Ended	
	December 28, 2023	December 29, 2022
Provision calculated at federal statutory income tax rate:		
Income before income taxes	\$ 146.5	\$ (13.9)
Less: Noncontrolling interests	1.8	7.9
Income attributable to NCM, Inc.	148.3	(6.0)
Current year change to enacted federal and state rate	(0.2)	1.1
State and local income taxes, net of federal benefit	25.7	(1.1)
Share-based compensation	1.4	0.6
Cancellation of debt income attributable to NCM LLC	16.5	—
Deconsolidation effects of NCM LLC	(37.2)	—
Effects of NCM LLC Bankruptcy	(4.8)	—
Tax attribute reduction (1)	63.1	—
Change in the valuation allowance (1)	(208.4)	3.6
Executive compensation	0.9	0.5
Other	(5.3)	1.3
Total income tax provision	<u>\$ —</u>	<u>\$ —</u>

(1) Refer to the discussion of changes to the valuation allowance during the year ended December 28, 2023 within the Deferred Tax Assets table below.

**Deferred Tax Assets**—Significant components of the Company's deferred tax assets consisted of the following (in millions):

	Years Ended	
	December 28, 2023	December 29, 2022
Deferred tax assets:		
Investment in consolidated subsidiary NCM LLC (1)	\$ 127.1	\$ 149.7
Share-based compensation	0.8	1.0
Net operating losses (2)	13.3	76.4
Accrued bonus	0.7	0.1
Business interest expense limitation	3.7	18.2
Other	0.4	0.1
Total gross deferred tax assets	146.0	245.5
Valuation allowance (1)	(146.0)	(245.5)
Total deferred tax assets, net of valuation allowance	<u>\$ —</u>	<u>\$ —</u>

(1) The Company recognized a deferred tax asset in the amount of \$127.1 million and \$149.7 million as of December 28, 2023 and December 29, 2022, respectively, associated with the basis difference in our investment in NCM LLC. The Company evaluated its deferred tax assets as of December 28, 2023 and December 29, 2022 and considered both positive and negative evidence in determining whether it is more likely than not that all or some portion of its deferred tax assets will be realized. The Company generated a three-year cumulative pre-tax book loss during 2021 driven by the impact of the COVID-19 Pandemic on the Company's operations in 2021 and 2020, the effect of which continued into 2022 and 2023. Given the associated weight assigned to this item as negative evidence within the Company's analysis, the Company determined it is more-likely-than-not that the Company will not be able to realize certain of the Company's deferred tax assets and the Company increased the valuation allowance against certain deferred tax assets. Once the Company returns to a more normal operating level and emerges from a three-year cumulative pre-tax book loss position, part or all the valuation allowance is

expected to reverse, resulting in an inverse impact to the payable to ESA Parties under the tax receivable agreement which would increase to reflect future payments to the ESA Parties at that time. Once the valuation allowance is reversed, the payable to ESA Parties under the tax receivable agreement would be increased to reflect expected future payments to the ESA Parties at that time.

- (2) The decrease within the Net operating losses deferred tax asset from December 29, 2022 to December 28, 2023 was due to the reduction of the Company's tax attributes in recognition of cancellation of debt income in conjunction with NCM LLC's emergence from the Chapter 11 Case on August 7, 2023.

## **8. EQUITY**

As of December 28, 2023, the Company has authorized capital stock of 260,000,000 shares of common stock, par value of \$0.01 per share, and 10,000,000 shares of preferred stock, par value of \$0.01 per share. There were 50 shares of preferred stock issued and outstanding and 96,837,039 shares of common stock issued and outstanding as of December 28, 2023.

The holders of NCM, Inc. common stock are entitled to one vote per share on all matters submitted for action by the NCM, Inc. stockholders. Holders of common stock are entitled to share equally, share for share, in declared dividends.

The authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval. These additional shares may be used for a variety of corporate purposes, including share-based compensation, future public offerings to raise additional capital, corporate acquisitions and exchange on a one-for-one basis under the ESA Parties' right to convert their NCM LLC membership units into Company common stock.

Prior to the deconsolidation of NCM LLC on April 11, 2023, in conformity with accounting guidance of the SEC concerning monetary consideration paid to promoters, such as the ESA Parties, in exchange for property conveyed by the promoters, the excess over predecessor cost was treated as a special distribution. Because the ESA Parties had no cost basis in the ESAs, nearly all payments to the ESA Parties with the proceeds of the IPO and related debt, have been accounted for as distributions. The distributions by NCM LLC to the ESA Parties made at the date of the IPO resulted in a consolidated stockholders' deficit. As a noncontrolling interest cannot be shown as an asset, the ESA Parties' interest in NCM LLC's members equity was included in distributions in excess of paid in capital in the Consolidated Balance Sheets.

On April 11, 2023, the historical Equity balances of NCM LLC were deconsolidated from the Consolidated Financial Statements. On August 7, 2023, the Company accounted for the NCM LLC reconsolidation as a business combination under *ASC 805—Business Combinations* and accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values as of the date of reconsolidation, the Effective Date, with no allocation to any equity balances. The reconsolidation reduced NCM LLC's equity balances to \$0 and removed the impact of the IPO discussed above. For further information regarding the deconsolidation and reconsolidation of NCM LLC, refer to Note 5 - *Reconsolidation of NCM LLC*.

## **9. RELATED PARTY TRANSACTIONS**

**ESA Party and Managing Member Transactions**—In connection with NCM, Inc.'s IPO, the Company entered into several agreements to define and regulate the relationships among NCM LLC, NCM, Inc. and AMC, Cinemark and Regal which are outlined below.

AMC has owned less than 5% of NCM LLC, on an as converted basis, since July 2018 and is no longer a related party. AMC remains a party to the ESA, Common Unit Adjustment Agreement and certain other original agreements and is a member under the terms of the NCM LLC Operating Agreement, subject to fulfilling the requirements of Section 3.1 of the NCM LLC Operating Agreement. AMC will continue to participate in the annual Common Unit Adjustment and receive available cash distributions or allocation of earnings and losses in NCM LLC (as long as its ownership in NCM LLC is greater than zero) and theater access fees. Further, AMC will continue to pay beverage revenue, among other things, to NCM LLC. AMC's ownership percentage does not impact future integration payments and other encumbered theater payments owed to NCM LLC by AMC. As of December 28, 2023, AMC's ownership was 0.0% of NCM LLC and NCM, Inc.

Cinemark has owned less than 5% of NCM LLC, on an as converted basis, since NCM LLC emerged from bankruptcy on August 7, 2023 and is no longer a related party. Cinemark remains a party to the ESA, Common Unit Adjustment Agreement and certain other original agreements and is a member under the terms of the NCM LLC Operating Agreement, subject to fulfilling the requirements of Section 3.1 of the NCM LLC Operating Agreement. Cinemark will continue to participate in the annual Common Unit Adjustment and receive available cash distributions or allocation of earnings and losses in NCM LLC (as long as its ownership in NCM LLC is greater than zero) and theater access fees. Further, Cinemark will continue to pay beverage revenue, among other things, to NCM LLC. Cinemark's ownership percentage does not impact future integration payments and other encumbered theater payments owed to NCM LLC by Cinemark. As of December 28, 2023, Cinemark's ownership was 4.5% of NCM, Inc. and 0.0% of NCM LLC.

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

On June 3, 2023, NCM LLC entered into the Regal Advertising Agreement and Regal Termination Agreement which became effective on July 14, 2023. Pursuant to the Regal Termination Agreement, Regal rejected and terminated its ESA with NCM LLC. Additionally Regal and Regal's affiliates' waived all rights and interests as to the TRA, the Common Unit Adjustment Agreement, the Software License Agreement, the Director Designation Agreement, the Registration Rights Agreement and all the other joint venture agreements described in the NCM LLC Operating Agreement and the Company and NCM LLC, and Regal and Regal's affiliates waived and released claims against the other party. Regal also agreed to support NCM LLC's Plan and surrendered all 4,068,381 shares in the Company, totaling \$13.0 million, upon the effective date of the Plan. In connection with the Regal Advertising Agreement, NCM LLC and Regal also agreed to dismiss with prejudice the ongoing litigation between the parties related to NCM LLC's request to enforce certain provisions of the ESA, including the exclusivity provision. Subsequent to July 14, 2023, Regal is no longer an ESA Party or related party to NCM, Inc. or NCM LLC.

The material agreements with the ESA Parties are as follows:

- **ESAs.** Under the ESAs, NCM LLC is the exclusive provider within the United States of advertising services in the ESA Parties' theaters (subject to pre-existing contractual obligations and other limited exceptions for the benefit of the ESA Parties). The advertising services include the use of the DCN equipment required to deliver the on-screen advertising and other content included in The *Noovie*® Show, use of the LEN and rights to sell and display certain lobby promotions. Further, 30 to 60 seconds of advertising included in The *Noovie* Show is sold to the ESA Parties to satisfy the ESA Parties' on-screen advertising commitments under their beverage concessionaire agreements. In consideration for access to the ESA Parties' theaters, theater patrons, the network equipment required to display on-screen and LEN video advertising and the use of theaters for lobby promotions, the ESA Parties receive a monthly theater access fee. In conjunction with the 2019 ESA Amendments, NCM LLC also pays Cinemark and Regal incremental monthly theater access fees and, subject to NCM LLC's use of specified inventory, a revenue share in consideration for NCM LLC's access to certain on-screen advertising inventory after the advertised showtime of a feature film beginning November 1, 2019 and the underlying term of the ESAs were extended until 2041. The ESAs and 2019 ESA Amendments are considered leases with related parties under ASC 842. As described above, the Regal ESA was rejected by Regal in connection with Regal's Chapter 11 case and terminated by the Regal Termination Agreement.
- **Common Unit Adjustment Agreement.** The Common Unit Adjustment Agreement provides a mechanism for increasing or decreasing the membership units held by the ESA Parties based on the acquisition or construction of new theaters or sale of theaters that are operated by each ESA Party and included in NCM LLC's network.
- **Tax Receivable Agreement.** The TRA provides for the effective payment by NCM, Inc. to the ESA Parties of 90% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that is actually realized as a result of certain increases in NCM, Inc.'s proportionate share of tax basis in NCM LLC's tangible and intangible assets resulting from the IPO and related transactions.
- **Software License Agreement.** At the date of the Company's IPO, NCM LLC was granted a perpetual, royalty-free license from the ESA Parties to use certain proprietary software that existed at the time for the delivery of digital advertising and other content through the DCN to screens in the U.S. NCM LLC has made improvements to this software since the IPO date and NCM LLC owns those improvements, except for improvements that were developed jointly by NCM LLC and the ESA Parties, if any.

Following is a summary of the related party transactions between the Company and the ESA Parties (in millions):

Included in the Consolidated Statements of Operations:	Years Ended	
	December 28, 2023	December 29, 2022
<u>Revenue:</u>	(1)	
Beverage concessionaire revenue (included in advertising revenue) (2)	\$ 4.1	\$ 14.4
Management fee reimbursement (3)	\$ 10.1	\$ —
<u>Operating expenses:</u>		
ESA theater access fee and revenue share (4)	\$ 16.5	\$ 59.4
Selling and marketing costs (5)	\$ —	\$ 0.1

(1) For the year ended December 28, 2023 there was no related party activity subsequent to the deconsolidation of NCM LLC on April 11, 2023 for AMC, Cinemark and Regal as they were not considered related parties of NCM, Inc. nor was there any activity following the reconsolidation of NCM LLC on August 7, 2023, as AMC, Cinemark and Regal were no longer considered related parties.

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

- (2) For the full years ended December 28, 2023 and December 29, 2022, Regal and Cinemark purchased 60 seconds of on-screen advertising time (all three ESA Parties having a right to purchase up to 90 seconds) from NCM LLC to satisfy their obligations under their beverage concessionaire agreements at a 30 second equivalent CPM rate specified by the ESA.
- (3) Comprised of payments from NCM LLC to NCM, Inc. for managing NCM LLC during the period where NCM LLC was deconsolidated of April 11, 2023 through August 7, 2023.
- (4) Comprised of payments per theater attendee, payments per digital screen with respect to the ESA Party theaters included in the Company's network, payments for access to higher quality digital cinema equipment and payments to Cinemark and Regal for their portion of the Platinum Spot revenue for the utilization of the theaters post-showtime in accordance with the 2019 ESA Amendments.
- (5) Includes purchase of movie tickets, concession products, rental of theater space primarily for marketing to NCM LLC's advertising clients and other payments made to the ESA Parties in the ordinary course of business.

Included in the Consolidated Balance Sheets:	As of	
	December 28, 2023	December 29, 2022
Common unit adjustments, net of amortization and integration payments (included in intangible assets) (1)	\$ —	\$ 312.2
Current payable under the TRA (2)	\$ —	\$ 0.2
Long-term payable under the TRA (2)	\$ —	\$ 25.5

- (1) Refer to Note 6—*Intangible Assets* for further information on common unit adjustments and integration payments. As Cinemark and Regal are no longer related parties, there are no related party balances to reflect as of December 28, 2023.
- (2) NCM, Inc. paid Cinemark and Regal \$0.0 million and \$0.0 million during the year ended December 28, 2023 and December 29, 2022, respectively, in payments pursuant to the TRA for the 2022 or 2021 tax years. As Cinemark and Regal are no longer related parties, there are no related party balances to reflect as of December 28, 2023.

At the date of the Company's IPO, NCM LLC was granted a perpetual, royalty-free license from the ESA Parties to use certain proprietary software that existed at the time for the delivery of digital advertising and other content through the DCN to screens in the U.S. NCM LLC has made improvements to this software since the IPO date and NCM LLC owns those improvements, except for improvements that were developed jointly by NCM LLC and the ESA Parties, if any.

Pursuant to the terms of the NCM LLC Operating Agreement in place since the completion of the IPO, NCM LLC is required to make mandatory distributions on a proportionate basis to its members of available cash, as defined in the NCM LLC Operating Agreement, on a quarterly basis in arrears, contingent upon the Company's compliance with the covenants outlined within the Revolving Credit Facility 2023. The portion of positive available cash due to ESA Parties is accrued within the "Amounts due to ESA Parties, net" on the audited Consolidated Balance Sheet. As Cinemark and Regal are no longer related parties, there are no related party balances to reflect as of December 28, 2023. The positive available cash from NCM LLC for the three months ended December 28, 2023 and December 29, 2022 were as follows (in millions):

	Three Months Ended	
	December 28, 2023	December 29, 2022
Cinemark	\$ —	\$ 4.9
NCM, Inc.	30.3	14.4
Total	<u>\$ 30.3</u>	<u>\$ 19.3</u>

The Company generated negative available cash by NCM LLC to its related party ESA Parties and NCM, Inc. for the nine months ended September 28, 2023 of \$50.6 million (including \$0.0 million for Cinemark, \$0.0 million for Regal and \$50.6 million for NCM, Inc.) and \$39.4 million (including negative \$10.5 million for Cinemark, negative \$9.3 million for Regal and negative \$19.6 million for NCM, Inc.) for the year ended December 29, 2022. Under the terms of the NCM LLC Operating Agreement, these negative amounts and the positive amounts above will be netted against each other and future positive available cash distributions.

For the year ended December 28, 2023 there was no related party activity subsequent to the deconsolidation of NCM LLC on April 11, 2023 for AMC, Cinemark and Regal as they were not considered related parties of NCM, Inc. nor was there any activity following the reconsolidation of NCM LLC on August 7, 2023, as AMC, Cinemark and Regal were no longer

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

considered related parties. Amounts due to ESA Parties, net as of December 29, 2022 were comprised of the following (in millions):

	Cinemark	Regal	Total
Theater access fees, net of beverage revenues and other encumbered theater payments	\$ 11.1	\$ 4.1	\$ 15.2
Total amounts due to ESA Parties, net	<u>\$ 11.1</u>	<u>\$ 4.1</u>	<u>\$ 15.2</u>

**Common Unit Membership Redemption**— The NCM LLC Operating Agreement provides a redemption right of the ESA Parties to exchange common membership units of NCM LLC for shares of the Company’s common stock on a one-for-one basis, or at the Company’s option, a cash payment based on the three-day variable weighted average closing price of NCM, Inc.’s common stock prior to the redemption date.

**AC JV, LLC Transactions**—The Company accounts for its investment in AC JV, LLC under the equity method of accounting in accordance with ASC 323-30, Investments—Equity Method and Joint Ventures (“ASC 323-30”) because AC JV, LLC is a limited liability company with the characteristics of a limited partnership and ASC 323-30 requires the use of equity method accounting unless the Company’s interest is so minor that it would have virtually no influence over partnership operating and financial policies. Although NCM LLC does not have a representative on AC JV, LLC’s Board of Directors or any voting, consent or blocking rights with respect to the governance or operations of AC JV, LLC, the Company concluded that its interest was more than minor under the accounting guidance. NCM LLC’s investment in AC JV, LLC was \$0.7 million and \$0.8 million as of December 28, 2023 and December 29, 2022, respectively. NCM LLC received cash distributions from AC JV, LLC of \$0.6 million and \$0.4 million, during the years ended December 28, 2023 and December 29, 2022, respectively. NCM LLC recorded equity in earnings for AC JV, LLC of \$0.6 million and \$0.4 million during the years ended December 28, 2023 and December 29, 2022, respectively, which are included in “Other non-operating income, net” in the audited Consolidated Statements of Operations.

## 10. BORROWINGS

The commencement of the Chapter 11 Case constituted an event of default and caused the automatic and immediate acceleration of all debt outstanding under or in respect of, NCM LLC’s Credit Agreements and senior notes. As of August 7, 2023, upon emergence from bankruptcy, all historical debt of NCM LLC was discharged and the historical credit agreements were terminated.

The following table summarizes NCM LLC’s total outstanding debt as of December 28, 2023 and December 29, 2022 and the significant terms of its borrowing arrangements:

Borrowings (\$ in millions)	Outstanding Balance as of		Maturity Date	Interest Rate
	December 28, 2023	December 29, 2022		
Revolving credit facility 2023	\$ 10.0	\$ —	August 7, 2026	(1)
Revolving credit facility 2018	—	167.0	June 20, 2023	(1)
Revolving credit facility 2022	—	50.0	June 20, 2023	(1)
Term loans - first tranche	—	258.5	June 20, 2025	(1)
Term loans - second tranche	—	49.3	December 20, 2024	(1)
Senior secured notes due 2028	—	374.2	April 15, 2028	5.875%
Senior unsecured notes due 2026	—	230.0	August 15, 2026	5.750%
Total borrowings	10.0	1,129.0		
Less: Debt issuance costs and discounts related to term loans and senior notes	—	(7.9)		
Total borrowings, net	10.0	1,121.1		
Less: current portion of debt	—	(1,121.1)		
Carrying value of long-term debt	<u>\$ 10.0</u>	<u>\$ —</u>		

(1) The interest rates on the revolving credit facility and term loan are described below.

**Loan, Security and Guarantee Agreement** – On August 7, 2023, NCM LLC entered into the Revolving Credit Facility 2023 with CIT Northbridge Credit LLC as agent. The Revolving Credit Facility 2023 is an asset backed line facility where the capacity depends upon NCM LLC’s trade accounts receivable balance, as adjusted for aged balances and other considerations,

and is secured by a lien on substantially all of assets of NCM LLC. The maximum availability NCM LLC has access to under the Revolving Credit Facility 2023 is \$55.0 million. The proceeds of the Revolving Credit Facility 2023 may be used for, inter alia, working capital and capital expenditures. The Revolving Credit Facility 2023 will mature on August 7, 2026. The interest rate under the Revolving Credit Facility 2023 is a base rate or SOFR benchmark plus (i) 3.75% if less than 50% of revolving commitments are utilized or (ii) 4.50% if 50% or more of revolving commitments are utilized (utilizing the average revolver usage for the prior calendar month as a benchmark for this determination). The Revolving Credit Facility 2023 also contains a financial maintenance covenant requiring that the fixed charge coverage ratio ending on the last day of each fiscal month is at least 1.1 to 1.0 during a “Trigger Period.” A Trigger Period begins upon (i) an event of default or (ii) if availability is less than the greater of (a) \$5.0 million and (b) 10% of aggregate revolving commitments. A Trigger Period ends only if (i) no event of default existed for the preceding thirty (30) consecutive days and (ii) availability is greater than both (a) \$5.0 million and (b) 10% of aggregate revolving commitments. Upon the effectiveness of the Revolving Credit Facility 2023, NCM LLC immediately drew \$10.0 million from the facility, which represents the only amount currently outstanding under the Revolving Credit Facility 2023, as of December 28, 2023. The Revolving Credit Facility 2023 also contains customary representations, warranties, covenants, events of default, terms and conditions, including limitations on liens, incurrence of debt, mergers and significant asset dispositions. As of December 28, 2023, NCM LLC’s maximum availability under the \$55.0 million Revolving Credit Facility 2023 was \$44.4 million, net of \$10.0 million outstanding and net letters of credit of \$0.6 million. The weighted-average interest rate on the Revolving Credit Facility 2023 as of December 28, 2023 was 9.2%. Upon execution of the Revolving Credit Facility 2023, NCM LLC recorded \$2.4 million as debt issuance costs and received \$9.1 million in proceeds.

The Revolving Credit Facility 2023 contains a number of covenants and financial ratio requirements, with which NCM LLC was in compliance at December 28, 2023, including maintaining a fixed charge coverage ratio in excess of 1.1 to 1.0 on a monthly basis while maintaining availability in excess of either (i) \$8.25 million or (ii) 15.0% of the aggregate revolver commitments (the “availability thresholds”). NCM LLC is permitted to make quarterly dividend payments and other payments based on the fixed charge coverage ratio and availability thresholds so long as no default or event of default has occurred and continues to occur. Dividend payments and other distributions are made if the fixed charge coverage ratio is in excess of 1.1 to 1.0 and availability, after the distribution, is in compliance with the availability thresholds.

There are no borrower distribution restrictions as long as NCM LLC’s fixed coverage ratio is 1.1 to 1.0, NCM LLC maintains availability under the availability thresholds and NCM LLC is in compliance with its debt covenants. If there are borrower distribution restrictions on the payments, NCM LLC may not declare or pay any dividends, or make any payments on account of NCM LLC or make any other distribution for obligations of NCM LLC. When these restrictions are effective, NCM LLC may still pay the services fee and reimbursable costs pursuant to terms of a management services agreement, between NCM, Inc. and NCM LLC, in exchange for NCM, Inc. providing specified management services to NCM LLC. NCM LLC can also make payments pursuant to the Common Unit Adjustment Agreement and Tax Receivable Agreement in the amount, and at the time necessary to satisfy the contractual obligations with respect to the actual cash tax benefits payable to NCM LLC’s founding members.

As of December 28, 2023, the NCM LLC’s fixed charge coverage ratio was 54.2 to 1.0 (versus the required ratio of 1.1 to 1.0) and had availability under the Revolving Credit Facility 2023 of \$44.4 million (versus the applicable availability threshold of \$8.25 million). As of December 28, 2023, NCM LLC was in compliance with the financial covenants of the Revolving Credit Facility 2023 described above.

**Senior Secured Credit Facility**—NCM LLC’s credit agreement, as amended, (the “Credit Agreement”) consisted of a term loan facility and a revolving credit facility. As of August 7, 2023, upon emergence from bankruptcy, all outstanding debt under the Credit Agreement was discharged and the Credit Agreement was terminated.

On March 8, 2021, NCM LLC entered into a second amendment to its Credit Agreement (“Credit Agreement Second Amendment”). Among other things, the Credit Agreement Second Amendment provided for certain modifications to the negative covenants, additional waivers and term changes outlined below and granted security interests in certain assets of NCM LLC and other potential loan parties that were not then pledged to the lenders. In addition, pursuant to the Credit Agreement Second Amendment, NCM LLC incurred a second tranche of the term loans in an aggregate principal amount of \$50.0 million, the net proceeds of \$43.0 million to be used for general corporate purposes.

On January 5, 2022, NCM LLC entered into a third amendment to its Credit Agreement (“Credit Agreement Third Amendment”). Among other things, the Credit Agreement Third Amendment provided for: (i) certain modifications to and extensions to modifications of the affirmative and negative covenants therein; (ii) the suspension of the consolidated net total leverage and consolidated net senior secured leverage financial covenants through the fiscal quarter ending December 29, 2022; and (iii) changes to the consolidated net total leverage ratio and consolidated net senior secured leverage ratio financial covenants. Upon execution of the Credit Agreement Third Amendment, \$6.4 million was recorded as debt issuance costs and \$0.4 million was recorded within “Loss on modification and retirement of debt, net” during the year ended December 29, 2022.

**Term Loans—First Tranche**—The interest rate on the initial tranche of term loans was originally a rate chosen at NCM LLC’s option of either the LIBOR index plus 4.00% or the base rate plus 3.00%. The rate increased from LIBOR index plus



2.75% or the base rate plus 1.75%. The term loans amortized at a rate equal to 1.00% annually, paid in equal quarterly installments. As of August 7, 2023, upon emergence from bankruptcy, all outstanding debt under the Credit Agreement, including the terms loans, was discharged and the Credit Agreement was terminated.

*Term Loans—Second Tranche*—The interest rate on the second tranche of term loans was the LIBOR index plus 8.00%. The term loans amortized at a rate equal to 1.00% annually, paid in equal quarterly installments. As of August 7, 2023, upon emergence from bankruptcy, all outstanding debt under the Credit Agreement, including the term loans, was discharged and the Credit Agreement was terminated.

*Revolving Credit Facility 2018*—The revolving credit facility portion of NCM LLC’s senior secured credit facility was available, subject to certain conditions, for general corporate purposes of NCM LLC in the ordinary course of business and for other transactions permitted under the Credit Agreement, and a portion was available for letters of credit. During March 2020, NCM LLC drew down an additional \$110.0 million on the revolving credit facility to fund operations during the period of expected disrupted cash flows due to the temporary closure of the theaters within NCM LLC’s network due to the COVID-19 Pandemic. As of August 7, 2023, upon emergence from bankruptcy, all outstanding debt under the Credit Agreement, including borrowings under the revolving credit facility, was discharged and the Credit Agreement was terminated. The unused line fee was 0.50% per annum which was consistent with the previous facility. Borrowings under the revolving credit facility accrued interest at NCM LLC’s option of either the LIBOR index plus an applicable margin ranging from 3.00% to 3.50% or the base rate plus an applicable margin ranging from 2.00% to 2.50%. The margin changed to the aforementioned range from a fixed margin of LIBOR index plus 2.00% or the base rate plus 1.00%. The applicable margin for the revolving credit facility was determined quarterly and was subject to adjustment based upon a consolidated net senior secured leverage ratio for NCM LLC (the ratio of secured funded debt less unrestricted cash and cash equivalents of up to \$100.0 million, divided by Adjusted EBITDA for debt purposes, defined as NCM LLC’s net income before depreciation and amortization expense adjusted to also exclude non-cash share based compensation costs for NCM LLC plus integration payments received).

*Revolving Credit Facility 2022*—On January 5, 2022, NCM LLC entered into a revolving credit agreement (the “Revolving Credit Agreement 2022”). The Revolving Credit Agreement 2022 provided for revolving loan commitments of \$50.0 million of secured revolving loans, the entire amount of which was funded on January 5, 2022. As of August 7, 2023, upon emergence from bankruptcy, all outstanding debt under the Revolving Credit Agreement 2022 was discharged and the Revolving Credit Agreement 2022 was terminated. The Revolving Credit Agreement 2022 provided for (i) a cash interest rate of term Secured Overnight Financing Rate (SOFR) plus 8.00%, with a 1.00% floor, (ii) a maturity date of June 20, 2023 and (iii) a termination premium if NCM LLC terminated the commitments under the Revolving Credit Agreement 2022 at any time before maturity.

*Senior Unsecured Notes due 2026*—On August 19, 2016, NCM LLC completed a private placement of \$250.0 million in aggregate principal amount of 5.750% Senior Unsecured Notes (the “Notes due 2026”) for which the registered exchange offering was completed on November 8, 2016. The Notes due 2026 paid interest semi-annually in arrears on February 15 and August 15 of each year, which commenced on February 15, 2017. The Notes due 2026 were issued at 100% of the face amount thereof and were the senior unsecured obligations of NCM LLC. As of August 7, 2023, upon emergence from bankruptcy, all outstanding debt under the Notes due 2026 was discharged and the Notes due 2026 were terminated, following \$10.0 million made in cure payments.

*Senior Secured Notes due 2028*—On October 8, 2019, NCM LLC completed a private offering of \$400.0 million aggregate principal amount of 5.875% Senior Secured Notes due 2028 (the “Notes due 2028”) to eligible purchasers. Interest on the Notes due 2028 accrued at a rate of 5.875% per annum and was payable semi-annually in arrears on April 15 and October 15 of each year, commencing on April 15, 2020. The Notes due 2028 were issued at 100% of the face amount thereof and shared in the same collateral that secured NCM LLC’s obligations under the senior secured credit facility. As of August 7, 2023, upon emergence from bankruptcy, all outstanding debt under the Notes due 2028 was discharged and the Notes due 2028 were terminated.

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Future Maturities of Borrowings** – The scheduled annual maturities on the Revolving Credit Facility 2023 as of December 28, 2023 are as follows (in millions):

Year	Amount
2024	\$ —
2025	—
2026	10.0
2027	—
2028	—
Thereafter	—
<b>Total</b>	<b>\$ 10.0</b>

**11. SHARE-BASED COMPENSATION**

The NCM, Inc. 2020 Omnibus Equity Incentive Plan (the “2020 Plan”) was approved by NCM, Inc.'s stockholders on April 28, 2020 and approved 7,500,000 shares of common stock available for issuance or delivery under the 2020 Plan and an additional 7,500,000 shares of common stock available for issuance or delivery was approved on May 4, 2022. On August 3, 2023, the Company effected a one-for-ten (1:10) reverse stock split of its common stock, par value \$0.01 per share. The reverse stock split, which was authorized by its Board of Directors, was approved by the Company’s stockholders on August 2, 2023. The reverse stock split reduced the number of outstanding shares of the Company’s 2020 Plan to 1,500,000. NCM, Inc.'s stockholders approved an additional 12,000,000 shares of common stock available for issuance or delivery under the 2020 Plan on November 2, 2023.

The Company began issuing shares under the 2020 Plan in the second quarter of 2020. The 2020 Plan replaced NCM, Inc.’s 2016 Equity Incentive Plan (the “2016 Plan”), which replaced the 2007 Equity Incentive Plan (the “2007 Plan”). The 2020 Plan also includes 2,388,302 shares related to the number of shares reserved for issuance under the 2016 Plan that remained available for grant as of the effective date of the 2020 Plan and the number of shares subject to awards granted under the 2007 Plan as of the effective date of the 2020 Plan, which can become available for grant again upon expiration, termination, cancellation or forfeiture of the original award. As of December 28, 2023, 12,394,912 shares remain available for future grants (assuming 100% achievement of targets on performance-based restricted stock). The types of awards that may be granted under the 2020 Plan include stock options, stock appreciation rights, restricted stock, restricted stock units or other stock based awards. Certain option and share awards provide for accelerated vesting if there is a change in control, as defined in the 2016 Plan and 2020 Plan. Upon vesting of the restricted stock awards or exercise of options, NCM LLC will issue common membership units to the Company equal to the number of shares of the Company’s common stock represented by such awards.

**Compensation Cost**—The Company recognized \$4.5 million and \$7.1 million for the years ended December 28, 2023 and December 29, 2022, respectively, of share-based compensation expense within “Network costs”, “Selling and marketing costs” and “Administrative and other costs” in the Consolidated Statements of Operations as shown in the table below (in millions):

	Years Ended	
	December 28, 2023	December 29, 2022
Share-based compensation costs included in network costs	\$ 0.3	\$ 0.7
Share-based compensation costs included in selling and marketing costs	0.7	1.7
Share-based compensation costs included in administrative and other costs	3.5	4.7
<b>Total share-based compensation costs</b>	<b>\$ 4.5</b>	<b>\$ 7.1</b>

During the years ended December 28, 2023 and December 29, 2022, \$0.1 million and \$0.2 million was capitalized, respectively, in a corresponding manner to the capitalization of employee’s salaries for capitalized labor. The income tax benefit recognized in the statements of operations for share-based compensation was approximately \$0.0 million and \$0.0 million for the years ended December 28, 2023 and December 29, 2022, respectively. As of December 28, 2023, there was \$0.3 million unrecognized compensation cost related to unvested options, which will be recognized over a remaining period of 1.4 years. As of December 28, 2023, unrecognized compensation cost related to restricted stock and restricted stock units was approximately \$2.1 million, which will be recognized over a weighted average remaining period of 1.9 years.

