

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

FORM 10-Q

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

For the quarterly period ended June 29, 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:

Common Stock, par value \$0.01 per share
(Title of each class)

NCMI
(Trading symbol)

The Nasdaq Stock Market LLC
(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
Non-accelerated filer

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 July 21, 2023, 174,065,873 shares of the registrant's common stock (including unvested restricted shares), par value of \$0.01 per share, were outstanding.

TABLE OF CONTENTS

Page

PART I

Item 1.	Unaudited Financial Statements	1
	Unaudited Condensed Consolidated Balance Sheets	1
	Unaudited Condensed Consolidated Statements of Operations	2
	Unaudited Condensed Consolidated Statements of Cash Flows	3
	Unaudited Condensed Consolidated Statements of Equity/(Deficit)	5
	Notes to Unaudited Condensed Consolidated Financial Statements	6
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	29
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	43
Item 4.	Controls and Procedures	43

PART II

Item 1.	Legal Proceedings	44
Item 1A.	Risk Factors	44
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	44
Item 3.	Defaults Upon Senior Securities	45
Item 4.	Mine Safety Disclosures	45
Item 5.	Other Information	45
Item 6.	Exhibits	46
	Signatures	47

Item 1. Financial Statements

PART I

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

	As of	
	June 29, 2023	December 29, 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 15.5	\$ 61.7
Restricted cash	—	2.1
Short-term marketable securities	1.0	0.7
Receivables, net of allowance of \$0.0 and \$1.7, respectively (including receivables from related parties of \$0.2 and \$0.0, respectively)	0.2	92.0
Prepaid expenses and other current assets	7.1	7.9
Total current assets	23.8	164.4
NON-CURRENT ASSETS:		
Property and equipment, net of accumulated depreciation of \$0.0 and \$54.8, respectively	—	13.0
Intangible assets, net of accumulated amortization of \$0.0 and \$270.2, respectively	—	586.7
Other investments	—	0.9
Long-term investments	7.7	0.3
Investment in unconsolidated affiliate	11.9	—
Debt issuance costs, net	—	3.3
Other assets	—	23.8
Total non-current assets	19.6	628.0
TOTAL ASSETS	\$ 43.4	\$ 792.4
LIABILITIES AND EQUITY/(DEFICIT)		
CURRENT LIABILITIES:		
Amounts due to founding members, net (related party payables of \$0.0 and \$15.2, respectively)	\$ —	\$ 18.2
Payable to founding members under tax receivable agreement (including payables to related parties of \$0.8 and \$0.2, respectively)	1.1	0.3
Accrued expenses	0.8	17.8
Accrued payroll and related expenses	1.7	8.3
Accounts payable	2.4	25.0
Deferred revenue	3.8	10.2
Short-term debt, net of debt issuance costs of \$0.0 and \$7.9, respectively	—	1,121.1
Other current liabilities	—	2.2
Total current liabilities	9.8	1,203.1
NON-CURRENT LIABILITIES:		
Payable to founding members under tax receivable agreement (including payables to related parties of \$38.3 and \$25.5, respectively)	52.9	35.3
Other liabilities	—	18.0
Total non-current liabilities	52.9	53.3
Total liabilities	62.7	1,256.4
COMMITMENTS AND CONTINGENCIES (NOTE 9)		
EQUITY/(DEFICIT):		
NCM, Inc. Stockholders' Equity/(Deficit):		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.01 par value; 260,000,000 and 260,000,000 shares authorized, 174,059,774 and 128,402,636 issued and outstanding, respectively	1.7	1.3
Additional paid in capital/(deficit)	(132.3)	(146.2)
Retained earnings (distributions in excess of earnings)	111.3	(370.4)
Total NCM, Inc. stockholders' equity/(deficit)	(19.3)	(515.3)
Noncontrolling interests	—	51.3
Total equity/(deficit)	(19.3)	(464.0)
TOTAL LIABILITIES AND EQUITY/(DEFICIT)	\$ 43.4	\$ 792.4

See accompanying notes to the unaudited Condensed Consolidated Financial Statements.

NATIONAL CINEMEDIA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except share and per share data)
(UNAUDITED)

	Three Months Ended		Six Months Ended	
	June 29, 2023	June 30, 2022	June 29, 2023	June 30, 2022
REVENUE (including revenue from related parties of \$8.5, \$4.6, \$11.8, and \$7.4 respectively)	\$ 14.8	\$ 67.1	\$ 49.7	\$ 103.0
OPERATING EXPENSES:				
Advertising operating costs	1.0	8.3	6.7	13.0
Network costs	0.3	2.1	2.7	4.1
Theater access fees and revenue share to founding members (including fees to related parties of \$2.7, \$16.9, \$16.5, and \$29.8 respectively)	3.7	23.2	23.3	41.1
Selling and marketing costs	1.1	10.4	10.6	20.6
Administrative and other costs	12.5	9.7	33.3	19.4
Impairment of long-lived assets	—	—	—	5.8
Depreciation expense	0.2	1.5	1.5	3.5
Amortization of intangibles recorded for network theater screen leases	0.9	6.3	7.1	12.4
Total	<u>19.7</u>	<u>61.5</u>	<u>85.2</u>	<u>119.9</u>
OPERATING (LOSS) INCOME	<u>(4.9)</u>	<u>5.6</u>	<u>(35.5)</u>	<u>(16.9)</u>
NON-OPERATING EXPENSES (INCOME):				
Interest on borrowings	3.1	20.4	27.1	37.6
(Gain) loss on modification of debt	—	(5.9)	0.4	(5.9)
Loss (gain) on re-measurement of the payable to founding members under the tax receivable agreement	4.0	(0.1)	3.4	6.3
Gain on sale of asset	—	—	(0.3)	—
Gain on deconsolidation of affiliate	(557.7)	—	(557.7)	—
Other non-operating expenses (income)	0.4	(0.2)	0.3	(0.3)
Total	<u>(550.2)</u>	<u>14.2</u>	<u>(526.8)</u>	<u>37.7</u>
INCOME (LOSS) BEFORE INCOME TAXES	<u>545.3</u>	<u>(8.6)</u>	<u>491.3</u>	<u>(54.6)</u>
Income tax expense	—	—	—	—
NET INCOME (LOSS)	<u>545.3</u>	<u>(8.6)</u>	<u>491.3</u>	<u>(54.6)</u>
Less: Net loss attributable to noncontrolling interests	—	(7.9)	(8.5)	(28.7)
NET INCOME (LOSS) ATTRIBUTABLE TO NCM, INC.	<u>\$ 545.3</u>	<u>\$ (0.7)</u>	<u>\$ 499.8</u>	<u>\$ (25.9)</u>
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO NCM, INC.	<u>\$ 545.3</u>	<u>\$ (0.7)</u>	<u>\$ 499.8</u>	<u>\$ (25.9)</u>
NET INCOME (LOSS) PER NCM, INC. COMMON SHARE:				
Basic	\$ 3.13	\$ (0.01)	\$ 3.13	\$ (0.32)
Diluted	\$ 3.13	\$ (0.01)	\$ 2.83	\$ (0.32)
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic	174,058,637	81,467,651	159,783,309	81,254,152
Diluted	174,058,637	81,467,651	173,491,390	81,254,152

See accompanying notes to the unaudited Condensed Consolidated Financial Statements.

