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

FORM 10-Q/A
(Amendment No. 1)

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

For the quarterly period ended September 29, 2022

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	**20-5665602**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

6300 S. Syracuse Way, Suite 300	**Centennial**	**Colorado**	**80111**
(Address of Principal Executive Offices)			**(Zip Code)**

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

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

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

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	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 3, 2022, 82,000,152 shares of the registrant’s common stock (including unvested restricted shares), par value of $0.01 per share, were outstanding.

EXPLANATORY NOTE

National CineMedia, Inc. is filing this Amendment No. 1 (the "Amendment") to its Quarterly Report on Form 10-Q (the "Quarterly Report") for the three months ended September 29, 2022, as filed with the Securities and Exchange Commission on November 7, 2022, to correct a typographical error regarding the date of the suspended quarterly dividend under the Liquidity and Capital Resources section contained in "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations".

In the listing of cost-saving measures under "Liquidity and Capital Resources" of "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations", the date of the suspended quarterly dividend for the three months ended September 29, 2022, should be the third quarter of 2022. Except as set forth in the preceding sentence, no other changes are being made to the Quarterly Report, which continues to speak as of the dates set forth therein.

This Amendment should be read in conjunction, and as if filed concurrently, with the Quarterly Report. Except as expressly set forth in this Explanatory Note, this Amendment does not modify or update disclosures contained in the Quarterly Report, and this Amendment therefore does not reflect events occurring after the filing of the Quarterly Report.

TABLE OF CONTENTS

PART I

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Some of the information in this Quarterly Report on Form 10-Q 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 (the "Exchange Act"), as amended. All statements other than statements of historical facts included in this Form 10-Q, including, without limitation, certain statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations", statements related to the impact of the current COVID-19 Pandemic on our business and results of operations, and statements relating to NCM LLC's current debt facilities and potential amendments or ability to raise additional debt 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. Our actual results could differ materially from those indicated in these statements as a result of certain factors as more fully discussed under the heading "Risk Factors" below and in our annual report on Form 10-K for the Company's fiscal year ended December 30, 2021. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law. The following discussion and analysis is a supplement to and should be read in conjunction with the unaudited Condensed Consolidated Financial Statements and notes thereto included herein and the audited financial statements and other disclosure included in our annual report on Form 10-K for the Company's fiscal year ended December 30, 2021. In the following discussion and analysis, the term net income refers to net income attributable to NCM, Inc.

Overview

We are America's Movie Network. As the largest cinema advertising network in the U.S., we unite brands with young, diverse audiences through the power of movies and popular culture. We currently derive revenue principally from the sale of advertising to national, local and regional businesses in our *Noovie*® pre-show, our cinema advertising and entertainment pre-show seen on movie screens across the U.S.

We present two different formats of our *Noovie* pre-show depending on the theater circuit in which it runs. In Regal and Cinemark and a portion of our network affiliates' theaters, the *Noovie* pre-show now includes Post-Showtime advertising inventory after the advertised showtime consisting of (1) the lights down segment that runs for five minutes after the advertised showtime with trailer lighting and (2) the 30- or 60-second Platinum Spot. As of September 29, 2022, theaters presenting the new *Noovie* pre-show format with Post-Showtime Inventory made up approximately 59% of our network. All other NCM network theater circuits, which make up the remaining 41% of our network, present the Classic *Noovie* pre-show, which ends approximately at the advertised movie showtime when the movie trailers begin. The movie trailers that run before the feature film are not part of our *Noovie* preshow.

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 online and mobile advertising through our *Noovie* Audience Accelerator, across our suite of *Noovie* digital properties, including *Noovie* Trivia, *Noovie* Shuffle, and *Name That Movie*®, as well as a variety of complementary out of home venues, including restaurants and convenience stores, in order to reach entertainment audiences beyond the theater. As of September 29, 2022, over 7.2 million moviegoers have downloaded our mobile apps. These downloads and the acquisition of second- and third-party data have resulted in data sets of approximately 346.5 million as of September 29, 2022. We have long-term ESAs (approximately 17.0 weighted average years remaining) with the founding members and multi-year agreements with our network affiliates, which expire at various dates between November 2022 and December 2037. The weighted average remaining term of the ESAs and the network affiliate agreements is 15.1 years as of September 29, 2022. The ESAs and network affiliate agreements grant NCM LLC exclusive rights in their theaters to sell advertising, subject to limited exceptions. Our *Noovie* pre-show and LEN programming are distributed predominantly via satellite through our proprietary digital content network ("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 operating metrics including changes in revenue, Adjusted OIBDA and Adjusted OIBDA margin, as defined and discussed below, as some of our primary measurement metrics. In addition, we monitor our monthly advertising performance measurements, including advertising inventory utilization, national and regional advertising pricing (CPM), local advertising rate per theater per week, and national, local, regional and total advertising revenue per attendee. We also monitor free cash flow, the dividend coverage ratio, financial leverage ratio (net debt divided by Adjusted OIBDA plus integration payments and other encumbered theater payments), cash balances and revolving credit facility availability to ensure financial debt covenant compliance and that there is adequate cash availability to fund our working capital needs and debt obligations and future dividends declared by our Board of Directors.

Our operating results may be affected by a variety of internal and external factors and trends described more fully in the section entitled "Risk Factors" below and in our annual report on Form 10-K filed with the SEC on March 3, 2022 for our fiscal year ended December 30, 2021.

Recent Developments

The impacts from the COVID-19 Pandemic have had and continue to have an effect on the world and our business. The movie slate for 2022 has improved from prior years but continues to be limited by post-production delays and major motion picture release schedule changes. The attendance level has increased from the prior year, but it has not met historical levels and has not been consistent throughout the year due to timing of major motion picture releases. In-theater advertising revenue for the year ended December 30, 2021 and the nine months ended September 29, 2022 also remained below historical levels due in part to a lag between the recovery of attendees and advertisers, as well as current macroeconomic factors.

On September 7, 2022, Cineworld Group plc, the parent company of Regal, and certain of its subsidiaries, including Regal, Regal Cinemas, Inc., a party to the ESA with NCM LLC, and Regal CineMedia Holdings, LLC, 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"). On October 21, 2022, Regal filed a motion to reject the ESA without specifying an effective date for the rejection and indicated that Regal currently plans on negotiating with the Company regarding the ESA. NCM LLC has also 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. Although there can be no assurances that NCM LLC's request for declaratory relief will be successful, the Company believes these rights will survive any attempted rejection in the bankruptcy court by Regal. In the event that NCM LLC's or NCM, Inc.'s agreements with Regal and its affiliates are rejected, it could have a materially negative impact on the Company's operations or financial condition.