**Stock Options**—The Company granted stock options during 2023 and 2022. A portion of the stock options awarded in 2022 and 2023 were granted with an exercise price equal to the closing market price of NCM, Inc. common stock on the date the Company’s Board of Directors approved the grant. The remaining portion of stock options awarded in 2022 and 2023 were

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

granted with an exercise price in excess of the closing market price of NCM, Inc. common stock on the date the Company's Board of Directors approved the grant. All options have either 10-year or 15-year contractual terms. The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing valuation model that uses the assumptions noted in the table below. Expected volatilities are based on implied volatilities from traded options on the Company's stock, historical volatility of the Company's stock and other factors. The Company uses historical data to estimate option exercise and employee termination within the valuation model. The expected term of options granted was developed based on historical and peer company data and represents the period of time that options granted are expected to be outstanding. The expected term of the options granted during 2023 and 2022 were adjusted to include the Company's cost of equity in order to incorporate the impact of the option's market condition and simulate a lattice model. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The following assumptions were used in the valuation of the options for the year ended December 28, 2023 and December 29, 2022:

	Years Ended	
	December 28, 2023	December 29, 2022
Expected term (in years)	6.6	6.0
Risk free interest rate	4.1 %	2.6 %
Expected volatility	86.4 %	68.1 %
Dividend yield	— %	4.8 %

A summary of option award activity as of December 28, 2023, and changes during the year then ended are presented below:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in millions)
Outstanding as of December 29, 2022	209,779	\$ 43.39	8.0	\$ —
Granted	25,000	\$ 35.00	—	\$ —
Forfeited	—	\$ —	—	\$ —
Expired	—	\$ —	—	\$ —
Outstanding as of December 28, 2023	234,779	\$ 42.50	7.3	\$ —
Exercisable as of December 28, 2023	157,517	\$ 49.31	6.6	\$ —
Vested and expected to vest as of December 28, 2023	233,045	\$ 42.59	7.3	\$ —

**Restricted Stock Units**—Under the non-vested stock program, common stock of the Company may be granted at no cost to officers, independent directors and employees, subject to requisite service and/or financial performance targets. As such restrictions lapse, the award vests in that proportion. The participants are entitled to dividend equivalents, although the sale and transfer of such shares is prohibited and the shares are subject to forfeiture during the restricted period. Additionally, the accrued dividend equivalents are subject to forfeiture during the vesting period should the underlying units not vest. As of December 28, 2023 and December 29, 2022, accrued dividend equivalents totaled \$0.3 million and \$0.8 million, respectively and during the years ended December 28, 2023 and December 29, 2022, the Company paid \$0.5 million and \$0.5 million, respectively, for dividend equivalents upon vesting of the restricted stock units. The Company has issued time-based restricted stock units to its employees which generally vest over a two or three-year period with one-half or one-third, respectively, vesting on each anniversary of the date of grant and performance-based restricted stock units which vest following a two or three-year measurement period to the extent that the Company achieves specified non-GAAP targets at the end of the measurement period. Certain other vesting periods have also been used. Non-employee directors serving on the Board as of August 18, 2023, received a one-time grant with a fair market value equal to \$100,000. The RSUs will vest after four years. The RSUs will be settled in shares of the Company's common stock. The RSU awards include the right to receive dividend equivalents, subject to vesting. Additionally, non-employee directors will receive quarterly grants that vest immediately with a fair market value of \$50,000. The number of shares will be determined by utilizing the weighted average closing price of the five days before and five days after the respective quarterly earnings release. Non-employee directors may choose to elect up to 20% of their quarterly grant in cash. The grant date fair value of restricted stock units is based on the closing market price of NCM, Inc. common stock on the date of grant. An annual forfeiture rate of 2-6% was estimated to reflect the potential separation of employees. The weighted average grant date fair value of non-vested stock was \$3.42 and \$2.12 for the years ended December 28, 2023 and December 29, 2022, respectively. The total fair value of awards that vested during the years ended December 28, 2023 and December 29, 2022 was \$7.1 million and \$5.9 million, respectively.

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

A summary of restricted stock unit activity as of December 28, 2023, and changes during the year then ended are presented below:

	Number of Restricted Stock Units <i>(1)</i>	Weighted Average Grant-Date Fair Value
Non-vested balance as of December 29, 2022	516,384	\$ 28.04
Granted	497,390	\$ 3.42
Vested <i>(2)</i>	(239,450)	\$ 29.40
Forfeited	(29,927)	\$ 42.96
Non-vested balance as of December 28, 2023	744,397	\$ 10.55

*(1)* Includes 145,043 shares of performance-based restricted stock units as of December 28, 2023, including 74,560 shares granted during the year and 2,475 shares forfeited during the year.

*(2)* Includes 13,057 vested shares that were withheld to cover tax obligations and were subsequently canceled.

The above table reflects performance-based restricted stock granted at 100% achievement of performance conditions and as such does not reflect the maximum or minimum number of shares of performance-based restricted stock contingently issuable. As of December 28, 2023, the total number of restricted stock units that are ultimately expected to vest, after consideration of expected forfeitures and current projections of estimated vesting of performance-based restricted stock is 737,232 shares.

## 12. EMPLOYEE BENEFIT PLANS

The Company sponsors the NCM 401(k) Profit Sharing Plan (the “Plan”) under Section 401(k) of the Internal Revenue Code of 1986, as amended, for the benefit of substantially all full-time employees. The Plan provides that participants may contribute up to 20% of their compensation, subject to Internal Revenue Service limitations. Employee contributions are invested in various investment funds based upon election made by the employee. In response to the COVID-19 Pandemic and Chapter 11 Case, the Company temporarily suspended its match of a portion of employees 401(k) contributions effective April 2020 through December 28, 2023.

## 13. COMMITMENTS AND CONTINGENCIES

**Legal Actions**—The Company is subject to claims and legal actions in the ordinary course of business. The Company believes such claims will not have a material effect, individually and in aggregate, on its financial position, results of operations or cash flows.

**Operating Commitments-Facilities**—The Company has entered into operating lease agreements for its corporate headquarters and other regional offices. The Company has right-of-use (“ROU”) assets of \$4.3 million and short-term and long-term lease liabilities of \$1.0 million and \$5.0 million, respectively, on the balance sheet as of December 28, 2023 for all material leases with terms longer than twelve months. As of December 29, 2022 the Company had ROU assets of \$16.9 million and short-term and long-term lease liabilities of \$2.2 million and \$18.0 million, respectively, for all material leases with terms longer than twelve months. These balances are included within “Other assets”, “Other current liabilities” and “Other liabilities”, respectively, on the audited Consolidated Balance Sheets. Certain leases were rejected or modified in conjunction with NCM LLC’s Chapter 11 Case and are no longer included within these balances. The Company has options on existing facilities to extend the lease or to terminate part or all of the leased space prior to the lease end date. Certain termination fees would be due upon exercise of the early termination options as outlined within the underlying agreements. None of these options were considered reasonably certain of exercise and thus have not been recognized as part of the ROU assets and lease liabilities. As of December 28, 2023, the Company had a weighted average remaining lease term of 3.8 years on these leases.

The Company has also entered into certain short-term leases with a term of less than one year. These leases are not included within the Company’s ROU assets or lease liabilities due to the Company’s election of the practical expedient in ASC 842-20-25-2 for short-term leases.

During the twelve months ended December 28, 2023 and December 29, 2022, the Company recognized the following components of total lease cost (in millions). These costs are presented within “Selling and marketing costs” and “Administrative and other costs” within the audited Consolidated Statements of Operations depending upon the nature of the use of the facility.

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

	Years ended	
	December 28, 2023	December 29, 2022
Operating lease cost	\$ 3.2	\$ 3.4
Variable lease cost	0.5	0.5
<b>Total lease cost</b>	<b>\$ 3.7</b>	<b>\$ 3.9</b>

The Company made lease payments for the year ended December 28, 2023 and December 29, 2022 of \$3.6 million and \$3.8 million, respectively. These payments are included within cash flows from operating activities within the audited Consolidated Statement of Cash Flows. The minimum lease payments under noncancellable operating leases, including leases executed but not yet commenced, as of December 28, 2023 were as follows (in millions):

Year	Minimum Lease Payments
2024	\$ 2.1
2025	2.1
2026	2.6
2027	2.6
2028	1.1
Thereafter	5.5
<b>Total</b>	<b>16.0</b>
Less: Imputed interest on future lease payments	(10.0)
<b>Total lease liability as of December 28, 2023 per the Consolidated Balance Sheet</b>	<b>\$ 6.0</b>

When measuring the ROU assets and lease liabilities recorded, the Company utilized its incremental borrowing rate in order to determine the present value of the lease payments as the leases do not provide an implicit rate. The Company used the rate of interest that it would have paid to borrow on a collateralized basis over a similar term for an amount equal to the lease payments in a similar economic environment. As of December 28, 2023, the Company's weighted average annual discount rate used to establish the ROU assets and lease liabilities was 6.9%.

**Operating Commitments - ESAs and Affiliate Agreements**—The Company has entered into long-term ESAs with the ESA Parties and multi-year agreements with certain network affiliates, or third-party theater circuits. The ESAs and network affiliate agreements grant NCM LLC exclusive rights in their theaters to sell advertising, subject to limited exceptions. The Company recognizes intangible assets upon issuance of membership units to the ESA Parties in accordance with NCM LLC's Common Unit Adjustment Agreement and upfront cash payments to the affiliates for the contractual rights to provide the Company's services within their theaters as further discussed within Note 6—*Intangible Assets*. These ESAs and network affiliate agreements are considered leases under ASC 842 once the asset is identified and the period of control is determined upon the scheduling of the showtimes by the exhibitors, typically one week prior to the showtime. As such, the leases are considered short-term in nature, specifically less than one month. Within ASC 842, leases with terms of less than one month are exempt from the majority of the accounting and disclosure requirements, including disclosure of short-term lease expense. No ROU assets or lease liabilities were recognized for these agreements and no change to the balance sheet presentation of the intangible assets was necessary.

In consideration for NCM LLC's access to the ESA Parties' theater attendees for on-screen advertising and use of lobbies and other space within the ESA Parties' theaters for the LEN and lobby promotions, the ESA Parties receive a monthly theater access fee under the ESAs. The theater access fee is composed of a fixed payment per patron, a fixed payment per digital screen (connected to the DCN) and a fee for access to higher quality digital cinema equipment. The payment per theater patron increased by 4% on November 1, 2022 and will increase by 8% every five years with the next occurrence in 2027. The payment per digital screen and for digital cinema equipment increases annually by 5%. The theater access fee paid in the aggregate to all ESA Parties cannot be less than 12% of NCM LLC's aggregate advertising revenue (as defined in the ESA), or it will be adjusted upward to reach this minimum payment. As of December 28, 2023 and December 29, 2022, the Company had no liabilities recorded for the minimum payment, as the theater access fee was in excess of the minimum.

Following the 2019 ESA Amendments, Cinemark and Regal (until July 14, 2023, when Regal ceased being a party to an ESA) receive an additional monthly theater access fee beginning November 1, 2019 in consideration for NCM LLC's access to certain on-screen advertising inventory after the advertised showtime of a feature film. These fees are also based upon a fixed payment per patron of (i) \$0.0375 per patron beginning on November 1, 2020, (ii) \$0.05 per patron beginning on November 1, 2021, (iii) \$0.052 per patron beginning on November 1, 2022 and (iv) increase 8% every five years beginning November 1, 2027. Additionally, following the 2019 ESA Amendments, beginning on November 1, 2019, NCM LLC is entitled to display

the Platinum Spot, an additional single unit that is either 30 or 60 seconds of The *Noovie*® Show in the trailer position directly prior to the one or two trailers preceding the feature film. In consideration for the utilization of the theaters for the Platinum Spots, Cinemark and Regal (until July 14, 2023, when Regal ceased being a party to an ESA) are entitled to receive 25% of all revenue generated for the actual display of Platinum Spots in their applicable theaters, subject to a specified minimum. If NCM LLC runs advertising in more than one concurrent advertisers' Platinum Spot for any portion of the network over a period of time, then NCM LLC will be required to satisfy a minimum average CPM for that period of time.

The network affiliates compensation is considered variable lease expense and varies by circuit depending upon the agreed upon terms of the network affiliate agreement. The majority of agreements are centered around a revenue share where an agreed upon percentage of the advertising revenue received from a theater's attendance is paid to the circuit. As part of the network affiliate agreements entered into in the ordinary course of business under which the Company sells advertising for display in various network affiliate theater chains, the Company has agreed to certain minimum revenue guarantees on a per attendee basis, which in some cases may exceed the applicable revenue share rate. If a network affiliate achieves the attendance or minimum revenue per attendee set forth in their respective agreement, the Company has guaranteed minimum revenue for the network affiliate per attendee if such amount paid under the revenue share arrangement is less than its guaranteed amount. As of December 28, 2023, the maximum potential amount of future payments the Company could be required to make pursuant to the minimum revenue guarantees is \$276.2 million over the remaining terms of the network affiliate agreements. These minimum guarantees relate to various affiliate agreements ranging in term from one to fourteen years, prior to any renewal periods of which some are at the option of the Company. During the year ended December 28, 2023 and December 29, 2022 the Company paid \$0.0 million and \$0.0 million, respectively, related to these minimum guarantees. As of December 28, 2023 and December 29, 2022, the Company had \$0.0 million and \$0.4 million in liabilities recorded within "Accounts payable" in the Consolidated Balance Sheet for these obligations, as such guarantees are less than the expected share of revenue paid to the affiliate. As the guaranteed minimums are based upon agreed upon minimum attendance or affiliate revenue levels, the Company did not incur minimum revenue share fees during the period of time the respective affiliate's theaters were temporarily closed due to the COVID-19 Pandemic and will not for the remaining duration an affiliate's theater attendance or revenue levels are low as the minimum levels must first be met by the affiliate.

#### 14. FAIR VALUE MEASUREMENTS

**Non-Recurring Measurements**—Certain assets are measured at fair value on a non-recurring basis. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances. These assets include long-lived assets, intangible assets, cost and equity method investments and borrowings.

**Long-Lived Assets, Intangible Assets and Other Investments**—As described in Note 1—*Basis of Presentation and Summary of Significant Accounting Policies*, the Company regularly reviews long-lived assets (primarily property, plant and equipment), intangible assets, investments accounted for under the cost or equity method and notes receivable for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be fully recoverable. When the estimated fair value is determined to be lower than the carrying value of the asset, an impairment charge is recorded to write the asset down to its estimated fair value.

Other investments consisted of the following (in millions):

	As of	
	December 28, 2023	December 29, 2022
Investment in AC JV, LLC	\$ 0.7	\$ 0.8
Other investments	—	0.1
Total	\$ 0.7	\$ 0.9

During the years ended December 28, 2023 and December 29, 2022, the Company recorded impairment charges of \$0.0 million and \$0.1 million, respectively, on certain of its investments due to new information regarding the fair value of the investee, which brought the total remaining value of the respective impaired investments to \$0.0 million as of December 28, 2023. As of December 28, 2023, no other observable price changes or impairments have been recorded as a result of the Company's qualitative assessment of identified events or changes in the circumstances of the remaining investments. The investment in AC JV was initially valued using comparative market multiples. The other investments were recorded based upon the fair value of the services provided in exchange for the investment. Refer to Note 1—*Basis of Presentation and Summary of Significant Accounting Policies* for more details. As the inputs to the determination of fair value are based upon non-identical assets and use significant unobservable inputs, they have been classified as Level 3 in the fair value hierarchy.

**Borrowings**—The carrying amount of the revolving credit facilities are considered a reasonable estimate of fair value due to its floating-rate terms. As of August 7, 2023, upon emergence from bankruptcy, all historical debt of NCM LLC was discharged. The estimated fair values of the Company's financial instruments where carrying values did not approximate fair

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

value are as follows (in millions):

	As of December 28, 2023		As of December 29, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value (1)
Revolving credit facilities	\$ —	\$ —	\$ 217.0	\$ 58.0
Term Loans - first tranche	\$ —	\$ —	\$ 258.5	\$ 65.8
Term Loans - second tranche	\$ —	\$ —	\$ 49.3	\$ 13.1
Senior Notes due 2028	\$ —	\$ —	\$ 374.2	\$ 91.7
Senior Notes due 2026	\$ —	\$ —	\$ 230.0	\$ 6.9

(1) The Company has estimated the fair value on an average of at least two non-binding broker quotes and the Company's analysis. If the Company were to measure the borrowings in the above table at fair value on the balance sheet they would be classified as Level 2.

**Recurring Measurements**—All current assets and liabilities are estimated to approximate their fair value due to the short-term nature of these balances. The fair values of the Company's assets and liabilities measured on a recurring basis pursuant to ASC 820-10 *Fair Value Measurements and Disclosures* are as follows (in millions):

	Fair Value As of December 29, 2022	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>ASSETS:</b>				
Cash equivalents (1)	\$ 0.8	\$ 0.8	\$ —	\$ —
Short-term marketable securities (2)	0.7	—	0.7	—
Long-term marketable securities (2)	0.3	—	0.3	—
Total assets	\$ 1.8	\$ 0.8	\$ 1.0	\$ —

(1) *Cash Equivalents*—The Company's cash equivalents are carried at estimated fair value. Cash equivalents consist of money market accounts which the Company has classified as Level 1 given the active market for these accounts.

(2) *Short-Term and Long-Term Marketable Securities*—The carrying amount and fair value of the marketable securities are equivalent since the Company accounts for these instruments at fair value. The Company's government agency bonds, commercial paper and certificates of deposit are valued using third-party broker quotes. The value of the Company's government agency bonds and municipal bonds are derived from quoted market information. The inputs in the valuation are classified as Level 1 if there is an active market for these securities; however, if an active market does not exist, the inputs are recorded at a lower level in the fair value hierarchy. The value of commercial paper and certificates of deposit is derived from pricing models using inputs based upon market information, including contractual terms, market prices and yield curves. The inputs to the valuation pricing models are observable in the market, and as such are generally classified as Level 2 in the fair value hierarchy. Original cost of short term marketable securities is based on the specific identification method. The Company did not record an allowance for credit losses for the marketable securities balance as of December 29, 2022 given the immaterial difference between the amortized cost basis and the aggregate fair value of the Company's securities.

The amortized cost basis, aggregate fair value and maturities of the marketable securities the Company held as of December 29, 2022 are as follows:

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

	As of December 29, 2022		
	Amortized Cost Basis (in millions)	Aggregate Fair Value (in millions)	Maturities <i>(1)</i> (in years)
<b>MARKETABLE SECURITIES:</b>			
Short-term certificates of deposit	\$ 0.7	\$ 0.7	1.0
Total short-term marketable securities	0.7	0.7	
Long-term certificates of deposit	0.3	0.3	1.3
Total long-term marketable securities	0.3	0.3	
Total marketable securities	\$ 1.0	\$ 1.0	

*(1) Maturities*— Securities available for sale include obligations with various contractual maturity dates some of which are greater than one year. The Company considers the securities to be liquid and convertible to cash within 30 days.

**15. VALUATION ACCOUNT**

The Company's valuation allowance on deferred tax assets for the years ended December 28, 2023 and December 29, 2022 was as follows (in millions):

	Years Ended	
	December 28, 2023	December 29, 2022
<b>VALUATION ALLOWANCE ON DEFERRED TAX ASSETS:</b>		
Balance at beginning of period	\$ 245.5	\$ 223.8
Valuation allowance added <i>(1)</i>	—	21.7
Valuation allowance reversed	(99.5)	—
Balance at end of period	\$ 146.0	\$ 245.5

*(1)* The changes within the valuation allowance during the years ended December 28, 2023 and December 29, 2022 relate to its deferred tax assets which the Company determined it is more-likely-than-not it will not be able to realize before they expire.



**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

Not applicable.

**Item 9A. Controls and Procedures**

*Evaluation of Disclosure Controls and Procedures.* The Company maintains disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that are designed to ensure that information required to be disclosed in the Company’s reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management, including the Company’s Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), as appropriate, to allow timely decisions regarding required disclosure.

Management, with the participation of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), performed an evaluation of the effectiveness of the Company’s disclosure controls and procedures pursuant to Rule 13a-15(e) and 15d-15(e) of the Exchange Act as of December 28, 2023, the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, the CEO and CFO concluded that the Company’s disclosure controls and procedures were effective.

*Management’s Annual Report on Internal Control over Financial Reporting.* Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Management evaluated the design and operating effectiveness of the Company’s internal control over financial reporting based on the framework in *Internal Control- Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, the Company’s management concluded that the Company’s internal control over financial reporting as of December 28, 2023 was effective.

In designing and evaluating our disclosure controls and procedures, management recognizes that any control, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

*Changes in Internal Control over Financial Reporting.* There were no changes in our internal control over financial reporting that occurred during the quarter ended December 28, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information**

None.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

None.

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this item with respect to our directors is incorporated herein by reference from the Company’s 2024 Proxy Statement under the heading “Proposal 1- Election of Directors.”

The information required by this item regarding our executive officers is set forth in Part I of this Annual Report on Form 10-K under the heading “Information about our Executive Officers” and is incorporated herein by this reference.

Our Board adopted a Code of Business Conduct and Ethics that applies to all of our employees, including our Board of Directors, Chief Executive Officer and principal financial officer. The Code of Business Conduct and Ethics sets forth the Company’s conflict of interest policy, records retention policy, insider trading policy and policies for protection of the Company’s property, business opportunities and proprietary information. Our Code of Business Conduct and Ethics is available free of charge on our website at [ncm.com](http://ncm.com) under the tab “Investor Relations– Corporate Governance.” We intend to post on our website any amendments to, or waivers from our Code of Business Conduct and Ethics applicable to senior financial executives.

**Item 11. Executive Compensation**

The information required by this item regarding compensation of executive officers and directors is incorporated herein by reference from the Proxy Statement under the headings “Compensation of Executive Officers,” “Compensation Committee Report”.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

For information with respect to the security ownership of directors, executive officers and holders of more than 5% of a class of our voting securities, refer to the Proxy Statement under the heading “Beneficial Ownership,” which information is incorporated herein by reference.

For Equity Incentive Plan information, refer to the Proxy Statement under the heading “Equity Compensation Plan”, which information is incorporated herein by reference.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

For information with respect to certain relationships and related transactions, refer to the Proxy Statement under the heading “Certain Relationships and Related Party Transactions,” which information is incorporated herein by reference.

For information with respect to director independence, refer to the Proxy Statement under the heading “Proposal 1- Election of Directors,” which information is incorporated herein by reference.

**Item 14. Principal Accounting Fees and Services**

The information required by this item with respect to principal accounting fees and services is incorporated herein by reference from the Proxy Statement under the heading “Fees Paid to Independent Auditors.”

**PART IV**

**Item 15. Exhibits, Financial Statement Schedules**

- (a) (1) and (a) (2) Financial statements and financial statement schedules

Refer to Index to Financial Statements on page 64.

- (b) Exhibits

Refer to Exhibit Index, beginning on page 125.

- (c) Financial Statement Schedules

Financial Statement Schedules not included herein have been omitted because they are either not required, not applicable, or the information is otherwise included herein.

## INDEX TO EXHIBITS

Exhibit	Ref.	Description	Incorporation by Reference		
			Form	SEC File No.	Filing Date
2.1		<a href="#">Confirmation Order, dated July 27, 2023</a>	8-K	001-33296	2.1 6/27/2023
3.1	*	<a href="#">The Bylaws, as amended February 2, 2024</a>			
3.2		<a href="#">Second Amended and Restated Certificate of Incorporation as amended.</a>	10-Q	001-33296	3.1 11/7/2023
3.3		<a href="#">Certificate of Designation Series B Preferred Stock, dated August 7, 2023.</a>	8-K	001-33296	3.1 8/7/2023
4.1	*	<a href="#">Description of the Registrant's Securities</a>			
10.1	*	<a href="#">National CineMedia, LLC Third Amended and Restated Limited Liability Company Operating Agreement dated as of February 13, 2007, by and among American Multi-Cinema, Inc., Cinemark Media, Inc., Regal CineMedia Holdings, LLC and National CineMedia, Inc., as amended through August 7, 2023.</a>			
10.2		<a href="#">Amended and Restated Exhibitor Services Agreement dated as of December 26, 2013, by and between National CineMedia, LLC and American Multi-Cinema, Inc. (Portions omitted pursuant to request for confidential treatment and filed separately with the Commission.)</a>	10-K	001-33296	10.2.4 2/21/2014
10.2.1		<a href="#">First Amendment to Amended and Restated Exhibitor Services Agreement dated as of March 9, 2017, by and between National CineMedia, LLC and American Multi-Cinema, Inc.</a>	8-K	001-33296	10.1 3/15/2017
10.3		<a href="#">Amended and Restated Exhibitor Services Agreement dated as of December 26, 2013, by and between National CineMedia, LLC and Cinemark USA, Inc. (Portions omitted pursuant to request for confidential treatment and filed separately with the Commission.)</a>	10-K	001-33296	10.3.4 2/21/2014
10.3.1		<a href="#">First Amendment to Amended and Restated Exhibitor Services Agreement dated as of September 17, 2019, by and between National CineMedia, LLC and Cinemark USA, Inc.</a>	8-K	001-33296	10.1 9/17/2019
10.3.2		<a href="#">Second Amendment to Amended and Restated Exhibitor Services Agreement dated as of July 29, 2022, by and between National CineMedia, LLC and Cinemark USA, Inc.</a>	10-Q	001-33296	10.4 8/8/2022
10.4		<a href="#">Common Unit Adjustment Agreement dated as of February 13, 2007, by and among National CineMedia, Inc., National CineMedia, LLC, Regal CineMedia Holdings, LLC, American Multi-Cinema, Inc., Cinemark Media, Inc., Regal Cinemas, Inc. and Cinemark USA, Inc. (Confidential treatment granted as to certain portions, which portions were omitted and filed separately with the Commission.)</a>	8-K	001-33296	10.6 2/16/2007
10.5		<a href="#">Tax Receivable Agreement dated as of February 13, 2007, by and among National CineMedia, Inc., National CineMedia, LLC, Regal CineMedia Holdings, LLC, Cinemark Media, Inc., Regal Cinemas, Inc., American Multi-Cinema, Inc. and Cinemark USA, Inc.</a>	8-K	001-33296	10.7 2/16/2007

<u>Exhibit</u>	<u>Ref.</u>	<u>Description</u>	<u>Incorporation by Reference</u>			
			<u>Form</u>	<u>SEC File No.</u>	<u>Exhibit</u>	<u>Filing Date</u>
10.5.1		<a href="#">Second Amendment to Tax Receivable Agreement effective as of April 29, 2008, by and by and among NCM, Inc. and National CineMedia, LLC and the Founding Members and the ESA Parties, amending the Tax Receivable Agreement dated as of February 13, 2007 and as first amended by the First Amendment to the Tax Receivable Agreement effective as of August 7, 2007.</a>	8-K	001-33296	10.1	5/5/2008
10.6		<a href="#">Second Amended and Restated Software License Agreement dated as of February 13, 2007, by and among American Multi-Cinema, Inc., Regal CineMedia Corporation, Cinemark USA, Inc., Digital Cinema Implementation Partners, LLC and National CineMedia, LLC.</a>	8-K	001-33296	10.9	2/16/2007
10.7		<a href="#">Director Designation Agreement dated as of February 13, 2007, by and among National CineMedia, Inc., American Multi-Cinema, Inc., Cinemark Media, Inc. and Regal CineMedia Holdings, LLC.</a>	8-K	001-33296	10.10	2/16/2007
10.8		<a href="#">Registration Rights Agreement dated as of February 13, 2007, by and among National CineMedia, Inc., American Multi-Cinema, Inc., Regal CineMedia Holdings, LLC and Cinemark Media, Inc.</a>	8-K	001-33296	10.11	2/16/2007
10.9		<a href="#">Management Services Agreement dated as of February 13, 2007, by and among National CineMedia, Inc. and National CineMedia, LLC.</a>	8-K	001-33296	10.12	2/16/2007
10.10		<a href="#">Restructuring Support Agreement, dated as of April 11, 2023, among the Company, NCM LLC and Consenting Secured Creditors.</a>	8-K	001-33296	10.1	4/12/2023
10.11		<a href="#">Director Designation Agreement, dated as of August 7, 2023, among National CineMedia, Inc., the Consenting Creditor Designation Committee, and Blantyre Capital Limited.</a>	8-K	001-33296	10.3	8/7/2023
10.12		<a href="#">Loan, Security and Guarantee Agreement dated as of August 7, 2023, by and among National CineMedia, LLC, the certain financial institution party thereto as Lenders, and CIT Northbridge Credit LLC as Agent, Sole Lead Arranger and Sole Bookrunner.</a>	8-K	001-33296	10.1	8/7/2023
10.13		<a href="#">Joint Venture Termination and Settlement Agreement, dated June 3, 2023.</a>	10-Q	001-33296	10.6	8/1/2023
10.14		<a href="#">Network Affiliate Transaction Agreement by and between National CineMedia, LLC and Regal Cinemas, Inc., dated June 3, 2023.</a>	10-Q	001-33296	10.5	8/1/2023
10.15		<a href="#">Employment Agreement dated as of August 1, 2022, by and between National CineMedia, Inc. and Thomas F. Lesinski. +</a>	10-Q	001-33296	10.3	8/8/2022
10.16		<a href="#">Amended and Restated Employment Agreement, dated June 9, 2021, by and between National CineMedia, Inc. and Scott Felenstein.</a>	8-K	001-33296	10.3	6/10/2021
10.17		<a href="#">Employment Agreement dated August 25, 2021 between National CineMedia, Inc. and Ronnie Y. Ng.</a>	8-K	001-33296	10.1	9/27/2021
10.17.1	*	<a href="#">First, Second, and Third Amendment to Employment Agreement between National CineMedia, Inc. and Ronnie Y. Ng</a>				

<u>Exhibit</u>	<u>Ref.</u>	<u>Description</u>	<u>Incorporation by Reference</u>			
			<u>Form</u>	<u>SEC File No.</u>	<u>Exhibit</u>	<u>Filing Date</u>
10.18		<a href="#">Form of Indemnification Agreement. +</a>	8-K	001-33296	10.1	2/13/2007
10.19		<a href="#">Form of Indemnification Agreement (August 2018)+</a>	10-Q	001-33296	10.3	8/7/2018
10.20		<a href="#">National CineMedia, Inc. 2007 Equity Incentive Plan. +</a>	8-K	001-33296	10.2	5/2/2013
10.21		<a href="#">National CineMedia, Inc. 2016 Equity Incentive Plan. +</a>	S-8	001-33296	4.1	4/29/2016
10.22		<a href="#">National CineMedia, Inc. 2020 Omnibus Incentive Plan.+</a>	8-K	001-33296	10.2	5/1/2020
10.23		<a href="#">First Amendment to the National CineMedia, Inc. 2020 Omnibus Incentive Plan effective as of May 4, 2022. +</a>	8-K	001-33296	10.1	5/9/2022
10.24		<a href="#">Second Amendment to the National CineMedia, Inc. 2020 Omnibus Incentive Plan effective as of November 2, 2023.</a>	8-K	001-33296	10.1	11/7/2023
10.25		<a href="#">Form of 2012 Stock Option Agreement. +</a>	10-K	001-33296	10.22.4	2/24/2012
10.25.1		<a href="#">Form of 2019 Stock Option Agreement. +</a>	10-Q	001-33296	10.4	11/4/2019
10.25.2		<a href="#">Form of 2020 Stock Option Agreement. +</a>	10-Q	001-33296	10.5	8/3/2020
10.26		<a href="#">Form of Restricted Stock Unit Agreement. +</a>	10-K	001-33296	10.34	3/6/2009
10.26.1		<a href="#">Form of Restricted Stock Unit Agreement under the National CineMedia, Inc. 2016 Equity Plan.+</a>	S-8	001-33296	4.4	4/29/2016
10.26.2		<a href="#">Form of Restricted Stock Unit Agreement under the National CineMedia, Inc. 2016 Equity Plan. amended.+</a>	10-K	001-33296	10.27.2	2/24/2017
10.26.3		<a href="#">Form of Restricted Stock Unit Agreement under the National CineMedia, Inc. 2020 Omnibus Incentive Plan - Director.+</a>	10-Q	001-33296	10.7	8/3/2020
10.27		<a href="#">Form of Retention Agreement.+</a>	8-K	001-33296	10.1	3/8/2023
21.1	*	<a href="#">List of Subsidiaries.</a>				
23.1	*	<a href="#">Consent of Deloitte &amp; Touche LLP.</a>				
24.1	*	<a href="#">Powers of Attorney of National CineMedia, Inc.</a>				
31.1	*	<a href="#">Rule 13a-14(a) Certification of Chief Executive Officer.</a>				
31.2	*	<a href="#">Rule 13a-14(a) Certification of Chief Financial Officer.</a>				
32.1	**	<a href="#">Certification of Chief Executive Officer and Pursuant to 18 U.S.C. Section 1350.</a>				
32.2	**	<a href="#">Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.</a>				
97.1	*	<a href="#">Incentive Compensation Recoupment Policy.</a>				
99.1		<a href="#">Modified First Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated June 25, 2023.</a>	8-K	001-33296	99.1	6/27/2023
101.SCH	*	Inline XBRL Taxonomy Extension Schema Document.				