NATIONAL CINEMEDIA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions) (UNAUDITED)

	Six Months Ended	
	June 29, 2023	June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 491.3	\$ (54.6)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	1.5	3.5
Amortization of intangibles recorded for network theater screen leases	7.1	12.4
Non-cash share-based compensation	2.0	3.0
Impairment of long-lived assets	—	5.8
Amortization of debt issuance costs	3.1	4.5
Gain on deconsolidation	(557.7)	—
Loss (gain) on modification of debt	0.4	(5.9)
Gain on sale of assets	(0.3)	—
Non-cash loss on re-measurement of the payable to founding members under the tax receivable agreement	3.4	6.3
Other	(0.2)	(0.2)
Founding member integration and other encumbered theater payments	3.9	1.5
Other cash flows from operating activities	(0.1)	(0.3)
Changes in operating assets and liabilities:		
Receivables, net	57.8	(10.6)
Accounts payable and accrued expenses	6.8	0.6
Amounts due to/from founding members, net	(1.0)	0.4
Amounts due to/from unconsolidated affiliate, net	(1.1)	—
Prepaid expenses	(15.7)	(0.8)
Deferred revenue	(0.3)	(6.5)
Other, net	3.6	0.5
Net cash provided by (used in) operating activities	4.5	(40.4)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1.1)	(1.5)
Proceeds from the sale of assets	0.3	—
Net cash used in investing activities	(0.8)	(1.5)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of dividends	(0.4)	(7.0)
Removal of cash, cash equivalents and restricted cash of unconsolidated affiliate	(49.6)	—
Issuance of revolving credit facility	—	50.0
Repayment of Notes due 2028	—	(19.8)
Repayment of term loan facility	(0.8)	(2.4)
Payment of debt issuance costs	(1.2)	(6.8)
Repurchase of stock for restricted stock tax withholding	—	(0.2)
Net cash (used in) provided by financing activities	(52.0)	13.8
CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH:	(48.3)	(28.1)
Cash, cash equivalents and restricted cash at beginning of period	63.8	101.2
Cash, cash equivalents and restricted cash at end of period	\$ 15.5	\$ 73.1

See accompanying notes to the unaudited Condensed Consolidated Financial Statements.

NATIONAL CINEMEDIA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(In millions)
(UNAUDITED)

	Six Months Ended	
	June 29, 2023	June 30, 2022
Supplemental disclosure of non-cash financing and investing activity:		
Purchase of an intangible asset with NCM LLC equity	\$ —	\$ 10.4
Exchange of subsidiary equity with NCM, Inc. equity	\$ 10.3	\$ —
Dividends declared not requiring cash in the period	\$ —	\$ 0.5
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 12.2	\$ 35.0
Cash payments for income taxes	\$ 0.1	\$ 0.1

See accompanying notes to the unaudited Condensed Consolidated Financial Statements.

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

	NCM, Inc.					
	Consolidated	Common Stock		Additional Paid in Capital (Deficit)	Retained Earnings (Distribution in Excess of Earnings)	Noncontrolling Interest
		Shares	Amount			
Balance—March 31, 2022	\$ (421.4)	81,403,872	\$ 0.8	\$ (191.5)	\$ (361.4)	\$ 130.7
Comprehensive loss, net of tax	(8.6)	—	—	—	(0.7)	(7.9)
Share-based compensation issued, net of tax	(0.1)	88,554	—	(0.1)	—	—
Share-based compensation expensed/capitalized	1.6	—	—	1.1	—	0.5
Cash dividends declared \$0.05 per share	(2.8)	—	—	—	(2.8)	—
Balance— June 30, 2022	<u>\$ (431.3)</u>	<u>81,492,426</u>	<u>\$ 0.8</u>	<u>\$ (190.5)</u>	<u>\$ (364.9)</u>	<u>\$ 123.3</u>
Balance—March 30, 2023	\$ (531.8)	174,054,114	\$ 1.7	(117.6)	\$ (415.9)	\$ —
Deconsolidation of affiliate	(33.3)	—	—	(15.2)	(18.1)	—
Comprehensive income, net of tax	545.3	—	—	—	545.3	—
Share-based compensation issued, net of tax	—	5,660	—	—	—	—
Share-based compensation expensed/capitalized	0.5	—	—	0.5	—	—
Balance—June 29, 2023	<u>\$ (19.3)</u>	<u>174,059,774</u>	<u>\$ 1.7</u>	<u>\$ (132.3)</u>	<u>\$ 111.3</u>	<u>\$ —</u>

	NCM, Inc.					
	Consolidated	Common Stock		Additional Paid in Capital (Deficit)	Retained Earnings (Distribution in Excess of Earnings)	Noncontrolling Interest
		Shares	Amount			
Balance—December 31, 2021	\$ (383.5)	80,626,889	\$ 0.8	\$ (195.5)	\$ (332.0)	\$ 143.2
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	0.6	—	—	(1.7)	—	2.3
Comprehensive loss, net of tax	(54.6)	—	—	—	(25.9)	(28.7)
Share-based compensation issued, net of tax	(0.2)	865,537	—	(0.2)	—	—
Share-based compensation expensed/capitalized	3.0	—	—	2.0	—	1.0
Cash dividends declared \$0.05 per share	(7.0)	—	—	—	(7.0)	—
Balance— June 30, 2022	<u>\$ (431.3)</u>	<u>81,492,426</u>	<u>\$ 0.8</u>	<u>\$ (190.5)</u>	<u>\$ (364.9)</u>	<u>\$ 123.3</u>
Balance—December 29, 2022	\$ (464.0)	128,402,636	\$ 1.2	\$ (146.2)	\$ (370.4)	\$ 51.40
Deconsolidation of affiliate	(33.3)	—	—	(15.2)	(18.1)	—
Income tax and other impacts of NCM LLC ownership changes	(15.4)	—	—	27.6	—	(43.0)
Issuance of shares	10.3	43,690,797	0.4	9.9	—	—
NCM LLC common membership unit redemption	(10.3)	—	—	(10.3)	—	—
Comprehensive income (loss), net of tax	491.3	—	—	—	499.8	(8.5)
Share-based compensation issued, net of tax	0.1	1,966,341	0.1	—	—	—
Share-based compensation expensed/capitalized	2.0	—	—	1.9	—	0.1
Balance—June 29, 2023	<u>\$ (19.3)</u>	<u>174,059,774</u>	<u>\$ 1.7</u>	<u>\$ (132.3)</u>	<u>\$ 111.3</u>	<u>\$ —</u>

See accompanying notes to the unaudited Condensed Consolidated Financial Statements.

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. THE COMPANY

Description of Business

National CineMedia, Inc., a Delaware corporation (“NCM, Inc.”), is a holding company with the sole purpose of being a member and serving as sole manager of National CineMedia, LLC (“NCM LLC”), a Delaware limited liability company. NCM LLC is currently owned by NCM, Inc. Consolidated. NCM LLC 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 original founding members (AMC Entertainment, Inc. (“AMC”); Regal Cinemas, Inc. and Regal CineMedia Corporation, wholly owned subsidiaries of Cineworld Group plc and Regal Entertainment Group (“Regal”) and Cinemark Media, Inc. and Cinemark USA, Inc., wholly owned subsidiaries of Cinemark Holdings, Inc. (“Cinemark”) and certain third-party network affiliates, under long-term network affiliate agreements. As of June 29, 2023, the weighted average remaining term of the ESAs with the founding members was approximately 16.2 years. The network affiliate agreements expire at various dates between August 9, 2023 and December 31, 2037. The weighted average remaining term of the ESAs and the network affiliate agreements together is 13.3 years as of June 29, 2023.