To ensure sufficient liquidity during the recovery from the impacts of the COVID-19 Pandemic, we managed our liquidity position through various cost control methods discussed further within the "Financial Condition and Liquidity" section below. Since the beginning of the COVID-19 Pandemic, the Company has significantly reduced payroll related costs through a combination of temporary measures as well as a headcount reduction of approximately 44% as of September 29, 2022, as compared to headcount levels prior to the COVID-19 Pandemic. Our theater access fees, network affiliate payments and Platinum Spot revenue share payments are driven by attendance, active screens and/or in-theater advertising revenue, and therefore, were not incurred for the duration of time that the theaters were closed and attendance-based fees will continue to be reduced for the period of time that attendance is lower than historical levels. We were still required to pay these screen-based fees when theaters were open, which were reduced for months where screens were in use for only part of the month.

On January 5, 2022, NCM LLC entered into the Credit Agreement Third Amendment. Among other things, the Credit Agreement Third Amendment provides 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) the consolidated net total leverage ratio and consolidated net senior secured leverage ratio financial covenants to be set to 9.25 to 1.00 and 7.25 to 1.00, respectively, for the fiscal quarter ending on or about March 30, 2023, 8.50 to 1.00 and 6.50 to 1.00, respectively, for the fiscal quarter ending on or about June 29, 2023, 8.00 to 1.00 and 6.00 to 1.00, respectively, for the fiscal quarter ending on or about September 28, 2023, and 6.25 to 1.00 and 4.50 to 1.00, respectively, for the fiscal quarter ending on or about December 28, 2023 and each fiscal quarter thereafter.

On January 5, 2022, NCM LLC also entered into the Revolving Credit Agreement 2022 among NCM LLC, the lenders party thereto and Wilmington Savings Fund Society, FSB, as administrative agent and collateral agent. The Revolving Credit Agreement 2022 provides for revolving loan commitments of $50.0 million of secured revolving loans, the entire amount of which was funded on January 5, 2022. The Revolving Credit Agreement 2022 provides for (i) a cash interest rate of term 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 terminates the commitments under the Revolving Credit Agreement 2022 at any time before maturity. The Revolving Credit Agreement 2022 also contains covenants, representations and warranties and events of default that are substantially similar to the Credit Agreement.

Summary Historical and Operating Data

You should read this information with the other information contained in this document, and our unaudited historical financial statements and the notes thereto included elsewhere in this document.

Our Operating Data—The following table presents operating data and Adjusted OIBDA (dollars in millions, except share and margin data):

	Q3 2022	Q3 2021	YTD 2022	YTD 2021	% Change Q3 2021 to Q3 2022	% Change YTD 2021 to YTD 2022
Revenue	$ 54.5	$ 31.7	$ 157.5	$ 51.1	71.9 %	208.2 %
Operating expenses:						
Advertising	35.9	29.2	106.2	60.4	22.9 %	75.8 %
Network, administrative and unallocated costs	22.8	21.2	72.5	67.3	7.5 %	7.7 %
Total operating expenses	58.7	50.4	178.7	127.7	16.5 %	39.9 %
Operating loss	(4.2)	(18.7)	(21.2)	(76.6)	(77.5)%	(72.3)%
Non-operating expenses	17.5	14.8	55.1	45.8	18.2 %	20.3 %
Income tax expense	—	—	—	—	— %	— %
Net loss attributable to noncontrolling interests	(12.8)	(18.3)	(41.5)	(65.1)	(30.1)%	(36.3)%
Net loss attributable to NCM, Inc.	$ (8.9)	$ (15.2)	$ (34.8)	$ (57.3)	(41.4)%	(39.3)%
Net loss per NCM, Inc. basic share	$ (0.11)	$ (0.19)	$ (0.43)	$ (0.72)	(42.1)%	(40.3)%
Net loss per NCM, Inc. diluted share	$ (0.11)	$ (0.19)	$ (0.43)	$ (0.72)	(42.1)%	(40.3)%
Adjusted OIBDA	$ 7.0	$ (8.2)	$ 15.2	$ (43.1)	(185.4)%	(135.3)%
Adjusted OIBDA margin	12.8 %	(25.9)%	9.7 %	(84.3)%	38.7 %	94.0 %
Total theater attendance (in millions) *(1)*	106.6	75.7	306.8	138.6	40.8 %	121.4 %

(1) Represents the total attendance within our advertising network, excluding screens and attendance associated with certain AMC Carmike theaters that were part of another cinema advertising network during the periods presented. Refer to Note 4 to the unaudited Condensed Consolidated Financial Statements included elsewhere in this document.

Non-GAAP Financial Measures

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

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

	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Operating loss	$ (4.2)	$ (18.7)	$ (21.2)	$ (76.6)
Depreciation expense	1.5	2.5	5.1	8.4
Amortization of intangibles recorded for network theater screen leases	6.3	6.2	18.7	18.5
Share-based compensation costs *(1)*	2.1	1.7	5.1	6.5
Executive transition costs *(2)*	—	0.1	—	0.1
Impairment of long-lived assets *(3)*	—	—	5.8	—
Sales force reorganization costs *(4)*	—	—	0.4	—
Advisor fees related to the Cineworld Proceeding *(5)*	1.3	—	1.3	—
Adjusted OIBDA	$ 7.0	$ (8.2)	$ 15.2	$ (43.1)
Total revenue	$ 54.5	$ 31.7	$ 157.5	$ 51.1
Adjusted OIBDA margin	12.8 %	(25.9)%	9.7 %	(84.3)%

(1) Share-based compensation costs are included in network operations, selling and marketing and administrative expense in the accompanying unaudited Condensed Consolidated Financial Statements.
(2) Executive transition costs represent costs associated with the search for the Company's new CFO during the third quarter of 2021.
(3) The impairment of long-lived assets primarily relates to the write down of certain internally developed software no longer in use.
(4) Sales force reorganization costs represents redundancy costs associated with changes to the Company's sales force implemented during the first quarter of 2022.
(5) Advisor and legal fees incurred in connection with the Company's involvement in the Cineworld Proceeding during the third quarter of 2022.