**Incorporation by Reference**

<u>Exhibit</u>	<u>Ref.</u>	<u>Description</u>	<u>Form</u>	<u>SEC File No.</u>	<u>Exhibit</u>	<u>Filing Date</u>
101.CAL	*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				
101.DEF	*	Inline XBRL Taxonomy Extension Definition Linkbase Document.				
101.LAB	*	Inline XBRL Taxonomy Extension Label Linkbase Document.				
101.PRE	*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				
104	*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				

\* Filed herewith.

\*\* Furnished herewith.

+ Management contract.

**Item 16. Form 10-K Summary**

Not applicable.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**NATIONAL CINEMEDIA, INC.**  
(Registrant)

Date: March 18, 2024

/s/ Thomas F. Lesinski  
Thomas F. Lesinski  
*Chief Executive Officer and Director*  
*(Principal Executive Officer)*



Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 18th day of March, 2024.

<u>Signature</u>	<u>Title</u>
<u>/s/ Thomas F. Lesinski</u> Thomas F. Lesinski	<i>Chief Executive Officer</i> <i>(Principal Executive Officer)</i>
<u>/s/ Ronnie Ng</u> Ronnie Ng	<i>Chief Financial Officer</i> <i>(Principal Financial and Accounting Officer)</i>
*	<i>Director</i>
<u>Lauren Zalaznick</u>	
*	<i>Director</i>
<u>Bernadette Aulestia</u>	
*	<i>Director</i>
<u>Nicholas Bell</u>	
*	<i>Director</i>
<u>David Glazek</u>	
*	<i>Director</i>
<u>Juliana F. Hill</u>	
*	<i>Director</i>
<u>Tiago Lourenço</u>	
*	<i>Director</i>
<u>Jean-Philippe Maheu</u>	
*	<i>Director</i>
<u>Joseph Marchese</u>	
<u>*By: /s/ Maria Woods</u> Maria Woods	<i>Attorney-in-fact</i>

**AMENDED AND RESTATED**  
**BYLAWS**  
**OF**  
**NATIONAL CINEMEDIA, INC.**  
As amended February 1, 2024

**INDEX TO AMENDED AND RESTATED BYLAWS  
OF  
NATIONAL CINEMEDIA, INC.**

<b>Section</b>	<b>Page</b>
ARTICLE I Offices	1
Section 1.01 Business Offices	1
Section 1.02 Registered Office	1
ARTICLE II Stockholder	1
Section 2.01 Annual Meeting	1
Section 2.02 Special Meetings	1
Section 2.03 Place of Meeting	1
Section 2.04 Notice of Meetings	1
Section 2.05 Fixing Date for Determination of Stockholders of Record.	2
Section 2.06 Voting List	2
Section 2.07 Proxies	3
Section 2.08 Quorum and Manner of Acting	3
Section 2.09 Nominations for the Election of Directors	3
Section 2.10 Other Stockholder Proposals	4
Section 2.11 Stockholder Action by Written Consent Without a Meeting	5
Section 2.12 Conduct of Business	5
Section 2.13 Inspector of Elections	6
ARTICLE III Board of Directors	7
Section 3.01 General Powers	7
Section 3.02 Number, Tenure and Qualifications	7
Section 3.03 Resignation	7
Section 3.04 Regular Meetings	7
Section 3.05 Special Meetings	7
Section 3.06 Meetings by Telephone	7
Section 3.07 Notice of Meetings	7
Section 3.08 Quorum and Manner of Acting	8
Section 3.09 Action Without a Meeting	8
Section 3.10 Executive and Other Committees	8
Section 3.11 Compensation	9
Section 3.12 Removal of Directors; Vacancies	9
ARTICLE IV Officers	9
Section 4.01 Number and Qualifications	9
Section 4.02 Election and Term of Office	9

Section 4.03	Compensation	9
Section 4.04	Resignation	9
Section 4.05	Removal	9
Section 4.06	Vacancies	10
Section 4.07	Authority and Duties	10
Section 4.08	Surety Bonds	11
ARTICLE V Stock		11
Section 5.01	Issuance of Shares	11
Section 5.02	Transfer of Shares	11
Section 5.03	Registered Holders	12
Section 5.04	Transfer Agents, Registrars and Paying Agents	12
Section 5.05	Lost, Stolen or Destroyed Certificates	12
ARTICLE VI Indemnification		12
Section 6.01	Right to Indemnification	12
Section 6.02	Insurance	12
ARTICLE VII Miscellaneous		13
Section 7.01	Notice by Electronic Transmission	13
Section 7.02	Waivers of Notice	14
Section 7.03	Presumption of Assent	14
Section 7.04	Voting of Securities by the Corporation	14
Section 7.05	Authorized Signatories	14
Section 7.06	Seal	14
Section 7.07	Fiscal Year	14
Section 7.08	Amendments	14

**AMENDED AND RESTATED BYLAWS  
OF  
NATIONAL CINEMEDIA, INC.**

**ARTICLE I  
Offices**

Section 1.01 Business Offices. National CineMedia, Inc. (the “Corporation”) may have such offices, either within or outside Delaware, as the board of directors of the Corporation (the “Board”) may from time to time determine or as the business of the Corporation may require.

Section 1.02 Registered Office. The registered office of the Corporation required by the General Corporation Law of the State of Delaware (the “DGCL”) to be maintained in Delaware shall be as set forth in the certificate of incorporation of the Corporation (the “Certificate of Incorporation”), unless changed as provided by law.

**ARTICLE II  
Stockholders**

Section 2.01 Annual Meeting. An annual meeting of the stockholders of the Corporation shall be held on such date as may be determined by the Board, for the purpose of electing directors and for the transaction of such other business as may come before such meeting. If the election of directors of the Corporation shall not be held on the day designated for any such meeting, or at any adjournment thereof, the Board shall cause the election to be held at a meeting of the stockholders of the Corporation as soon thereafter as conveniently may be held. Failure to hold an annual meeting of the stockholders of the Corporation as required by these Bylaws shall not invalidate any action taken by the Board or by the officers of the Corporation.

Section 2.02 Special Meetings. Special meetings of the stockholders of the Corporation, for any purpose or purposes, unless otherwise prescribed by law or the Certificate of Incorporation, may be called only by the Board pursuant to a resolution approved by the affirmative vote of a majority of the directors of the Corporation then in office. Such resolution of the Board shall state the purpose or purposes of such proposed meeting. Business transacted at any special meetings of the stockholders shall be limited to the purpose or purposes stated in the notice.

Section 2.03 Place of Meeting. Each meeting of the stockholders of the Corporation shall be held at such place, either within or outside Delaware, as may be designated in the notice of such meeting, or, if no place is designated in such notice, at the principal office of the Corporation. The Board may, in its sole discretion, determine that a meeting of stockholders shall not be held at any time, but may instead be held solely by means of remote communications in accordance with the DGCL.

Section 2.04 Notice of Meetings. Except as otherwise required herein, by the Certificate of Incorporation or by law and whenever stockholders are required or permitted to take any action at a meeting, notice in writing or by electronic transmission of each meeting of the stockholders of the Corporation stating the place, if any, day and hour of such meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting and, in the case of a special meeting of the stockholders of the Corporation, the purpose or

purposes for which such meeting is called, shall be given, either personally (including delivery by private courier) or by first class, certified or registered mail, or by electronic transmission, to each stockholder of record entitled to notice of such meeting, not less than 10 nor more than 60 days before the date of such meeting. Such notice shall be deemed to be given, if personally delivered, when delivered to the stockholder, and, if mailed, when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation, and if by electronic transmission, when posted on an electronic network or directed to the stockholder at an electronic mail address at which the stockholder has consented to receive notice. An affidavit of the secretary or an assistant secretary of the Corporation or of the transfer agent or any other agent of the Corporation that the notice has been given by personal delivery, by mail or by a form of electronic transmission, as applicable, shall, in the absence of fraud, be prima facie evidence of the facts stated therein. If notice of two consecutive annual meetings of the stockholders of the Corporation and all notices of other meetings of the stockholders of the Corporation to any stockholder during the period between such two consecutive annual meetings, or all, and at least two, payments (if sent by first class mail) of dividends or interest on securities of the Corporation during a 12 month period, have been mailed to such person at his address as shown on the records of the Corporation and have been returned undeliverable, the giving of such notice to such person shall not be required until another address for such person is delivered to the Corporation. When a meeting of the stockholders of the Corporation is adjourned to another time or place, if any, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At such adjourned meeting the Corporation may transact any business that might have been transacted at the original meeting of the stockholders of the Corporation. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for such adjourned meeting, notice of such adjourned meeting shall be given to each stockholder of record of the Corporation entitled to vote at the meeting in accordance with the foregoing provisions of this Section 2.04.

Section 2.05 Fixing Date for Determination of Stockholders of Record. For the purpose of determining the stockholders of the Corporation entitled to notice of or to vote at any meeting of the stockholders of the Corporation or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of capital stock of the Corporation or for any other lawful action, the Board may fix, in advance, a date as the record date for any such determination of stockholders, which date shall not precede the date upon which the record date is adopted by the Board, and which shall not be more than 60 nor less than 10 days before the date of such meeting, and not more than 60 days prior to any other action. If no record date is fixed then the record date shall be, for determining the stockholders of the Corporation entitled to notice of or to vote at a meeting of such stockholders, the close of business on the day next preceding the day on which notice is given, or, if notice is waived, the close of business on the day next preceding the day on which such meeting is held, or, for determining stockholders of the Corporation for any other purpose, the close of business on the day on which the Board adopts the resolution relating thereto. A determination of the stockholders of record of the Corporation entitled to notice of or to vote at a meeting of such stockholders shall apply to any adjournment of such meeting; *provided, however*, that the Board may fix a new record date for the adjourned meeting.

Section 2.06 Voting List. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare, or cause to be prepared, at least 10 days before every meeting of the stockholders of the Corporation, a complete list of such stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each such stockholder and the number of shares of capital stock of the Corporation registered in the name of each such stockholder. Nothing contained in this Section 2.06 shall require the Corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder of the Corporation, for any purpose germane to such meeting, for a period of at least 10 days prior to such meeting, either (a) on a reasonably accessible electronic network, provided that the information required

to gain access to such list is provided with the notice of such meeting, or (b) during ordinary business hours, at the principal place of business of the corporation. If the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If such meeting is to be held at a place, the list shall also be produced and kept at the time and place of such meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present. If such meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder of the Corporation during the whole time of such meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of such meeting. Except as otherwise provided by law, the list of stockholders shall be the only evidence as to which stockholders are entitled to examine to determine the stockholders entitled to vote in person or by proxy at any meeting of the stockholders.

Section 2.07 Proxies. Each stockholder of the Corporation entitled to vote at a meeting of stockholders of the Corporation may authorize another person or persons to act for him, her or it by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. Except as otherwise provided by law, a proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by delivering to the secretary of the Corporation a revocation of the proxy or a new proxy bearing a later date.

Section 2.08 Quorum and Manner of Acting. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, at a meeting of stockholders of the Corporation, one-third of the combined voting power of the outstanding shares of capital stock of the Corporation entitled to vote at such meeting, represented in person or by proxy, shall constitute a quorum. If a quorum is present, at all meetings of stockholders for the election of directors, the directors of the Corporation will be elected by the plurality of the votes cast by the holders of shares of Common Stock (as defined in the Certificate of Incorporation). Unless otherwise provided by the Certificate of Incorporation, these Bylaws, the rules or regulations of any stock exchange applicable to the Corporation or applicable law or pursuant to any regulation applicable to the Corporation or its securities, if a quorum is present, the affirmative vote of a majority of the votes held by such shares represented at such meeting at which a quorum is present and entitled to vote on the subject matter shall be the act of such stockholders. In the absence of a quorum, a majority of the shares of capital stock of the Corporation so represented may adjourn such meeting from time to time in accordance with Section 2.04, until a quorum shall be present or represented.

Section 2.09 Nominations for the Election of Directors. Except as otherwise provided in the Certificate of Incorporation, nominations for election to the Board must be made by the Board or by a committee appointed by the Board for such purpose or by any stockholder of any outstanding shares of capital stock of the Corporation entitled to vote for the election of directors of the Corporation. Except as otherwise provided in the Certificate of Incorporation, nominations by the stockholders of the Corporation must be preceded by timely notice in writing to the secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to the secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the 90<sup>th</sup> day nor earlier than the close of business on the 120<sup>th</sup> day prior to the first anniversary of the preceding year's annual meeting of the stockholders of the Corporation; *provided, however*, that in the event that the date of such meeting is advanced more than 30 days prior to, or delayed by more than 70 days after, the anniversary of the preceding year's annual meeting of the stockholders of the Corporation, a stockholder's notice to be timely must be so delivered not earlier than the close of business on the 120<sup>th</sup> day prior to such meeting and not later than the later of the 90<sup>th</sup> day prior to such meeting or the 10<sup>th</sup> day following the day on which public announcement of the date of such meeting is first made by the Corporation. For purposes of the first annual meeting of stockholders of the Corporation held following

the date of these Bylaws, the first anniversary of such annual meeting shall be deemed to be the third Wednesday of May of the following year. Such stockholder's notice shall set forth:

(a) as to each person whom the stockholder proposes to nominate as a director:

(i) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and

(ii) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; and

(b) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made:

(i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner,

(ii) the class and number of shares of capital stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner,

(iii) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose nomination, and

(iv) a representation regarding whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (A) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to elect the nominee and/or (B) otherwise to solicit proxies from stockholders in support of such nomination.

The foregoing notice requirements shall be deemed satisfied by a stockholder if the stockholder has notified the Corporation of his or her intention to present a proposal at an annual meeting in compliance with Rule 14a-8 (or any successor thereof) promulgated under the Exchange Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. The Corporation may require any proposed director nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

The presiding officer of the annual meeting of the stockholders of the Corporation shall have the authority to determine and declare to such meeting that a nomination not preceded by notification made in accordance with the foregoing procedure shall be disregarded.

Section 2.10 Other Stockholder Proposals. For business other than the nomination for election of directors to the Board to be properly brought before any meeting by a stockholder of the Corporation, such stockholder must have given timely notice thereof in writing to the secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to the secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the 90<sup>th</sup> day nor earlier than the close of business on the 120<sup>th</sup> day prior to the first anniversary of the preceding year's annual meeting of the stockholders of the Corporation; *provided, however*, that in the event that the date of such meeting is advanced more than 30 days prior to, or delayed by more than 70 days after, the anniversary of the preceding year's annual meeting of the stockholders of the Corporation, a stockholder's notice to be timely must be so delivered not earlier than the close of business on the 120<sup>th</sup> day prior to such meeting



and not later than the close of business on the later of the 90<sup>th</sup> day prior to such meeting or the 10<sup>th</sup> day following the day on which public announcement of the date of such meeting is first made by the Corporation. For purposes of the first annual meeting of stockholders of the Corporation held following the date of these Bylaws, the first anniversary of such annual meeting shall be deemed to be the third Wednesday of May of the following year. Such stockholder's notice shall set forth:

- (a) as to any business that the stockholder proposes to bring before the meeting:
  - (i) a brief description of the business desired to be brought before the meeting,
  - (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend these Bylaws, the language of the proposed amendment), and
  - (iii) the reasons for conducting such business at the meeting; and
- (b) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made:
  - (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner,
  - (ii) the class and number of shares of capital stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner,
  - (iii) any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made as to each matter such stockholder proposes to bring before such meeting,
  - (iv) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business, and
  - (v) a representation regarding whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (A) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal and/or (B) otherwise to solicit proxies from stockholders in support of such proposal.

Section 2.11 Stockholder Action by Written Consent Without a Meeting. Except as provided in any preferred stock designation adopted in accordance with the Certificate of Incorporation and the DGCL (a "Preferred Stock Designation"), after the Corporation first has a class of securities registered under Section 12(g) of the Exchange Act or its equivalent, any action required or permitted to be taken by the stockholders of the Corporation must be taken at a duly called annual or special meeting of the stockholders and may not be taken by consent in writing or otherwise.

Section 2.12 Conduct of Business. The chairman of each annual and special meeting of stockholders shall be the chairman of the Board or, in the absence (or inability or refusal to act) of the chairman of the Board, the chief executive officer (if he or she shall be a director) or, in the absence (or inability or refusal to act) of the chief executive officer or if the chief executive officer is not a director, the president (if he or she shall be a director) or, in the absence (or inability or refusal to act) of the president or if the president is not a director, such other person as shall be appointed by the Board. The secretary of each annual and

special meeting of stockholders shall be the secretary or, in the absence (or inability or refusal to act) of the secretary, an assistant secretary so appointed to act by the chairman of the meeting. In the absence (or inability or refusal to act) of the secretary and all assistant secretaries, the chairman of the meeting may appoint any person to act as secretary of the meeting. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the presiding officer of the meeting. The Board may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with these Bylaws or such rules and regulations as adopted by the Board, the presiding officer of the meeting of stockholders shall have the right and authority to convene the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding officer, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the presiding officer of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the presiding officer of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The presiding officer of the meeting, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding officer should so determine, such presiding officer shall so declare to the meeting, and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the presiding officer of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 2.13 Inspector of Elections. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the Corporation or otherwise serve the Corporation in other capacities, to act at the meeting or any adjournment thereof and to make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each such share, (ii) determine the shares of capital stock of the Corporation represented at the meeting in person or by proxy and the validity of proxies and ballots, (iii) count all votes and ballots and report the results, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares of capital stock of the Corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

### ARTICLE III Board of Directors

Section 3.01 General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board, except as otherwise provided in the DGCL or the Certificate of Incorporation.

Section 3.02 Number, Tenure and Qualifications. The number of directors of the Corporation, other than those who may be elected by the holders of one or more series of preferred stock of the Corporation (“Preferred Stock”) voting separately by class or series, shall initially be nine (9). Each director of the Corporation shall hold office until his or her successor shall be qualified and elected, subject, however, to such director’s earlier death, resignation, retirement or removal. Any newly created directorship or vacancy shall be filled as set forth in the Certificate of Incorporation. Directors of the Corporation need not be residents of Delaware or stockholders of the Corporation. No decrease in the number of directors constituting the Board shall shorten the term of any incumbent director, except as may be provided for in a Preferred Stock Designation with respect to any additional director elected by the holders of the applicable series of Preferred Stock.

Section 3.03 Resignation. Any director of the Corporation may resign at any time by giving notice to the Corporation in writing or by electronic transmission. A director’s resignation shall take effect upon receipt or, if a different time of effectiveness is specified therein, at the time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.04 Regular Meetings. Regular meetings of the Board may be held at such time and at such place, if any (either within or outside Delaware), as shall from time to time be determined by the Board.

Section 3.05 Special Meetings. Special meetings of the Board for any purpose or purposes may be called at any time by the chairman of the Board, by the chief executive officer or by a majority of the directors of the Corporation. Any such special meeting may take place at any place either within or outside Delaware.

Section 3.06 Meetings by Telephone. Unless otherwise restricted by the Certificate of Incorporation, the directors of the Corporation may participate in a meeting of the Board by means of conference telephone or other communications equipment by means of which all persons participating in such meeting can hear each other, and such participation in such meeting in such manner shall constitute presence in person at such meeting.

Section 3.07 Notice of Meetings. Notice of each meeting of the Board (except those regular meetings for which notice is not required) stating the place, if any, day and hour of such meeting shall be given to each director of the Corporation at least two days prior thereto by the mailing of written notice by first class, certified or registered mail, or at least one day prior thereto by personal delivery (including delivery by private courier) of written notice or by telephone, telegram, telex, cablegram, electronic transmission (including email) or other similar method, except that in the case of a meeting of the Board to be held pursuant to Section 3.06 notice may be given by telephone at any time prior thereto. The method of notice need not be the same to each director of the Corporation. Notice shall be deemed to be given when deposited in the United States mail, with postage thereon prepaid, addressed to such director at his business or residence address, when delivered or communicated to such director or when the telegram, telex, cablegram, electronic transmission (including email) or other form of notice is personally delivered to such director or delivered to the last address of such director furnished by him to the Corporation for such purpose. Notice may be waived pursuant to Section 7.02 hereof. Neither the business to be transacted at, nor the purpose of, any meeting of the Board need be specified in the notice or waiver of notice of such meeting.

Section 3.08 Quorum and Manner of Acting. Except as otherwise may be required by law, the Certificate of Incorporation or these Bylaws, a majority of the number of directors of the Corporation fixed in accordance with these Bylaws, present at the meeting, shall constitute a quorum for the transaction of business at any meeting of the Board, and the vote of a majority of the directors of the Corporation present at a meeting of the Board at which a quorum is present shall be the act of the Board.

If less than a quorum is present at a meeting of the Board, the directors of the Corporation present may adjourn such meeting from time to time without further notice other than announcement at such meeting, until a quorum shall be present. Subject to the terms of the Certificate of Incorporation, a meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 3.09 Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting, without prior notice and without a vote, if all members of the Board or committee thereof entitled to vote thereon, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of the Board or committee thereof, as the case may be.

Section 3.10 Executive and Other Committees. The Board may designate by resolution one or more committees of the Board, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any such committee, who may replace any absent or disqualified member at any meeting of such committee, and may dissolve any such committee. In the absence or disqualification of a member of a committee of the Board, the member or members present at any meeting of such committee of the Board and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Except as otherwise provided in the charter of such committee or as otherwise required by the corporation governance rules and listing standards of any national securities exchange or automated quotation system upon which the Corporation's securities are then listed, any such committee shall present its findings and recommendations to the Board, as set forth in the applicable Board resolution. The Board shall delegate certain of its powers and authority to any such committee as set forth in the charters of such committee or by resolution of the Board in the Board's discretion or as otherwise required by the corporation governance rules and listing standards of any national securities exchange or automated quotation system upon which the Corporation's securities are then listed. To the extent the Board does not establish other procedures, and subject to the immediately preceding sentence, each such committee shall be governed by the procedures set forth in Sections 3.04 (except as they relate to an annual meeting), 3.05 through 3.09, 7.01 and 7.02 as if such committee were the Board. Each such committee shall keep regular minutes of its meetings, which shall be reported to the Board when required and submitted to the secretary of the Corporation for inclusion in the corporate records of the Corporation.

Section 3.11 Compensation. Unless otherwise restricted by the Certificate of Incorporation, the Board shall have the authority to fix the compensation of directors of the Corporation. Such directors may be paid their expenses, if any, of attendance at each meeting of the Board and each meeting of any committee of the Board of which he or she is a member and may be paid a fixed sum for attendance at each such meeting or a stated salary or both a fixed sum and a stated salary. No such payment shall preclude any such director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 3.12 Removal of Directors; Vacancies. The removal of directors of the Corporation and the filling of vacancies on the Board shall be as provided in the Certificate of Incorporation.

#### ARTICLE IV Officers

Section 4.01 Number and Qualifications. The officers of the Corporation shall consist of a chairman of the Board, a chief executive officer, a president, a chief operating officer, a chief financial officer, a secretary and such other officers, including a vice-chairman or vice-chairmen of the Board, one or more

vice-presidents, a treasurer and a controller, as may from time to time be elected or appointed by the Board. In addition, the Board or the chief executive officer of the Corporation may elect or appoint such assistant and other subordinate officers, including assistant vice-presidents, assistant secretaries and assistant treasurers, as it or he shall deem necessary or appropriate. Any number of offices of the Corporation may be held by the same person, except that no person may simultaneously hold the offices of president and secretary of the Corporation.

Section 4.02 Election and Term of Office. Except as provided in the Certificate of Incorporation and Sections 4.01 and 4.06 of these Bylaws, the officers of the Corporation shall be elected by the Board. If such election shall not be held as provided herein, such election shall be held as soon thereafter as may be convenient. Each officer of the Corporation shall hold office until his or her successor shall be elected and shall qualify or until the expiration of his or her term in office if elected or appointed for a specified period of time, subject, however, to prior death, resignation, retirement or removal.

Section 4.03 Compensation. Officers of the Corporation shall receive such compensation for their services as may be authorized or ratified by the Board or a compensation committee of the Board, and no such officer shall be prevented from receiving compensation by reason of the fact that he or she is also a director of the Corporation. Election or appointment as an officer of the Corporation shall not of itself create a contract or other right to compensation for services performed by such officer.

Section 4.04 Resignation. Any officer of the Corporation may resign at any time, subject to any rights or obligations under any existing contracts between such officer and the Corporation, by giving notice to the Corporation in writing or by electronic transmission. Such officer's resignation shall take effect upon receipt or, if a different time of effectiveness is specified therein, at the time stated therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.05 Removal. Unless otherwise provided in the Certificate of Incorporation, any officer of the Corporation may be removed with or without cause at any time by the Board, or, in the case of assistant and other subordinate officers of the Corporation, by the chief executive officer of the Corporation, whenever in its, his or her judgment, as the case may be, the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer of the Corporation shall not in itself create contract rights.

Section 4.06 Vacancies. Except as otherwise provided in the Certificate of Incorporation, a vacancy occurring in any office of the Corporation by death, resignation, retirement, removal or otherwise may be filled by the Board.

Section 4.07 Authority and Duties. The officers of the Corporation shall have the authority and shall exercise the powers and perform the duties specified below and as may be additionally specified by the chief executive officer of the Corporation, the Board or these Bylaws (and in all cases where the duties of any officer of the Corporation are not prescribed by these Bylaws or the Board, such officer shall follow the orders and instructions of the chief executive officer of the Corporation), except that in any event each such officer shall exercise such powers and perform such duties as may be required by law:

(a) Chairman of the Board. The chairman of the Board of the Corporation, who shall be elected from among the directors of the Corporation, shall preside, when present, at all meetings of the Corporation's stockholders and the Board and perform such other duties as may be assigned to him or her from time to time by the Board.

(b) Chief Executive Officer. The chief executive officer of the Corporation shall, subject to the direction and supervision of the Board, (i) have general and active control of the affairs of the Corporation and general supervision of its officers, agents and employees; (ii) in the absence of the chairman of the Board of the Corporation, preside, when present, at all meetings of the Corporation's stockholders and the Board; (iii) see that all orders and resolutions of the Board are carried into effect; and (iv) perform all other duties incident to the office of chief executive officer and as from time to time may be assigned to him or her by the Board.

(c) President. The president of the Corporation shall, subject to the direction and supervision of the Board, perform all duties incident to the office of president and as from time to time may be assigned to him by the Board. At the request of the chief executive officer of the Corporation or in his or her absence or in the event of his or her inability or refusal to act, the president of the Corporation shall perform the duties of the chief executive officer of the Corporation, and when so acting shall have all the powers and be subject to all the restrictions of the chief executive officer of the Corporation.

(d) Chief Operating Officer. The chief operating officer of the Corporation shall, subject to the direction and supervision of the Board, supervise the day to day operations of the Corporation and perform all other duties incident to the office of chief operating officer as from time to time may be assigned to him or her by the chairman of the Board of the Corporation, the Board or the chief executive officer of the Corporation. At the request of the president of the Corporation, or in his or her absence or inability or refusal to act, the chief operating officer of the Corporation shall perform the duties of the president of the Corporation, and when so acting shall have all the power of and be subject to all the restrictions upon the president of the Corporation.

(e) Chief Financial Officer. The chief financial officer of the Corporation shall: (i) be the principal financial officer and treasurer of the Corporation and have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the Corporation and deposit the same in accordance with the instructions of the Board; (ii) receive and give receipts and acquittances for moneys paid in on account of the Corporation, and pay out of the funds on hand all bills, payrolls and other just debts of the Corporation of whatever nature upon maturity; (iii) unless there is a controller of the Corporation, be the principal accounting officer of the Corporation and as such prescribe and maintain the methods and systems of accounting to be followed, keep complete books and records of account, prepare and file all local, state and federal tax returns, prescribe and maintain an adequate system of internal audit and prepare and furnish to the chief executive officer of the Corporation and the Board statements of account showing the financial position of the Corporation and the results of its operations; (iv) upon request of the Board, make such reports to it as may be required at any time; and (v) perform all other duties incident to the office of chief financial officer and treasurer and such other duties as from time to time may be assigned to him or her by the Board or by the chief executive officer of the Corporation. Assistant treasurers of the Corporation, if any, shall have the same powers and duties, subject to the supervision by the chief financial officer of the Corporation. If there is no chief financial officer of the Corporation, these duties shall be performed by the secretary or chief executive officer of the Corporation or other person appointed by the Board.

(f) Vice-Presidents. The vice-president of the Corporation, if any (or if there is more than one then each such vice-president), shall assist the chief executive officer of the Corporation and shall perform such duties as may be assigned to him or her by the chief executive officer of the Corporation or the Board. Assistant vice-presidents of the Corporation, if any, shall have such powers and perform such duties as may be assigned to them by the chief executive officer of the Corporation or by the Board.

(g) Secretary. The secretary of the Corporation shall: (i) keep the minutes of the proceedings of the stockholders of the Corporation, the Board and any committees of the Board; (ii) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (iii) be custodian of

the corporate records and seal of the Corporation; (iv) keep at the Corporation's registered office or principal place of business within or outside Delaware a record containing the names and addresses of all stockholders of the Corporation and the number and class of shares held by each, unless such a record shall be kept at the office of the Corporation's transfer agent or registrar; (v) have general charge of the stock books of the Corporation, unless the Corporation has a transfer agent; and (vi) in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the chief executive officer of the Corporation or the Board. Assistant secretaries of the Corporation, if any, shall have the same duties and powers, subject to supervision by the secretary of the Corporation.

Section 4.08 Surety Bonds. The Board may require any officer or agent of the Corporation to execute to the Corporation a bond in such sums and with such sureties as shall be satisfactory to the Board, conditioned upon the faithful performance of his or her duties and for the restoration to the Corporation of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation.

## ARTICLE V Stock

Section 5.01 Issuance of Shares. Except as otherwise may be provided by law or in the Certificate of Incorporation, the issuance or sale by the Corporation of any shares of its authorized capital stock of any class, including treasury shares, shall be made only upon authorization by the Board. Every issuance of shares of authorized capital stock of the Corporation shall be recorded on the books of the Corporation maintained for such purpose by or on behalf of the Corporation.

Section 5.02 Transfer of Shares. Upon presentation and surrender to the Corporation or to a transfer agent of the Corporation of a certificate of stock of the Corporation duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, payment of all transfer taxes, if any, and the satisfaction of any other requirements of law, including inquiry into and discharge of any adverse claims of which the Corporation has notice, the Corporation or its transfer agent shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction on the books maintained for such purpose by or on behalf of the Corporation. No transfer of shares of authorized capital stock of the Corporation shall be effective until it has been entered on such books. The Corporation or its transfer agent may require a signature guaranty or other reasonable evidence that any signature is genuine and effective before making any transfer. Transfers of uncertificated shares of authorized capital stock of the Corporation shall be made in accordance with applicable provisions of law.