NCM LLC was wholly owned by NCM, Inc. Consolidated prior to April 11, 2023 when 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”), as further discussed below. As a result of the Chapter 11 Case and in accordance with applicable GAAP, the Company concluded that NCM, Inc. no longer controls NCM LLC for accounting purposes, and therefore, NCM LLC was deconsolidated from the Company’s unaudited financial statements prospectively as of April 11, 2023. Within the unaudited financial statements and notes to the financial statements included within this Form 10-Q as of June 29, 2023, all periods subsequent to deconsolidation on April 11, 2023 represent activity and balances for NCM, Inc. standalone and all activity and balances prior to deconsolidation on April 11, 2023 represent NCM, Inc. consolidated, inclusive of NCM LLC. Please refer to Note 4—*Investment in Unconsolidated NCM LLC* for more information regarding the deconsolidation of NCM LLC. The terms “NCM”, “the Company” or “we” shall, unless the context otherwise requires, be deemed to include the NCM, Inc. entity.

On June 27, 2023, the Bankruptcy Court entered an order (the “Confirmation Order”) approving the Disclosure Statement on a final basis and confirming the Company’s Plan, as those terms are defined below. There can be no guarantee that NCM LLC will successfully implement the Plan or that the Plan will be implemented in a time frame that is acceptable to the Bankruptcy Court or NCM LLC’s lenders party to the Restructuring Support Agreement. On June 29, 2023, AMC and Cinemark filed a notice of appeal of the Confirmation Order. After June 29, 2023, AMC and Cinemark sought a stay of the Confirmation Order in the Bankruptcy Court, which the Bankruptcy Court denied, and then sought a stay of the Confirmation Order in the United States District Court for the Southern District of Texas which is currently pending.

In December 2022, AMC and Regal each redeemed all of their outstanding membership units, 5,954,646 and 40,683,797, respectively, in exchange for shares of NCM, Inc. common stock, reducing AMC’s and Regal’s ownership to 0.0% in NCM LLC as of June 29, 2023. On February 23, 2023 and March 23, 2023, Cinemark redeemed 41,969,862 and 1,720,935, respectively, of its outstanding common membership units, in exchange for shares of NCM, Inc. common stock. These redemptions reduced Cinemark’s ownership interest to 0.0% as of June 29, 2023. AMC, Regal, Cinemark and their affiliates are referred to in this document as “founding members”. Subsequent to June 29, 2023, Regal will no longer be a founding member. Please refer to Note 11 - *Subsequent Events*.

NCM LLC’s Chapter 11 Proceedings

On April 11, 2023 (the “petition date”), 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 U.S. Bankruptcy Court for the Southern District of Texas. The Chapter 11 Case is being administered under the caption *In re: National CineMedia, LLC*, Case No. 23-90291.

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) that certain Credit Agreement, dated as of June 20, 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 January 5, 2022 among NCM LLC as Borrower, Wilmington Savings Fund Society, FSB 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 (as amended, supplemented or otherwise modified from time to time, the “Secured Notes

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Indenture” and together with the Credit Agreement 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 (as amended, supplemented or otherwise modified from time to time, the “Unsecured Notes Indenture”). The parties to the Restructuring Support Agreement hold, in the aggregate, more than two-thirds of all claims arising under the Prepetition Secured Debt Documents.

The Restructuring Support Agreement provides for, among other things (i) the “Up-C” structure pursuant to which shares of NCM, Inc. are sold to the public and the limited liability company common membership units of NCM (“common membership units”) may be redeemed for NCM, Inc.’s public shares shall remain in place to enable NCM LLC and NCM, Inc. to continue to comply with the ESAs and other joint venture agreements, meaning (a) that certain Third Amended and Restated Limited Liability Operating Agreement; (b) that certain Common Unit Adjustment Agreement; (c) that certain Tax Receivable Agreement; (d) that certain Management Services Agreement; (e) that certain Software License Agreement; and (f) those certain ESAs (“Joint Venture Agreements”); (ii) the Joint Venture Agreements shall be assumed as of the plan effective date through a plan of reorganization; (iii) NCM, Inc. shall affirm its obligations under the Joint Venture Agreements and to take the necessary corporate action to maintain the “Up-C” structure; (iv) outstanding claims under the Prepetition Secured Debt Documents, existing equity interests in NCM LLC, and notes, instruments, certificates and other documents evidencing claims or interests, including credit agreements and indentures, shall be cancelled, and (A) holders of Prepetition Secured Debt Documents and NCM, Inc. will receive 100.0% of the common membership units of the reorganized NCM LLC (the “new common membership units”) a portion of which will be reallocated to NCM, Inc. pursuant to the NCMI 9019 Settlement (as defined within the Restructuring Support Agreement), subject to dilution, and (B) if no unsecured creditors committee is appointed in the Chapter 11 Case, then the holders of Unsecured Funded Debt Claims (as defined in the Restructuring Support Agreement) shall receive warrants, exercisable at a total equity value of \$1.04 billion, for five percent of the new common membership units, subject to dilution; (v) NCM, Inc. shall make a capital contribution of approximately \$15.0 million of cash on hand in exchange for new common membership units (the “NCMI 9019 Capital Contribution”); (vi) holders of Prepetition Secured Debt Documents will be issued preferred stock of NCM, Inc. entitling the holders to voting rights equal to the economic interests held by such holders in NCM LLC; and (vii) NCM LLC shall emerge without any debt, but if additional exit financing is needed, NCM LLC will first seek to obtain a revolving credit facility from a third party lending institution, but if, despite best efforts, NCM LLC is unable to obtain a revolving credit facility acceptable to NCM LLC’s secured lenders, then certain of NCM LLC’s secured lenders shall provide such financing in the form of a first lien term loan facility on such arm’s-length terms and conditions as to be agreed upon. Following the transactions contemplated by the Restructuring Support Agreement, NCM, Inc. is projected to have an aggregate ownership interest of approximately 13.8% of NCM LLC on account of the NCMI 9019 Settlement, NCM, Inc.’s ownership of Secured Notes and the NCMI 9019 Capital Contribution.

NCM, Inc. continues to manage NCM LLC, the “debtor in possession”, under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. Prior to filing the Chapter 11 Case, because of potential conflicts that may arise between NCM LLC and NCM, Inc., NCM LLC appointed Carol Flaton of Hamlin Partners LLC as an independent manager at NCM LLC to address these limited conflict matters in March 2023 (the “Independent Manager”). This appointment of the Independent Manager does not otherwise change NCM, Inc.’s position as manager of NCM LLC.

In general, as debtor in possession under the Bankruptcy Code, NCM LLC is authorized to continue to operate as an ongoing business, but may not engage in transactions outside the ordinary course of business without the prior approval of the Bankruptcy Court. Pursuant to “first day” motions filed with the Bankruptcy Court, the Bankruptcy Court authorized NCM LLC to conduct its business activities in the ordinary course and, among other things and subject to the terms and conditions of such orders, authorized employees at NCM, Inc. to continue providing day-to-day management services to NCM LLC, and NCM LLC to pay employee wages and benefits and vendors and suppliers in the ordinary course for all goods and services going forward.

In addition, as part of its “first day” relief, NCM LLC received authority to use its encumbered cash collateral with the consent of certain of its prepetition secured lenders to administer the Chapter 11 Case and continue its business operations (the “Cash Collateral Order”). Consistent with the Cash Collateral Order, NCM LLC’s normal operating cash flows are providing liquidity for NCM LLC to operate as usual and fulfill ongoing commitments to stakeholders.

On April 26, 2023, the Office of the United States Trustee for Region 7 appointed an official committee of unsecured creditors pursuant to section 1102 of the Bankruptcy Code (the “Committee”).

On April 26, 2023, NCM LLC filed a *Plan of Reorganization of National CineMedia Pursuant to Chapter 11 of the Bankruptcy Code* (as amended, modified or supplemented to date the “Plan”) and a related proposed disclosure statement (as amended, modified, or supplemented to date the “Disclosure Statement”). NCM LLC also filed a motion with the Bankruptcy

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Court requesting approval of the Disclosure Statement and various Plan solicitation materials, including the solicitation and voting procedures, and establishment of certain deadlines in connection with the approval of the Disclosure Statement.