Our Network—The change in the number of screens in our network by the founding members and network affiliates during the nine months ended September 29, 2022 was as follows.

	Number of screens		
	Founding Members	Network Affiliates	Total
Balance as of December 30, 2021	16,436	4,304	20,740
Lost affiliates *(1)*	—	(288)	(288)
Closures, net of openings *(2)*	(281)	30	(251)
Balance as of September 29, 2022	16,155	4,046	20,201

(1) Represents the loss of three of our affiliates resulting in a reduction of 288 affiliate screens to our network as of September 29, 2022.
(2) Represents the closure of 251 screens, net of new screens added, across our founding members and network affiliates.

Our founding member 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

The results of operations data for the three months ended September 29, 2022 (third quarter of 2022) and September 30, 2021 (third quarter of 2021) and the nine months ended September 29, 2022 and September 30, 2021 was derived from the unaudited Condensed Consolidated Financial Statements and accounting records of NCM, Inc. and should be read in conjunction with the accompanying notes.

Results of Operations

Third Quarter of 2022 and Third Quarter of 2021

Revenue. Total revenue increased 71.9%, from $31.7 million for the third quarter of 2021 to $54.5 million for the third quarter of 2022. The following is a summary of revenue by category (in millions):

	Q3 2022	Q3 2021	$ Change Q3 2021 to Q3 2022	% Change Q3 2021 to Q3 2022
National advertising revenue	$ 39.7	$ 22.6	$ 17.1	75.7 %
Local and regional advertising revenue	9.8	5.7	4.1	71.9 %
Founding member advertising revenue from beverage concessionaire agreements	5.0	3.4	1.6	47.1 %
Total revenue	$ 54.5	$ 31.7	$ 22.8	71.9 %

The following table shows data on theater attendance and revenue per attendee for the three months ended September 29, 2022 and September 30, 2021:

	Q3 2022	Q3 2021	% Change Q3 2021 to Q3 2022
National advertising revenue per attendee	$ 0.372	$ 0.299	24.4 %
Local and regional advertising revenue per attendee	$ 0.092	$ 0.075	22.7 %
Total advertising revenue (excluding founding member beverage revenue) per attendee	$ 0.464	$ 0.374	24.1 %
Total revenue per attendee	$ 0.511	$ 0.419	22.0 %
Total theater attendance (in millions) *(1)*	106.6	75.7	40.8 %

(1) Represents the total attendance within our advertising network, excluding screens and attendance associated with certain AMC Carmike theaters that were part of another cinema advertising network during the periods presented.

National advertising revenue. National advertising revenue increased by $17.1 million, or 75.7%, from $22.6 million for the third quarter of 2021 to $39.7 million for the third quarter of 2022. The increase was due to a 49.1% increase in impressions sold and a 34.5% increase in national advertising CPMs (excluding beverage) in the third quarter of 2022, compared to the third quarter of 2021. The increase in impressions sold was primarily due to a 40.8% increase in network attendance for the third quarter of 2022.

Local and regional advertising revenue. Local and regional advertising revenue increased by $4.1 million, or 71.9%, from $5.7 million for the third quarter of 2021 to $9.8 million for the third quarter of 2022. The increase in local and regional advertising revenue was driven by an increase in revenue from the transportation, travel and public health categories in the third quarter of 2022, compared to the third quarter of 2021 following a significant increase in network attendance.

Founding member beverage revenue. National advertising revenue from the founding members' beverage concessionaire agreement increased $1.6 million, or 47.1%, from $3.4 million for the third quarter of 2021 to $5.0 million for the third quarter of 2022. The increase was due to a 42.8% increase in founding member attendance for the third quarter of 2022, compared to the third quarter of 2021 when founding member attendance was negatively impacted by a limited movie slate and COVID-19 related theater closures and restrictions. The increase was also due to contractual increases in the beverage revenue CPMs in 2022, compared to 2021.

Operating expenses. Total operating expenses increased $8.3 million, or 16.5%, from $50.4 million for the third quarter of 2021 to $58.7 million for the third quarter of 2022. The following table shows the changes in operating expense for the third quarter of 2022 (in millions):

	Q3 2022	Q3 2021	$ Change Q3 2021 to Q3 2022	% Change Q3 2021 to Q3 2022
Advertising operating costs	$ 6.3	$ 5.2	$ 1.1	21.2 %
Network costs	2.1	2.0	0.1	5.0 %
Theater access fees and revenue share—founding members	21.3	16.7	4.6	27.5 %
Selling and marketing costs	10.4	8.2	2.2	26.8 %
Administrative and other costs	10.8	9.6	1.2	12.5 %
Depreciation expense	1.5	2.5	(1.0)	(40.0)%
Amortization of intangibles recorded for network theater screen leases	6.3	6.2	0.1	1.6 %
Total operating expenses	$ 58.7	$ 50.4	$ 8.3	16.5 %

Advertising operating costs. Advertising operating costs increased $1.1 million, or 21.2%, from $5.2 million for the third quarter of 2021 to $6.3 million for the third quarter of 2022. The increase in advertising operating costs was due to $0.9 million of higher advertising affiliate and partner expense, which was driven by higher revenue for the third quarter of 2022, as compared to the third quarter of 2021.

Network costs. Network costs increased $0.1 million, or 5.0%, from $2.0 million for the third quarter of 2021 to $2.1 million for the third quarter of 2022.

Theater access fees and revenue share—founding members. Theater access fees and revenue share increased by $4.6 million, or 27.5%, from $16.7 million for the third quarter of 2021 to $21.3 million for the third quarter of 2022. This increase was primarily due to a $4.0 million increase caused by the substantial increase in founding member theater attendance for the third quarter of 2022 as compared to the third quarter of 2021 and a $0.6 million increase in Platinum Spot revenue share in the third quarter of 2022, compared to the third quarter of 2021.

Selling and marketing costs. Selling and marketing costs increased $2.2 million, or 26.8%, from $8.2 million for the third quarter of 2021 to $10.4 million for the third quarter of 2022. This increase was primarily due to a $1.3 million increase in commission expense, driven by higher revenue in the third quarter of 2022, compared to the third quarter of 2021. Revenue share expenses increased by $0.5 million driven by increased revenue and a $0.2 million increase in software costs in the third quarter of 2022, compared to the third quarter of 2021.