Section 5.03 Registered Holders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares of authorized capital stock of the Corporation to inspect for any proper purpose the stock ledger and the other books and records, to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of such shares, and shall not be bound to recognize any equitable or other claim to or interest in such shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by applicable law.

Section 5.04 Transfer Agents, Registrars and Paying Agents. The Board may at its discretion appoint one or more transfer agents, registrars and agents for making payment upon any class of stock, bond, debenture or other security of the Corporation. Such agents and registrars may be located either within or outside Delaware. They shall have such rights and duties and shall be entitled to such compensation as may be agreed.

Section 5.05 Lost, Stolen or Destroyed Certificates. Except as provided in this Section 5.05, no new certificate representing shares of the Corporation's authorized capital stock shall be issued to replace a previously issued certificate representing such shares unless the previously issued certificate is surrendered to the Corporation and immediately cancelled. The Corporation may issue a new certificate representing shares of its authorized capital stock or uncertificated shares in the place of any certificate theretofore issued by it that is alleged by a stockholder to have been lost, stolen or destroyed, and the Corporation may require such stockholder, or such stockholder's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

#### ARTICLE VI Indemnification

Section 6.01 Right to Indemnification. The Corporation shall indemnify and pay the expenses of directors, officers and individuals who have agreed to serve as directors or officers of the Corporation as provided in the Certificate of Incorporation and, if applicable, in any indemnification agreement between the Corporation and such individuals. The Corporation has the right, but not the obligation, to indemnify and pay the expenses of other persons authorized by a majority of the Board as provided in the Certificate of Incorporation.

Section 6.02 Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of any of its affiliates or another corporation, partnership, limited liability company, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of the DGCL.

#### ARTICLE VII Miscellaneous

Section 7.01 Notice by Electronic Transmission. Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the DGCL, the Certificate of Incorporation or these Bylaws, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation or these Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom such notice is given. Any such consent shall be revocable by such stockholder by written notice to the Corporation.

(a) Any such consent shall be deemed revoked if:

- (i) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent; and
- (ii) such inability becomes known to the secretary or an assistant secretary of the Corporation or to the transfer agent of the Corporation, or other person responsible for the giving of notice.

However, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting of the stockholders of the Corporation or other action by the Corporation.

(b) Any notice given pursuant to this Section 7.01 shall be deemed given:



- (i) if by facsimile telecommunication, when directed to a number at which the stockholder of the Corporation has consented to receive notice;
- (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder of the Corporation has consented to receive notice;
- (iii) if by a posting on an electronic network together with separate notice to the stockholder of the Corporation of such specific posting, upon the later of such posting and the giving of such separate notice; and
- (iv) if by any other form of electronic transmission, when directed to the stockholder of the Corporation.

An affidavit of the secretary or an assistant secretary of the Corporation or of the transfer agent or other agent of the Corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

(c) An “electronic transmission” means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

(d) Notice by a form of electronic transmission shall not apply to Sections 164, 296, 311, 312 or 324 of the DGCL.

**Section 7.02 Waivers of Notice.** Whenever notice is required to be given by law, by the Certificate of Incorporation or by these Bylaws, a written waiver thereof, signed by the person entitled to such notice or a waiver by electronic transmission by the person entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting or (in the case of a stockholder of the Corporation) by proxy shall constitute a waiver of notice of such meeting, except when the person attends such meeting for the express purpose of objecting, at the beginning of such meeting, to the transaction of any business because such meeting was not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting need be specified in any written waiver of notice or waiver of notice by electronic transmission unless required by these Bylaws to be included in the notice of such meeting.

**Section 7.03 Presumption of Assent.** A director or stockholder of the Corporation who is present at a meeting of the Board or stockholders of the Corporation at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of such meeting or unless he or she shall file his or her written dissent to such action with the person acting as the secretary of such meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the Corporation immediately after the adjournment of such meeting. Such right to dissent shall not apply to a director or stockholder of the Corporation who voted in favor of such action.

**Section 7.04 Voting of Securities by the Corporation.** Unless otherwise provided by resolution of the Board, on behalf of the Corporation the chairman of the Board, chief executive officer, chief operating officer, chief financial officer, president, secretary, treasurer or any vice-president of the Corporation shall attend in person or by substitute appointed by him or her, or shall execute written instruments appointing a proxy or proxies to represent the Corporation at, all meetings of the stockholders of any other corporation, association or other entity in which the Corporation holds any stock or other securities, and may execute written waivers of notice with respect to any such meetings. At all such meetings and

otherwise, the chairman of the Board, chief executive officer, chief operating officer, chief financial officer, president, secretary, treasurer or any vice-president of the Corporation, in person or by substitute or proxy as aforesaid, may vote the stock or other securities so held by the Corporation and may execute written consents and any other instruments with respect to such stock or securities and may exercise any and all rights and powers incident to the ownership of said stock or securities, subject, however, to the instructions, if any, of the Board.

Section 7.05 Authorized Signatories. The Board may authorize any officer or officers of the Corporation, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation; such authority may be general or restricted to specific instances. Unless so authorized or ratified by the Board or within the agency power of an officer of the Corporation, no officer, agent or employee of the Corporation shall have any power or authority to bind the Corporation by any contract or to pledge its credit or to render it liable for any purpose or for any amount

Section 7.06 Seal. The corporate seal of the Corporation shall be in such form as adopted by the Board, and any officer of the Corporation may, when and as required, affix or impress the seal, or a facsimile thereof, to or on any instrument or document of the Corporation.

Section 7.07 Fiscal Year. The fiscal year of the Corporation shall be as established by resolution of the Board.

Section 7.08 Amendments. These Bylaws may be amended or repealed only in the manner set forth in the Certificate of Incorporation.

## DESCRIPTION OF NATIONAL CINEMEDIA, INC.'S SECURITIES

*The following is a description of National CineMedia, Inc.'s (the "Company," "we," "us" or "our") securities that are registered under Section 12 of the Securities Exchange Act of 1934, as amended, and does not purport to be complete. For a complete description of the terms and provisions of such securities, refer to the Company's Second Amended and Restated Certificate of Incorporation (the "Certificate") and the Amended and Restated Bylaws, as amended May 4, 2022 (the "Bylaws"), each of which is included as an exhibit to the Annual Report on Form 10-K of which this exhibit is a part. This summary is qualified in its entirety by reference to these documents.*

### Authorized Capital Stock

Under the Certificate of Incorporation, the Company's authorized share capital consists of two hundred and sixty million (260,000,000) shares of common stock, par value \$0.01 per share ("Common Stock"), and ten million (10,000,000) shares of preferred stock, par value \$0.01 per share ("Preferred Stock").

### Description of Common Stock and Preferred Stock

#### *Common Stock and Preferred Stock Voting Rights*

Each holder of Common Stock is entitled to one vote per share.

Generally, all matters to be voted on by stockholders must be approved by a majority (or, in the case of election of directors, by a plurality) of our outstanding voting power. Except as otherwise required by the General Corporation Law of the State of Delaware ("DGCL"), the Certificate or the voting rights granted to any Preferred Stock we subsequently issue, the holders of outstanding shares of Common Stock and Preferred Stock entitled to vote thereon, if any, vote as one class with respect to all matters to be voted on by our stockholders. Holders of shares of common stock are not entitled to cumulate their votes in the election of directors.

The DGCL provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage. The affirmative vote of the holders of at least 66-2/3% of our issued and outstanding Common Stock, voting as a single class, is required to amend or repeal our Bylaws. The affirmative vote of the holders of at least a majority of our issued and outstanding Common Stock, in addition to the supermajority board approval described under "-Special Approval Rights for Certain Matters" below, is required to amend or repeal our Certificate. In addition, under the DGCL, an amendment to our Certificate that would alter or change the powers, preferences or special rights of the common stock so as to affect them adversely also must be approved by a majority of the votes entitled to be cast by the holders of the shares affected by the amendment, voting as a separate class. Subject to our Bylaws, our board of directors may from time to time make, amend, supplement or repeal our Bylaws by vote of a majority of our board of directors.

#### *Dividends*

Holders of Common Stock share ratably (based on the number of shares of Common Stock held) in any dividend declared by our board of directors, subject to any preferential rights of any outstanding Preferred Stock.

#### *Other Rights*

Upon our liquidation, dissolution or winding up, after payment in full of the amounts required to be paid to holders of Preferred Stock, if any, all holders of Common Stock, regardless of class, will be entitled to share ratably in any assets available for distribution to holders of shares of Common Stock. No shares of any class of Common Stock are subject to redemption or have preemptive rights to purchase additional shares of Common Stock.

### Anti-Takeover Effects of Certain Provisions of Delaware Law, the Certificate of Incorporation and the Bylaws

We have elected in the Certificate not to be subject to Section 203 of the DGCL, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with a person or group owning 15% or more of the corporation's voting stock for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Accordingly, we are not subject to any anti-takeover effects of Section 203.

Certain other provisions of the Certificate and Bylaws may be considered to have an anti-takeover effect and may delay or prevent a tender offer or other corporate transaction that a stockholder might consider to be in its best interest, including those transactions that might result in payment of a premium over the market price for our shares. These provisions are designed to discourage certain types of transactions that may involve an actual or threatened change of control of us without prior approval of our board of directors. These provisions are meant to encourage persons interested in acquiring control of us to first consult with our board of directors to negotiate terms of a potential business combination or offer. We believe that these provisions protect against an unsolicited proposal for a takeover of us that might affect the long term value of our stock or that may be otherwise unfair to our stockholders. For example, our Certificate and Bylaws:

- provide veto rights to the directors designated by Cinemark and Regal over certain actions specified in our Certificate, as described below under “Special Approval Rights for Certain Matters”;
- authorize the issuance of “blank check” preferred stock that could be issued by our board of directors to increase the number of outstanding shares, making a takeover more difficult and expensive;
- prohibit stockholder action by written consent;
- provide that special meetings of our stockholders may be called only by a majority of our directors; and
- do not permit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates.

The operating agreement of National CineMedia, LLC (“NCM LLC”) also provides that NCM LLC’s other members will be able to exercise a greater degree of influence over the operations of NCM LLC, which may discourage other nominations to our board of directors, if any director nominee designated by NCM LLC’s other members is not elected by our stockholders.

*Special Approval Rights for Certain Matters*

Under the Certificate, so long as either of Regal or Cinemark owns at least 5% of NCM LLC’s issued and outstanding common membership units, if the two directors appointed by Cinemark or the two directors appointed by Regal pursuant to the Director Designation Agreement dated February 13, 2007 (except that if either Cinemark or Regal has only appointed one director, and such director qualifies as an “independent director” under the applicable rules of the Nasdaq Stock Market LLC, then such director) vote against any of the corporate actions listed below, we and NCM LLC will be prohibited from taking any of the following actions:

- assign, transfer, sell or pledge all or a portion of the membership interests of NCM LLC beneficially owned by the Company;
- acquire, dispose, lease or license assets with an aggregate value exceeding 20% of the fair market value of the business of NCM LLC operating as a going concern;
- merge, reorganize, recapitalize, reclassify, consolidate, dissolve, liquidate or enter into a similar transaction;
- incur any funded indebtedness or repay, before due, any funded indebtedness with a fixed term in an aggregate amount in excess of \$15.0 million per year;
- issue, grant or sell shares of our Common Stock, Preferred Stock or rights with respect to Common Stock or Preferred Stock, or NCM LLC membership units or rights with respect to membership units, except under specified circumstances;
- authorize, issue, grant or sell additional membership interests or rights with respect to membership interests of NCM LLC (with certain exceptions);
- amend, modify, restate or repeal any provision of our Certificate or Bylaws or the NCM LLC operating agreement;
- enter into, modify or terminate certain material contracts not in the ordinary course of business as defined under applicable securities laws;
- except as specifically set forth in the NCM LLC operating agreement, declare, set aside or pay any redemption of, or dividends with respect to membership interests;
- amend any material terms or provisions (as defined in the Nasdaq rules) of our equity incentive plan or enter into any new equity incentive compensation plan;
- make any change in the current business purpose of the Company to serve solely as the manager of NCM LLC or any change in the current business purpose of NCM LLC to provide the services as set forth in the exhibitor services agreements between NCM LLC and each of the founding members; and
- approve any actions relating to NCM LLC that could reasonably be expected to have a material adverse tax effect on the founding members.

*Authorized but Unissued Shares*

The authorized but unissued shares of Common Stock and Preferred Stock are available for future issuance without stockholder approval. These additional shares may be used for a variety of corporate purposes, including future public offerings to raise additional

capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of Common Stock and Preferred Stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

*Preferred Stock*

Our board of directors is authorized, without further stockholder approval, to issue from time to time up to an aggregate of 10 million shares of Preferred Stock in one or more series and to fix or alter the designations, preferences, rights and any qualifications, limitations or restrictions of the shares of each such series thereof, including the dividend rights, dividend rates, conversion rights, voting rights, terms of redemption (including sinking fund provisions), redemption price or prices, liquidation preferences and the number of shares constituting any series or designations of such series. The future issuance of shares of Preferred Stock with voting rights may adversely affect the voting power of the holders of our other classes of voting stock, either by diluting the voting power of our other classes of voting stock if they vote together as a single class, or by giving the holders of any such Preferred Stock the right to block an action on which they have a separate class vote even if the action were approved by the holders of our other classes of voting stock.

**THIRD AMENDED AND RESTATED  
LIMITED LIABILITY COMPANY OPERATING AGREEMENT\***

OF

NATIONAL CINEMEDIA, LLC

**\*Conformed to include:**

- **First Amendment to the Third Amended and Restated Limited Liability Company Operating Agreement, dated March 16, 2009 (“Amendment No. 1”),**
- **Second Amendment to the Third Amended and Restated Limited Liability Company Operating Agreement, dated August 6, 2010 (“Amendment No. 2”),**
- **Third Amendment to the Third Amended and Restated Limited Liability Company Operating Agreement, dated September 3, 2013 (“Amendment No. 3”),**
- **Fourth Amendment to the Third Amended and Restated Limited Liability Company Operating Agreement, dated January 23, 2019 (“Amendment No. 4”), and**
- **Fifth Amendment to the Third Amended and Restated Limited Liability Company Operating Agreement, dated August 7, 2023 (“Amendment No. 5” and together with Amendment No. 1, Amendment No. 2, Amendment No. 3, and Amendment No. 4, the “Amendments”)**

This Third Amended and Restated Limited Liability Company Operating Agreement (this “**Agreement**”) of National CineMedia, LLC, a Delaware limited liability company (the “**Company**”), is made and entered into as of February 13, 2007, by and among each of the parties hereto and amends and restates in full the Second Amended Agreement.

**RECITALS**

A. National Cinema Network, Inc., a Delaware corporation (“**NCN**”), and Regal CineMedia Holdings, LLC, a Delaware limited liability company (“**Regal**” or the “**Regal Founding Member**”), formed the Company and entered into the Limited Liability Company Operating Agreement of National CineMedia, LLC, dated as of March 29, 2005 (the “**Original Agreement**”).

B. Cinemark Media, Inc., a Delaware corporation (“**Cinemark Media**” or the “**Cinemark Founding Member**”), was admitted as a Founding Member in the Company pursuant to that certain Contribution Agreement, dated as of July 15, 2005 (the “**Contribution Agreement**”), and that certain Amended and Restated Limited Liability Company Operating Agreement of National CineMedia, LLC, dated as of July 15, 2005 (the “**First Amended Agreement**”).

C. NCN merged with and into American Multi-Cinema, Inc., a Missouri Corporation (“**AMC**” or the “**AMC Founding Member**”), with AMC as the surviving entity.

D. The First Amended Agreement has been amended pursuant to the First Amendment to the Amended and Restated Limited Liability Company Operating Agreement of National CineMedia, LLC, dated as of December 12, 2006 (the “**First Amendment**”), the Second Amendment to the Amended and Restated Limited Liability Company Operating Agreement of National CineMedia, LLC, dated as of January 23, 2007 (the “**Second Amendment**”), and the Third Amendment to the Amended and Restated Limited Liability Company Operating Agreement of National CineMedia, LLC, dated as of February 7, 2007 (the “**Third Amendment**”, and together with the First Amended Agreement, the First Amendment, and the Second Amendment, the “**Second Amended Agreement**”).

E. The Company and National CineMedia, Inc., a Delaware corporation (“**NCM Inc.**”), have entered into a Common Unit Subscription Agreement, dated as of February 13, 2007 (the “**Subscription Agreement**”), pursuant to which the Company has agreed to issue Common Units to NCM Inc. as more fully provided therein.

F. AMC, Regal and Cinemark Media desire to amend and restate the Second Amended Agreement to reflect the addition of NCM Inc. as a Member in the Company and its designation as sole Manager of the Company.

G. The respective board of directors and manager of each of AMC, Regal and Cinemark Media, respectively, and the board of directors of NCM Inc. have approved this Agreement.

Additional Recitals from Amendment No. 5:

WHEREAS, AMC ShowPlace Theatres, Inc., a Delaware corporation (“**AMC Showplace**”), American Multi-Cinema, Inc., a Missouri Corporation (together with AMC Showplace, “**AMC**”) Cinemark Media, Inc., a Delaware corporation (“**Cinemark Media**”), Cinemark USA, Inc., a Texas corporation (“Cinemark USA” and together with Cinemark Media, “**Cinemark**”), Regal Cinemedia Holdings, LLC, a Delaware limited liability company (“**Regal**”), Regal Cinemas, Inc., a Tennessee corporation (together with Regal, “**RCI**”), National CineMedia, Inc., a Delaware corporation (“**NCM Inc.**”), and NCMI II, LLC, a Delaware limited liability company (“**NCMI II**”) were parties to the LLC Agreement;

WHEREAS, as of the consummation of the Plan (as defined below) on the date hereof (the “**Plan Effective Date**”), AMC, Cinemark, and Regal are no longer Founding Members or Members under the LLC Agreement, and NCM Inc., NCMI II, and the Company desire to amend the LLC Agreement pursuant to the terms and conditions hereof;

WHEREAS, (i) on June 27, 2023, the U.S. Bankruptcy Court for the Southern District of Texas entered an order confirming the Modified First Amended Plan of Reorganization of National CineMedia, LLC Pursuant to Chapter 11 of the Bankruptcy Code [Docket No. 428] (as it may be amended, modified, or supplemented, the “**Plan**”), (ii) pursuant to the Plan and prior to the Plan Effective Date, Blocked Holders, as defined in the Restructuring Transactions Memorandum, exchanged their Allowed Secured Debt Claims (as defined in the Plan) for shares of Blocker Parent (as defined in the Restructuring Transactions Memorandum), with Blocker Sub 2 (as defined in the Restructuring Transactions Memorandum), receiving such Allowed Secured Debt Claims and (iii) on the Plan Effective Date, the Company consummated the Plan pursuant to which (A) Allowed Secured Debt Claims then held by Blocker Sub 2 were exchanged for Common Units and, in connection with the receipt of such Common Units, the Company agreed to admit Blocker Sub 2 as a Member, and Blocker Sub 2 agreed to be bound by all the terms and conditions of this Agreement (as amended, supplemented or otherwise modified from time to time) in accordance with Section 3.1(c), (B) Blocker Parent merged with and into Merger Sub (as defined in the Restructuring Transactions Memorandum), with Blocked Holders receiving shares of the common stock of NCM Inc. in exchange for their shares of Blocker Parent, such shares of common stock of NCM Inc. to be delivered to Blocked Holders on, or as soon as reasonably practicable after, the Plan Effective Date, (C) all other Holders of Allowed Secured Debt Claims received Common Units in exchange for their Allowed Secured Debt Claims and immediately contributed such Common Units to NCM Inc. in exchange for shares of the common stock of NCM Inc., such shares of common stock of NCM Inc. to be delivered to such Holders on, or as soon as reasonably practicable after, the Plan Effective Date, (D) NCM Inc. made a contribution to the Company of its cash on hand as of the time of such contribution, in exchange for certain Common Units and made a contribution to NCMI II of certain Common Units, and (E) NCM Inc. issued 50 shares of non-voting Series B Preferred Stock (each with liquidation value of \$1,000) subject to and pursuant to the terms of that certain Certificate of Designation of Series B Non-Convertible Preferred Stock of NCM, Inc., dated as of the date hereof, and, correspondingly, in accordance with the Plan, the Company issued non-voting preferred equity interests in the Company to NCM Inc. with terms that are substantially the same as (as determined in good faith by NCM Inc., in its capacity as the sole manager of the Company, but including term, entitlement to distributions and absence of voting rights) the terms of the 50 shares of Series B Preferred Stock.

WHEREAS, the Holders of Allowed Secured Debt Claims (including Blocked Holders) will, in the aggregate, receive on, or as soon as reasonably practicable after, the Plan Effective Date 85,868,037 shares of NCM Inc. common stock pursuant to the transactions described in clauses (A)-(D) above;

WHEREAS, immediately prior to the completion of the transactions contemplated by the Plan and set forth in the Restructuring Transactions Memorandum, the total shares of NCM Inc. common stock outstanding will be 103,296,201 as of the Plan Effective Date; and

WHEREAS, upon the completion of the transactions contemplated by the Plan and set forth in the Restructuring Transactions Memorandum, the total shares outstanding of NCM Inc. common stock will be 96,779,983, with a total of 83,420,199 of such common stock held by Holders of Allowed Secured Debt Claims.

The parties hereto agree as follows:

## ARTICLE 1

## DEFINITIONS

1.1 **Defined Terms.** The following terms shall have the following meanings in this Agreement:

“**2023 Credit Facility**” means the Loan, Security and Guarantee Agreement, dated as of August 7, 2023, by and among the Company, as a borrower, the other Obligors (as defined therein) party thereto from time to time, the financial institutions from time to time that are parties thereto as lenders and CIT Northbridge Credit LLC, a Delaware limited liability company, as agent for the Secured Parties (as defined therein), as amended, modified or supplemented from time to time and any extension, refunding, refinancing or replacement (in whole or in part) thereof.

“**Adjusted Capital Account Balance**” means, with respect to any Member, the balance in such Member’s Capital Account after giving effect to the following adjustments: (a) debits to such Capital Account of the items described in Section 1.704-1(b)(2)(ii)(d)(4-6) of the Treasury Regulations, and (b) credits to such Capital Account of such Member’s share of Partnership Minimum Gain or Partner Nonrecourse Debt Minimum Gain or of any amount which such Member would be required to restore under this Agreement or otherwise. The foregoing definition of Adjusted Capital Account Balance is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations and shall be interpreted consistently therewith.

“**Affiliate**” means with respect to any Person, any Person that directly or indirectly, through one or more intermediaries Controls, is Controlled by or is under common Control with such Person. Notwithstanding the foregoing, (i) no Member shall be deemed an Affiliate of the Company, (ii) the Company shall not be deemed an Affiliate of any Member, (iii) no stockholder of REG, or any of such stockholder’s Affiliates (other than REG and its Subsidiaries) shall be deemed an Affiliate of any Member or the Company, (iv) no stockholder of Marquee Holdings, or any of such stockholder’s Affiliates (other than Marquee Holdings and its Subsidiaries) shall be deemed an Affiliate of any Member or the Company, (v) no stockholder of Cinemark, or any of such stockholder’s Affiliates (other than Cinemark and its Subsidiaries) shall be deemed an Affiliate of any Member or the Company, (vi) no stockholder of NCM Inc. shall be deemed an Affiliate of NCM Inc., and (vii) NCM Inc. shall not be deemed an Affiliate of any stockholder of NCM Inc.

“**Agreement**” has the meaning set forth in the preamble of this Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

“**AMC**” has the meaning set forth in the Recitals of this Agreement or its successor.

“**AMC Founding Member**” has the meaning set forth in the Recitals of this Agreement.

“**Applicable Tax Rate**” means (i) 40% or (ii) if, at the time of the relevant Permitted Tax Distribution (as defined in the 2023 Credit Facility), the highest combined federal, state and local marginal rate applicable to corporate taxpayers residing in New York City, New York, taking into account the deductibility of state and local income taxes for federal income tax purposes shall exceed 40%, such higher rate.

“**Available Cash**” means for a particular period: (i) the Company’s earnings before interest, taxes, depreciation and amortization (as determined in accordance with GAAP); plus (ii) non-cash items of deduction or loss (other than items related to barter transactions) subtracted in determining the Company’s earnings under clause (i); plus (iii) interest income received by the Company to the extent such income is not otherwise included in determining the Company’s earnings under clause (i); plus (iv) amounts received by the Company pursuant to the Loews Agreement or other similar agreements to the extent such amounts are not otherwise included in determining the Company’s earnings under clause (i); plus (v) amounts received by the Company pursuant to the Common Unit Adjustment Agreement to the extent such amounts are not otherwise included in determining the Company’s earnings under clause (i); plus (vi) amounts received by the Company pursuant to Section 3.5(c) to the extent such amounts are not otherwise included in determining the Company’s earnings under clause (i); plus (vii) net proceeds (after expenses attributable to the sale) from the sale of Company assets to the extent such proceeds are not otherwise included in determining the Company’s earnings under clause (i); plus (viii) for the second Fiscal Period of each Fiscal Year, the amount of any Distribution Increase attributable to the Distribution Year; plus (ix) for the fourth Fiscal Period of each Fiscal Year, any amounts that the Company was not permitted to distribute to the Members for each of the immediately preceding three Fiscal Periods of such Fiscal Year as a result of the application of Section 10.2.4 of the 2023 Credit Facility (to the extent such amounts are not restricted under Section 10.2.4 of the 2023 Credit Facility as of the last day of the fourth Fiscal Period); less (x) non-cash items of income or



gain (other than items related to barter transactions) added in determining the Company's earnings under clause (i); less (xi) amounts paid by the Company pursuant to the Exhibitor Services Agreements, the Management Services Agreement or other similar agreements to the extent such amounts are not otherwise deducted in determining the Company's earnings under clause (i); less (xii) amounts paid by the Company pursuant to the Common Unit Adjustment Agreement to the extent such amounts are not otherwise deducted in determining the Company's earnings under clause (i); less (xiii) taxes paid by the Company; less (xiv) Capital Expenditures made by the Company; less (xv) for the second Fiscal Period of each Fiscal Year, the amount of any Distribution Decrease attributable to the Distribution Year; less (xvi) interest paid by the Company on Funded Indebtedness; less (xvii) mandatory principal payments made by the Company on Funded Indebtedness to the extent such principal payments are made from funds other than funds that were restricted pursuant to Section 10.2.4 of the 2023 Credit Facility; less (xviii) amounts (other than interest and principal payments) paid by the Company with respect to Funded Indebtedness to the extent such amounts are not otherwise deducted in determining the Company's earnings under clause (i); provided, however, that: (a) amounts borrowed under, and optional principal payments made on, the 2023 Credit Facility shall not be taken into account in determining Available Cash; (b) amounts received or paid by the Company pursuant to the terms of the Tax Receivable Agreement shall not be taken into account in determining Available Cash; and (c) for the Fiscal Period that includes the date of this Agreement, Available Cash shall be determined beginning on the day following the date of this Agreement through the last day of such Fiscal Period.

**"Beneficial Owner"** or **"beneficial owner"** (including, with correlative meanings, the terms **"beneficial ownership"** and **"beneficially owns"**) has the meaning attributed to it in Rules 13d-3 and 13d-5 under the Exchange Act, whether or not applicable, except that a Person shall be deemed to have Beneficial Ownership of all Units that any such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time or is exercisable only upon the occurrence of a subsequent condition.

**"Board"** has the meaning set forth in Section 1.1 of the First Amended Agreement.

**"Budget"** means an annual operating and capital budget of the Company, including, among other things, anticipated revenues, expenditures (capital and operating), and cash and capital requirements (including any additional capital contributions) of the Company for the following year.

**"Business Day"** means a day other than a Saturday, Sunday, federal holiday or other day on which commercial banks in New York, New York are authorized or required by law to close.

**"Capital Account"** has the meaning set forth in Section 6.3(a) of this Agreement.

**"Capital Contribution"** means the total amount of cash and the agreed fair market value (net of all liabilities secured by such assets that the Company is considered to assume or take subject to under Section 752 of the Code) of all other assets contributed to the Company by a Member.

**"Capital Expenditures"** means all expenditures by the Company for the acquisition or leasing (pursuant to a capital lease) of fixed or capital assets or additions to equipment (including replacements, capitalized repairs and improvements) that the Company is required to capitalize for financial reporting purposes in accordance with GAAP.

**"Carrying Value"** means, with respect to any asset of the Company, the asset's adjusted basis for federal income tax purposes, except that the Carrying Values of all assets of the Company shall be adjusted to equal their respective fair market values, in accordance with the rules, events, and times, set forth in Treasury Regulations Section 1.704-1(b)(2)(iv)(f) and otherwise provided for in the rules governing maintenance of Capital Accounts under Treasury Regulations, except as otherwise provided herein; provided, however, that such adjustments shall be made only if the Manager reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members. The Carrying Value of any asset of the Company distributed to any Member shall be adjusted immediately prior to such distribution to equal its fair market value and depreciation shall be calculated by reference to Carrying Value, instead of tax basis, once Carrying Value differs from tax basis. The Carrying Value of any asset contributed (or deemed contributed under Treasury Regulations Section 1.704-1(b)(1)(iv)) by a Member to the Company will be the fair market value of the asset at the date of its contribution thereto.

“**Cash Equivalents**” means any of the following denominated in U.S. Dollars: (i) marketable direct obligations issued or unconditionally guaranteed by the government of the United States or issued by any agency thereof and backed by the full faith and credit of the United States maturing within one year from the date of acquisition thereof; (ii) marketable direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having the highest rating obtainable from any of Standard & Poor’s Corporation or any successor rating agency (“**S&P**”) or Moody’s Investors Service, Inc. or any successor rating agency (“**Moody’s**”); (iii) commercial paper maturing not more than one year from the date of issuance thereof and, at the time of acquisition, having the highest rating obtainable from either S&P or Moody’s; (iv) time deposits, certificates of deposit or bankers’ acceptances, maturing not more than one year from the date of issuance thereof, of any commercial bank or trust company having capital and surplus in excess of \$500,000,000 and the commercial paper of the holding company of which has the highest rating obtainable from either S&P or Moody’s; or (v) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 or any successor rule of the Securities and Exchange Commission under the Investment Company Act of 1940, in each case provided in clauses (i), (ii), (iii) and (iv) above, maturing within one year from the date of acquisition.

“**Cash Settlement**” means immediately available funds in an amount equal to the Redeemed Units Equivalent.

“**Certificate**” has the meaning set forth in Section 2.1(a) of this Agreement.

“**Change of Control**” with respect to any Person that is not an individual, means (i) any merger or consolidation with or into any other entity or any other similar transaction, whether in a single transaction or series of related transactions, where (A) the members or stockholders of such Person immediately prior to such transaction in the aggregate cease to own more than 50% of the general voting power of the entity surviving or resulting from such transaction (or its stockholders or the Ultimate Parent thereof) or (B) any Person or Group becomes the beneficial owner of more than 50% of the general voting power of the entity surviving or resulting from such transaction (or its stockholders or the Ultimate Parent thereof), (ii) any transaction or series of related transactions in which in excess of 50% of such Person’s general voting power is Transferred to any other Person or Group or (iii) the sale or Transfer by such Person of all or substantially all of its assets.

“**Cinemark**” means Cinemark Holdings, Inc. or its successor or any Person that wholly-owns Cinemark, directly or indirectly, in the future.

“**Cinemark Founding Member**” has the meaning set forth in the Recitals of this Agreement.

“**Cinemark Media**” has the meaning set forth in the Recitals of this Agreement or its successor.

“**Cinemark USA**” means Cinemark USA, Inc., a Texas corporation, or its successor.

“**Class A Units**” has the meaning set forth in Section 1.1 of the First Amended Agreement.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute and the rules and regulations thereunder in effect from time to time. Any reference herein to a specific provision of the Code shall mean, where appropriate, the corresponding provision in any successor statute.

“**Common Unit**” means a Unit having the rights described in Section 3.4(d) of this Agreement.

“**Common Unit Adjustment Agreement**” means the Common Unit Adjustment Agreement, dated as of February 13, 2007, by and among the AMC Founding Member, the Regal Founding Member, Regal Cinemas, the Cinemark Founding Member, Cinemark USA, NCM Inc. and the Company, as the same may be amended, supplemented or otherwise modified from time to time.

“**Common Unit Purchase**” has the meaning set forth in Section 3.4(b) of this Agreement.