The Plan and the Disclosure Statement describe, among other things, the proposed Plan; the restructuring contemplated by the Restructuring Support Agreement; the events leading to the Chapter 11 Case; certain events that have occurred or are anticipated to occur during the Chapter 11 Case, including the anticipated solicitation of votes to approve the proposed Plan from certain of NCM LLC's creditors; and certain other aspects of the restructuring.

The Plan is intended to generally implement the restructuring contemplated by the Restructuring Support Agreement and provides for, among other things, the treatment for classes of claims and interests as follows:

- **Secured Debt Claims.** Each holder of a Secured Debt Claim (the secured portion of the aggregate principal amount outstanding under the Prepetition Secured Debt Documents) shall receive its pro rata share of 100% of new common membership units (the equity in reorganized NCM LLC) subject to (a) reallocation of new common membership units to NCMI 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. Each holder may elect to convert its new common membership units into an equal number of shares in NCM, Inc. only at the time of issuance and the Company currently expects all holders to make this election.
- **General Unsecured Claims.** Each holder of a general unsecured claim ("General Unsecured Claims"), which includes, among other things, claims under the Unsecured Notes Indenture, shall receive its pro rata share of \$15,000,000, with (i) \$14,500,000 contributed by NCM LLC and (ii) \$500,000 contributed directly from NCM, Inc. The treatment of General Unsecured Claims was changed in the Plan upon the appointment of the Committee and upon settlement with the Committee.
- **General Unsecured Convenience Claims.** Each holder of a General Unsecured Claim in the amount of \$50,000 or less shall receive 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.** Interest in NCM LLC will receive no recovery and shall be cancelled.

On June 27, 2023, the Bankruptcy Court entered an order (the "Confirmation Order") approving the Disclosure Statement on a final basis and confirming the Company's Plan. There can be no guarantee that NCM LLC will successfully implement the Plan or that the Plan will be implemented in a time frame that is acceptable to the Bankruptcy Court or NCM LLC's lenders party to the Restructuring Support Agreement. In order for the Plan to become effective, NCM LLC must satisfy a number of conditions, which include the funding of an exit financing facility and NCM, Inc. implementing a reverse stock split. NCM, Inc. currently has a special meeting of the stockholders scheduled for August 2, 2023 and NCM LLC is diligently working to complete all other conditions, but there can be no guarantee that NCM LLC will successfully implement the Plan or that the Plan will be implemented in a time frame that is acceptable to the Bankruptcy Court.

Basis of Presentation

The Company has prepared the unaudited Condensed Consolidated Financial Statements and related notes of NCM, Inc. in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures typically included in an annual report have been condensed or omitted for this quarterly report. The balance sheet as of December 29, 2022 is derived from the audited financial statements of NCM, Inc. Therefore, the unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and notes thereto included in the Company's annual report on Form 10-K filed for the fiscal year ended December 29, 2022. Any activity earned or incurred by NCM LLC that occurred prior to deconsolidation, on April 11, 2023, is included within the Condensed Consolidated Statement of Operations and Condensed Consolidated Statement of Cash Flows.

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. Historically, NCM LLC's business has been seasonal and for this and other reasons operating results for interim periods have not been indicative of the Company's full year results or future performance. As a result of the various related party agreements discussed in Note 6—*Related Party Transactions*, the operating results as presented are not necessarily indicative of the results that might have occurred if all

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

agreements were with non-related third parties. NCM LLC manages its business under one operating and reportable segment of advertising. NCM, Inc. manages its business under one operating and reportable segment of managing NCM LLC.

Going Concern—The accompanying unaudited Condensed Consolidated Financial Statements are prepared in accordance with GAAP applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

In the first quarter of 2023, conditions existed that raised substantial doubt about the Company's ability to continue as a going concern. NCM LLC filed a petition for reorganization under Chapter 11 of the United States Bankruptcy Code in the Southern District of Texas on April 11, 2023. NCM, Inc.'s primary sources of cash flow from operations are distributions from NCM LLC pursuant to the NCM LLC Operating Agreement, management fee payments pursuant to a management services agreement with NCM LLC in exchange for providing specified management services to NCM LLC and NCM, Inc.'s existing cash balance. Pursuant to the Plan that was confirmed by the Bankruptcy Court on June 27, 2023, NCM, Inc. continues to be the manager of NCM LLC and NCM LLC will assume its agreements with NCM, Inc., including the management services agreement. Pursuant to the Plan, when NCM LLC successfully emerges from Chapter 11, NCM, Inc. will make a capital contribution of its cash on hand, expected to be approximately \$15.0 million, in exchange for new common membership units under the NCMI 9019 Capital Contribution within the Restructuring Support Agreement. Following this contribution, NCM, Inc. will continue to receive management fee payments from NCM LLC, which will be sufficient to fund its day-to-day operations such that substantial doubt would no longer exist.

NCM LLC currently expects to emerge from bankruptcy within one month of this filing; however, NCM LLC's status in Chapter 11 and conditions precedent required for emergence create uncertainty around the future satisfaction of its liabilities, including the payments due to NCM, Inc. under the Operating Agreement and management services agreement. If NCM LLC fails to emerge from Chapter 11 in the required timeline and the Plan is not implemented, NCM, Inc. will have sufficient liquidity through the use of NCM, Inc.'s existing cash balance. As such, substantial doubt about the Company's ability to continue as a going concern no longer exists.

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, investment in unconsolidated NCM LLC and forecasts utilized to evaluate the Company's ability to continue as a going concern. Actual results could differ from estimates.

Significant Accounting Policies

The Company's annual financial statements included in its Form 10-K filed for the fiscal year ended December 29, 2022 contain a complete discussion of the Company's significant accounting policies. Following is additional information related to the Company's accounting policies.

Revenue Recognition—NCM, Inc. derives revenue principally from its role as sole manager of NCM LLC over time as services are rendered. NCM LLC derives revenue principally from the advertising business, which includes advertising through its on-screen cinema network, lobby network (LEN) and lobby promotions in theaters, and on websites, mobile applications and out-of-home locations owned by NCM LLC and other companies. Revenue is recognized over time as the customer receives the benefits provided by NCM LLC's advertising services and NCM LLC has the right to payment for performance to date. NCM LLC considers the terms of each arrangement to determine the appropriate accounting treatment.

Concentration of Credit Risk and Significant Customers—The risk of credit loss related to NCM LLC'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 NCM LLC'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, represent smaller receivable balances per customer and have higher historical and expected credit loss patterns. NCM LLC has smaller contracts with many local clients that are not individually significant. NCM LLC also considers current economic conditions and trends to determine whether adjustments to historical loss rates are necessary. NCM LLC also reserves for specific receivable balances that it expects to write off based on known

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

concerns regarding the financial health of the customer. Receivables are written off when management determines amounts are uncollectible.

NCM, Inc. sourced management fee revenue from NCM LLC for 100.0% of the Company's gross outstanding receivable balance as of June 29, 2023 and sourced advertising revenue from no agencies that accounted for more than 10% of the Company's gross outstanding receivable balance as of June 29, 2023. NCM, Inc. had one agency through which it sourced advertising revenue that accounted for 13.0% of NCM Inc.'s gross outstanding receivable balance as of December 29, 2022. During the three and six months ended June 29, 2023, NCM, Inc. had one customer that accounted for 51.8% and 15.4% of its revenue, respectively. During the three and six months ended June 30, 2022, NCM Inc. had one customer that accounted for 14.8% and 15.3% of its revenue, respectively.