Administrative and other costs. Administrative and other costs increased $1.2 million, or 12.5%, from $9.6 million for the third quarter of 2021 to $10.8 million for the third quarter of 2022. This increase was primarily due to $1.3 million in advisor fees incurred related to the Cineworld Proceeding during the third quarter of 2022 and a $0.2 million increase due to reduced capitalized personnel costs in our technology department during the third quarter of 2022, as compared to the third quarter of 2021. These increases were partially offset by a $0.4 million decrease in other legal and professional fees.

Depreciation expense. Depreciation expense decreased $1.0 million, or 40.0%, from $2.5 million for the third quarter of 2021 to $1.5 million in the third quarter of 2022, primarily due to the write-off of internally developed software in the first quarter of 2022.

Amortization of intangibles recorded for network theater screen leases. Amortization of intangibles recorded for network theater screen increased $0.1 million, or 1.6%, from $6.2 million for the third quarter of 2021 to $6.3 million for the third quarter of 2022.

Non-operating expenses. Total non-operating expenses increased $2.7 million, or 18.2%, from $14.8 million for the third quarter of 2021 to $17.5 million for the third quarter of 2022. The following table shows the changes in non-operating expense for the third quarter of 2022 and the third quarter of 2021 (in millions):

	Q3 2022	Q3 2021	$ Change Q3 2021 to Q3 2022	% Change Q3 2021 to Q3 2022
Interest on borrowings	$ 19.8	$ 16.6	$ 3.2	19.3 %
Interest income	(0.1)	—	(0.1)	— %
(Gain) loss on the re-measurement of the payable to founding members under the tax receivable agreement	(2.2)	(1.8)	(0.4)	22.2 %
Total non-operating expenses	$ 17.5	$ 14.8	$ 2.7	18.2 %

The increase in non-operating expense was primarily due to a $3.2 million increase in interest on borrowings primarily related to the issuance of the Revolving Credit Agreement 2022 in January of 2022 as well as rising interest rates, partially offset by a $0.4 million increase in the gain on the re-measurement of the payable to founding members under the tax receivable agreement for the third quarter of 2022, compared to the third quarter of 2021.

Net Loss. Net loss decreased $6.3 million from net loss of $15.2 million for the third quarter of 2021 to $8.9 million for the third quarter of 2022. The decrease in net loss was due to a $14.5 million decrease in operating loss, offset by a $5.5 million decrease in net loss attributable to noncontrolling interests and a $2.7 million decrease in non-operating expense.

Nine months ended September 29, 2022 and September 30, 2021

Revenue. Total revenue increased 208.2%, from $51.1 million for the nine months ended September 30, 2021 to $157.5 million for the nine months ended September 29, 2022. The following is a summary of revenue by category (in millions):

	Nine Months Ended		$ Change	% Change
	September 29, 2022	September 30, 2021	YTD 2021 to YTD 2022	YTD 2021 to YTD 2022
National advertising revenue	$ 116.7	$ 34.3	$ 82.4	240.2 %
Local and regional advertising revenue	26.4	10.8	15.6	144.4 %
Founding member advertising revenue from beverage concessionaire agreements	14.4	6.0	8.4	140.0 %
Total revenue	$ 157.5	$ 51.1	$ 106.4	208.2 %

The following table shows data on theater attendance and revenue per attendee for the nine months ended September 29, 2022 and September 30, 2021:

	Nine Months Ended		% Change
	September 29, 2022	September 30, 2021	YTD 2021 to YTD 2022
National advertising revenue per attendee	$ 0.380	$ 0.247	53.8 %
Local and regional advertising revenue per attendee	$ 0.086	$ 0.078	10.3 %
Total advertising revenue (excluding founding member beverage revenue) per attendee	$ 0.466	$ 0.325	43.4 %
Total revenue per attendee	$ 0.513	$ 0.369	39.0 %
Total theater attendance (in millions) *(1)*	306.8	138.6	121.4 %

(1) Represents the total attendance within our advertising network, excluding screens and attendance associated with certain AMC Carmike theaters that were part of another cinema advertising network during the periods presented.

National advertising revenue. National advertising revenue increased by $82.4 million, or 240.2%, from $34.3 million for the nine months ended September 30, 2021 to $116.7 million for the nine months ended September 29, 2022. The increase was due to a significant increase in impressions sold and a 31.6% increase in national advertising CPMs for the nine months ended September 29, 2022, compared to the nine months ended September 30, 2021. The increase in impressions sold was primarily due to a 121.3% increase in network attendance and a 44.0% increase in national advertising utilization due in part to the Company's ability to participate in the 2022 upfront marketplace, as compared to 2021 when the theaters were closed and the return of advertisers to the network in the nine months ended September 29, 2022.

Local and regional advertising revenue. Local and regional advertising revenue increased by $15.6 million, or 144.4%, from $10.8 million for the nine months ended September 30, 2021 to $26.4 million for the nine months ended September 29, 2022. The increase in local and regional advertising revenue was due primarily to the closure of approximately 40% of our network for three of the nine months ended September 30, 2021. The increase was also driven by an increase in advertiser interest in the nine months ended September 29, 2022, compared to the nine months ended September 30, 2021, following a significant increase in network attendance primarily due to an improved movie slate and the removal of COVID-19 Pandemic related restrictions.

Founding member beverage revenue. National advertising revenue from the founding members' beverage concessionaire agreement increased $8.4 million, or 140.0%, from $6.0 million for the nine months ended September 30, 2021 to $14.4 million for the nine months ended September 29, 2022. The increase was due to a 127.0% increase in founding member attendance for the nine months ended September 29, 2022, compared to the nine months ended September 30, 2021. The increase was also due to contractual increases in the beverage revenue CPMs in 2022, compared to 2021.