“**Company**” has the meaning set forth in the preamble of this Agreement.

“**Confidential Information**” has the meaning set forth in Section 10.3(a) of this Agreement.

“**Contribution Agreement**” has the meaning set forth in the Recitals of this Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

“**Contribution and Unit Holders Agreement**” means the Contribution and Unit Holders Agreement, dated as of March 29, 2005, by and among the Company, RCM and AMC, as the successor to NCN, as the same may be amended, supplemented or otherwise modified from time to time.

“**Contribution Notice**” has the meaning set forth in Section 9.1(b) of this Agreement.

“**Control**” (including the terms “**Controlled by**” and “**under common Control with**”), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting Equity Interests, as trustee or executor, by contract or otherwise.

“**CPI**” means the monthly index of the U.S. City Average Consumer Price Index for Urban Wage Earners and Clerical Workers (All Items; 1982-84 equals 100) published by the United States Department of Labor, Bureau of Labor Statistics or any successor agency that shall issue such index. In the event that the CPI is discontinued for any reason, the Manager shall use such other index, or comparable statistics, on the cost of living for urban areas of the United States, as shall be computed and published by any agency of the United States or, if no such index is published by any agency of the United States, by a responsible financial periodical of recognized authority.

“**CPI Adjustment**” means the quotient of (i) the CPI for the month of January in the calendar year for which the CPI Adjustment is being determined, divided by (ii) the CPI for January of 2007.

“**DCN**” has the meaning set forth in Section 2.6(a) of this Agreement.

“**Director Designation Agreement**” means the Director Designation Agreement, dated as of February 13, 2007, by and among NCM Inc. and all of the Founding Members, as the same may be amended, supplemented or otherwise modified from time to time.

“**Distribution Amount**” means, with respect to a Fiscal Period, the lesser of (i) the Company’s Available Cash as of the last day of such Fiscal Period (reduced by any amounts distributed by the Company to NCM Inc. under Section 3.5(c)(ii)), or (ii) the amount that may be distributed with respect to such Fiscal Period under Section 10.2.4 of the 2023 Credit Facility.

“**Distribution Decrease**” has the meaning set forth in Section 5.4(a)(iii) of this Agreement.

“**Distribution Increase**” has the meaning set forth in Section 5.4(a)(iii) of this Agreement.

“**Distribution Year**” has the meaning set forth in Section 5.4(a)(iii) of this Agreement.

“**Equity Compensation Notice**” has the meaning set forth in Section 3.5(c)(i) of this Agreement.

“**Equity Incentive Plan**” means the National CineMedia, Inc. 2007 Equity Incentive Plan, as the same may be amended, supplemented or otherwise modified from time to time.

“**Equity Interests**” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of capital stock, partnership interests (whether general or limited), limited liability company interests or equivalent ownership interests in or issued by, or interests, participations or other equivalents to share in the revenues or earnings of (except as provided in any service agreement that includes a revenue sharing component entered into in the ordinary course of business), such Person or securities convertible into, or exchangeable or exercisable for, such shares, interests, participations or other equivalents and options, warrants or other rights to acquire such shares, interests, participations or other equivalents; provided that discounts and rebates granted in the ordinary course of business shall not in any event constitute an Equity Interest.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended and the rules and regulations promulgated thereunder, as the same may be amended from time to time.

“**ESA Party**” means (i) AMC in the case of AMC, (ii) Cinemark USA in the case of Cinemark Media, and (iii) Regal Cinemas in the case of Regal.

“**ESA-Related Tax Benefit Payment**” has the meaning set forth in Section 1.01 of the Tax Receivable Agreement.

“**ESA-Related Payment**” has the meaning set forth in Section 1.01 of the Tax Receivable Agreement.

“**Excess Nonrecourse Liability**” has the meaning set forth in Section 1.752-3(a)(3) of the Treasury Regulations.

“**Exchange Act**” means the Securities and Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, as the same may be amended from time to time.

“**Exhibitor Services Agreement**” means each separate Exhibitor Services Agreement, dated as of February 13, 2007, (i) by and between the Company and AMC, (ii) by and between the Company and Regal Cinemas, and (iii) by and between the Company and Cinemark USA, all as may be amended, supplemented or otherwise modified from time to time.

“**Final Circuit Share Payments**” means the payments to be made by the Company pursuant to the terms of that certain letter agreement, dated as of February 13, 2007, by and among the Company, AMC, Cinemark USA and Regal Cinemas.

“**First Amended Agreement**” has the meaning set forth in the Recitals of this Agreement.

“**First Amendment**” has the meaning set forth in the Recitals of this Agreement.

“**Fiscal Month**” means each fiscal month within the Company’s Fiscal Year, as determined by the Manager.

“**Fiscal Period**” means each fiscal quarter which shall consist of three Fiscal Months.

“**Fiscal Year**” means the fiscal year of the Company ending on the first Thursday after December 25th of each year.

“**Founding Member(s)**” means each of the AMC Founding Member, the Cinemark Founding Member and the Regal Founding Member, and which shall include each of such Founding Member’s Permitted Transferees so long as Section 8.2(c) is satisfied; provided that if a Founding Member and all of its Permitted Transferees cease to own Common Units (e.g., as a result of the surrender of Common Units pursuant to the Common Unit Adjustment Agreement or the redemption of Common Units pursuant to the exercise of the Redemption Right) the Founding Member and its Permitted Transferees shall no longer be treated as a Founding Member under this Agreement notwithstanding that the Founding Member or its Permitted Transferees may subsequently acquire additional Common Units in the Company (e.g., pursuant to the Common Unit Adjustment Agreement, in which event the Founding Member or its Permitted Transferee will be treated as a Member under this Agreement).

“**Founding Member Approval**” means the approval of each Founding Member (in each Founding Member’s sole discretion); provided that a Founding Member shall not be entitled to participate in giving Founding Member Approval as provided in Section 4.3(c) and if all Founding Members are no longer entitled to participate in giving Founding Member Approval then the Founding Member Approval shall not be required for any action that would otherwise require such Founding Member Approval.

“**Founding Member Approval Rights**” has the meaning set forth in Section 4.3(a) of this Agreement.

“**Founding Member Representation Letter**” has the meaning set forth in Section 4.1(i) of the Contribution and Unit Holders Agreement.

“**Funded Indebtedness**” means the sum of (i) Indebtedness of the Company under the 2023 Credit Facility, or any refinancing thereof, plus (ii) additional Indebtedness, or any refinancing thereof, of the Company as permitted under the terms of the 2023 Credit Facility.

“**GAAP**” means generally accepted accounting principles in the United States in effect as of the relevant date on which GAAP is to be determined.

“**Governmental Authority**” means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“**Group**” has the meaning set forth in Section 13(d)(3) and Rule 13d-5 of the Exchange Act.

“**Indebtedness**” means, with respect to any Person, at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments issued by such Person, (iii) all obligations of such Person to pay the deferred purchase price for property or services, except trade accounts payable arising in the ordinary course of business and consistent with past practice, (iv) all reimbursement obligations of such Person in respect of letters of credit or other similar instruments, (v) all Indebtedness of others secured by any lien, encumbrance or mortgage on any asset of such Person, and (vi) all Indebtedness of others guaranteed (whether by virtue of partnership arrangements, by agreement to keep well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain a minimum net worth, financial ratio or similar requirements, or otherwise) by such Person.

“**Indemnitee**” has the meaning set forth in Section 4.14(a) of this Agreement.

“**Independent Directors**” means any director of NCM Inc. that, if the NCM Inc. common stock is traded on the NASDAQ Stock Market, satisfies the definition of an “independent director” set forth in the applicable rules in the Marketplace Rules of the NASDAQ Stock Market, Inc., as such rules may be amended from time to time, or, if the NCM Inc. common stock is then traded on a different exchange, such term shall mean any director of NCM Inc. that satisfies the definition of independent director according to the rules of such exchange.

“**Initial ESA Modification Payment**” means the payments made by the Company under Section 2.05(a)(i) of the Exhibitor Services Agreements.

“**Intellectual Property**” means all U.S., state and foreign intellectual property, including but not limited to all (i) (a) patents, inventions, discoveries, processes and designs; (b) copyrights and works of authorship in any media; (c) trademarks, service marks, trade names, trade dress and other source indicators and the goodwill of the business symbolized thereby; (d) software; and (e) trade secrets and other confidential or proprietary documents, ideas, plans and information; (ii) registrations, applications and recordings related thereto; (iii) rights to obtain renewals, extensions, continuations or similar legal protections related thereto; and (iv) rights to bring an action at law or in equity for the infringement or other impairment thereof.

“**Interest**” means a limited liability company interest (other than Preferred Units) in the Company as provided in this Agreement and under the LLC Act and, in addition, any and all rights and benefits to which a Member is entitled under this Agreement, together with all obligations of such Person to comply with, and rights to benefit from, the terms and provisions of this Agreement.

“**Joint Venture Agreements**” means, collectively, this Agreement, the Common Unit Adjustment Agreement, the Contribution Agreement, the Contribution and Unit Holders Agreement (and various related agreements executed simultaneously therewith), the Director Designation Agreement, the Exhibitor Services Agreements, the Founding Member Representation Letter, the Loews Agreement, the Management Services Agreement, the Software License Agreement, the Subscription Agreement and the Tax Receivable Agreement.

“**Joint Venture Purposes**” has the meaning set forth in Section 2.6(c) of this Agreement.

“**Liabilities**” has the meaning set forth in Section 4.15(a) of this Agreement.

“**Liquidator**” has the meaning set forth in Section 7.2 of this Agreement.

“**LLC Act**” means the Delaware Limited Liability Company Act, 6 Del.C. §§ 18-101, et seq., as it may be amended from time to time, and any successor to such statute.

“**Loews Agreement**” means the First Amended and Restated Loews Screen Integration Agreement, dated as of February 13, 2007, by and among AMC and the Company, as the same may be amended, supplemented or otherwise modified from time to time.

“**Majority Member Vote**” means the affirmative vote by both: (a) holders of Common Units representing a majority of all the Common Units then issued and outstanding and (b) if there are any remaining Founding Members, each Founding Member.

“**Management Services Agreement**” means the Management Services Agreement, dated as of February 13, 2007, by and between the Company and NCM Inc., as the same may be amended, supplemented or otherwise modified from time to time.

“**Manager**” has the meaning set forth in Section 4.1 of this Agreement.

“**Marquee Holdings**” means Marquee Holdings Inc. or its successor or any Person that wholly-owns Marquee Holdings, directly or indirectly, in the future.

“**Member**” means each Person that becomes a member, as contemplated in the LLC Act, of the Company in accordance with the provisions of this Agreement and has not ceased to be a Member as provided in Section 3.1(d) of this Agreement, and each of such Member’s transferees, if applicable.

“**Member Information**” has the meaning set forth in Section 10.3(c) of this Agreement.

“**NCM Inc.**” has the meaning set forth in the Recitals of this Agreement.

“**NCM Inc. Redemption Price**” means the arithmetic average of the volume weighted average prices for a share of NCM Inc. common stock on the principal United States securities exchange or automated or electronic quotation system on which NCM Inc. common stock trades, as reported by Bloomberg, L.P., or its successor, for each of the three (3) consecutive full Trading Days ending on and including the last full Trading Day immediately prior to the Redemption Date, subject to appropriate and equitable adjustment for any stock splits, reverse splits, stock dividends or similar events affecting the NCM Inc. common stock. If the NCM Inc. common stock no longer trades on a securities exchange or automated or electronic quotation system, then a majority of the Independent Directors of NCM Inc. shall determine the NCM Inc. Redemption Price in good faith.

“**NCN**” has the meaning set forth in the Recitals of this Agreement.

“**Net Income**” or “**Net Losses**”, as appropriate, means, for any period, the taxable income or tax loss of the Company for such period for federal income tax purposes, as determined in accordance with the accounting method used by the Company for federal income tax purposes, taking into account any separately stated tax items and increased by the amount of any tax-exempt income of the Company during such period and decreased by the amount of any Code Section 705(a)(2)(B) expenditures (within the meaning of Treasury Regulations Section 1.704-1(b)(2)(iv)(i) of the Company; provided, however, that (i) Net Income or Net Losses of the Company shall be computed without regard to the amount of any items of gross income, gain, loss or deduction that are specifically allocated pursuant to Section 6.4(b), and (ii) in determining Net Income or Net Losses of the Company, any amounts paid under the Management Services Agreement and any amounts paid under the Exhibitor Services Agreements shall be treated as payments to a non-Member under Code Section 707. In the event that the Capital Accounts are adjusted pursuant to an adjustment to the Carrying Value of an asset of the Company or as otherwise provided for in this Agreement, the Net Income or Net Losses of the Company (and the constituent items of income, gain, loss and deduction) realized thereafter shall be computed in accordance with the principles of Treasury Regulations Section 1.704-1(b)(2)(iv)(g). If the Carrying Value of an asset is adjusted, such asset shall be treated as having been sold for

its fair market value and any deemed gain or loss shall be taken into account in determining Net Income or Net Losses.

“**Nominating Committee**” has the meaning set forth in Section 1.1 of the Director Designation Agreement.

“**Nonrecourse Debt**” means any Company liability to the extent that no Member or related person bears the economic risk of loss for such liability under Section 1.752-2 of the Treasury Regulations.

“**Options**” means options, issued under the NCM Inc. Equity Incentive Plan, to acquire common stock or other equity equivalents of NCM Inc.

“**Original Agreement**” has the meaning set forth in the Recitals of this Agreement.

“**Over-Allotment Option**” has the meaning set forth in Section 3.4(c) of this Agreement.

“**Over-Allotment Unit Purchase**” has the meaning set forth in Section 3.4(c) of this Agreement.

“**Partner Nonrecourse Debt**” means any Company liability to the extent such liability is nonrecourse for purposes of Section 1.1001-2 of the Treasury Regulations with respect to which a Member (or related person within the meaning of Section 1.752-4(b) of the Treasury Regulations) bears the economic risk of loss under Section 1.752-2 of the Treasury Regulations because, for example, the Member or related person is a creditor or guarantor with respect to such liability.

“**Partner Nonrecourse Debt Minimum Gain**” has the meaning set forth in Section 1.704-2(i)(2) of the Treasury Regulations and, as provided therein, shall generally be the amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Debt.

“**Partnership Minimum Gain**” has the meaning set forth in Section 1.704-2(b)(2) of the Treasury Regulations and, as provided therein, shall generally be determined by computing, for each Nonrecourse Debt of the Company, any Net Income the Company would realize if it disposed of the property subject to that liability for no consideration other than full satisfaction of the liability and then aggregating the separate amounts of Net Income so computed.

“**Percentage Interest**” means, with respect to any Member at any time, the percentage represented by a fraction, the numerator of which is the number of Common Units owned by such Member, and the denominator of which is the aggregate number of Common Units then outstanding, as shall be adjusted in accordance with Sections 3.4(f), 3.4(g), 3.5 and 9.1, and as otherwise provided in this Agreement.

“**Permitted Transferee**” means (i) in the case of any Member and any Permitted Transferee of any Member, an Affiliate of such Member or Permitted Transferee, or (ii) in the case of any Founding Member and any Permitted Transferee of a Founding Member, a non-Affiliate of such Founding Member or Permitted Transferee if more than 50% of the non-Affiliate’s general voting power is owned directly or indirectly through one or more entities that are the same entities that own 50% or more of the general voting power of the Ultimate Parent of such Founding Member.

“**Person**” means any individual, corporation, limited liability company, partnership, trust, joint stock company, business trust, unincorporated association, joint venture, Governmental Authority or other entity or organization of any nature whatsoever or any Group of two or more of the foregoing.

“**Preferred Distribution**” has the meaning set forth in Section 3.4(e) of this Agreement.

“**Preferred Unit**” means Units having the rights described in Section 3.4(e) of this Agreement.

“**Preferred Unit Amount**” has the meaning set forth in Section 3.4(e) of this Agreement.

“**Preferred Unit Indebtedness**” has the meaning set forth in Section 3.4(e) of this Agreement.

“**Proprietary Information**” means all Intellectual Property, including but not limited to information of a technological or business nature, whether written or oral and if written, however produced or reproduced, received by or otherwise disclosed to the receiving party from or by the disclosing party that is marked proprietary or confidential or bears a marking of like import, or that the disclosing party states is to be considered proprietary or confidential, or that a reasonable person would consider proprietary or confidential under the circumstances of its disclosure.

“**RCM**” means Regal CineMedia Corporation, a Virginia corporation, or its successor.

“**Redeemed Units**” has the meaning set forth in Section 9.1(a) of this Agreement.

“**Redeemed Units Equivalent**” means the product of (i) the Share Settlement, times (ii) the NCM Inc. Redemption Price.

“**Redeeming Member**” has the meaning set forth in Section 9.1(a) of this Agreement.

“**Redemption Date**” has the meaning set forth in Section 9.1(a) of this Agreement.

“**Redemption Notice**” has the meaning set forth in Section 9.1(a) of this Agreement.

“**Redemption Right**” has the meaning set forth in Section 9.1(a) of this Agreement.

“**REG**” means Regal Entertainment Group or its successor or any Person that wholly-owns REG, directly or indirectly, in the future.

“**Regal**” has the meaning set forth in the Recitals of this Agreement or its successor.

“**Regal Cinemas**” means Regal Cinemas, Inc., a Tennessee corporation, or its successor.

“**Regal Founding Member**” has the meaning set forth in the Recitals of this Agreement.

“**Regulatory Allocations**” has the meaning set forth in Section 6.4(c) of this Agreement.

“**Retraction Notice**” has the meaning set forth in Section 9.1(b) of this Agreement.

“**Second Amended Agreement**” has the meaning set forth in the Recitals of this Agreement or its successor.

“**Second Amendment**” has the meaning set forth in the Recitals of this Agreement or its successor.

“**Section 704(c) Property**” means any asset of the Company if the Carrying Value of such asset differs from its adjusted tax basis.

“**Senior Credit Facility**” means the Credit Agreement, dated as of February 13, 2007, by and among the Company, the several banks and other financial institutions or entities from time to time that are parties thereto, Lehman Brothers Inc. and J.P. Morgan Securities, Inc., as joint lead arrangers, JPMorgan Chase Bank, N.A., as syndication agent, Credit Suisse (USA) LLC and Morgan Stanley Senior Funding, Inc., as co-documentation agents, and Lehman Commercial Paper Inc., as administrative agent, as amended, modified or supplemented from time to time and any extension, refunding, refinancing or replacement (in whole or in part) thereof.

“**Series B Preferred Unit**” means a Unit having the rights described in Section 3.4(i).

“**Services**” has the meaning set forth in Article 1 of the Exhibitor Services Agreements.

“**Share Settlement**” means a number of shares of NCM Inc. common stock equal to the number of Redeemed Units.

“**Significant Member**” means a Member (if any) whose Percentage Interest is 10% or more.



“**Software License Agreement**” means the Second Amended and Restated Software License Agreement, dated of even date herewith, by and among the Company, RCM, AMC and Cinemark USA, as the same may be amended, supplemented or otherwise modified from time to time.

“**Subscription Agreement**” has the meaning set forth in the Recitals of this Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

“**Subsidiary**” means, with respect to any Person, (i) a corporation a majority of whose capital stock with the general voting power under ordinary circumstances to vote in the election of directors of such corporation (irrespective of whether or not, at the time, any other class or classes of securities shall have, or might have, voting power by reason of the happening of any contingency) is at the time beneficially owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries thereof or (ii) any other Person (other than a corporation), including a joint venture, a general or limited partnership or a limited liability company, in which such Person, one or more Subsidiaries thereof or such Person and one or more Subsidiaries thereof, directly or indirectly, at the date of determination thereof, beneficially own at least a majority ownership interest entitled to vote in the election of directors, managers or trustees thereof (or other Persons performing such functions) or act as the general partner or managing member of such other Person.

“**Tax Distribution Amount**” means the product of (i) the Applicable Tax Rate, times (ii) the estimated or actual taxable income of the Company, as determined for federal income tax purposes, for the period to which the Tax Distribution Amount relates.

“**Tax Matters Member**” has the meaning set forth in Section 6.2 of this Agreement.

“**Tax Receivable Agreement**” means the Tax Receivable Agreement, dated as of February 13, 2007, by and among the Company, NCM Inc., all of the Founding Members, Regal Cinemas and Cinemark USA, as the same may be amended, supplemented or otherwise modified from time to time.

“**Tax Receivable Distribution Amount**” means the sum of (i) the amount that NCM Inc. is obligated to pay to the Founding Members pursuant to Section 3.01 of the Tax Receivable Agreement, plus (ii) the amount that NCM Inc. is obligated to contribute to the Company pursuant to Section 5.1(b) of this Agreement, for the period to which the Tax Receivable Distribution Amount relates.

“**TEFRA Election**” means the election under Code Section 6231(a)(1)(B)(ii) and Treasury Regulations Section 301.6231(a)(1)-1(b) to have the provisions of subchapter C of chapter 63 of the Code and the corresponding Treasury Regulations apply with respect to the Company.

“**Third Amendment**” has the meaning set forth in the Recitals of this Agreement or its successor.

“**Trading Day**” means a day on which the principal United States securities exchange on which NCM Inc. common stock is listed or admitted to trading, or the NASDAQ Stock Market if NCM Inc. common stock is not listed or admitted to trading on any such securities exchange, as applicable, is open for the transaction of business (unless such trading shall have been suspended for the entire day).

“**Transfer**” (including the terms “**Transferred**” and “**Transferring**”) means, directly or indirectly, to sell, transfer, give, exchange, bequest, assign, pledge, encumber, hypothecate or otherwise dispose of, either voluntarily or involuntarily (including (i) except as provided in clause (a) below, the direct or indirect Change of Control of any Member or Permitted Transferee (or any direct or indirect holder of equity in a Member or Permitted Transferee), and (ii) upon the foreclosure under any pledge or hypothecation permitted by clause (b) below that results in a change of title), any Equity Interests in the Company or other assets beneficially owned by a Person or any interest in any Equity Interests in the Company or other assets beneficially owned by a Person. Notwithstanding the foregoing: (a) the Change of Control of an ESA Party or its stockholders shall not be deemed to be a Transfer hereunder, and (b) a bona fide pledge of the Units or other Equity Interests in the Company by any Member or its Affiliates shall not be deemed to be a Transfer hereunder.

“**Transferring Member**” has the meaning set forth in Section 8.1(a) of this Agreement.

“**Treasury Regulations**” means the federal income tax regulations, including any temporary regulations, promulgated under the Code, as such Treasury Regulations may be amended from time to time. Any and all references herein to specific provisions of the Treasury Regulations shall be deemed to refer to any corresponding successor provisions.

“**Ultimate Parent**” means (i) Marquee Holdings in the case of AMC, (ii) Cinemark in the case of Cinemark Media, and (iii) REG in the case of Regal.

“**Underwriters**” has the meaning set forth in Section 1.1 of the Unit Purchase Agreement.

“**Underwriting Agreement**” has the meaning set forth in Section 1.1 of the Unit Purchase Agreement.

“**Unit**” means a fractional share of the Interests (other than Preferred Units) of all Members issued in accordance with the terms of this Agreement. The number of Units outstanding and the holders thereof shall be set forth on Exhibit A, as such may be amended from time to time in accordance with this Agreement.

“**Unit Purchase Agreement**” means the Unit Purchase Agreement, dated as of January 23, 2007, by and among NCM Inc., the AMC Founding Member, the Cinemark Founding Member and the Regal Founding Member, as the same may be amended, supplemented or otherwise modified from time to time.

“**Unvested NCM Inc. Shares**” means shares of NCM Inc. common stock issued pursuant to the Equity Incentive Plan that are not Vested NCM Inc. Shares.

“**Vested NCM Inc. Shares**” has the meaning set forth in Section 3.5(c)(ii) of this Agreement.

“**Wholly Owned Subsidiary**” of any Person means a Subsidiary which is 100% owned directly or indirectly by such Person.

## **1.2 Other Definitional Provisions; Interpretation.**

(a) The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement will refer to this Agreement as a whole, including the Exhibits and Schedules attached hereto, and not to any particular provision of this Agreement. Articles, section and subsection references are to this Agreement unless otherwise specified.

(b) The words “include” and “including” and words of similar import when used in this Agreement shall be deemed to be followed by the words “without limitation”.

(c) The titles and headings in this Agreement are included for convenience of reference only and will not limit or otherwise affect the meaning or interpretation of this Agreement.

(d) The meanings given to capitalized terms defined herein will be equally applicable to both the singular and plural forms of such terms. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

## **ARTICLE 2**

### **FORMATION**

#### **2.1 Formation; Qualification.**

(a) A Certificate of Formation of the Company (the “**Certificate**”) has been executed by an authorized person and was filed with the Secretary of State of the State of Delaware on March 29, 2005, to form on such date the Company as a limited liability company pursuant to the LLC Act. The rights, duties and liabilities of the Members shall be as provided in the LLC Act, except as otherwise provided in this Agreement.

(b) The Company shall be qualified or registered under foreign limited liability company statutes or assumed or fictitious name statutes or similar laws in any jurisdiction in which the Company owns property or transacts business to the extent, in the judgment of the Manager, such qualification or registration is necessary or advisable in order to protect the limited liability of the Members or to permit the Company lawfully to own property

or transact business. The Manager shall, to the extent necessary in the judgment of the Manager, maintain the Company's good standing in each such jurisdiction.

(c) The Manager and any Person to whom the Manager delegates authority under this Agreement shall be an "authorized person" within the meaning of § 18-204(a) of the LLC Act, and shall have the power and authority to execute, file and publish any certificates, notices, statements or other documents (and any amendments or restatements thereof) necessary to permit the Company to conduct business as a limited liability company in each jurisdiction where the Company elects to do business.

**2.2 Name.** The name of the limited liability company formed by the filing of the Certificate is "National CineMedia, LLC." However, the business of the Company may be conducted upon compliance with all applicable laws under any other name designated by the Manager.

**2.3 Term.** The term of the Company has commenced as of the date of filing the Certificate and will continue in perpetuity; provided that the Company may be dissolved in accordance with the provisions of this Agreement or by the LLC Act.

**2.4 Headquarters Office.** The Company's headquarters office shall initially be located in Centennial, Colorado. The Manager may determine to open, close or move any office at any time in its absolute discretion.

**2.5 Registered Agent and Office.** The address of the Company's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801. The name of the Company's registered agent at such address is Corporation Trust Company. The Manager may at any time designate another registered agent or registered office or both.

**2.6 Purposes.** The purpose of the Company is to:

(a) operate and maintain a digital content network ("**DCN**") that is able to distribute advertising, marketing, promotional and other digital content for display on theatre screens and video display monitors in theatres on a worldwide basis and that, among other things, will compete with all areas and forms of media (including cable and television broadcasters), advertising, marketing, promotional and/or any distribution of digital content via any media format on a worldwide basis;

(b) provide advertising, marketing and promotional activities on behalf of any Person involved in the business of exhibiting theatrical motion pictures, including, but not limited to, the Founding Members and their Affiliates (including the Services as set forth in the Exhibitor Services Agreements) whether displayed over the DCN, as non-digital content for display on non-digital theatre screens, through lobby or other in-theatre promotions, or through sponsorships of special events;

(c) own, operate and maintain a business that provides advertising, marketing and promotional materials and other activities to fitness centers, health clubs and other out-of-home advertising venues such as airlines and theme parks; and

(d) engage in all activities and transactions in furtherance of the foregoing purposes (collectively, the "**Joint Venture Purposes**").

**2.7 Powers.** The Company shall have the power and authority to take any and all actions necessary, appropriate, desirable, advisable, incidental or convenient to, or for the furtherance of, the Joint Venture Purposes, alone or with other Persons.

### ARTICLE 3

#### MEMBERS AND INTERESTS

##### **3.1 Members.**

(a) AMC, Regal and Cinemark were previously admitted as Members to the Company subject to the Second Amended Agreement. Upon the execution of this Agreement, NCM Inc. shall be admitted to the Company as a Member. Following the Common Unit Purchase and Over-Allotment Unit Purchase, each Person named as a

Member on Exhibit A hereto on the date hereof shall be deemed to own the number of Common Units and Preferred Units specified in Exhibit A.

(b) Exhibit A hereto contains the name, address and number of Common Units and Preferred Units owned by each Member as of the date hereof following the Common Unit Purchase and Over-Allotment Unit Purchase and immediately prior to the Preferred Distribution. The Company shall revise Exhibit A (i) from time to time to reflect the issuance, conversion or Transfer of Units in accordance with the terms of this Agreement and other modifications to or changes in the information set forth therein, and (ii) in accordance with Sections 3.4(f), 3.5 and 9.1. Any amendment or revision to Exhibit A or to the Company's records as contemplated by this Agreement to reflect information regarding Members or under Section 3.4(f), 3.5 or 9.1 shall be deemed to amend this Agreement, but shall not require the approval of the Manager or any Member.

(c) One or more additional Persons may be admitted as a Member of the Company only upon (i) an issuance of Units pursuant to Section 3.4(f) or 3.5 or a Transfer of Units pursuant to Article 8, and (ii) the execution and delivery by such Person of a counterpart to this Agreement or other written agreement, in a form satisfactory to the Manager, to be bound by all the terms and conditions of this Agreement. Upon such execution, the Company shall amend Exhibit A and shall amend this Agreement as the Manager may reasonably determine is necessary, to reflect the admission of such Person as a Member and such other information of such Person as indicated in Exhibit A. Unless admitted to the Company as a Member as provided in this Section 3.1 or Section 8.2, no Person is, or will be considered to be, a Member.

(d) Subject to the other provisions of this Section 3.1 and Section 8.2, each Person that holds one or more Units in compliance with the terms of this Agreement shall be a Member. A Member will cease to be a Member when such Person ceases to own any Units in the Company, in which case Exhibit A shall be amended to reflect that such Person is no longer a Member.

(e) Except as provided in the LLC Act, in no event shall any Member (or any former Member), by reason of its status as a Member (or former Member), have any liability for (i) the debts, duties or any other obligations of the Company, (ii) the repayment of any Capital Contribution of any other Member or (iii) any act or omission of any other Member.

(f) If a Founding Member and one or more of its transferees (which have the rights and powers of a Founding Member under Section 8.2(c)) hold Common Units in the Company at the same time, such Founding Member and transferees shall designate one of them to act on behalf of all of them and vote all of their Common Units with respect to any matter requiring approval of the Founding Members.

### **3.2 Meeting of Members.**

(a) Annual Meeting. Subject to Section 3.2(g), an annual meeting of Members shall be held on such date and at such time as (i) shall be designated from time to time by the Manager, but no less often than once during each calendar year, and (ii) stated in the notice of the meeting, at which meeting the Members entitled to vote shall transact such business as may properly be brought before the meeting. At each annual meeting of the Members (i) the Manager shall discuss the matters and affairs of the Company, and (ii) the Members shall address such other matters as may be raised at the meeting by the Members or Manager.

(b) Special Meetings. A special meeting of Members, for any purpose or purposes, may be called by the Manager and shall be called by the Manager upon the receipt by the Manager of the written request of any Member. Such request shall state the purpose or purposes of the proposed meeting.

(c) Place and Conduct of Meetings. Meetings of the Members shall be held at such time and place, either within or without the State of Delaware, as shall be designated from time to time by the Manager and stated in the notice of the meeting or in a duly executed waiver of notice thereof. All meetings shall be conducted by such Person as the Manager may appoint pursuant to such rules for the conduct of the meeting as the Manager or such other Person deems appropriate. Such meetings may be held in person, by teleconference or by any other reasonable means, in each case at the discretion of the Manager.

(d) Notice of Meetings. Written notice of an annual meeting or special meeting stating the place, date, and hour of the meeting and in the case of a special meeting, the purpose or purposes for which the meeting is

called, shall be given not less than five calendar days nor more than 60 calendar days before the date of the meeting to each Member entitled to vote at such meeting, unless waived by each such Member.

(e) **Quorum.** The presence of the holders of a majority of all the Common Units then issued and outstanding and entitled to vote thereat, whether in person or represented by a valid written proxy, shall constitute a quorum at all meetings of the Members for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the Members, the Members entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented.

(f) **Voting.** All matters submitted to the vote of the Members shall be decided by a Majority Member Vote. Such votes may be cast in person or by valid written proxy, but no proxy shall be voted after three years from its date, unless such proxy provides for a longer period.