Long-lived Assets—NCM, Inc. assesses impairment of long-lived assets pursuant to *Accounting Standards Certification 360 – Property, Plant and Equipment*. This includes determining whether certain triggering events have occurred that could affect the value of an asset. NCM, Inc. recorded losses of \$0.0 million, \$0.0 million, \$0.0 million, and \$5.8 million related to the write-off of certain internally developed software during the three months ended June 29, 2023 and June 30, 2022, and six months ended June 29, 2023 and June 30, 2022, respectively.

Share-Based Compensation—The Company has issued stock options, restricted stock and restricted stock units to certain employees, certain employees of NCM LLC and its independent directors. The restricted stock and restricted stock unit grants for Company management vest upon the achievement of Company performance measures and/or service conditions, while non-management grants vest only upon the achievement of service conditions. Compensation expense of restricted stock and 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 require considerable judgment. A cumulative adjustment is recorded to share-based compensation expense in periods that management changes its estimate of the number of shares of restricted stock and restricted stock units 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 and restricted stock units that are expected to vest and are only paid with respect to shares that actually vest. On February 28, 2021, March 2, 2021 and January 19, 2022, the Company's Board of Directors approved certain modifications to equity awards awarded under the Company's 2016 Equity Incentive Plan and 2020 Omnibus Equity Incentive Plan to adjust performance metrics, vesting amount and future performance goals in light of the COVID-19 Pandemic resulting in incremental share-based compensation expense of \$0.1 million, \$0.1 million, \$0.1 million, and \$0.3 million for the three months ended June 29, 2023 and June 30, 2022 and six months ended June 29, 2023 and June 30, 2022, respectively. During the three months ended June 29, 2023 and June 30, 2022, and the six months ended June 29, 2023 and June 30, 2022, 6,000, 89,375, 2,050,313 and 925,128, shares of restricted stock and restricted stock units vested, respectively.

Consolidation—Prior to April 11, 2023, NCM, Inc. consolidated the financial results of its wholly owned subsidiaries NCM LLC and NCMI II, LLC under the provisions of ASC 810, *Consolidation*. Subsequent to April 11, 2023, NCM, Inc. consolidated only the accounts of NCMI II, LLC. The following table presents the changes in NCM, Inc.'s equity resulting from net income (loss) attributable to NCM, Inc. and transfers to or from noncontrolling interests (in millions):

	Three Months Ended		Six Months Ended	
	June 29, 2023	June 30, 2022	June 29, 2023	June 30, 2022
Net income (loss) attributable to NCM, Inc.	\$ 545.3	\$ (0.7)	\$ 499.8	\$ (25.9)
NCM LLC equity issued for purchase of intangible asset	—	—	—	4.9
Income tax and other impacts of subsidiary ownership changes	—	—	(15.4)	(1.7)
NCM LLC common membership unit redemption	—	—	(10.3)	—
Issuance of shares to founding members	—	—	9.9	—
Change from net income (loss) attributable to NCM, Inc. and transfers from noncontrolling interests	\$ 545.3	\$ (0.7)	\$ 484.0	\$ (22.7)

Deconsolidation of NCM LLC

Subsequent to April 11, 2023, while NCM, Inc. continues to manage NCM LLC, the "debtor in possession", as the Company no longer controls NCM LLC for accounting purposes, NCM LLC was deconsolidated from the Company's financial statements prospectively as of April 11, 2023 and recorded as an investment accounted for in accordance with ASC 321 on the Condensed Consolidated Balance Sheet as of June 29, 2023. Please refer to Note 4-*Investment in Unconsolidated NCM LLC* for more information regarding the deconsolidation of NCM LLC.

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Recently Adopted Accounting Pronouncements

The Company did not adopt any new accounting pronouncements during the three and six months ended June 29, 2023.

Recently Issued 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 unaudited Condensed Consolidated Financial Statements.

In October 2021, the FASB issued ASU No. 2021-08, “Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers.” ASU 2021-08 requires the company acquiring contract assets and contract liabilities obtained in a business combination to recognize and measure them in accordance with ASC 606, “Revenue from Contracts with Customers”. At the acquisition date, the company acquiring the business should record related revenue, as if it had originated the contract. Before the update such amounts would be recognized by the acquiring company at fair value. The amendments in this update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted, including in interim periods, for any financial statements that have not yet been issued. The Company expects to adopt this in the third quarter of 2023 and does not believe this will have a material impact on the Company’s unaudited Condensed 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 unaudited Condensed Consolidated Financial Statements or notes thereto.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS AND ACCOUNTS RECEIVABLE

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 the *Noovie*® show, NCM LLC’s cinema advertising and entertainment show. NCM LLC also sells advertising through the 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, NCM LLC sells online and mobile advertising, including through *Noovie* Audience Accelerator, through NCM LLC’s digital gaming products including *Noovie* Trivia, *Name That Movie* and *Noovie* Shuffle, which can be played on the mobile apps and through partnerships with certain internet platforms. Further NCM LLC sells advertising in a variety of complementary out of home venues, including restaurants, convenience stores and college campuses. NCM LLC also has a long-term agreement to exhibit the advertising of the founding members’ beverage suppliers.

NCM LLC makes contractual guarantees to deliver a specified number of impressions to view the customers’ advertising. If the contracted number of impressions are not delivered, the Company will run additional advertising to deliver the contracted impressions at a later date. The deferred portion of the revenue associated with undelivered impressions is referred to as a make-good provision. The Company defers the revenue associated with the make-good until the advertising airs to the audience specified in the advertising contract or the make-good period expires.

NCM LLC does not have any contracts with terms in excess of one year that are noncancellable as of June 29, 2023. Agreements with a duration less than one year are not included within this disclosure as NCM LLC elected to use the practical expedient in ASC 606-10-50-14 for those contracts. In addition, NCM LLC’s contracts longer than one year that are cancellable are not included within this disclosure.

Disaggregation of Revenue

NCM, Inc. 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.

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

The following table summarizes revenue from contracts with customers for the three and six months ended June 29, 2023 and June 30, 2022 (in millions):

	Three Months Ended		Six Months Ended	
	June 29, 2023	June 30, 2022	June 29, 2023	June 30, 2022
National advertising revenue	\$ 5.0	\$ 50.7	\$ 27.5	\$ 77.0
Local and regional advertising revenue	1.1	10.5	9.1	16.6
Founding member advertising revenue from beverage concessionaire agreements	1.0	5.9	5.4	9.4
Management fee reimbursement	7.7	—	7.7	—
Total revenue	\$ 14.8	\$ 67.1	\$ 49.7	\$ 103.0

Deferred Revenue and Unbilled Accounts Receivable

Revenue recognized in the six months ended June 29, 2023 that was included within the deferred revenue balance as of December 29, 2022 was \$5.0 million. As of June 29, 2023 and December 29, 2022, the Company had \$3.8 million and \$10.2 million of deferred revenue on NCM, Inc.'s Condensed Consolidated Balance Sheet, respectively. As of June 29, 2023 and December 29, 2022, the Company had \$0.0 million and \$5.0 million, respectively, in unbilled accounts receivable, following the deconsolidation of NCM LLC on the petition date.