Operating expenses. Total operating expenses increased $51.0 million, or 39.9%, from $127.7 million for the nine months ended September 30, 2021 to $178.7 million for the nine months ended September 29, 2022. The following table shows the changes in operating expense for the nine months ended September 29, 2022 and September 30, 2021 (in millions):

	Nine Months Ended		$ Change	% Change
	September 29, 2022	September 30, 2021	YTD 2021 to YTD 2022	YTD 2021 to YTD 2022
Advertising operating costs	$ 19.3	$ 9.9	$ 9.4	94.9 %
Network costs	6.2	5.7	0.5	8.8 %
Theater access fees and revenue share—founding members	62.4	31.0	31.4	101.3 %
Selling and marketing costs	31.0	24.8	6.2	25.0 %
Administrative and other costs	30.2	29.4	0.8	2.7 %
Impairment of long-lived assets	5.8	—	5.8	100.0 %
Depreciation expense	5.1	8.4	(3.3)	(39.3)%
Amortization of intangibles recorded for network theater screen leases	18.7	18.5	0.2	1.1 %
Total operating expenses	$ 178.7	$ 127.7	$ 51.0	39.9 %

Advertising operating costs. Advertising operating costs increased $9.4 million, or 94.9%, from $9.9 million for the nine months ended September 30, 2021 to $19.3 million for the nine months ended September 29, 2022. The majority of the increase was due to $8.9 million of higher advertising affiliate and partner expense, which was driven by higher revenue for the nine months ended September 29, 2022, compared to the nine months ended September 30, 2021 and $0.2 million increase in personnel related costs due to the reinstatement of full salaries to all employees in the first quarter of 2022 impacting the nine months ended September 29, 2022, compared to the nine months ended September 30, 2021 when temporary salary and wage reductions were in place.

Network costs. Network costs increased $0.5 million, or 8.8%, from $5.7 million for the nine months ended September 30, 2021 to $6.2 million for the nine months ended September 29, 2022. The increase was primarily related to a $0.5 million increase in personnel related costs due to the reinstatement of full salaries to all employees in the first quarter of 2022 impacting the nine months ended September 29, 2022, compared to the nine months ended September 30, 2021 when temporary salary and wage reductions were in place.

Theater access fees and revenue share—founding members. Theater access fees and revenue share increased by $31.4 million, or 101.3%, from $31.0 million for the nine months ended September 30, 2021 to $62.4 million for the nine months ended September 29, 2022. This increase was primarily caused by an $18.6 million increase due to the substantial increase in founding member theater attendance for the nine months ended September 29, 2022, as compared to the nine months ended September 30, 2021, and an $11.1 million increase due to the 38.8% increase in average active screens for the nine months ended September 29, 2022, as compared to the nine months ended September 30, 2021. This increase was also due to a $1.7 million increase in Platinum Spot revenue share in the nine months ended September 29, 2022, compared to the nine months ended September 30, 2021.

Selling and marketing costs. Selling and marketing costs increased $6.2 million, or 25.0%, from $24.8 million for the nine months ended September 30, 2021 to $31.0 million for the nine months ended September 29, 2022. This increase was primarily due to a $3.1 million increase in personnel related expenses following the reinstatement of full salaries to employees in the first quarter of 2022 impacting the nine months ended September 29, 2022, compared to the nine months ended September 30, 2021 when temporary salary and wage reductions were in place. The increase was also due to a $2.3 million increase in selling related expenses due to increased marketing activity, a $0.8 million increase in bad debt expense driven by the increase in revenue and a $0.4 million increase in software costs for the nine months ended September 29, 2022, compared to the nine months ended September 30, 2021. These increases were partially offset by a $0.7 million decrease in non-cash barter expense for the nine months ended September 29, 2022, compared to the nine months ended September 30, 2021.

<u>Administrative and other costs.</u> Administrative and other costs increased $0.8 million, or 2.7%, from $29.4 million for the nine months ended September 30, 2021 to $30.2 million for the nine months ended September 29, 2022. This increase was primarily due to a $1.3 million increase in advisor and legal fees related to the Cineworld Proceeding during the third quarter of 2022, a $0.4 million increase in cloud computing expense related to our cinema advertising management system and a $0.5 million increase related to corporate expenses. The increase was also partially offset by a $0.3 million decrease in other legal and professional fees and a $1.0 million decrease in personnel related expenses driven by a $1.3 million decrease in share-based compensation expense, partially offset by a $0.7 million decrease in capitalized personnel costs in the nine months ended September 29, 2022, compared to the nine months ended September 30, 2021.

<u>Impairment of long-lived assets.</u> Impairment of long-lived assets increased $5.8 million, or 100%, from $0.0 million for the nine months ended September 30, 2021 to $5.8 million for the nine months ended September 29, 2022. This increase in impairment expense consisted of the write-off of certain long-lived assets during the first quarter of 2022.

<u>Depreciation expense.</u> Depreciation expense decreased $3.3 million, or 39.3%, from $8.4 million for the nine months ended September 30, 2021 to $5.1 million for the nine months ended September 29, 2022, primarily due to the write-off of internally developed software in the first quarter of 2022.

<u>Amortization of intangibles recorded for network theater screen leases.</u> Amortization of intangibles recorded for network theater screen leases increased $0.2 million, or 1.1%, from $18.5 million for the nine months ended September 30, 2021 to $18.7 million for the nine months ended September 29, 2022.

Non-operating expenses. Total non-operating expenses increased $9.3 million, or 20.3%, from $45.8 million for the nine months ended September 30, 2021 to $55.1 for the nine months ended September 29, 2022. The following table shows the changes in non-operating expense for the nine months ended September 29, 2022 and September 30, 2021 (in millions):

	Nine Months Ended		$ Change	% Change
	September 29, 2022	**September 30, 2021**	**YTD 2021 to YTD 2022**	**YTD 2021 to YTD 2022**
Interest on borrowings	$ 57.3	$ 48.2	$ 9.1	18.9 %
Interest income	(0.1)	(0.1)	$ —	— %
(Gain) loss on modification and retirement of debt, net	(5.9)	0.8	$ (6.7)	(837.5)%
Loss (gain) on the re-measurement of the payable to founding members under the tax receivable agreement	4.0	(3.2)	$ 7.2	(225.0)%
Other non-operating (income) expense	(0.2)	0.1	$ (0.3)	(300.0)%
Total non-operating expenses	$ 55.1	$ 45.8	$ 9.3	20.3 %

The increase in non-operating expense was primarily due to a $9.1 million increase in interest on borrowings primarily related to the issuance of the Revolving Credit Agreement 2022 in January of 2022 as well as rising interest rates and a $7.2 million increase in the loss on the re-measurement of the payable to founding members under the tax receivable agreement. These increases were partially offset by a $6.7 million increase in the gain on the modification and retirement of debt driven by NCM Inc.'s purchase of $25.8 million of the Notes due 2028 on the open market in the second quarter of 2022, reducing the principal amount owed by NCM LLC to third parties as of September 29, 2022.