(g) **Action by Consent.** Any consent required herein or action required to be taken at any annual or special meeting of Members, or any action which may be taken at any annual or special meeting of such Members, may be taken without a meeting, without a vote, without prior written notice and with a consent or consents in writing signed by Members who are holders of outstanding Common Units having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Common Units entitled to vote thereon were present and voted. Prompt notice of the taking of the action without a meeting by less than unanimous written consent shall be given to those Members who are holders of Common Units and who have not consented in writing; provided that the failure to give any such notice shall not affect the validity of the action taken by such written consent.

**3.3 Certain Duties and Obligations of the Members.** The Company shall be a partnership only for income tax purposes and this Agreement shall not be deemed to create a partnership, joint venture, agency or other relationship among the Members creating fiduciary or quasi-fiduciary duties or similar duties and obligations or to subject the Members to joint and several or vicarious liability or to impose any duty, obligation or liability that would arise therefrom with respect to any or all of the Members or their Affiliates. Except as otherwise provided in this Agreement, no Member shall have any authority to act for, bind, commit or assume any obligation or responsibility on behalf of the Company, its properties or any other Member. No Member, in its capacity as a Member under this Agreement, shall be responsible or liable for any Indebtedness or obligation of another Member. The Company shall not be responsible or liable for any Indebtedness or obligation of any Member, incurred either before or after the execution and delivery of this Agreement by such Member, except as to those responsibilities, liabilities, Indebtedness or obligations incurred pursuant to and as limited by the terms of this Agreement, the Contribution and Unit Holders Agreement, the Contribution Agreement and the LLC Act.

### **3.4 Units.**

(a) **Recapitalization.** Pursuant to the Third Amendment (i) each Class A Unit that was issued and outstanding under the First Amended Agreement, as amended by the First Amendment and the Second Amendment, was split into 44,291 Class A Units, and (ii) following the split of Class A Units described in the preceding clause (i), each issued and outstanding Class A Unit was recapitalized into one (1) Common Unit and one (1) Preferred Unit.

(b) **Common Unit Purchase.** In connection with the execution of this Agreement (i) NCM Inc. is making its required Capital Contribution to the Company as set forth in the Subscription Agreement, and (ii) in exchange for NCM Inc.'s Capital Contribution, the Company is issuing to NCM Inc. 38,000,000 Common Units (collectively, the "**Common Unit Purchase**").

(c) **Over-Allotment Unit Purchase.** Pursuant to the terms of the Unit Purchase Agreement, the Founding Members have agreed to sell to NCM Inc. a number of Common Units equal to the number of shares of NCM Inc. common stock sold to the Underwriters pursuant to the Underwriters' option to purchase an additional 4,000,000 shares of NCM Inc. common stock under the Underwriting Agreement (the "**Over-Allotment Option**"). In connection with the Underwriters exercise of the Over-Allotment Option for 4,000,000 shares of NCM Inc. common stock on the date of this Agreement and immediately following the Common Unit Purchase, each Founding Member hereby sells, conveys, transfers and assigns to NCM Inc. the number of Common Units, in exchange for the cash consideration, set forth opposite such Founding Member's name on Exhibit B hereto (the "**Over-Allotment Unit Purchase**"). The Members hereby acknowledge and agree that NCM Inc. shall have all of the rights of a Member

(but not a Founding Member) with respect to the Common Units purchased pursuant to the Over-Allotment Unit Purchase.

(d) Common Units. The Common Units shall consist of equal whole, fractional units into which Interests in the Company shall be divided. The Common Units shall be entitled to share in distributions and allocations as provided in Sections 5.4, 6.4 and 7.3, and as otherwise provided in this Agreement.

(e) Preferred Units; Preferred Distribution. In connection with the execution of this Agreement and immediately following the Common Unit Purchase, the Over-Allotment Unit Purchase and the Company's payment of the Initial ESA Modification Payment, the Company shall incur \$725,000,000 of term Indebtedness pursuant to the Senior Credit Facility (as defined in this Agreement as in effect on February 13, 2007) (the "**Preferred Unit Indebtedness**") for the purpose of redeeming the Preferred Units. The total amount to be paid in redemption and complete satisfaction of all of the issued and outstanding Preferred Units shall be \$769,525,602 (the "**Preferred Distribution**"), determined as follows (i) the amount of the Preferred Unit Indebtedness, less (ii) \$15,250,000 (the expenses associated with the Preferred Unit Indebtedness), plus (iii) \$59,775,602 (the amount by which the Capital Contribution made by NCM Inc. to the Company pursuant to the Subscription Agreement exceeds the Initial ESA Modification Payment). The 55,850,951 issued and outstanding Preferred Units shall share equally in the Preferred Distribution and each Preferred Unit shall be entitled to receive \$13.7782 (the "**Preferred Unit Amount**") in redemption and complete satisfaction of all amounts to which each Preferred Unit is entitled under this Section 3.4(e). In the redemption of the Preferred Units, each Founding Member shall receive a whole dollar amount equal to the product of (x) the Preferred Unit Amount, times (y) the number of Preferred Units held by such Founding Member. The amount to be paid to each Founding Member in redemption and complete satisfaction of all of such Founding Member's Preferred Units is set forth on Exhibit A. All of the issued and outstanding Preferred Units shall automatically terminate and cease to be outstanding on payment of the Preferred Unit Amount to which each Preferred Unit is entitled under this Section 3.4(e).

(f) Adjustment of Common Units. The Common Units of the Founding Members and their Affiliates shall be adjusted from time to time as provided in the Common Unit Adjustment Agreement, which is incorporated herein by reference.

(g) Unit Splits, Ratios and Other Unit Adjustments. The Company shall undertake all actions, including, without limitation, a reclassification, distribution, division or recapitalization, with respect to the Common Units, to maintain at all times a one-to-one ratio between the number of Common Units owned by NCM Inc. and the number of outstanding shares of NCM Inc. common stock, disregarding, for purposes of maintaining the one-to-one ratio, Unvested NCM Inc. Shares, treasury stock, preferred stock or other securities of NCM Inc. that are not convertible into or exercisable or exchangeable for common stock of NCM Inc. In the event NCM Inc. issues, transfers from treasury stock or repurchases NCM Inc. common stock in a transaction not contemplated in this Agreement, the Manager shall have the authority to take all actions such that, after giving effect to all such issuances, transfers or repurchases, the number of outstanding Common Units owned by NCM Inc. will equal on a one-for-one basis the number of outstanding shares of NCM Inc. common stock. In the event NCM Inc. issues, transfers from treasury stock or repurchases NCM Inc. preferred stock in a transaction not contemplated in this Agreement, the Manager shall have the authority to take all actions such that, after giving effect to all such issuances, transfers or repurchases, NCM Inc. holds mirror equity interests in the Company which (in the good faith determination by the Manager) are in the aggregate substantially equivalent to the outstanding NCM Inc. preferred stock. The Company shall not undertake any subdivision (by any Unit split, Unit distribution, reclassification, recapitalization or similar event) or combination (by reverse Unit split, reclassification, recapitalization or similar event) of the Units that is not accompanied by an identical subdivision or combination of the NCM Inc. common stock to maintain at all times a one-to-one ratio between the number of Common Units owned by NCM Inc. and the number of outstanding shares of NCM Inc. common stock, unless such action is necessary to maintain at all times a one-to-one ratio between the number of Common Units owned by NCM Inc. and the number of outstanding shares of NCM Inc. common stock as contemplated by the first sentence of this Section 3.4(g).

(h) Certificates; Transfer. Common Units shall be evidenced by a certificate issued by the Company to the holder thereof and substantially in the form of Exhibit C attached hereto. Such certificates shall be entered in the books of the Company as they are issued, and shall be signed by a duly designated officer of the Company and may be sealed with the Company's seal or a facsimile thereof. Upon any Transfer permitted under this Agreement (i) the Transferring Member shall surrender to the Company a certificate or certificates representing at least the number of Common Units being Transferred, and (ii) the Company shall issue (x) to the transferee a certificate for the number

of Common Units Transferred, and (y) to the Transferring Member a certificate representing the remaining number of Common Units equal to the difference (if any) between the number of Common Units evidenced by the certificate or certificates surrendered pursuant to clause (i) and the number of Common Units Transferred. No Transfer of Common Units shall be valid as against the Company except upon surrender to and cancellation of the appropriate certificate or certificates, accompanied by an assignment or Transfer by the Member, subject to any restrictions on Transfer contained in this Agreement. The Company may issue a new certificate for Common Units in place of any certificate or certificates previously issued by it, alleged to have been lost or destroyed, upon the making of an affidavit of that fact, and providing an indemnity in form and substance reasonably satisfactory to the Manager, by the Person claiming the certificate or certificates to be lost or destroyed.

(i) **Series B Preferred Units.** The Series B Preferred Units shall consist of 50 Units in the Company with terms that are substantially the same as (as determined in good faith by the Manager, but including term, entitlement to distributions and absence of voting rights) the terms of the 50 shares of Series B Preferred Stock as set forth in that certain Certificate of Designation of Series B Non-Convertible Preferred Stock of NCM, Inc. issued as of the date hereof. For the avoidance of doubt, the Series B Preferred Units shall not constitute "Preferred Units" as otherwise used pursuant to this Agreement. Appropriate adjustments shall be made (in the Manager's good faith discretion) to the terms of this Agreement (including distributions and allocations to be made pursuant to Articles 5 and 6 of this Agreement) to give due effect to the terms of such Series B Preferred Units.

### **3.5 Authorization and Issuance of Additional Units.**

(a) **In General.** The Company shall only be permitted to issue additional Units or other Equity Interests in the Company to the Persons and on the terms and conditions provided for in Section 3.4 and this Section 3.5. The Manager may cause the Company to issue additional Common Units authorized under this Agreement at such times and upon such terms as the Manager shall determine. The Manager shall amend this Agreement as necessary in connection with the issuance of additional Common Units and admission of additional Members under this Section 3.5.

(b) **Exercise of Redemption Right.** In connection with the exercise of a Redeeming Member's Redemption Rights under Section 9.1(a), NCM Inc. shall contribute to the Company the consideration the Redeeming Member is entitled to receive under Section 9.1(b). NCM Inc., at its option, shall determine whether to contribute, pursuant to Section 9.1(b), the Share Settlement or the Cash Settlement. Unless the Redeeming Member has timely delivered a Retraction Notice as provided in Section 9.1(b), on the Redemption Date (to be effective immediately prior to the close of business on the Redemption Date) (i) NCM Inc. shall make its capital contribution to the Company (in the form of the Share Settlement or the Cash Settlement) required under this Section 3.5(b), and (ii) the Company shall issue to NCM Inc. a number of Common Units equal to the number of Redeemed Units surrendered by the Redeeming Member. The timely delivery of a Retraction Notice shall terminate all of the Company's and NCM Inc.'s rights and obligations under this Section 3.5(b) arising from the Redemption Notice.

#### **(c) Equity Compensation Issued by NCM Inc.**

(i) In connection with the exercise of Options, NCM Inc. shall have the right to acquire additional Common Units from the Company. NCM Inc. shall exercise its rights under this Section 3.5(c)(i) by giving written notice (the "**Equity Compensation Notice**") to the Company and all Members following exercise of the Options. The Equity Compensation Notice shall specify the net number of shares of NCM Inc. common stock issued by NCM Inc. pursuant to exercise of the Options. The Company shall issue the Common Units to which NCM Inc. is entitled under Section 3.5(c)(i) within three (3) Business Days after delivery of the Equity Compensation Notice (to be effective immediately prior to the close of business on such date). The number of additional Common Units that NCM Inc. shall be entitled to receive under this Section 3.5(c)(i) shall be equal to the net number of shares of NCM Inc. common stock issued by NCM Inc. pursuant to the exercise of the Options. The net number of shares of NCM Inc. common stock issued by NCM Inc. pursuant to exercise of the Options shall be equal to (i) the number of shares of NCM Inc. common stock with respect to which the Options were exercised, less (ii) any shares of NCM Inc. common stock transferred to or withheld by NCM Inc. (e.g., in connection with a stock swap or otherwise) in satisfaction of the exercise price or taxes payable as a result of the exercise of the Options. In consideration of the Common Units issued by the Company to NCM Inc. under this Section 3.5(c)(i), NCM Inc. shall contribute to the Company the cash consideration, if any, received by NCM Inc. in exchange for the net shares of NCM Inc. common stock issued pursuant to exercise of the Options. NCM Inc. shall contribute any cash consideration to which the Company is entitled under this Section 3.5(c)(i) on the same date (and to be effective as of the same time) that the Company issues the Common Units to NCM Inc.

(ii) In connection with the grant of NCM Inc. common stock pursuant to the Equity Incentive Plan (including, without limitation, the issuance of restricted and non-restricted NCM Inc. common stock, the payment of bonuses in NCM Inc. common stock, the issuance of NCM Inc. common stock in settlement of stock appreciation rights or otherwise), other than through the exercise of Options as contemplated in Section 3.5(c)(i), NCM Inc. shall deliver an Equity Compensation Notice to the Company and all Members following the date on which shares of such NCM Inc. common stock are vested under applicable law ("**Vested NCM Inc. Shares**"). The Equity Compensation Notice shall specify the number of Vested NCM Inc. Shares. Within three (3) Business Days after delivery of the Equity Compensation Notice (to be effective immediately prior to the close of business on such date) (i) the Company shall (x) issue to NCM Inc. a number of Common Units equal to the number of Vested NCM Inc. Shares, and (y) make a special distribution to NCM Inc. from Available Cash (to the extent such distribution is not restricted under Section 10.2.4 of the 2023 Credit Facility) in respect of such Common Units in an amount equal to any dividends paid or payable by NCM Inc. in respect of such Vested NCM Inc. Shares, and (ii) NCM Inc. shall contribute to the Company any cash consideration received by NCM Inc. in respect of such Vested NCM Inc. Shares.

(d) **Other Issuances.** In the event that NCM Inc. issues, transfers or delivers from treasury stock or available shares or repurchases shares of NCM Inc. common stock in any transaction not contemplated in this Agreement (including but not limited to an at-the-market offering, registered offering, or private placement), the Manager and the Company shall take all actions such that, after giving effect to all such issuances, transfers, deliveries or repurchases, the number of outstanding Common Units owned, directly or indirectly, by NCM Inc. will equal on a one-for-one basis the number of outstanding shares of NCM Inc.'s common stock. Analogous principles shall apply mutatis mutandis to Series B Preferred Units.

**3.6 Business Opportunities; Non-Competition.** Except as provided in this Agreement and as may be otherwise provided in any written agreement with the Company to which a Member or its Affiliates is a party (including Section 12.07 of the Exhibitor Services Agreements), each Member and their Affiliates may have other business interests or may engage in other business ventures of any nature or description whatsoever regardless of whether they compete with the business and purpose of the Company set forth in Section 2.6.

## ARTICLE 4

### **MANAGEMENT AND OPERATIONS**

**4.1 Manager.** The Company shall be managed by one manager (the "**Manager**") that shall be NCM Inc. NCM Inc. may not be removed as a Manager except as provided in Section 4.7. Any Manager that is properly removed pursuant to Section 4.7 shall be replaced in the manner provided in Section 4.8. Except to the extent deemed appropriate by NCM Inc. in connection with its status under the Investment Company Act of 1940, so long as NCM Inc. is the Manager, NCM Inc. shall not, directly or indirectly enter into or conduct any business other than (i) in connection with the ownership, acquisition or disposition of Units as a Member, (ii) the management of the business of the Company as provided herein, (iii) NCM Inc.'s operation as a public reporting company with a class of securities registered under the Exchange Act, and (iv) such other activities that are incidental to the foregoing.

**4.2 Management Authority.** Except as provided in Section 4.3, the Manager shall have authority on behalf of the Company to make all decisions with respect to the Company's business without the approval of the Members. In connection with the implementation, consummation or administration of any matter within the scope of the Manager's authority, the Manager is authorized, without the approval of the Members, to execute and deliver on behalf of the Company contracts, instruments, conveyances, checks, drafts and other documents of any kind or character to the extent the Manager deems it necessary or desirable. The Manager may delegate to officers, employees, agents or representatives of the Company or the Manager any or all of the foregoing powers by written authorization identifying specifically or generally the powers delegated or acts authorized.

**4.3 Founding Member Approval Rights.**

(a) The Manager shall not take, or cause the Company to take, action with respect to the matters provided for in Section 4.3(b) without Founding Member Approval ("**Founding Member Approval Rights**") if (i) an individual designated by a Founding Member pursuant to the Director Designation Agreement is not nominated or appointed to the board of directors of NCM Inc. under circumstances constituting a breach of the Director Designation Agreement, or (ii) such designee (or if the designee is not elected in circumstances under which the



Founding Member can designate a successor, such successor designee) is not elected to the board of directors of NCM Inc. after being designated in accordance with the Director Designation Agreement. Upon the occurrence of a condition giving rise to Founding Member Approval Rights, the Founding Member Approval Rights shall continue until the earlier of (x) the date on which the conditions that gave rise to Founding Member Approval Rights no longer exist, or (y) the delivery of written notice waiving the Founding Member Approval Rights by the Founding Member(s) whose designees or successor designees were not nominated, appointed or elected to the board of directors of NCM Inc. A Founding Member that designated an individual who is either not nominated, appointed or elected to the board of directors of NCM Inc. under circumstances giving rise to the Founding Member Approval Rights under this Section 4.3 may waive the Founding Member Approval Rights by delivering written notice to the Company and the other Founding Members. Any waiver by a Founding Member of its Founding Member Approval Rights shall only serve as a waiver with respect to the specific conditions that gave rise to the Founding Member Approval Rights being waived and shall not constitute a waiver with respect to any other rights under this Agreement and any Founding Member Approval Rights that the Founding Member may have in the future as a result of the existence of a condition giving rise to Founding Member Approval Rights subsequent to such waiver.

(b) The matters provided for in this Section 4.3(b) are not intended to modify the Manager's responsibilities for managing the day-to-day business and affairs of the Company. Subject to the foregoing and notwithstanding anything to the contrary in this Agreement, the Company shall not take, cause to be taken, or agree to take or authorize any of the following actions without Founding Member Approval during the periods of time provided for in Section 4.3(a):

(i) the approval of any Budget or any amendment or modification of the Budget;

(ii) the incurrence of any Indebtedness or entering into or consummating any other financing transaction, in either case for an amount that is not provided for in the Budget;

(iii) the entering into or consummation of any agreements or arrangements involving annual payments by the Company (including the fair market value of any barter) in excess of \$5 million (as adjusted by the CPI Adjustment), except as otherwise provided for in the Budget, or any material modification of any such agreements or arrangements;

(iv) the entering into or consummation of any agreements or arrangements involving annual receipts (including the fair market value of any barter) in excess of \$20 million (as adjusted by the CPI Adjustment), or any material modification of any such agreements or arrangements;

(v) except as contemplated herein, the declaration, setting aside or payment of any redemption of, dividends on, or the making of any other distributions in respect of, any of its Units or other Equity Interests in the Company, as the case may be, payable in cash, stock, property or otherwise, or any reorganization or recapitalization or split, combination or reclassification or similar transaction of any of its Units, limited liability company interests or capital stock, as the case may be;

(vi) the amendment of any provision of this Agreement to authorize, and the issuance of, any additional Units or classes of Units or other Equity Interests and the designations, preferences and relative, participating or other rights, powers duties thereof;

(vii) the hiring or termination of employment of the chief executive officer, chief financial officer, chief technology officer or chief sales and marketing officer of the Company, or the entering into, amendment or termination of any employment, severance, change of control or other contract with any employee that has a written employment agreement with the Company;

(viii) any change in the Joint Venture Purposes, or the provision by the Company of any services beyond the scope of the Services or Services outside of the United States or Canada;

(ix) the entering into of any agreement with respect to or the taking of any material steps to facilitate a transaction that constitutes a Change of Control of the Company or a proposal for such a transaction;

(x) the leasing (as lessor), licensing (as licensor) or other Transfer of assets (including securities) (x) having a fair market value or for consideration exceeding \$10 million (as adjusted by the CPI Adjustment), taken

as a whole, or (y) to which the revenues or the profits attributable exceed \$10 million (as adjusted by the CPI Adjustment), taken as a whole, in any one transaction or series of related transactions, in each case, determined using the most recent quarterly consolidated financial statement of the Company;

(xi) the entering into of any agreement with respect to or consummation of any acquisition of any business or assets that has or have a fair market value in excess of \$10 million (as adjusted by the CPI Adjustment) taken as a whole, in any one transaction or series of related transactions, whether by purchase and sale, merger, consolidation, restructuring, recapitalization or otherwise;

(xii) the settlement of claims or suits in which the Company is a party for an amount that exceeds the relevant provision(s) in the Budget by more than \$1 million (as adjusted by the CPI Adjustment) or where equitable or injunctive relief is included as part of such settlement;

(xiii) the entering into, modification or termination of any material contract or transaction or series of related transactions (including by way of barter) between (x) the Company or any of its Subsidiaries and (y)(1) any Member or any Affiliate of any Member, or (2) any Person in which any Founding Member has taken, or is negotiating to take, a material financial interest, in each case, other than relating to the purchase or sale of products or services in the ordinary course of business of the Company;

(xiv) the entering into of any agreement for the Company to provide to any new Member or Affiliate of any new Member any services similar to those set forth in the Exhibitor Services Agreements, or the admission to the Company of any new Member;

(xv) the entering into, or the modification or termination of, any agreement for the Company to provide any services to any Person (other than a Member or Affiliate of a Member), that requires capital expenditures or guaranteed payments in excess of \$1 million (as adjusted by the CPI Adjustment) annually;

(xvi) the dissolution of the Company; the adoption of a plan of liquidation of the Company; any action by the Company to commence any suit, case, proceeding or other action (x) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors seeking to have an order for relief entered with respect to the Company, or seeking to adjudicate the Company as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to the Company, or (y) seeking appointment of a receiver, trustee, custodian or other similar official for the Company, or for all or any material portion of the assets of the Company, or making a general assignment for the benefit of the creditors of the Company;

(xvii) approval of any tax matter pursuant to Section 6.2;

(xviii) valuation determinations pursuant to Section 5.5;

(xix) any amendment or change to any provision in this Section 4.3 or Article 8; and

(xx) any expenditure by the Company to replace, upgrade or modify any equipment or software owned by any of the Founding Members or their Affiliates.

(c) A Founding Member shall permanently cease to be entitled to participate in giving Founding Member Approval if at any time the Founding Member owns less than five percent of the then issued and outstanding Common Units, including Common Units acquired from another Founding Member or an Affiliate of another Founding Member (which, for purposes of this Section 4.3(c), shall be calculated to include (i) all shares of NCM Inc. common stock beneficially owned by such Founding Member as of the date of determination as a result of the exercise of the Founding Member's Redemption Right, (ii) any shares of NCM Inc. common stock issued in connection with any dividend or distribution on NCM Inc. common stock so received as a result of the exercise of the Founding Member's Redemption Right, and (iii) any shares of NCM Inc. common stock acquired from another Founding Member provided that such other Founding Member acquired such shares of NCM Inc. common stock in a transaction described in clause (i) or (ii) above, but excluding (x) any shares of NCM Inc. common stock otherwise acquired by the Founding Members, and (y) any Common Units issued to NCM Inc. by the Company pursuant to Section 3.5(b) in connection with the exercise of a Founding Member's Redemption Right (unless the Founding Member has disposed of any of the shares of NCM Inc. common stock received in connection with the exercise of

the Founding Member's Redemption Right (other than to another Founding Member in a transaction described in clause (iii) above), in which case a number of Common Units issued to NCM Inc. by the Company pursuant to Section 3.5(b) in connection with such exercise of the Founding Member's Redemption Right equal to the number of shares of NCM Inc. common stock disposed of by such Founding Member shall be included in determining such Founding Member's ownership interest).

(d) Except for the matters provided for in Section 4.3(b), the Founding Member Approval rights shall not affect the Manager's right to conduct the Company's business under this Agreement.

**4.4 Duties.** The Manager shall carry out its duties in good faith, in a manner that it believes to be in the best interests of the Company. The Manager shall devote such time to the business and affairs of the Company as it may determine, in its reasonable discretion, is necessary for the efficient carrying on of the Company's business.

**4.5 Reliance by Third Parties.** No third party dealing with the Company shall be required to ascertain whether the Manager is acting in accordance with the provisions of this Agreement. All third parties may rely on a document executed by the Manager as binding the Company. The foregoing provisions shall not apply to third parties who are Affiliates of a Member or a Manager. If the Manager acts without authority it shall be liable to the Members for any damages arising out of its unauthorized actions.

**4.6 Resignation.** The Manager may resign at any time by giving written notice to the Members. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Members, and the acceptance of the resignation shall not be necessary to make it effective.

**4.7 Removal.** The Manager may only be removed by NCM Inc.

**4.8 Vacancies.** Vacancies in the position of Manager occurring for any reason shall be filled by NCM Inc.

**4.9 Information Relating to the Company.** Upon request, the Manager shall supply to a Member (i) any information required to be available to the Members under the LLC Act, and (ii) any other information requested by such Member regarding the Company or its activities, provided that obtaining the information described in this clause (ii) is not unduly burdensome to the Manager. During ordinary business hours, each Member and its authorized representative shall have access to all books, records and materials in the Company's offices regarding the Company or its activities.

**4.10 Insurance.** The Company shall maintain or cause to be maintained in force at all times, for the protection of the Company and the Members to the extent of their insurable interests, such insurance as the Manager believes is warranted for the operations being conducted.

**4.11 Transactions Between Company and Manager.** The Manager may cause the Company to contract and deal with the Manager, or any Affiliate of the Manager, provided such contracts and dealings are on terms comparable to and competitive with those available to the Company from others dealing at arm's length or are approved by a Majority Member Vote. The Members hereby approve the Common Unit Adjustment Agreement, the Exhibitor Services Agreements, the Loews Agreement, the Management Services Agreement, the Software License Agreement, the 2023 Credit Facility, the Subscription Agreement and the Tax Receivable Agreement.

**4.12 Officers.**

(a) The Manager may, from time to time, designate one or more Persons to fill one or more officer positions of the Company. Any officers so designated shall have such titles and authority and perform such duties as the Manager may, from time to time, delegate to them. If the title given to a particular officer is one commonly used for officers of a business corporation, the assignment of such title shall constitute the delegation to such officer of the authority and duties that are normally associated with that office, subject to any specific delegation of authority and duties made to such officer, or restrictions placed thereon, by the Manager. Each officer shall hold office until his or her successor is duly designated, until his or her death or until he or she resigns or is removed in the manner hereinafter provided. Any number of offices may be held by the same Person. The salaries or other compensation, if any, of the officers of the Company shall be fixed from time to time by the Manager.

(b) Any officer of the Company may resign at any time by giving written notice thereof to the Manager. Any officer may be removed, either with or without cause, by the Manager whenever in its judgment the best interests of the Company will be served thereby; provided, however, that such removal shall be without prejudice to the contract rights, if any, of the Person so removed. Designation of an officer shall not, by itself, create contract rights.

**4.13 Management Fee; Reimbursement of Expenses.** Except as provided in the Management Services Agreement, the Manager shall not be entitled to compensation for performance of its duties hereunder unless such compensation has been approved by a Majority Member Vote. The Manager shall be reimbursed by the Company for any reasonable out-of-pocket expenses incurred on behalf of the Company.

**4.14 Limitation of Liability; Exculpation.**

(a) No Manager, Member or officer of the Company, nor any of their respective Subsidiaries or Affiliates (including any stockholder of REG, Marquee Holdings, Cinemark or NCM Inc. that would be deemed an Affiliate but for the exception set forth in subsections (iii), (iv), (v) or (vi) of the definition of Affiliate herein, or any of such stockholder's Affiliates) nor any of their respective direct or indirect officers, directors, trustees, members, partners, equity holders, employees or agents, nor any of their heirs, executors, successors and assigns (individually, an "**Indemnitee**"), shall be liable to the Company or any Member for any act or omission by such Indemnitee in connection with the conduct of affairs of the Company or otherwise incurred in connection with the Company or this Agreement or the matters contemplated herein, in each case unless such act or omission was the result of gross negligence or willful misconduct or constitutes a breach of, or a failure to comply with, any agreement between (x) such Indemnitee and (y) the Company or its Subsidiaries and Affiliates.

(b) Notwithstanding any other provision of this Agreement or otherwise applicable provision of law or equity, whenever in this Agreement a Manager, Member or officer of the Company is permitted or required to make a decision (i) in its "sole discretion" or "discretion," with "complete discretion" or under a grant of similar authority or latitude, such Manager, Member or officer shall be entitled to consider only such interests and factors as it desires, including its own interests, and shall, to the fullest extent permitted by applicable law, have no duty or obligation to give any consideration to any interest of or factors affecting the Company or the Members, or (ii) in its "good faith" or under another expressed standard, such Manager, Member or officer shall act under such express standard and shall not be subject to any other or different standards.

(c) Any Manager, Member, Liquidator or officer of the Company may consult with legal counsel and accountants selected by it at its expense or with legal counsel and accountants for the Company at the Company's expense. Each Manager, Member, Liquidator and officer of the Company shall be fully protected in relying in good faith upon the records of the Company and upon information, opinions, reports, or statements presented by another Manager, Member, Liquidator or officer, or employee of the Company, or committees of the Company, Manager or Members, or by any other Person (including, without limitation, legal counsel and public accountants) as to matters that the Manager, Member, Liquidator or officer reasonably believes are within such other Person's professional or expert competence, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, Net Income or Net Losses of the Company, or the value and amount of assets or reserves or contracts, agreements or other undertakings that would be sufficient to pay claims and obligations of the Company or to make reasonable provision to pay such claims and obligations, or any other facts pertinent to the existence and amount of assets from which distributions to Members or creditors might properly be paid.

**4.15 Indemnification.**

(a) **Indemnification Rights.** The Company shall indemnify and hold harmless each Indemnitee from and against any and all losses, claims, demands, costs, damages, liabilities, expenses of any nature (including attorneys' fees and disbursements), judgments, fines, settlements (whether on an individual or joint and several basis) and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative, arbitral or investigative, in which the Indemnitee was involved or may be involved, or threatened to be involved, as a party or otherwise, arising out of or in connection with the business of the Company, this Agreement, any Person's status as a Manager, Member or officer of the Company or any action taken by any Manager, Member or officer of the Company or under this Agreement or otherwise on behalf of the Company (collectively, "**Liabilities**"), regardless of whether the Indemnitee continues to be a Manager, Member or officer of the Company, or an Affiliate, officer, director, employee, trustee, member or partner or agent of a Manager, Member or officer of the Company, to the fullest extent permitted by the LLC Act and all other applicable laws; provided that an Indemnitee shall be entitled to indemnification hereunder only to the extent that such Indemnitee's conduct did

not result from gross negligence or willful misconduct. The termination of any proceeding by settlement, judgment, order, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that such Indemnitee's conduct resulted from gross negligence or willful misconduct.

(b) Expenses. Expenses incurred by an Indemnitee in defending against any Liability or potential Liability subject to this Section 4.15 shall, from time to time, be advanced by the Company prior to the final disposition of such Liability upon receipt by the Company of an undertaking reasonably acceptable in form and substance to the Manager by or on behalf of the Indemnitee to repay such amount if it shall be determined that such Person is not entitled to be indemnified as authorized in this Section 4.15.

(c) Indemnification Rights Non-Exclusive; Rights of Indemnified Parties. The indemnification provided by this Section 4.15 shall be in addition to any other rights to which those indemnified may be entitled under any agreement, by a Majority Member Vote, as a matter of law or equity, or otherwise. Such indemnification shall continue with respect to an Indemnitee even though it has ceased to serve in any particular capacity and shall inure to the benefit of its heirs, executors, successors, assigns and other legal representatives.

(d) Assets of the Company. Any indemnification under this Section 4.15 shall be satisfied solely out of the assets of the Company, and no Member shall be subject to personal liability or required to fund or cause to be funded any obligation by reason of these indemnification provisions.

(e) Other Liability Insurance. The Company may purchase and maintain insurance, at the Company's expense, on behalf of such Persons as the Manager shall reasonably determine, against any liability that may be asserted against, or any expense that may be incurred by, such Person in connection with the activities of the Company and its Subsidiaries or Affiliates regardless of whether the Company would have the obligation to indemnify such Person against such liability under the provisions of this Agreement.