Allowance for Doubtful Accounts

The allowance for doubtful accounts balance is determined separately for each pool of NCM LLC's receivables with similar risk characteristics. NCM LLC has determined that two pools, national customers and local/regional customers, is appropriate. Following the deconsolidation of NCM LLC on the petition date, there is no allowance for doubtful accounts on NCM, Inc.'s Condensed Consolidated Balance Sheet as of June 29, 2023. The changes within the allowance for doubtful accounts balances for the six months ended June 29, 2023 and June 30, 2022, respectively, were as follows (in millions):

	Six Months Ended			
	June 29, 2023		June 30, 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	—	—	—	0.6
Write-offs, net	—	—	(0.2)	(0.2)
Deconsolidation of NCM LLC	(0.3)	(1.4)	—	—
Balance at end of period	\$ —	\$ —	\$ 0.1	\$ 1.8

3. INCOME (LOSS) 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 the weighted average number of potentially dilutive common stock options, restricted stock and restricted stock units using the treasury stock method, as well as exchangeable membership units. The components of basic and diluted income (loss) per NCM, Inc. share are as follows:

	Three Months Ended		Six Months Ended	
	June 29, 2023	June 30, 2022	June 29, 2023	June 30, 2022
Net income (loss) attributable to NCM, Inc. (in millions)	\$ 545.3	\$ (0.7)	\$ 499.8	\$ (25.9)
Weighted average shares outstanding:				
Basic	174,058,637	81,467,651	159,783,309	81,254,152
Add: Dilutive effect of stock options, restricted stock and exchangeable membership units	—	—	13,708,081	—
Diluted	174,058,637	81,467,651	173,491,390	81,254,152
Income (loss) per NCM, Inc. share:				
Basic	\$ 3.13	\$ (0.01)	\$ 3.13	\$ (0.32)
Diluted	\$ 3.13	\$ (0.01)	\$ 2.83	\$ (0.32)

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

The effect of 90,374,744 and 88,281,544 weighted average exchangeable NCM LLC common units held by the founding members for the three and six months ended June 30, 2022, respectively, have been excluded from the calculation of diluted weighted average shares and income (loss) per NCM, Inc. share as they were anti-dilutive. NCM LLC common units do not participate in dividends paid on NCM, Inc.'s common stock. In addition, there were 4,915,168, 6,442,164, 4,915,168 and 6,442,164 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 anti-dilutive. 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. INVESTMENT IN UNCONSOLIDATED NCM LLC

On April 11, 2023, NCM LLC filed a voluntary petition for reorganization with a prearranged Chapter 11 plan under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas. As a result of the Chapter 11 Case and in accordance with applicable GAAP, the Company concluded that NCM, Inc. no longer controls NCM LLC for accounting purposes, and therefore, NCM LLC was deconsolidated from the Company's financial statements prospectively as of April 11, 2023.

NCM, Inc. recorded a gain on deconsolidation of \$557.7 million on April 11, 2023 as a result of the deconsolidation of NCM LLC, which is included in "Gain on deconsolidation of affiliate" on the Condensed Consolidated Statement of Operations as of June 29, 2023. 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 remains 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. NCM, Inc. does not continue to exert significant influence over NCM LLC while it is under the control of the Bankruptcy Court and NCM LLC does not have a readily determinable fair value. NCM, Inc. recorded an investment of \$11.9 million as of April 11, 2023, which is presented in "Investment in unconsolidated affiliate" on the unaudited Condensed Consolidated Balance Sheets as of June 29, 2023. 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 include the weighted average cost of capital and NCM LLC's forecasted cash flows.

The financial statements of the unconsolidated NCM LLC, the subsidiary in bankruptcy, are as follows in accordance with ASC 852 - *Reorganizations* (millions):

NATIONAL CINEMEDIA, LLC - DEBTOR-IN-POSSESSION
CONDENSED BALANCE SHEETS
(In millions) (UNAUDITED)

	As of	
	June 29, 2023	December 29, 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 55.6	\$ 59.4
Restricted cash	2.1	2.1
Receivables, net of allowance of \$1.7 and \$1.7, respectively	59.3	82.9
Prepaid administrative fees to managing member	0.6	—
Prepaid expenses and other current assets	10.3	7.4
Total current assets	127.9	151.8
NON-CURRENT ASSETS:		
Property and equipment, net of accumulated depreciation of \$56.7 and \$54.8, respectively	11.6	13.0
Intangible assets, net of accumulated amortization of \$282.7 and \$270.2, respectively	573.9	586.7
Other investments	0.9	0.9
Debt issuance costs, net	—	3.3
Other assets	21.7	23.8
Total non-current assets	608.1	627.7
TOTAL ASSETS	\$ 736.0	\$ 779.5
LIABILITIES AND MEMBERS' EQUITY/(DEFICIT)		

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

CURRENT LIABILITIES:

Amounts due to founding members, net (related party payables of \$3.3 and \$15.2, respectively)	\$	4.5	\$	18.2
Amounts due to managing member, net		0.2		18.9
Accrued expenses		0.5		17.3
Accrued payroll and related expenses		7.8		7.7
Accounts payable		21.0		23.3
Deferred revenue		12.4		10.2
Short-term debt, net of debt issuance costs of \$0.0 and \$7.9, respectively		—		1,146.8
Other current liabilities		—		2.2
Total current liabilities		46.4		1,244.6

NON-CURRENT LIABILITIES:

Other liabilities		—		18.0
Total non-current liabilities		—		18.0

LIABILITIES SUBJECT TO COMPROMISE

Liabilities subject to compromise (1)		1,230.5		—
Total liabilities		1,276.9		1,262.6

COMMITMENTS AND CONTINGENCIES

MEMBERS' EQUITY/(DEFICIT)		(540.9)		(483.1)
TOTAL LIABILITIES AND EQUITY/(DEFICIT)	\$	736.0	\$	779.5

(1) Liabilities subject to compromise was determined by evaluating the payable balances on April, 11, 2023, the petition date. Liabilities subject to compromise was comprised of the following (in millions):

	As of	
	June 29, 2023	December 29, 2022
Amounts due to founding members (related party payables of \$14.5 and \$0.0, respectively)	\$ 17.6	\$ —
Accounts payable	19.7	—
Accrued expenses	29.1	—
Short-term debt, net of debt issuance costs of \$7.2 and \$0.0, respectively	1,145.0	—
Other current liabilities	2.3	—
Other long-term liabilities	16.8	—
Total liabilities subject to compromise	\$ 1,230.5	\$ —

NATIONAL CINEMEDIA, LLC - DEBTOR-IN-POSSESSION
CONDENSED STATEMENTS OF OPERATIONS
(In millions)
(UNAUDITED)

	Three Months Ended		Six Months Ended	
	June 29, 2023	June 30, 2022	June 29, 2023	June 30, 2022
REVENUE (including revenue from related parties of \$5.0, \$4.6, \$8.3 and \$7.4, respectively)	\$ 64.4	\$ 67.1	\$ 99.3	\$ 103.0
OPERATING EXPENSES:				
Advertising operating costs	7.4	8.3	13.1	13.0
Network costs	2.2	2.1	4.6	4.1
Theater access fees and revenue share to founding members (including fees to related parties of \$17.0, \$16.9, \$30.9 and \$29.8, respectively)	23.9	23.2	43.5	41.1
Selling and marketing costs	10.1	10.4	19.6	20.6

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Administrative and other costs	9.1	7.0	25.0	14.2
Administrative fee—managing member	6.4	2.7	11.3	5.2
Impairment of long-lived assets	—	—	—	5.8
Depreciation expense	1.3	1.5	2.5	3.5
Amortization of intangibles recorded for network theater screen leases	6.2	6.3	12.5	12.4
Total	66.6	61.5	132.1	119.9
OPERATING (LOSS) INCOME	(2.2)	5.6	(32.8)	(16.9)
NON-OPERATING EXPENSE (INCOME):				
Interest on borrowings, net (contractual interest of \$22.0, \$20.6, \$46.4, and \$37.8, respectively)	3.0	20.6	27.4	37.8
Loss (gain) on modification and retirement of debt, net	(0.1)	0.1	0.3	0.1
Gain on sale of asset	—	—	(0.3)	—
Reorganization items (1)	18.6	—	18.6	—
Other non-operating income	(0.1)	(0.1)	(0.2)	(0.2)
Total	21.4	20.6	45.8	37.7
LOSS BEFORE INCOME TAXES	(23.6)	(15.0)	(78.6)	(54.6)
Income tax expense	—	—	—	—
NET LOSS	\$ (23.6)	\$ (15.0)	\$ (78.6)	\$ (54.6)
COMPREHENSIVE LOSS	\$ (23.6)	\$ (15.0)	\$ (78.6)	\$ (54.6)