Net Loss. Net loss decreased $22.5 million from net loss of $57.3 million for the nine months ended September 30, 2021 to $34.8 million for the nine months ended September 29, 2022. The decrease in net loss was due to a $55.4 million decrease in operating loss, partially offset by a $23.6 million decrease in net loss attributable to noncontrolling interests and a $9.3 million increase in non-operating expense.

Known Trends and Uncertainties

COVID-19 and Other Macroeconomic Factors—As discussed within the '*Recent Developments*' section, due to the COVID-19 Pandemic certain theaters within the Company's network were temporarily closed during a portion of 2021. The Company's ability to advertise within theaters once opened in 2021 was limited due to reduced movie schedules and patron capacities at many network theaters and the timing and frequency of new major motion picture releases as compared to prior years due to the COVID-19 Pandemic. Our theater access fees, network affiliate payments and Platinum Spot revenue share payments are driven by attendance, active screens and/or revenue, and therefore, were not incurred when theaters were closed and attendance-based fees were reduced for the period of time that attendance was lower than historical levels.

We are currently unable to fully determine the extent of the impact of the COVID-19 Pandemic and other current macroeconomic factors on our business in future periods due to the lingering impacts on our business environment and related market volatility. However, we continue to monitor the situation and its potential impacts on our financial position, results of operations, liquidity and cash flows.

Cineworld Proceeding—As discussed within the 'Recent Developments' section, on September 7, 2022, Cineworld Group plc, the parent company of Regal, and certain of its subsidiaries, including Regal, Regal Cinemas, Inc., a party to the ESA, and Regal CineMedia Holdings, LLC, 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 currently plans on negotiating with the Company regarding the ESA. NCM LLC has also 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. Although there can be no assurances that NCM LLC's request for declaratory relief will be successful, the Company believes these rights will survive any attempted rejection in the bankruptcy court by Regal. In the event that NCM LLC's or NCM, Inc.'s agreements with Regal and its affiliates are rejected, it could have a materially negative impact on the Company's operations or financial condition.

Beverage Revenue—Under the ESAs, up to 90 seconds of the *Noovie*® pre-show program can be sold to the founding members to satisfy their on-screen advertising commitments under their beverage concessionaire agreements. For the first three and nine months of 2022 and 2021, two of the founding members purchased 60 seconds of on-screen advertising time and one founding member purchased 30 seconds to satisfy their obligations under their beverage concessionaire agreements. The founding members' 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 founding member 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 founding member 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* pre-show in the founding member's 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.

Theater Access Fees—In consideration for NCM LLC's access to the founding members' theater attendees for on-screen advertising and use of lobbies and other space within the founding members' theaters for the LEN and lobby promotions, the founding members 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 and Regal each 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: (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) increasing 8% every five years beginning November 1, 2027.

Platinum Spot—In consideration for the utilization of the theaters post-showtime for Platinum Spots, Cinemark and Regal receive a percentage 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.

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 available cash payments (as defined in the NCM LLC operating agreement) to Cinemark and Regal, interest or principal payments on our term loans and the Notes due 2026 and Notes due 2028, income tax payments, TRA payments to the founding members and amount of dividends to NCM, Inc.’s common stockholders.

As discussed within the ‘*Recent Developments*’ section, due to the COVID-19 Pandemic, certain theaters within the Company’s network remained temporarily closed during a portion of 2021 and the Company's ability to advertise within the reopened theaters in 2021 was limited due to lower than historical levels of attendance due in part to reduced movie schedules and patron capacities at many network theaters and the timing and frequency of major motion picture releases as compared to prior years due to the COVID-19 Pandemic. The Company’s attendance levels have continued to improve but still remain below historic levels, which continues to impact cash receipts and advertising revenue. Further, there is a lag between when revenue is generated and when the Company ultimately collects the associated accounts receivable balance. The Company also had reduced cash payments during the period when theaters within the Company's network were closed or attendance levels were low as expenses related to theater attendance (i.e., theater access fees, Platinum Spot revenue share and network affiliate revenue share payments) were either not incurred or incurred at lower levels. As all of the theaters within our network were open during the first nine months of 2022, the screen-based portion of these expenses returned to historical levels and the attendance-based portion of these expenses is expected to continue to increase as attendance increases following the continued release of many major motion pictures. The Company also implemented the following cost-saving measures in order to preserve cash at the start of the COVID-19 Pandemic, and those measures remain in place as of the filing date:

- Offered the option for the Board to receive the cash retainers beginning with the first quarter of 2021 in equivalent value of the Company’s common stock in lieu of cash;
- Curtailed certain non-essential operating expenditures, including marketing, research, and consulting services;
- Temporarily suspended the 401K employee match program;
- Terminated or deferred certain non-essential capital expenditures;
- Strategically worked with our vendors, and other business partners to manage, defer, and/or abate certain costs during the disruptions caused by the COVID-19 Pandemic;
- Decreased our quarterly dividend beginning in the second quarter of 2020 through the second quarter of 2022 and suspended our quarterly dividend in the third quarter of 2022, which results in cash savings of $15.5 million in the third quarter of 2022 and cash savings of $99.9 million for NCM, Inc. since the beginning of the COVID-19 Pandemic; and
- Introduced an active cash management process, which, among other things, requires CEO or CFO approval of all outgoing payments.

In March 2020, we drew down an additional $110.0 million on our revolving credit facility, in March 2021, we received $43.0 million in proceeds under incremental term loans that mature on December 20, 2024, and in January 2022 we received $43.3 million in proceeds under an incremental revolving credit facility that matures on June 20, 2023. The $60.9 million of cash at NCM LLC as of September 29, 2022 will be used to fund operations during the period of expected reduced cash flows. Cash at NCM, Inc. is held for future payment of dividends to NCM, Inc. stockholders, income tax payments, income tax receivable payments to NCM LLC’s founding members and other obligations.