**4.16 Title to Assets**. Unless specifically licensed or leased to the Company, title to the assets of the Company, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Company as an entity, and no Members, individually or collectively, shall have any ownership interest in such assets (other than licensed or leased assets) or any portion thereof.

## ARTICLE 5

### CAPITAL CONTRIBUTIONS; DISTRIBUTIONS

#### **5.1 Capital Contributions.**

(a) The AMC Founding Member, as the successor to NCN, and the Regal Founding Member have made their required Capital Contributions to the Company as set forth in the Contribution and Unit Holders Agreement, Cinemark Media has made its required Capital Contribution to the Company as set forth in the Contribution Agreement and NCM Inc. has made its required Capital Contribution to the Company as set forth in the Subscription Agreement. Except as provided in Sections 3.5(b), 3.5(c), 5.1(b) and otherwise in this Agreement, no Member shall be required to make any other capital contribution to, or provide credit support for, the Company.

(b) In addition to the Capital Contributions that NCM Inc. has made as provided in Section 5.1(a), NCM Inc. shall make the following additional Capital Contributions to the Company:

(i) On or before the due date of the Company's obligation to make a payment under Section 3.02(a) of the Tax Receivable Agreement, NCM Inc. shall contribute to the Company an amount equal to any ESA-Related Tax Benefit Payment; and

(ii) On or before the due date of the Company's obligation to make a payment under Section 3.02(b) of the Tax Receivable Agreement, NCM Inc. shall contribute to the Company an amount equal to any increase in any ESA-Related Tax Benefit Payment.

(c) Except as provided in Article 9 of this Agreement, no Member shall be entitled to withdraw, or demand the return of, any part its Capital Contributions or Capital Account. No Member shall be entitled to interest on or with respect to any Capital Contribution or Capital Account.

(d) Except as otherwise provided in this Agreement, no Person shall have any preemptive, preferential or similar right to subscribe for or to acquire any Units.

**5.2 Loans from Members.** Loans by Members to the Company shall not be considered contributions to the capital of the Company hereunder. If any Member shall advance funds to the Company in excess of the amounts required to be contributed to the capital of the Company, the making of such advances shall not result in any increase in the amount of the Capital Account of such Member and shall be payable or collectible in accordance with the terms and conditions upon which advances are made; provided that the terms of any such loan shall not be less favorable to the Company, taken as a whole, than would be available to the Company from unrelated lenders and such loan shall be approved by the Manager (or a Majority Member Vote in the event the Manager is making the loan to the Company).

**5.3 Loans from Third Parties.** The Company may incur Indebtedness, or enter into other similar credit, guarantee, financing or refinancing arrangements for any purpose with any Person upon such terms as the Manager determines appropriate; provided that the Company shall not incur any Indebtedness that is recourse to any Member, except to the extent otherwise agreed to in writing by the applicable Member in its sole discretion.

**5.4 Distributions.** Except as provided in Section 3.5(c)(ii), all distributions made by the Company, if any, shall be made in accordance with this Section 5.4.

(a) Nonliquidating Distributions. The Manager will cause the Company to make distributions of the Distribution Amount in the following manner:

(i) Within 60 calendar days following the last day of each Fiscal Period (or the next Business Day if the 60<sup>th</sup> calendar day is not a Business Day), the Company shall make a distribution in an amount equal to the Distribution Amount for such Fiscal Period.

(ii) Except as provided in Section 5.4(b), all distributions shall be made among the Members pro rata in accordance with their Percentage Interests; provided that if (i) the Company is in default under any Funded Indebtedness, (ii) the distribution would cause the Company to default under any Funded Indebtedness, or (iii) restrictions imposed on the Company's funds pursuant to any Funded Indebtedness, cause (x) the product of the Distribution Amount times NCM Inc.'s Percentage interest, to be less than the sum of (y) the product of the Tax Distribution Amount times NCM Inc.'s Percentage Interest, plus the Tax Receivable Distribution Amount, then the Company shall distribute the Tax Distribution Amount among the Members pro rata in accordance with their Percentage Interests and distribute the Tax Receivable Distribution Amount to NCM Inc.

(iii) The Company shall determine Available Cash (i) for each Fiscal Period, and (ii) for each Fiscal Year (the "**Distribution Year**") in connection with the preparation of the audited report delivered to the Members for the Distribution Year, as provided in Section 6.9(c). To the extent Available Cash for the Distribution Year is greater than the total Distribution Amount distributed to the Members under Section 5.4(a)(i) with respect to the four Fiscal Periods in such Distribution Year (the "**Distribution Increase**"), the Distribution Increase will be added to Available Cash for the second Fiscal Period in the Fiscal Year following the Distribution Year. To the extent Available Cash for the Distribution Year is less than the total Distribution Amount distributed to the Members under Section 5.4(a)(i) with respect to the four Fiscal Periods in such Distribution Year (the "**Distribution Decrease**"), the Distribution Decrease will be subtracted from Available Cash for the second Fiscal Period in the Fiscal Year following the Distribution Year. Any Distribution Increase or Distribution Decrease provided for in this Section 5.4(a)(iii) shall be taken into account in the distributions made to the Members under Section 5.4(a)(i) following the last day of the second Fiscal Period in the Fiscal Year following the Distribution Year.

(iv) Within three (3) Business days of receiving or being deemed to receive any ESA-Related Payment from an ESA Party pursuant to Sections 3.02 or 5.03 of the Tax Receivable Agreement, the Company shall distribute such ESA-Related Payment to NCM Inc.

(b) Liquidating Distributions. All distributions made in connection with the sale, exchange or other disposition of all or substantially all of the Company's assets, or with respect to the winding up and liquidation of the Company, shall be made among the Members pro rata in accordance with their Percentage Interests.

(c) Sole Discretion of the Manager. Except as specified in Sections 3.4(e), 3.5(c)(ii), 4.3, 5.4(a), 5.4(b), 7.3 or 9.1(a), (i) the Company shall have no obligation to distribute any cash or other property of the Company to the Members, (ii) the Manager shall have sole discretion in determining whether to distribute any cash or other property of the Company, when available, and in determining the timing, kind and amount of any and all distributions, and (iii) no Member is entitled to receive any distribution unless and until declared by the Manager.

(d) Distributions in Kind. No Member has any right to demand or receive property other than cash. However, the Manager may, in its sole discretion, elect to make distributions, entirely or in part, in property of the Company other than cash. Property distributed in kind shall be deemed to have been sold for their valuation determined in accordance with Section 5.5.

(e) Limitations on Distributions. Notwithstanding anything in this Agreement to the contrary, no distribution shall be made in violation of the LLC Act.

(f) Exculpation. The Members hereby consent and agree that, except as expressly provided herein or required by applicable law and except for distributions not made in compliance with this Agreement, no Member shall have an obligation to return cash or other property paid or distributed to such Member by the Company, whether such obligation would have arisen under § 18-502(b) of the LLC Act or otherwise.

**5.5 Valuation**. All valuation determinations to be made under this Agreement shall be made pursuant to the terms of this Section, which determinations shall be conclusive and binding on the Company, all Members, former Members, their successors, assigns, legal representatives and any other Person, except for computational errors or fraud, and to the fullest extent permitted by law, no such Person shall have the right to an accounting or an appraisal of the assets of the Company or any successor thereto except for computational errors or fraud. Valuations shall be determined by a reasonable method of valuation determined by the Manager, which may include an independent appraisal, a reasonable estimate by the Manager or some other reasonable method of valuation. Distributions of property in kind shall be valued at fair market value; provided that any valuation under this Section shall be determined by an independent appraiser selected by the Manager if so requested by any Founding Member.

## ARTICLE 6

### **BOOKS AND RECORDS; TAX; CAPITAL ACCOUNTS; ALLOCATIONS**

#### **6.1 General Accounting Matters.**

(a) Allocations of Net Income or Net Losses pursuant to Section 6.4 shall be made at the end of each Fiscal Period, at such times as the Carrying Value of Company assets is adjusted pursuant to the definition thereof and at such other times as required by this Agreement.

(b) Each Member shall be supplied with the information of the Company necessary to enable such Member to prepare in a timely manner (and in any event within 120 days after the end of the Company Fiscal Year) its federal, state and local income tax returns and such other financial or other statements and reports that the Manager deems appropriate.

(c) The Manager shall keep or cause to be kept books and records pertaining to the Company's business showing all of its assets and liabilities, receipts and disbursements, Net Income and Net Losses, Members' Capital Accounts and all transactions entered into by the Company. Such books and records of the Company shall be kept at the office of the Company and the Members and their representatives shall at all reasonable times have free access thereto for the purpose of inspecting or copying the same.

(d) The Company's books of account shall be kept on an accrual basis or as otherwise provided by the Manager and otherwise in accordance with GAAP, except that for income tax purposes such books shall be kept in accordance with applicable tax accounting principles.

(e) The Company shall, and shall cause each of its Subsidiaries to, (i) maintain accurate books and records reflecting its assets and liabilities and maintain proper and adequate "internal control over financial reporting" (as such term is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act, and as such rules may be amended and supplemented from time to time); and (ii) deliver to any Member, immediately upon

request, certifications and statements with respect to the Company and its Subsidiaries satisfying the requirements of Rule 13a-14(a) or 15d-14(a) under the Exchange Act, and 18 U.S.C. § 1350 (Section 906 of the Sarbanes-Oxley Act of 2002).

(f) Subject to the confidentiality provisions of this Agreement, the Company will permit representatives of a Member and its Affiliates, at their expense, to obtain all books and accounts, documents and other information (other than documents and information relating to pricing or other proprietary information of any Member or its Affiliates collected pursuant to any Exhibitor Services Agreement) in the possession of the Company and its Subsidiaries, if any, as may reasonably be requested in order to enable such Member to monitor its investment in the Company and to exercise its rights under this Agreement and, to the extent applicable, to provide such other access and information as may be reasonably required to enable such Member to account for the investment in the Company and otherwise comply with the requirements of applicable laws, generally accepted accounting principles and requirements of any Governmental Authority.

## **6.2 Certain Tax Matters.**

(a) The Company shall make the TEFRA Election for all taxable years of the Company. The “tax matters partner” for purposes of Section 6231(a)(7) of the Code shall be NCM Inc. (the “**Tax Matters Member**”). The Tax Matters Member shall have all the rights, duties, powers and obligations provided for in Sections 6221 through 6232 of the Code with respect to the Company. The Tax Matters Member shall inform each other Significant Member of all significant matters that may come to its attention in its capacity as such by giving notice thereof within ten (10) days after becoming aware thereof and, within such time, shall forward to each other Significant Member copies of all significant written communications it may receive in such capacity. This provision is not intended to authorize the Tax Matters Member to take any action left to the determination of an individual Member under Sections 6222 through 6231 of the Code. All references to Code Sections in this Section 6.2(a) (including in the definition of TEFRA) are to such Sections as they existed prior to the enactment of the Bipartisan Budget Act of 2015, Pub. L No. 114-74. This Section 6.2(a) shall apply only with respect to taxable years of the Company that end on or before December 27, 2018, regardless of the year in which an audit or other tax proceeding with respect to such taxable year may arise.

(b) This Section 6.2(b) shall apply with respect to taxable years of the Company beginning on or after December 28, 2018 (other than with respect to an audit or other tax proceeding for a taxable year described in Section 6.2(a) above). All references to Code Sections in this Section 6.2(b) are to such Code Sections as they existed following the enactment of the Bipartisan Budget Act of 2015, Pub. L No. 114-74, as the same may be amended from time to time. The Company shall make an election under Code Section 6221(b) on its federal income tax return for each taxable year in which the Company is eligible to make such an election. For any taxable year for which the Company does not make such election or the election is otherwise inapplicable:

(i) The Company will designate NCM Inc. as its “partnership representative” within the meaning of Code Section 6223 (and NCM Inc. shall serve in any similar capacity under state, local or foreign law) by making such designation on its respective federal income tax return for each taxable year in which the Company is in existence or otherwise in a manner consistent with the Code and the regulations promulgated thereunder (the “**Partnership Representative**”). NCM Inc. shall remain the Partnership Representative until it is replaced by a successor Partnership Representative designated by a unanimous vote of the Significant Members in accordance with the procedures set forth in the Code and the regulations promulgated thereunder; provided, however, NCM Inc. (or any successor Partnership Representative) may resign, in its sole discretion, as the Partnership Representative in accordance with the procedures set forth in the Code and the regulations promulgated thereunder. Subject to the provisions of this Section 6.2(b), the Partnership Representative shall be authorized to undertake all actions on behalf of the Company specified under Code Sections 6221 through 6231 and the Treasury Regulations promulgated thereunder. The Partnership Representative (in the case of a Partnership Representative other than an individual) shall further designate an individual to act on behalf of the Partnership Representative (the “**Designated Individual**”), which Designated Individual may be removed and replaced by the Partnership Representative, in its sole discretion, in a manner consistent with the Code and the regulations promulgated thereunder. Subject to the provisions of this Section 6.2(b), the Partnership Representative shall be authorized to undertake all actions on behalf of the Company specified under Code Sections 6221 through 6231 and the regulations promulgated thereunder.

(ii) If an audit or tax proceeding results in an imputed underpayment under Code Section 6225, then the Partnership Representative shall cause the Company to make an election under Code Section 6226(a) no later than forty five (45) days after the date of the notice of final partnership adjustment. The Partnership Representative shall cause the Company to furnish to each Member for any portion of the year or years audited a



statement reflecting the Member's allocable share of the adjusted items as determined in the notice of final partnership adjustment and each such Member shall take such adjustments into account as required under Code Section 6226(b) and shall be liable for any related interest, penalty, addition to tax or additional amount.

(iii) Reserved.

(iv) Each Member agrees to cooperate with reasonable requests by the Partnership Representative for information regarding such Member as may be necessary or appropriate in connection with any tax audit or related proceeding, and to provide such information (which may be freely disclosed to the Internal Revenue Service or other relevant taxing authorities) that is either (a) related to such Member's investment in the Company if such information can be obtained or prepared by such Member using commercially reasonable efforts or (b) unrelated to such Member's investment in the Company if the Member elects, in its sole discretion, to provide such information, which shall be deemed to be the Confidential Information of such Member.

(v) All reasonable costs and expenses incurred by the Partnership Representative in its capacity as such during the course of an audit or other tax proceeding shall be borne pro rata by the Members in accordance with their Interest.

### **6.3 Capital Accounts.**

(a) The Company shall maintain for each Member on the books of the Company a capital account (a "**Capital Account**"). Each Member's Capital Account shall be maintained in accordance with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv) and the provisions of this Agreement.

(b) The Capital Account of a Member shall be credited with the amount of all Capital Contributions by such Member to the Company. The Capital Account of a Member shall be increased by the amount of any Net Income (or items of gross income) allocated to such Member pursuant to this Article 6, and decreased by (i) the amount of any Net Losses (or items of loss or deduction) allocated to such Member pursuant to this Article 6 and (ii) the amount of any cash distributed to such Member and (iii) the fair market value of any asset distributed in kind to such Member (net of all liabilities secured by such asset that such Member is considered to assume or take subject to under Section 752 of the Code). The Capital Account of the Member also shall be adjusted appropriately to reflect any other adjustment required pursuant to Treasury Regulations Section 1.704-1 or 1.704-2.

(c) In the event that any Interest in the Company is Transferred, the transferee of such Interest shall succeed to the portion of the transferor's Capital Account attributable to such Interest.

(d) For purposes of this Article 6, the Manager may apply any reasonable convention in determining the date during the same month on which any Member is admitted to the Company.

### **6.4 Allocations.**

(a) General. Except as provided in Section 6.4(b) and as otherwise provided in this Agreement, Net Income and Net Losses, and, to the extent necessary, individual items of Company income, gain, loss and deduction, shall be allocated to the Members in such amounts, to the maximum extent possible, to make the Adjusted Capital Account Balances of the Members (after the application of this Section 6.4(a)) to be in proportion to the Members' Percentage Interests.

(b) Special Allocations.

(i) Qualified Income Offset. If any Member receives an unexpected adjustment, allocation, or distribution described in Section 1.704-1(b)(2)(ii)(d)(4-6) of the Treasury Regulations in any Fiscal Year or other period which would cause such Member to have a deficit Adjusted Capital Account Balance as of the end of such Fiscal Year or other period, items of Company income and gain (consisting of a pro rata portion of each item of Company income, including gross income and gain) shall be specifically allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the deficit in such Member's Adjusted Capital Account Balance as quickly as possible. This Section 6.4(b)(i) is intended to comply with the qualified income offset provision in Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations and shall be interpreted consistently therewith.

(ii) Gross Income Allocation. If any Member would otherwise have a deficit Adjusted Capital Account Balance as of the last day of any Fiscal Year or other period, individual items of income and gain of the

Company shall be specifically allocated to such Member (in the manner specified in Section 6.4(b)(i)) so as to eliminate such deficit as quickly as possible.

(iii) Partnership Minimum Gain Chargeback. If there is a net decrease in Partnership Minimum Gain during a Fiscal Year or other period, each Member shall be allocated items of Company gross income and gain for such Fiscal Year or other period (and, if necessary, subsequent Fiscal Years or periods) in proportion to, and to the extent of, such Member's share of such net decrease, except to the extent such allocation would not be required by Section 1.704-2(f) of the Treasury Regulations. The amounts referred to in this Section 6.4(b)(iii), and the items to be so allocated shall be determined in accordance with Section 1.704-2 of the Treasury Regulations. This Section 6.4(b)(iii) is intended to constitute a "minimum gain chargeback" provision as described in Section 1.704-2(f) or 1.704-2(j)(2) of the Treasury Regulations and shall be interpreted consistently therewith.

(iv) Partner Nonrecourse Debt Minimum Gain Chargeback. If there is a net decrease in Partner Nonrecourse Debt Minimum Gain during a Fiscal Year or other period, then each Member shall be allocated items of Company gross income or gain equal to such Member's share of such net decrease, except to the extent such allocation would not be required under Section 1.704-2(i)(4) or 1.704-2(j)(2) of the Treasury Regulations. The amounts referred to in this Section 6.4(b)(iv) and the items to be so allocated shall be determined in accordance with Section 1.704-2 of the Treasury Regulations. This Section 6.4(b)(iv) is intended to comply with the minimum gain chargeback requirement contained in Section 1.704-2(i)(4) of the Treasury Regulations and shall be interpreted consistently therewith.

(v) Limitations on Net Loss Allocations. With respect to any Member, notwithstanding the provisions of Section 6.4(a), the amount of Net Losses for any Fiscal Year or other period that would otherwise be allocated to a Member under Section 6.4(a) shall not cause or increase a deficit Adjusted Capital Account Balance. Any Net Losses in excess of the limitation set forth in this Section 6.4(b)(v) shall be allocated among the Members, pro rata, to the extent each, respectively, is liable or exposed with respect to any debt or other obligations of the Company.

(vi) Partner Nonrecourse Deductions. Partner nonrecourse deductions (as described in Section 1.704-2(i) of the Treasury Regulations) for any Fiscal Year or other period shall be specifically allocated to the Members who bear the economic risk of loss with respect to Partner Nonrecourse Debt to which such partner nonrecourse deductions are attributable in accordance with Section 1.704-2(i)(1) of the Treasury Regulations.

(vii) Nonrecourse Deductions. Nonrecourse deductions (as described in Section 1.704-2(b) of the Treasury Regulations) for any Fiscal Year or other period shall be allocated to the Members in accordance with their relative Percentage Interests.

(viii) Excess Nonrecourse Liabilities. If the built-in gain in Company assets subject to Nonrecourse Debts exceeds the gain described in Section 1.752-3(a)(2) of the Treasury Regulations, the Excess Nonrecourse Liabilities shall be allocated among the Members in accordance with their relative Percentage Interests.

(ix) Ordering Rules. Anything contained in this Agreement to the contrary notwithstanding, allocations for any Fiscal Period or other period of nonrecourse deductions (as described in Section 1.704-2(b) of the Treasury Regulations) or partner nonrecourse deductions (as described in Section 1.704-2(i) of the Treasury Regulations), or of items required to be allocated pursuant to the minimum gain chargeback requirements contained in Sections 6.4(b)(iii) and 6.4(b)(iv), shall be made before any other allocations hereunder.

(x) Special Allocation. If, for federal income tax purposes, the Company is deemed to have made a deductible payment to a Member that is not actually paid, then notwithstanding Section 6.4(a), the deduction attributable to such payment shall be specially allocated to such Member.

(c) Curative Provisions. The allocations set forth in Section 6.4(b)(i)-(viii) (the "Regulatory Allocations") are intended to comply with certain requirements of Section 1.704-1(b) and 1.704-2 of the Treasury Regulations. The Regulatory Allocations may not be consistent with the manner in which the Members intend to allocate Net Income and Net Losses or make Company contributions. Accordingly, notwithstanding the other provisions of this Agreement, but subject to the Regulatory Allocations, Members shall reallocate items of income, gain, deductions and loss among the Members so as to eliminate the effect of the Regulatory Allocations and thereby cause the respective Capital Accounts of the Members to be in the amounts (or as close thereto as possible) they

would have been if Net Income and Net Losses (and such other items of income, gain, deduction and loss) had been allocated without reference to the Regulatory Allocations. In general, the Members anticipate that this will be accomplished by specially allocating other Net Income and Net Losses (and such other items of income, gain, deduction and loss) among the Members so that the net amount of the Regulatory Allocations and such special allocations to each such Member is zero. In addition, if in any Fiscal Year or other period there is a decrease in Partnership Minimum Gain, or in Partner Nonrecourse Debt Minimum Gain, and application of the minimum gain chargeback requirements set forth in this Section 6.4 would cause a distortion in the economic arrangement among the Members, the Manager may, if it does not expect that the Company will have sufficient other income to correct such distortion, request the Internal Revenue Service to waive either or both of such minimum gain chargeback requirements. If such request is granted, this Agreement shall be applied in such instance as if it did not contain such minimum gain chargeback requirements.

**6.5 Allocations of Net Income and Net Losses for Federal Income Tax Purposes.** The Company's ordinary income and losses and capital gains and losses as determined for federal income tax purposes (and each item of income, gain, loss or deduction entering into the computation thereof) shall be allocated to the Members in the same proportions as the corresponding "book" items are allocated pursuant to Section 6.4 of this Agreement. Notwithstanding the foregoing sentence, federal income tax items relating to any Section 704(c) Property shall be allocated among the Members in accordance with Section 704(c) of the Code and Treasury Regulations Section 1.704-1(b)(2)(iv)(g) to take into account the difference between the fair market value and the tax basis of such Section 704(c) Property using any method approved by the Manager and prescribed under Treasury Regulations corresponding to Section 704(c) of the Code. Items described in this Section 6.5 shall neither be credited nor charged to the Members' Capital Accounts.

**6.6 Elections.** Except as otherwise expressly provided herein, all elections required or permitted to be made by the Company under the Code or other applicable tax law, and all decisions with respect to the calculation of its taxable income or tax loss under the Code or other applicable tax law, shall be made in such manner as may be reasonably determined by the Manager; provided that the Company shall make (i) the election to amortize organizational expenses pursuant to Section 709 of the Code and the regulations promulgated thereunder, and (ii) the TEFRA Election as provided in Section 6.2.

**6.7 Tax Year.** The taxable year of the Company shall be the same as its Fiscal Year.

**6.8 Withholding Requirements.** Notwithstanding any provision herein to the contrary, the Manager is authorized to take any and all actions that it determines to be necessary or appropriate to ensure that the Company satisfies any and all withholding and tax payment obligations under Section 1441, 1445, 1446 or any other provision of the Code or other applicable law. Without limiting the generality of the foregoing, the Manager may withhold from distributions the amount that it determines is required to be withheld from the amount otherwise distributable to any Member pursuant to Article 5; provided, however, that such amount shall be deemed to have been distributed to such Member for purposes of applying Article 5 and this Article 6. The Manager will not withhold any amounts from cash or other property distributable to any Member to satisfy any withholding and tax payment obligations to the extent that such Member demonstrates to the Manager's satisfaction that such Member is not subject to such withholding and tax payment obligation. In the event that the Manager withholds or pays tax in respect of any Member for any period in excess of the amount of cash or other property otherwise distributable to such Member for such period (or there is a determination by any taxing authority that the Company should have withheld or paid any tax for any period in excess of the tax, if any, that it actually withheld or paid for such period), such excess amount (or such additional amount) shall be treated as a recourse loan to such Member that shall bear interest at the rate of ten percent per annum and be payable on demand.

**6.9 Reports to Members.**

(a) The books of account and records of the Company shall be audited as of the end of each Fiscal Year by the Company's independent public accountants.

(b) Within 60 calendar days after the end of each Fiscal Period of each Fiscal Year of the Company (or the next Business Day if the 60<sup>th</sup> calendar day is not a Business Day), the Company shall send to each Person who was a Member during such period an unaudited report setting forth the following as of the end of such Fiscal Period:

- (i) unless such Fiscal Period is the last Fiscal Period of the Fiscal Year, an unaudited balance sheet as of the end of such period;
- (ii) unless such Fiscal Period is the last Fiscal Period of the Fiscal Year, an unaudited income statement of the Company for such period;
- (iii) a statement of each Member's Capital Account;
- (iv) a summary of the Company's activities during such period; and
- (v) a cash flow statement.

(c) Within 100 calendar days after the end of each Fiscal Year of the Company (or the next Business Day if the 100<sup>th</sup> calendar day is not a Business Day), the Company shall send to each Person who was a Member during such period an audited report setting forth the following as of the end of such Fiscal Year:

- (i) an audited balance sheet as of the end of such Fiscal Year;
- (ii) an audited income statement of the Company for such Fiscal Year;
- (iii) a statement of each Member's Capital Account; and
- (iv) a cash flow statement.

(d) The Company shall provide each Member with monthly "flash reports."

(e) With reasonable promptness, the Manager will deliver such other information available to the Manager, including financial statements and computations, as any Member may from time to time reasonably request in order to comply with regulatory requirements, including reporting requirements, to which such Member is subject.

**6.10 Auditors.** The auditors of the Company shall be Deloitte & Touche LLP, unless otherwise determined by the Manager.

**6.11 Transfers During Year.** In order to avoid an interim closing of the Company's books, the allocation of Net Income and Net Losses under this Article 6 between a Member who Transfers part or all of its Interest in the Company during the Company's Fiscal Year and such Member's transferee, or to a Member whose Percentage Interest varies during the course of the Company's Fiscal Year, may be determined pursuant to any method chosen by the Manager.

**6.12 Code Section 754 Election.** Pursuant to the Tax Receivable Agreement, the Company shall make the election provided for under Code Section 754.

## ARTICLE 7

### DISSOLUTION

#### **7.1 Dissolution.**

(a) The Company shall be dissolved and subsequently terminated upon the occurrence of the first of the following events:

- (i) the unanimous decision of the Members that then hold Common Units to dissolve the Company;
- (ii) the entry of a decree of judicial dissolution of the Company pursuant to § 18-802 of the LLC Act; or

(iii) the termination of the legal existence of the last remaining Member or the occurrence of any other event that causes the last remaining Member to cease to be a Member of the Company, unless the Company is continued without dissolution pursuant to Section 7.1(b).

(b) Upon the occurrence of any event that causes the last remaining Member of the Company to cease to be a Member of the Company (other than upon continuation of the Company without dissolution upon an assignment by the Member of all of its Interest in the Company and the admission of the transferee as a Member pursuant to Section 8.2), to the fullest extent permitted by law, the personal representative of such Member is hereby authorized to, and shall, within 90 days after the occurrence of the event that terminated the continued membership of such Member in the Company, agree in writing (i) to continue the Company and (ii) to the admission of the personal representative or its nominee or designee, as the case may be, as a substitute Member of the Company, effective as of the occurrence of the event that terminated the continued membership of such Member in the Company.

(c) Notwithstanding any other provision of this Agreement, the bankruptcy (as defined in §§ 18-101(1) and 18-304 of the LLC Act) of a Member shall not cause the Member to cease to be a Member of the Company and upon the occurrence of such an event, the Company shall continue without dissolution.

**7.2 Winding-Up.** When the Company is dissolved, the business and property of the Company shall be wound up in an orderly manner by the Manager or by a liquidating trustee as may be appointed by the Manager (the Manager or such liquidating trustee, as the case may be, the “**Liquidator**”). If the Members are unable to agree with respect to the distribution of any Company assets, then the Liquidator shall use its reasonable best efforts to reduce to cash and Cash Equivalents such assets of the Company as the Liquidator shall deem it advisable to sell, subject to obtaining fair market value for such assets and any tax or other legal considerations. No Member shall take any action (with respect to the Company) that is inconsistent with, or not necessary to or appropriate for, the winding up of the Company’s business and affairs.

**7.3 Final Distribution.**

(a) As soon as reasonable following the event that caused the dissolution of the Company, the assets of the Company shall be applied in the following manner and order:

(i) to pay the expenses of the winding-up, liquidation and dissolution of the Company, and all creditors of the Company, other than Members, either by actual payment or by making a reasonable provision therefor, in the manner, and in the order of priority, set forth in § 18-804 of the LLC Act;

(ii) to pay, in accordance with the provisions of this Agreement, on a pro rata basis, the debts payable to all creditors of the Company that are Members, either by actual payment or by making a reasonable provision therefor; and

(iii) to distribute the remaining assets of the Company to the Members in accordance with Section 5.4(b), taking into account all adjustments to Capital Accounts or offsets required under this Agreement through the date of distribution.

(b) If any Member has a deficit balance in its Capital Account in excess of any unpaid Capital Contributions (if any), such Member shall have no obligation to make any Capital Contribution to the Company with respect to such deficit, and such deficit shall not be considered a debt owed to the Company or to any other Person for any purpose whatsoever.

(c) Each Member shall look solely to the assets of the Company for the amounts distributable to it hereunder and shall have no right or power to demand or receive property therefor from any other Member.

(d) The Company shall terminate when (i) all of the assets of the Company, after payment of or due provision for all debts, liabilities and obligations of the Company shall have been distributed to the Member in the manner provided for in this Agreement, and (ii) the Certificate shall have been canceled in the manner required by the LLC Act.

**ARTICLE 8**

**TRANSFER; SUBSTITUTION; ADJUSTMENTS**

**8.1 Restrictions on Transfer.**

(a) Notwithstanding anything contained herein to the contrary, each Member may, subject to Section 8.1(b), Section 8.1(c) and Article 9 (in the case of a Transfer pursuant to a Member's exercise of its Redemption Right), Transfer any or all of its Units. It is a condition to any Transfer by a Member (the "**Transferring Member**") otherwise permitted hereunder that the transferee (i) agrees to become a party to, and be bound by the terms of, this Agreement to the same extent as the Transferring Member, and (ii) assumes by operation of law or express agreement all of the obligations of the Transferring Member under this Agreement or to which such Transferring Member is a party with respect to such Transferred Units or other Equity Interests in the Company. Notwithstanding the foregoing, any transferee of any Transferred Units or other Equity Interests in the Company shall be subject to any and all ownership limitations contained in this Agreement or any other agreement with the Company to which such Transferring Member is a party. Any transferee, whether or not admitted as a Member, shall take subject to the obligations of the transferor hereunder.

(b) In addition to any other restrictions on Transfer herein contained, including, without limitation, the provisions of this Article 8, any purported Transfer or assignment of a Unit or other Equity Interests in the Company by any Member made in the following events shall be void ab initio:

(i) to any Person who lacks the legal right, power or capacity to own Units;

(ii) if such Transfer would cause the Company to become, with respect to any employee benefit plan subject to Title I of ERISA, a "party-in-interest" (as defined in Section 3(14) of ERISA) or a "disqualified person" (as defined in Section 4975(c) of the Code);

(iii) if such Transfer would, in the opinion of counsel to the Company, cause any portion of the assets of the Company to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.3-101;

(iv) if such Transfer requires the registration of such Units pursuant to any applicable federal, state or foreign securities laws or would otherwise violate any federal, state or foreign securities laws or regulations applicable to the Company or the Units;

(v) if such Transfer is effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code or such Transfer would result in a materially increased risk that the Company would be treated as a "publicly traded partnership," as such term is defined in Sections 469(k)(2) or 7704(b) of the Code;

(vi) if such Transfer subjects the Company to be regulated under the Investment Company Act of 1940, the Investment Advisors Act of 1940 or ERISA, each as amended;

(vii) if such Transfer may cause the Company to cease to be classified as a partnership for federal or state income tax purposes;

(viii) if such Transfer violates any applicable laws; or

(ix) if the Company does not receive written instruments (including without limitation, copies of any instruments of Transfer and such assignee's consent to be bound by this Agreement as an assignee) that are in a form satisfactory to the Manager (in its sole and absolute discretion).