(1) Reorganization items was determined by evaluating what legal and professional fees had occurred subsequent to April 11, 2023. Reorganizations items was comprised of the following (in millions):

	Three Months Ended		Six Months Ended	
	June 29, 2023	June 30, 2022	June 29, 2023	June 30, 2022
Professional fees	\$ 18.3	\$ —	\$ 18.3	\$ —
Administrative fee - managing member	0.3	—	0.3	—
Total reorganizations items	\$ 18.6	\$ —	\$ 18.6	\$ —

NATIONAL CINEMEDIA, LLC - DEBTOR-IN-POSSESSION
CONDENSED STATEMENTS OF CASH FLOWS
(In millions)
(UNAUDITED)

	Six Months Ended	
	June 29, 2023	June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (78.6)	\$ (54.6)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	2.5	3.5
Amortization of intangibles recorded for network theater screen leases	12.5	12.4
Non-cash share-based compensation	1.5	1.9
Impairment of long-lived assets	—	5.8
Amortization of debt issuance costs	3.1	4.5
Gain on sale of asset	(0.3)	—
Loss on modification and retirement of debt, net	0.3	—
Other	—	(0.2)
Founding member integration and other encumbered theater payments	4.1	1.5
Other cash flows from operating activities	—	(0.2)
Changes in operating assets and liabilities:		
Receivables, net	23.4	(10.6)

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Accounts payable and accrued expenses	30.0	1.3
Amounts due to/from founding members and managing member, net	4.7	2.5
Deferred revenue	2.2	(6.5)
Other, net	(5.7)	(1.0)
Net cash used in operating activities (1)	(0.3)	(39.7)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1.8)	(1.5)
Proceeds from sale of asset	0.3	—
Net cash used in investing activities	(1.5)	(1.5)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of revolving credit facility	—	50.0
Repayment of term loan facility	(0.8)	(2.4)
Payment of debt issuance costs	(1.2)	(6.8)
Repurchase of stock for restricted stock tax withholding	—	(0.5)
Net cash (used in) provided by financing activities	(2.0)	40.3
CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH:		
Cash, cash equivalents and restricted cash at beginning of period	61.5	58.6
Cash, cash equivalents and restricted cash at end of period	\$ 57.7	\$ 57.7

NATIONAL CINEMEDIA, LLC
CONDENSED STATEMENTS OF CASH FLOWS (CONTINUED)
DEBTOR IN POSSESSION
(In millions)
(UNAUDITED)

	Six Months Ended	
	June 29, 2023	June 30, 2022
Supplemental disclosure of non-cash financing and investing activity:		
Purchase of an intangible asset with NCM LLC equity	\$ —	\$ 10.4
Accrued purchases of property and equipment	\$ 0.1	\$ —
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 12.2	\$ 35.0

(1) Cash flows within Operating Activities relating to the reorganization are comprised of the following (in millions):

	Six Months Ended	
	June 29, 2023	June 30, 2022
Supplemental disclosure of reorganization related operating activity:		
Cash paid for professional fees	\$ 7.1	\$ —
Cash paid for incremental Administrative fee - managing member	\$ 0.3	\$ —

5. INTANGIBLE ASSETS

NCM LLC's intangible assets consist of contractual rights to provide its services within the theaters of the founding members and network affiliates. NCM LLC records amortization using the straight-line method over the contractual life of the intangibles, corresponding to the term of the ESAs or the term of the contract with the network affiliate. NCM LLC's intangible assets with the founding members are recorded at 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. NCM LLC also records intangible assets for upfront fees paid to network affiliates upon commencement of a network affiliate agreement. Pursuant to ASC 350-10—*Intangibles—Goodwill and Other*, NCM LLC's intangible assets have a finite useful life and NCM LLC amortizes the assets over the remaining useful life corresponding with the ESAs or the term of the contract with the network affiliate. NCM LLC extended the useful life of the intangible asset for Cinemark and

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Regal in 2019 following the extension of the ESA term in conjunction with the 2019 ESA Amendments. There was no impact to the Payable to founding members under tax receivable agreement as the useful life of the intangible assets were not deemed to be extended for tax purposes and there were no changes made to the tax receivable agreements.

During the third quarter of 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 of 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 planned on negotiating with NCM LLC 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. 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. The Company determined that this announced restructuring and subsequent developments constituted a triggering event for NCM LLC’s intangible asset group, including the amount related to Regal, under ASC No. 360, Impairment and Disposal of Long-Lived Assets during the third and fourth quarter of 2022. Management considered possible scenarios in a probability-weighted estimated future undiscounted cash flow analysis, including the potential of further permanent closure of the theaters within NCM LLC’s network, renegotiation of the ESA terms and other potential adverse impacts to NCM LLC’s intangible asset group resulting from the Cineworld Proceeding. The estimated future cash flows calculated within the probability-weighted analysis were in excess of the net book value of NCM LLC’s intangible assets and no impairment charge was recorded in the year ended December 29, 2022. Such analysis required management to make estimates and assumptions based on historical data and consideration of future market conditions. NCM LLC has been in continued negotiations with Regal during 2023. Refer to Note 11—*Subsequent Events* for discussion of the resolution of NCM LLC’s negotiations with Regal and the dismissal of the adversary proceeding in the third quarter of 2023.

Common Unit Adjustments—In accordance with NCM LLC’s Common Unit Adjustment Agreement with its founding members, on an annual basis NCM LLC determines the amount of common membership units to be issued to or returned by the founding members based on theater additions, new builds or dispositions during the previous year. In the event a founding member 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 a specific founding member 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.

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 its founding members 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.

NCM LLC did not issue common membership units to its founding members 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 during the six months ended June 29, 2023.

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 (“encumbered theaters”), the founding members may elect to receive common membership units related to those encumbered theaters in connection with the Common Unit Adjustment. If the founding members 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 makes 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 NCM LLC would have generated if it had exclusive access to sell advertising in the theaters with pre-existing advertising agreements. The ESAs additionally entitle NCM LLC to payments related to the founding members’ on-screen advertising commitments under their beverage concessionaire agreements for encumbered theaters. These payments are also accounted for as a reduction to the intangible assets. During the three and six months ended June 30, 2022, NCM LLC recorded a reduction to net intangible assets of \$1.1 million and \$1.3 million, respectively, related to other encumbered theater payments. During the three months ended June 29, 2023 and June 30, 2022 and six months ended June 29, 2023 and June 30, 2022, AMC and Cinemark paid a total of \$0.0 million, \$0.3 million, \$3.9 million and \$1.5 million, respectively, in integration and other encumbered theater payments (as payments are made one quarter

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

and one month in arrears, respectively). If common membership units are issued to a founding member 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.

6. RELATED PARTY TRANSACTIONS

Managing Member Transactions—In connection with NCM, Inc.’s initial public offering (“IPO”), the Company entered into several agreements to define and regulate the relationships among NCM LLC and NCM, Inc. and the founding members which are outlined below.