On January 5, 2022, NCM LLC entered into the Credit Agreement Third Amendment. Among other things, the Credit Agreement Third Amendment provides 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; (iii) the consolidated net total leverage ratio and consolidated net senior secured leverage ratio financial covenants to be set to 9.25 to 1.00 and 7.25 to 1.00, respectively, for the fiscal quarter ending on or about March 30, 2023, 8.50 to 1.00 and 6.50 to 1.00, respectively, for the fiscal quarter ending on or about June 29, 2023, 8.00 to 1.00 and 6.00 to 1.00, respectively, for the fiscal quarter ending on or about September 28, 2023, and 6.25 to 1.00 and 4.50 to 1.00, respectively, for the fiscal quarter ending on or about December 28, 2023 and each fiscal quarter thereafter, and (iv) with respect to NCM LLC’s audited financial statements for the fiscal year ended December 30, 2021, a waiver of the requirement to deliver an auditor’s opinion for such financial statements without a “going concern” or like qualification or exception.

Also on January 5, 2022, NCM LLC also entered into the Revolving Credit Agreement 2022 among NCM LLC, the lenders party thereto and Wilmington Savings Fund Society, FSB, as administrative agent and collateral agent. The Revolving Credit Agreement 2022 provides for revolving loan commitments of $50.0 million of secured revolving loans, the entire amount of which was funded on January 5, 2022. The Revolving Credit Agreement 2022 provides for (i) a cash interest rate of term 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 terminates the commitments under the Revolving Credit Agreement 2022 at any time before maturity. The Revolving Credit Agreement 2022 also contains covenants, representations and warranties and events of default that are substantially similar to the Credit Agreement. In accordance with the Revolving Credit Agreement 2022 and the Credit Agreement Third Amendment, for the period beginning in the second quarter of 2020 through the date that NCM LLC delivers a compliance certificate for the fourth quarter of 2023, NCM LLC must maintain a minimum liquidity balance of $55.0 million consisting of a combination of unrestricted cash on hand and availability under NCM LLC's revolving credit facility (the "Minimum Liquidity Requirement"). As of September 29, 2022, NCM LLC was in compliance with the requirements of the Credit Agreement, as amended, and the Revolving Credit Agreement 2022.

The Company, through NCM LLC, has borrowings under two Revolving Credit Facilities with $217.0 million outstanding as of September 29, 2022, that mature on June 20, 2023 (refer to Note 6—*Borrowings*). The Company does not have available liquidity to repay the full outstanding balance on the date of maturity. Additionally, based on current projections, the Company does not expect to meet certain financial covenants for the period ending March 30, 2023. Further, if the Company's independent registered public accounting firm includes a "going concern" or like qualification or exception, other than for debt maturing within one year, in its report on the Company's financial statements for the year ending December 29, 2022, this would be an event of default under the Company's Credit Agreement at the time the Company's financial statements for the year ending December 29, 2022 are filed. Under the Credit Agreement, failure to remain in compliance with these covenants or inability to repay borrowings under the Revolving Credit Facilities at maturity would result in an event of default for the term loans, which would allow a majority of the lenders under the Credit Agreement to accelerate the maturity of the principal amounts of outstanding term loans to become due and payable. It would also result in an event of default for the senior notes, which would allow the indenture trustee or senior note holders of each tranche of senior notes to accelerate the maturity to become due and payable. Should the Company's borrowings become due and payable, the Company would not be able to repay the Company's total outstanding debt balance. These conditions and events raise substantial doubt about the Company's ability to continue as a going concern. In response to these conditions, management's plans include amending NCM LLC's Revolving Credit Facilities to extend the maturity dates, amending its Senior Secured Credit Facility to extend a waiver of these financial covenants or obtaining additional debt financing through a loan from third parties, and/or NCM, Inc. Management expects to conclude one of these alternatives; however, there can be no assurance that the Company will be successful in completing any of these options. As a result, management's plan cannot be considered probable and thus does not alleviate the substantial doubt about the Company's ability to continue as a going concern. Based on the Company's current financial position and liquidity sources, including current cash balances, and forecasted future cash flows, management believes the Company can meet its operating obligations as they become due.

During October 2022, in order to preserve NCM LLC's liquidity in light of the Minimum Liquidity Requirement, NCM LLC elected not to make an interest payment in the amount of $11.8 million, $0.8 million of which relates to notes held by NCM, Inc., due October 17, 2022 under the Senior Secured Notes due 2028, and entered a 30-day grace period under the indenture governing the Senior Secured Notes due 2028. The Company made this payment on November 4, 2022, prior to the end of the applicable grace period.

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

	As of			$ Change	$ Change
	September 29, 2022	December 30, 2021	September 30, 2021	YE 2021 to Q3 2022	Q3 2021 to Q3 2022
Cash, cash equivalents and marketable securities *(1)*	$ 74.8	$ 102.5	$ 111.3	$ (27.7)	$ (36.5)
NCM LLC revolving credit facility availability *(2)*	6.8	6.8	6.8	—	—
Total liquidity	$ 81.6	$ 109.3	$ 118.1	$ (27.7)	$ (36.5)

____

(1) Included in cash, cash equivalents and marketable securities as of September 29, 2022, December 30, 2021 and September 30, 2021, was $74.8 million, $58.6 million and $64.4 million, respectively, of cash held by NCM LLC that is not available to satisfy dividends declared by NCM, Inc., income tax, tax receivable payments to NCM LLC's founding members and other obligations.

(2) The revolving credit facility portion of NCM LLC's total borrowings is 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 senior secured credit facility, and a portion is available for letters of credit. NCM LLC's total capacity under the revolving credit facility pursuant to the Credit Agreement was $175.0 million as of September 29, 2022, December 30, 2021 and September 30, 2021. As of September 29, 2022, December 30, 2021 and September 30, 2021, the amount available under the NCM

LLC revolving credit facility pursuant to the Credit Agreement in the table above was net of the amount outstanding under the revolving credit facility of $167.0 million, $167.0 million and $167.0 million, respectively, and net letters of credit of $1.2 million, $1.2 million and $1.2 million, respectively.

As of September 29, 2022, the weighted average remaining maturity of our debt was 3.5 years. As of September 29, 2022, approximately 53% of our total borrowings bear interest at fixed rates. The remaining 47% of our borrowings bear interest at variable rates and 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.