(c) A Transferring Member shall, unless otherwise determined by the Company, (i) deliver to the Company, between ten (10) days and thirty (30) days before the Transfer, a validly executed, complete and accurate IRS Form W-9 or (ii) ensure that, contemporaneously with the Transfer, the transferee of such interest properly withholds and remits to the IRS the amount of tax required to be withheld upon the Transfer by Section 1446(f) of the Code (and promptly provide evidence to the Company of such withholding and remittance). A Transferring Member and the transferee of such Units shall jointly and severally indemnify and hold harmless the Company against any loss (including taxes, interest, penalties, and any related expenses) arising out of such Transfer.

## **8.2 Substituted Members.**

(a) No Member shall have the right to substitute a transferee as a Member in his or her place with respect to any Units or other Equity Interests in the Company so Transferred (including any transferee permitted by

Section 8.1) unless (i) such Transfer is made in compliance with the terms of this Agreement and any other agreements with the Company or other Members to which such transferor Member is a party and (ii) such transferee assumes, by written instrument satisfactory to the Company pursuant to Section 8.1(b)(ix) above, all the rights and powers and is subject to all the restrictions and liabilities that were applicable to the transferor by virtue of the transferor's ownership of the Units or other Equity Interests in the Company being Transferred.

(b) Except as provided in Section 8.2(c) and otherwise in this Agreement, a transferee who has been admitted as a Member in accordance with Section 8.2(a) shall have all the rights and powers and be subject to all the restrictions and liabilities of a Member under this Agreement holding the same Units or other Equity Interests in the Company. The admission of any transferee as a Member shall be subject to the provisions of Section 3.1.

(c) In the event of a Transfer by a Founding Member, the transferee shall not have the rights and powers of a Founding Member under this Agreement unless (i) the transferee is a Permitted Transferee of the Founding Member prior to and following the Transfer, or (ii) in the case of a direct or indirect Change of Control of the Founding Member, or any direct or indirect holder of equity in the Founding Member, following the Change of Control the Founding Member's ESA Party or its stockholders owns 50% or more of the general voting power of the transferee.

**8.3 Effect of Void Transfers.** No Transfer of any Units owned by a Member in violation hereof shall be made or recorded on the books of the Company, and any such purported Transfer shall be void and of no effect.

## ARTICLE 9

### **REDEMPTION RIGHT OF MEMBER**

#### **9.1 Redemption Right of a Member.**

(a) Each Member (other than NCM Inc.) shall be entitled to cause the Company to redeem its Common Units (the "**Redemption Right**") from time to time. A Member desiring to exercise its Redemption Right (the "**Redeeming Member**") shall exercise such right by giving written notice (the "**Redemption Notice**") to the Company (with a copy to NCM Inc.). The Redemption Notice shall specify the number of Common Units (the "**Redeemed Units**") that the Redeeming Member elects to have the Company redeem, whether it intends to sell the shares of NCM Inc. common stock received in a Share Settlement in an underwritten public offering substantially simultaneously with the redemption of its Common Units, the number of shares to be sold at the initial closing of the offering (an "**Underwritten Resale**"), and the date upon which the exercise of the Redemption Right shall occur, which date shall not be less than three (3) Business Days nor more than ten (10) Business Days after delivery of the Redemption Notice (any such date, a "**Redemption Date**"). Notwithstanding the foregoing sentence, if the Redeeming Member specified an Underwritten Resale, and an underwriter is granted and exercises an over-allotment option, the Redeeming Member shall deliver an amendment to its Redemption Notice (the "**Redemption Notice Amendment**") specifying the number of additional Common Units that it elects to redeem to satisfy the over-allotment option exercise and a Redemption Date which shall not be less than one (1) Business Day after the delivery of the Redemption Notice Amendment. Each Member delivering a Redemption Notice or Redemption Notice Amendment shall, simultaneously with the delivery of such Redemption Notice or Redemption Notice Amendment, deliver the certificates representing the Redeemed Units to the Company. Unless the Redeeming Member has timely delivered a Retraction Notice or a Termination Notice as provided in Section 9.1(b), on the Redemption Date (to be effective immediately prior to the close of business on the Redemption Date) (i) the Redeeming Member shall transfer and surrender the Redeemed Units to the Company, free and clear of all liens and encumbrances, and (ii) the Company shall (x) cancel the Redeemed Units, (y) transfer to the Redeeming Member the consideration to which the Redeeming Member is entitled under Section 9.1(b), and (z) issue to the Redeeming Member pursuant to Section 3.4(h) a certificate for a number of Common Units equal to the difference (if any) between the number of Common Units evidenced by the certificate surrendered by the Redeeming Member pursuant to clause (i) of this Section 9.1(a) and the Redeemed Units.

(b) The Redemption Right shall be subject to the following:

(i) In exercising its Redemption Right, a Redeeming Member, at NCM Inc.'s option as provided in Section 3.5(b) and subject to Section 9.1(d), shall be entitled to receive the Share Settlement or the Cash Settlement. Within three (3) Business Days of delivery of the Redemption Notice, NCM Inc. shall give written

notice (the “**Contribution Notice**”) to the Company (with a copy to the Redeeming Member) of its intended settlement method; provided that if NCM Inc. does not timely deliver a Contribution Notice, NCM Inc. shall be deemed to have elected the Share Settlement method. If NCM Inc. elects the Cash Settlement method, the Redeeming Member may retract its Redemption Notice by giving written notice (the “**Retraction Notice**”) to the Company (with a copy to NCM Inc.) within two (2) Business Days of delivery of the Contribution Notice.

(ii) If the Redeeming Member has advised the Company that it intends to have an Underwritten Resale and the Redeeming Member reasonably determines that market conditions with respect to NCM Inc. common stock make it inadvisable to proceed with the Underwritten Resale or if the managing underwriter for the Underwritten Resale advises the Redeeming Member that it does not intend to close the sale of shares of NCM Inc. in the Underwritten Resale, the Redeeming Member may terminate the Redemption Notice (the “**Termination Notice**”) at any time prior to the Redemption Date by giving notice to the Company (with a copy to NCM Inc.) prior to the Redemption Date.

(iii) The timely delivery of a Retraction Notice or a Termination Notice shall terminate all of the Redeeming Member’s, the Company’s and NCM Inc.’s rights and obligations under this Section 9.1 arising from the Redemption Notice; provided, however, that the Company shall immediately deliver to the Redeeming Member any and all certificates representing the Redeemed Units that the Redeeming Member previously delivered to the Company in connection with the Redemption Notice and/or Redemption Notice Amendment.

(c) The number of shares of NCM Inc. common stock and the Redeemed Units Equivalent that a Redeeming Member is entitled to receive under Section 9.1(b) (whether through a Share Settlement or Cash Settlement) shall not be adjusted on account of any distributions previously made with respect to the Redeemed Units or dividends previously paid with respect to NCM Inc. common stock; provided, however, that if a Redeeming Member causes the Company to redeem Redeemed Units and the Redemption Date occurs subsequent to the record date for any distribution with respect to the Redeemed Units but prior to payment of such distribution, the Redeeming Member shall be entitled to receive such distribution with respect to the Redeemed Units on the date that it is made notwithstanding that the Redeeming Member transferred and surrendered the Redeemed Units to the Company prior to such date.

(d) In the event of a reclassification or other similar transaction as a result of which the shares of NCM Inc. common stock are converted into another security, then in exercising its Redemption Right a Redeeming Member shall be entitled to receive the amount of such security that the Redeeming Member would have received if such Redemption Right had been exercised and the Redemption Date had occurred immediately prior to the record date of such reclassification or other similar transaction.

(e) The provisions of this Section 9.1 and Section 3.5(b) shall be interpreted and applied in a manner consistent with the corresponding provisions of NCM Inc.’s certificate of incorporation.

(f) Notwithstanding the foregoing, in the event that the Manager determines in its sole discretion that the exercise of a Redemption Right by a Redeeming Member would, alone or together with other past or proposed Transfers, result in an increased risk that the Company would be treated as a “publicly traded partnership,” as such term is defined in Sections 469(k)(2) or 7704(b) of the Code, the Manager shall be permitted to impose additional requirements as to the timing and procedures of the exercise of a Redemption Right as the Manager determines in good faith may be reasonably required to prevent the Company from being treated as a “publicly traded partnership”. In such case, the Manager will inform the Members of such additional requirements in writing.

**9.2 Effect of Exercise of Redemption Right.** This Agreement shall continue notwithstanding the exercise of a Redeeming Member’s Redemption Right and all governance or other rights set forth herein shall be exercised by the remaining Members and the Redeeming Member (to the extent of such Redeeming Member’s remaining interest in the Company). No exercise of a Redeeming Member’s Redemption Right shall relieve such Redeeming Member of any prior breach of this Agreement. Notwithstanding the exercise of a Redeeming Member’s Redemption Right, the Exhibitor Services Agreement executed between such Redeeming Member’s ESA Party (if such Redeeming Member is a Founding Member) and the Company shall remain in full force and effect in accordance with the terms of such Exhibitor Services Agreement. The Redeeming Member (if a Founding Member) and its Affiliates shall retain all ownership and rights with respect to its theatres and other assets that are not Contributed Assets (as defined in Section 2.5 of the Contribution and Unit Holders Agreement). All Contributed Assets of such Member shall remain the sole and exclusive property of the Company.



**ARTICLE 10****MISCELLANEOUS**

**10.1 Agreement to Cooperate; Further Assurances.** In case at any time any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and Managers of the Company and each Member and their respective Affiliates shall execute such further documents (including assignments, acknowledgments and consents and other instruments of Transfer) and shall take such further action as shall be necessary or desirable to effect such Transfer and to otherwise carry out the purposes of this Agreement, in each case to the extent not inconsistent with applicable law.

**10.2 Amendments.** Except as otherwise expressly provided in this Agreement (including as provided in Sections 4.3(b)(vi) and 4.3(b)(xix)), amendments to this Agreement shall require a Majority Member Vote; provided, however, that (i) this Agreement may not be amended so as to materially impair the voting power or economic rights of any outstanding Common Units in relation to any other outstanding Units or of any Member in relation to the other Members, in either case, without the consent of each Member and the holders representing a majority of the then issued and outstanding Units or the affected Member, as the case may be, and (ii) Article 8 may only be amended with the approval of the Manager and a Majority Member Vote.

**10.3 Confidentiality.** During the term of this Agreement, and for a period of three years after the earlier of (x) the dissolution of the Company and the termination of this Agreement or (y) the date upon which such Member ceases to be a Member of the Company:

(a) (i) Each Member shall use and cause its Affiliates to use the same degree of care it uses to safeguard its own Confidential Information (as defined below) and to cause its and its Affiliates' directors, officers, employees, agents and representatives to keep confidential all Confidential Information, including but not limited to Intellectual Property and other Proprietary Information of the other Members and the Company, and

(ii) Each Member shall hold and shall cause its Affiliates to hold and shall cause its and its Affiliates' directors, officers, employees, agents and representatives to hold in confidence, unless compelled to disclose by judicial or administrative process or, in the opinion of counsel, by the requirements of law, all documents and information concerning any other party hereto furnished it by such other party or its representatives in connection with the transactions contemplated by this Agreement (together with the information referred to in clause (i) above, the "**Confidential Information**"), except to the extent that any such information can be shown to have been (A) previously known by the party to which it is furnished lawfully and without breaching or having breached an obligation of such party or the disclosing party to keep such documents and information confidential, (B) in the public domain through no fault of the disclosing party, or (C) independently developed by the disclosing party without using or having used the Confidential Information.

(b) Each Member agrees that the Confidential Information of the Company shall only be disclosed in secrecy and confidence, and is to be maintained by them in secrecy and confidence subject to the terms hereof. Each Member shall (i) not, directly or indirectly, use the Confidential Information of the Company, except as necessary in the ordinary course of the Company's business, or disclose the Confidential Information of the Company to any third party and (ii) inform all of its employees to whom the Confidential Information of the Company is entrusted or exposed of the requirements of this Section and of their obligations relating thereto.

(c) The Company shall preserve the confidentiality of all Confidential Information supplied by the Members and their Affiliates ("**Member Information**") to the same extent that a Member must preserve the confidentiality of Confidential Information pursuant to Sections 10.3(a) and (b).

(d) Member Information shall not be supplied by the Company or its Subsidiaries to any Person who is not an employee of the Company or the Manager, including any employee of a Member who is not an employee of the Company or the Manager. Notwithstanding the foregoing, Member Information may be disclosed to authorized third-party contractors of the Company if the Company determines that such disclosure is reasonably necessary to further the business of the Company, and if such contractor executes a non-disclosure agreement preventing such

contractor from disclosing such Member Information for the benefit of each provider of Member Information in a form reasonably acceptable to the Manager. Member Information disclosed by any Member to the Company or the Manager shall not be shared with any other Member that is not the Manager without the disclosing Member's written consent.

**10.4 Injunctive Relief.** The Company and each Member acknowledge and agree that a violation of any of the terms of this Agreement will cause the other Members and the Company, as the case may be, irreparable injury for which an adequate remedy at law is not available. Accordingly, it is agreed that each of the Members and the Company will be entitled to an injunction, restraining order or other equitable relief to prevent breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof in any court of competent jurisdiction, in addition to any other remedy to which they may be entitled at law or, equity. Nothing stated herein shall limit any other remedies provided under this Agreement or available to the parties at law or in equity.

**10.5 Successors, Assigns and Transferees.** The provisions of this Agreement will be binding upon and will inure to the benefit of the parties hereto and their respective successors and Permitted Transferees, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person, including but not limited to any creditor of the Company or its Subsidiaries, any right, benefit, or remedy of any nature by reason of this Agreement. An assignment of the rights, interests or obligations hereunder, including but not limited to an assignment by operation of law, shall be null and void unless a provision of this Agreement specifically provides otherwise or the Company gives its prior written consent therefor.

**10.6 Notices.** All notices, demands or other communications to be given under or by reason of this Agreement shall be in writing and shall be delivered by hand or sent by facsimile, electronic mail or nationally recognized overnight delivery service and shall be deemed given when received if delivered on a Business Day during normal business hours of the recipient or, if not so delivered, on the next Business Day following receipt. Notices to the Company or any Member shall be delivered to the Company or such Member as set forth in Exhibit A, as it may be revised from time to time. Any party to this Agreement may change its address or fax number for notices, demands and other communications under this Agreement by giving notice of such change to the other parties hereto in accordance with this Section 10.6.

**10.7 Integration.** This Agreement, together with the other Joint Venture Agreements and the documents referred to herein or therein, or delivered pursuant hereto or thereto, contain the exclusive entire and final understanding of the parties with respect to the subject matter hereof and thereof. There are no agreements, representations, warranties, covenants or undertakings with respect to the subject matter hereof and thereof other than those expressly set forth herein and therein. Except as expressly set forth herein, this Agreement together with the other Joint Venture Agreements supersede all other prior agreements, discussions, negotiations, communications and understandings between the parties with respect to such subject matter hereof and thereof. No party has relied on any statement, representation, warranty, or promise not expressly contained in this Agreement or another Joint Venture Agreement in connection with this transaction.

**10.8 Severability.** If one or more of the provisions, paragraphs, words, clauses, phrases or sentences contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, then such provision, paragraph, word, clause, phrase or sentence shall be deemed restated to reflect the original intention of the parties as nearly as possible in accordance with applicable law and the remainder of this Agreement. The legality and enforceability of any such provision, paragraph, word, clause, phrase or sentence in every other respect and of the remaining provisions, paragraphs, words, clauses, phrases or sentences hereof will not be in any way impaired, it being intended that all obligations, rights, powers and privileges of the Company and the Members will be enforceable to the fullest extent permitted by law. Upon such determination of invalidity, illegality or unenforceability, the Company and the Members shall negotiate in good faith to amend this Agreement to effect the original intent of the Members.

**10.9 Counterparts.** This Agreement may be executed in one or more counterparts and by different parties on separate counterparts, each of which will be deemed an original, but all of which will constitute one and the same instrument. The parties agree that this Agreement shall be legally binding upon the electronic transmission, including by facsimile or email, by each party of a signed signature page hereof to the other party.

**10.10 Governing Law; Submission to Jurisdiction.**

(a) This Agreement is to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the parties.

(b) Each party hereto agrees that any legal action or other legal proceeding relating to this Agreement or the enforcement of any provision of this Agreement shall be brought or otherwise commenced exclusively in any state or federal court located in Delaware or in New York, New York. Subject to the preceding sentence, each party thereto:

(i) expressly and irrevocably consents and submits to the jurisdiction of each state and federal court located in Delaware or New York, New York (and each appellate court located in Delaware or the State of New York) in connection with any such legal proceeding, including to enforce any settlement, order or award;

(ii) consents to service of process in any such proceeding in any manner permitted by the applicable laws of Delaware or the State of New York, and agrees that service of process by registered or certified mail, return receipt requested, at its address specified pursuant to Section 10.6 is reasonably calculated to give actual notice, to the extent permitted by applicable law;

(iii) agrees that each state and federal court located in Delaware or New York, New York shall be deemed to be a convenient forum;

(iv) waives and agrees not to assert (by way of motion, as a defense or otherwise), in any such legal proceeding commenced in any state or federal court located in Delaware or New York, New York, any claim that such party is not subject personally to the jurisdiction of such court, that such legal proceeding has been brought in an inconvenient forum, that the venue of such proceeding is improper or that this Agreement or the subject matter hereof or thereof may not be enforced in or by such court; and

(v) agrees to the entry of an order to enforce any resolution, settlement, order or award made pursuant to this Section by the state and federal courts located in Delaware or New York, New York and in connection therewith hereby waives, and agrees not to assert by way of motion, as a defense, or otherwise, any claim that such resolution, settlement, order or award is inconsistent with or violative of the laws or public policy of the laws of Delaware or the State of New York or any other jurisdiction.

(c) In the event of any action or other proceeding relating to this Agreement or the enforcement of any provision of this Agreement, the prevailing party (as determined by the court) shall be entitled to payment by the non-prevailing party of all costs and expenses (including reasonable attorneys' fees) incurred by the prevailing party, including any costs and expenses incurred in connection with any challenge to the jurisdiction or the convenience or propriety of venue of proceedings before any state or federal court located in Delaware or New York, New York.

[Signature Pages to the Agreement and Amendments on file with the Company]

**First Amendment to the Employment Agreement**

WHEREAS, National CineMedia, Inc. (the “Company”) and Ronnie Ng (“Executive”) entered into an Employment Agreement, dated August 25, 2021 (the “Employment Agreement”); and

WHEREAS, the Company and Executive desire to amend the Employment Agreement on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to the following changes to the Employment Agreement, effective as of August 25, 2021:

1. Section 1 of the Employment Agreement shall be amended to change (i) the Effective Date from September 15, 2021 to September 20, 2021 and (ii) the Term End Date from September 15, 2024 to September 20, 2024. Except as expressly modified herein, the Employment Agreement shall remain in full force and effect.

*<Signature Page to Follow>*

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year set forth below.

National CineMedia, Inc.	Ronnie Ng
<u>/s/ Thomas F. Lesinski</u>	<u>/s/ Ronnie Ng</u>
Thomas F. Lesinski	
Chief Executive Officer	

8/31/2021	8/31/2021
Date	Date

**Second Amendment to the Employment Agreement**

WHEREAS, National CineMedia, Inc. (the “Company”) and Ronnie Ng (“Executive”) entered into an Employment Agreement, dated August 25, 2021, as amended by the First Amendment to the Employment Agreement, dated August 31, 2021 (collectively, the “Employment Agreement”); and

WHEREAS, the Company and Executive desire to amend the Employment Agreement on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to the following changes to the Employment Agreement, effective as of August 25, 2021:

1. Section 1 of the Employment Agreement shall be amended to change (i) the Effective Date from September 20, 2021 to September 27, 2021 and (ii) the Term End Date from September 20, 2024 to September 27, 2024.

2. Except as expressly modified herein, the Employment Agreement shall remain in full force and effect.

*<Signature Page to Follow>*

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year set forth below.

National CineMedia, Inc. Ronnie Ng  
/s/ Thomas F. Lesinski    /s/ Ronnie Ng

By: Thomas F. Lesinski  
Title: Chief Executive Officer

9/13/2021                      9/13/2021  
Date                              Date

### **Third Amendment to the Employment Agreement**

WHEREAS, National CineMedia, Inc. (the “Company”) and Ronnie Ng (“Executive”) entered into an Employment Agreement, dated August 25, 2021, as amended by the First Amendment to the Employment Agreement, dated August 31, 2021 and the Second Amendment to Employment Agreement, dated September 13, 2021 (collectively, the “Employment Agreement”); and

WHEREAS, the Company and Executive desire to amend the Employment Agreement on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to the following changes to the Employment Agreement, effective as of January 31, 2023:

1. Section 2 of the Employment Agreement is amended by deleting the second sentence and replaced as follows:  
“Executive’s primary place of business will be a location as mutually agreed by the Parties.”
2. Section 3.(d)(v) of the Agreement is deleted and replaced as follows:  
“(v) Reserved.”
3. Section 5.(a).iv. of the Agreement is amended by deleting the following parenthetical “(including Executive’s failure to relocate to Colorado by the Relocation End Date).”
4. Except as expressly modified herein, the Employment Agreement shall remain in full force and effect.

*<Signature Page to Follow>*



IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year set forth below.

National CineMedia, Inc.      Ronnie Ng

/s/ Thomas F. Lesinski      /s/ Ronnie Ng

By: Thomas F. Lesinski  
Title: Chief Executive Officer

February 1, 2023      February 1, 2023  
Date                      Date

**SUBSIDIARIES OF NATIONAL CINEMEDIA, INC.**

National CineMedia, LLC, a Delaware limited liability company

NCMI II, LLC, a Delaware limited liability company

NCM Blocker Parent, LLC, a Delaware limited liability company

NCM Blocker Sub 1, LLC, a Delaware limited liability company

NCM Blocker Sub 2, LLC, a Delaware limited liability company

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement No. 333-267824 on Form S-3 and in Registration Statement No. 333-266717 on Form S-8 of our report dated March 18, 2024, relating to the financial statements of National CineMedia, Inc. and subsidiaries, appearing in this Annual Report on Form 10-K of National CineMedia, Inc. for the year ended December 28, 2023.

/s/ Deloitte & Touche LLP

Denver, Colorado  
March 18, 2024

**POWER OF ATTORNEY**

Each person whose signature appears below hereby constitutes and appoints Maria V. Woods, Ronnie Y. Ng, and Thomas F. Lesinski, and each of them severally, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign National CineMedia, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 28, 2023, and any and all amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Lauren Zalaznick</u> Lauren Zalaznick	Chair of the Board	February 1, 2024
<u>/s/ Bernadette Aulestia</u> Bernadette Aulestia	Director	February 29, 2024
<u>/s/ Nicholas Bell</u> Nicholas Bell	Director	February 1, 2024
<u>/s/ David E. Glazek</u> David E. Glazek	Director	February 1, 2024
<u>/s/ Juliana Hill</u> Juliana Hill	Director	February 1, 2024
<u>/s/ Tiago Lourenço</u> Tiago Lourenço	Director	February 1, 2024
<u>/s/ Jean-Philippe Maheu</u> Jean-Philippe Maheu	Director	February 1, 2024
<u>/s/ Joseph Marchese</u> Joseph Marchese	Director	February 1, 2024

## CERTIFICATIONS

I, Thomas F. Lesinski, certify that:

1. I have reviewed this Annual Report on Form 10-K of National CineMedia, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 18, 2024

/s/ Thomas F. Lesinski

Thomas F. Lesinski  
Chief Executive Officer  
(Principal Executive Officer)

## CERTIFICATIONS

I, Ronnie Y. Ng, certify that:

1. I have reviewed this Annual Report on Form 10-K of National CineMedia, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 18, 2024

/s/ Ronnie Y. Ng

\_\_\_\_\_  
Ronnie Y. Ng  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K for the period ending December 28, 2023 (the "Report") of National CineMedia, Inc. (the "Registrant") as filed with the Securities and Exchange Commission on the date hereof, I, Thomas F. Lesinski, the Chief Executive Officer of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: March 18, 2024

/s/ Thomas F. Lesinski

---

Thomas F. Lesinski  
Chief Executive Officer  
(Principal Executive Officer)

This certification is furnished with this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Registrant specifically incorporates it by reference.

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K for the period ending December 28, 2023 (the "Report") of National CineMedia, Inc. (the "Registrant") as filed with the Securities and Exchange Commission on the date hereof, I, Ronnie Y. Ng, the Chief Financial Officer of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: March 18, 2024

/s/ Ronnie Y. Ng

Ronnie Y. Ng  
Chief Financial Officer  
*(Principal Financial and Accounting Officer)*

This certification is furnished with this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Registrant specifically incorporates it by reference.



**National CineMedia, Inc.**  
**Incentive Compensation Recovery Policy**

The Compensation Committee (the “Committee”) of National CineMedia, Inc. (the “Company”) is adopting this Incentive Compensation Recovery Policy (this “Policy”) to provide for the recovery of certain incentive compensation in the event of an Accounting Restatement to align with the highest standards of honest and ethical business standards.

Statement of Policy

In the event that the Company is required to prepare an Accounting Restatement, except as otherwise set forth in this Policy, the Company shall recover, reasonably promptly, the Excess Incentive Compensation received by any Covered Executive during the Recoupment Period.

This Policy applies to all Incentive Compensation received during the Recoupment Period by a person (a) after beginning service as a Covered Executive, (b) who served as a Covered Executive at any time during the performance period for that Incentive Compensation and (c) while the Company has a class of securities listed on the Nasdaq Stock Market LLC (“Nasdaq”) or another national securities exchange or association. This Policy may therefore apply to a Covered Executive even after that person is no longer a Company employee or a Covered Executive at the time of recovery.

Incentive Compensation is deemed “received” for purposes of this Policy in the fiscal period during which the financial reporting measure specified in the Incentive Compensation award is attained, even if the payment or issuance of such Incentive Compensation occurs after the end of that period. For example, if the performance target for an award is based on total stockholder return for the fiscal year ended December 28, 2023, the award will be deemed to have been received in 2023 even if paid in 2024.

*Exceptions*

The Company is not required to recover Excess Incentive Compensation pursuant to this Policy to the extent the Committee makes a determination that recovery would be impracticable for one of the following reasons (and the applicable procedural requirements are met):

- a. after making a reasonable and documented attempt to recover the Excess Incentive Compensation, which documentation will be provided to Nasdaq to the extent required, the Committee determines that the direct expenses that would be paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered;
- b. based on a legal opinion of counsel acceptable to Nasdaq, the Committee determines that recovery would violate a home country law adopted prior to November 28, 2022; or
- c. the Committee determines that recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

Definitions

“Accounting Restatement” means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if

the error were corrected in the current period or left uncorrected in the current period. For the avoidance of doubt, restatements that do not represent the correction of an error are not Accounting Restatements, including, without limitation, restatements resulting solely from: retrospective application of a change in generally accepted accounting principles; retrospective revisions to reportable segment information due to a change in the structure of the Company's internal organization; retrospective reclassifications due to discontinued operations; retrospective applications of changed in reporting entity, such as from a reorganization of entities under common control; retrospective adjustments to provisional amounts in connection with prior business combinations; and retrospective revisions for stock splits, reverse stock splits, stock dividends or other changes in capital structure.

“Covered Executive” shall mean the Company's Chief Executive Officer, President, Chief Financial Officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function, any other officer who performs a policy-making function for the Company, and any other person who performs similar policy-making functions for the Company.

“Excess Incentive Compensation” means the amount of Incentive Compensation received during the Recoupment Period by any Covered Executive that exceeds the amount of Incentive Compensation that otherwise would have been received by such Covered Executive if the determination of the Incentive Compensation to be received had been determined based on restated amounts in the Accounting Restatement and without regard to any taxes paid. The Committee shall make the determination of any Excess Incentive Compensation.

“Incentive Compensation” means any compensation (including cash and equity compensation) that is granted, earned, or vested based wholly or in part upon the attainment of a financial reporting measure. For purposes of this definition, a “financial reporting measure” is (i) any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements and any measure derived wholly or in part from such measures, or (ii) the Company's stock price and/or total shareholder return. A financial reporting measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission. Incentive Compensation subject to this Policy may be provided by the Company or subsidiaries or affiliates of the Company.

“Recoupment Period” means the three completed fiscal years preceding the Trigger Date, and any transition period (that results from a change in the Company's fiscal year) of less than nine months within or immediately following those three completed fiscal years, provided that any transition period of nine months or more shall count as a full fiscal year.

“Trigger Date” means the earlier to occur of: (a) the date the Board of Directors, the Audit Committee (or such other committee of the Board as may be authorized to make such a conclusion), or the officer or officers of the Company authorized to take such action if action by the Board of Directors is not required concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; or (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement; in the case of both (a) and (b) regardless of if or when restated financial statements are filed.

#### Administration

This Policy is intended to comply with Nasdaq Listing Rule 5608, Section 10D of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Rule 10D-1(b)(1) as promulgated under the Exchange Act, and shall be interpreted in a manner consistent with those requirements.

The Committee has full authority to interpret and administer this Policy. The Committee's determinations under this Policy shall be final and binding on all persons, need not be uniform with respect to each individual covered by the Policy, and shall be given the maximum deference permitted by law.

The Committee has the authority to determine the appropriate means of recovering Excess Incentive Compensation based on the particular facts and circumstances, which could include, but is not limited to, seeking direct reimbursement, forfeiture of awards, offsets against other payments, and forfeiture of deferred compensation (subject to compliance with Section 409A of the Internal Revenue Code).

Subject to any limitations under applicable law, the Committee may authorize any officer or employee of the Company to take actions necessary or appropriate to carry out the purpose and intent of this Policy, provided that no such authorization shall relate to any recovery under this Policy that involves such officer or employee.

If the Committee cannot determine the amount of excess Incentive Compensation received by a Covered Executive directly from the information in the Accounting Restatement, such as in the case of Incentive Compensation tied to stock price or total stockholder return, then it shall make its determination based on its reasonable estimate of the effect of the Accounting Restatement and shall maintain documentation of such determination, including for purposes of providing such documentation to Nasdaq.

Except where an action is required by Nasdaq Listing Rule 5608, Section 10D of the Exchange Act or Rule 10D-1(b)(1) promulgated under the Exchange Act to be determined in a different matter, the Board may act to have the independent directors of the Board administer this policy in place of the Committee.

#### No Indemnification or Advancement of Legal Fees

Notwithstanding the terms of any indemnification agreement, insurance policy, contractual arrangement, the governing documents of the Company or other document or arrangement, the Company shall not indemnify any Covered Executive against, or pay the premiums for any insurance policy to cover, any amounts recovered under this Policy or any expenses that a Covered Executive incurs in opposing Company efforts to recoup amounts pursuant to the Policy.

#### Non-Exclusive Remedy; Successors

Recovery of Incentive Compensation pursuant to this Policy shall not in any way limit or affect the rights of the Company to pursue disciplinary, legal, or other action or pursue any other remedies available to it. This Policy shall be in addition to, and is not intended to limit, any rights of the Company to recover Incentive Compensation from Covered Executives under any legal remedy available to the Company and applicable laws and regulations, including but not limited to the Sarbanes-Oxley Act of 2002, as amended, or pursuant to the terms of any other Company policy, employment agreement, equity award agreement, or similar agreement with a Covered Executive.

This Policy shall be binding and enforceable against all Covered Executives and their successors, beneficiaries, heirs, executors, administrators, or other legal representatives.

#### Amendment

This Policy may be amended from time to time by the Committee or the Board of Directors.

Effective Date

This Policy shall apply to any Incentive Compensation received on or after October 2, 2023.

*Adopted by the Compensation Committee of National CineMedia, Inc. on November 1, 2023*