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

	Nine Months Ended	
	September 29, 2022	September 30, 2021
Operating cash flow	$ (36.7)	$ (92.5)
Investing cash flow	$ (2.0)	$ (3.6)
Financing cash flow	$ 11.0	$ 25.9

- ***Operating Activities*s.** The $55.8 million decrease in cash used in operating activities for the nine months ended September 29, 2022, as compared to the nine months ended September 30, 2021, was primarily due to 1) a $46.1 million decrease in consolidated net loss, 2) a $7.2 million increase in the noncash gain on the remeasurement of the payable to founding members under the TRA, 3) a $5.8 million increase in accounts receivable collections during the nine months ended September 29, 2022, as compared to the nine months ended September 30, 2021, 4) a $5.8 million increase in the impairment of long-lived assets related to the write down in the first quarter of 2022 of certain internally developed software no longer in use, 5) a $2.8 million decrease in payments of accounts payable and accrued expenses due in part to the cash preservation actions taken by the Company to mitigate the impact of the COVID-19 Pandemic and 6) a $2.3 million increase in integration and other encumbered theater payments driven by higher revenue. These decreases in cash used were partially offset by a $11.4 million decrease in deferred revenue driven by higher advertising revenue and a $6.7 million increase in the gain on the modification and retirement of debt, net.

- ***Investing Activities.*** The $1.6 million decrease in cash used in investing activities for the nine months ended September 29, 2022, as compared to the nine months ended September 30, 2021, was due to a $1.9 million decrease in purchases of property and equipment in the nine months ended September 29, 2022, as compared to the nine months ended September 30, 2021.

- ***Financing Activities.*** The $14.9 million decrease in cash provided by financing activities for the nine months ended September 29, 2022, as compared to the nine months ended September 30, 2021 was primarily due to the issuance of the $50.0 million second tranche of term loans that occurred in the first quarter of 2021 and a $19.8 million increase in the purchase of Notes due 2028, partially offset by the issuance of the $50.0 million Revolving Credit Facility 2022 in the first quarter of 2022 and a $3.4 million decrease in dividends paid related to the decrease in the dividend amounts declared from $0.15 per share during the nine months ended September 30, 2021 to $0.11 per share during the nine months ended September 29, 2022.

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 September 29, 2022 were $74.8 million (including $60.9 million of 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 and cash on hand. NCM LLC drew down an additional $110.0 million of its revolving credit facility in March 2020 in order to supplement the decrease in cash provided by operating activities during the period our network theaters were closed. On January 5, 2022, NCM LLC entered in the Revolving Credit Agreement 2022 and drew down upon the new revolving credit facility of $50.0 million. The $60.9 million of cash at NCM LLC will be used to fund operations during the period of expected reduced cash flows. Cash at NCM, Inc. is used to fund income taxes, payments associated with the TRA with the founding members and for future payment of dividends to NCM, Inc. stockholders.

Cash flows generated by NCM LLC's distributions to NCM, Inc. and the founding members have been affected by the impact of the COVID-19 Pandemic on our operations and may be deferred through the quarter ending December 28, 2023 or longer due to the limitations instituted by the Credit Agreement First Amendment, Credit Agreement Second Amendment and

Credit Agreement Third Amendment. NCM LLC is required pursuant to the terms of the NCM LLC operating agreement to distribute its available cash, as defined in the operating agreement, unless prohibited by NCM LLC's Credit Agreement, quarterly to its members (Regal, Cinemark, AMC and NCM, Inc.). The available cash distribution to NCM LLC's members for the nine months ended September 29, 2022 was calculated as approximately negative $41.3 million, of which NCM, Inc.'s share is approximately negative $19.6 million. Further there was $93.7 million and $85.2 million of negative available cash generated during the years ended December, 30, 2021 and December 31, 2020, respectively. Pursuant to the NCM LLC operating agreement and the Credit Agreement amendments, there will be no available cash distributions made for the first, second or third quarter of 2022. Negative available cash distributions for the years of 2021 and 2020 are expected to be netted in accordance with the NCM LLC operating agreement against future positive available cash distributions after the extended covenant waiver holiday, contingent upon the Company's compliance with the covenants outlined within the Credit Agreement Third Amendment defined within Note 6—*Borrowings* and in accordance with the NCM LLC operating agreement.

NCM, Inc. expects to use its cash balances and cash received from future available cash distributions (as allowed for under the Credit Agreement) to fund payments associated with the TRA with the founding members and future dividends as declared by the Board of Directors. The Company did not make a TRA payment in 2022 for the 2021 tax year. The Company will also consider opportunistically using cash received for partial repayments of NCM LLC's outstanding debt balance. Distributions from NCM LLC and NCM, Inc. cash balances should be sufficient to fund payments associated with the TRA with the founding members, income taxes and any 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, which includes short-term and long-term impacts to the Company related to the COVID-19 Pandemic and restrictions under the NCM LLC Credit Agreement.

Critical Accounting Policies

For a discussion of accounting policies that we consider critical to our business operations and understanding of our results of operations, and that affect the more significant judgments and estimates used in the preparation of our unaudited Condensed Consolidated Financial Statements, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies" contained in our annual report on Form 10-K filed for the fiscal year ended December 30, 2021 and incorporated by reference herein. As of September 29, 2022, there were no significant changes in those critical accounting policies.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements, see the information provided under Note 1—*The Company* to the unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q.

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 unaudited Condensed Consolidated Financial Statements.

PART II—OTHER INFORMATION

Item 6. Exhibits

Exhibit	Reference	Description
31.1	*	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2	*	Rule 13a-14(a) Certification of Chief Financial Officer.
32.1	**	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.
32.2	**	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.
101.SCH	*	Inline XBRL Taxonomy Extension Schema 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.

SIGNATURES

Pursuant to the requirements 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: November 9, 2022	/s/ Thomas F. Lesinski
	Thomas F. Lesinski *Chief Executive Officer and Director* *(Principal Executive Officer)*
Date: November 9, 2022	/s/ Ronnie Y. Ng
	Ronnie Y. Ng *Chief Financial Officer* *(Principal Financial and Accounting Officer)*

Exhibit 31.1

CERTIFICATIONS

I, Thomas F. Lesinski, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: November 9, 2022

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

Exhibit 31.2

CERTIFICATIONS

I, Ronnie Y. Ng, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: November 9, 2022

/s/ Ronnie Y. Ng
Ronnie Y. Ng
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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 Quarterly Report on Form 10-Q for the period ending September 29, 2022 (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 and Director 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: November 9, 2022	/s/ Thomas F. Lesinski
	Thomas F. Lesinski
	Chief Executive Officer and Director
	(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.

Exhibit 32.2

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 Quarterly Report on Form 10-Q for the period ending September 29, 2022 (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: November 9, 2022	/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.