The material agreement with the managing member includes the Management Services Agreement (the “MSA”). The MSA provides that NCM, Inc. will provide certain management services to NCM LLC in exchange for the reimbursement for compensation and other expenses of NCM, Inc.’s compensation and other expenses of our offices and employees and for certain out-of-pocket costs. NCM LLC also provides certain administrative and support services to NCM, Inc., including office facilities, equipment, supplies, payroll and accounting and financial reporting. The management services provided by NCM, Inc. include but are not limited to executive oversight, sales, marketing, advertisement, production, distribution, finance and accounting support and reporting, legal support and other services and activities as are customarily performed by persons holding officer or director type positions.

Additionally, NCM Inc. purchased \$25.8 million in corporate bonds of NCM LLC’s Notes due 2028 on the open market, in the quarter ended June 30, 2022. Prior to the deconsolidation of NCM LLC, these intercompany balances were eliminated on consolidation.

Founding Member Transactions—In connection with the IPO, the Company entered into several agreements to define and regulate the relationships among NCM LLC, NCM, Inc. and the founding members 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 is greater than zero) and theater access fees. Further, AMC will continue to pay beverage revenue, among other things. AMC’s ownership percentage does not impact future integration payments and other encumbered theater payments owed to NCM LLC by AMC. As of June 29, 2023, AMC’s ownership was 0.0% of NCM LLC and NCM, Inc. As further described in Note 11—*Subsequent Events*, Regal will no longer be a founding member following July 14, 2023, the effective date of the Regal Advertising Agreement and the Regal Termination Agreement.

NCM LLC has been in continued negotiations with Regal following Cineworld’s petition for reorganization under Chapter 11 in 2022. Refer to Note 11—*Subsequent Events* for discussion of the resolution of NCM LLC’s negotiations with Regal in the third quarter of 2023.

The material agreements with the founding members are as follows:

- **ESAs.** Under the ESAs, NCM LLC is the exclusive provider within the United States of advertising services in the founding members’ theaters (subject to pre-existing contractual obligations and other limited exceptions for the benefit of the founding members). 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 founding members to satisfy the founding members’ on-screen advertising commitments under their beverage concessionaire agreements. In consideration for access to the founding members’ theaters, theater patrons, the network equipment required to display on-screen and LEN video advertising and the use of theaters for lobby promotions, the founding members 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.
- **Common Unit Adjustment Agreement.** The common unit adjustment agreement provides a mechanism for increasing or decreasing the membership units held by the founding members based on the acquisition or construction of new theaters or sale of theaters that are operated by each founding member and included in NCM LLC’s network.

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

- **Tax Receivable Agreement.** The TRA provides for the effective payment by NCM, Inc. to the founding members 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 founding members 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 founding members, if any.

The following tables provide summaries of the transactions between NCM, Inc. and the related party founding members (in millions):

<i>Included in the unaudited Condensed Consolidated Statements of Operations:</i>	Three Months Ended		Six Months Ended	
	June 29, 2023	June 30, 2022	June 29, 2023	June 30, 2022
Revenue:				
Beverage concessionaire revenue (included in advertising revenue) (1)	\$ 0.8	\$ 4.6	\$ 4.1	\$ 7.4
Management fee reimbursement	\$ 7.7	\$ —	\$ 7.7	\$ —
Operating expenses:				
Theater access fee and revenue share to founding members (2)	\$ 2.7	\$ 16.9	\$ 16.5	\$ 29.8

- (1) For the three and six months ended June 29, 2023 and June 30, 2022, Cinemark and Regal purchased 60 seconds of on-screen advertising time from NCM LLC to satisfy their obligations under their beverage concessionaire agreements at a 30 seconds equivalent cost per thousand impressions ("CPM") rate specified by the ESA.
- (2) Comprised of payments per theater attendee, payments per digital screen with respect to the founding member theaters included in NCM LLC's network and payments for access to higher quality digital cinema equipment. Following the 2019 ESA Amendments this also includes payments to Cinemark and Regal for their share of the revenue from the sale of an additional single unit that is either 30 or 60 seconds of the *Noovie* pre-show in the trailer position directly prior to the "attached" trailers preceding the feature film (the "Platinum Spot").

<i>Included in the unaudited Condensed Consolidated Balance Sheets:</i>	As of	
	June 29, 2023	December 29, 2022
Common unit adjustments and ESA extension costs, net of amortization and integration payments (included in intangible assets) (1)	\$ —	\$ 312.2
Current payable to founding members under tax receivable agreement (2)	\$ 0.8	\$ 0.2
Long-term payable to founding members under tax receivable agreement (2)	\$ 38.3	\$ 25.5

- (1) Refer to Note 5—*Intangible Assets* for further information on common unit adjustments and integration payments. This balance includes common unit adjustments issued to Cinemark and Regal. These amounts were eliminated within the deconsolidation of NCM LLC in the Condensed Consolidated Balance Sheet as of June 29, 2023.
- (2) NCM, Inc. paid Cinemark and Regal \$0.0 million and \$0.0 million during the six months ended June 29, 2023 and June 30, 2022, respectively, in payments pursuant to the TRA for the 2022 or 2021 tax years.

Pursuant to the terms of the NCM LLC operating agreement in place since the completion of NCM, Inc.'s 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. Due to the continued recovery of theater attendance following the COVID-19 Pandemic, the mandatory distributions of available cash by NCM LLC to NCM, Inc. for the six months ended June 29, 2023 was calculated as negative \$31.6 million. Therefore, there will be no payment received for the second quarter of 2023. Under the terms of the NCM LLC operating agreement, these negative amounts will be netted against future positive available cash distributions for the second quarter each fiscal year after the extended covenant waiver holiday, contingent upon NCM LLC's compliance with the covenants outlined within the Credit Agreement Third Amendment defined within Note 7—*Borrowings* and in accordance with the NCM LLC operating agreement. All distributions will be deferred during the Chapter 11 Case. During the second quarter of 2023 and in accordance with the NCM operating agreement, the positive available cash

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

distribution calculated for the fourth quarter of 2022 was netted against the negative amounts calculated for the first three quarters of 2022 and removed from NCM, Inc.'s receivable balance as of June 29, 2023.

Amounts due to related party founding members, net as of December 29, 2022 were comprised of the following (in millions):

	Cinemark	Regal	Total
Theater access fees and revenue share, net of beverage revenues and other encumbered theater payments	\$ 11.1	\$ 4.1	\$ 15.2
Total amounts due to founding members, net	\$ 11.1	\$ 4.1	\$ 15.2

7. 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. However, any efforts to enforce payment obligations under the debt agreements are automatically stayed as a result of the filing of the Chapter 11 Case, and the creditors' rights of enforcement in respect of the debt agreements are subject to the applicable provisions of the Bankruptcy Code. Following the deconsolidation of NCM LLC on the petition date, there is no debt on NCM, Inc.'s Condensed Consolidated Balance Sheet as of June 29, 2023.

Borrowings	Outstanding Balance as of		Maturity Date	Interest Rate
	June 29, 2023	December 29, 2022		
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	—	1,129.0		
Less: debt issuance costs and debt discounts related to term loans and senior notes	—	(7.9)		
Total borrowings, net	—	1,121.1		
Less: current portion of debt	—	(1,121.1)		
Carrying value of long-term debt	\$ —	\$ —		

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

Senior Secured Credit Facility—NCM LLC's credit agreement, as amended, (the "Credit Agreement"), consists of a term loan facility and a revolving credit facility. As of December 29, 2022, NCM LLC's senior secured credit facility consisted of a \$175.0 million revolving credit facility, a \$258.5 million term loan (first tranche) and a \$49.3 million term loan (second tranche). The obligations under the senior secured credit facility are secured by a lien on substantially all of the assets of NCM LLC.

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 provides for certain modifications to the negative covenants, additional waivers and term changes outlined below and grants security interests in certain assets of NCM LLC and other potential loan parties that are not currently 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 (the "Credit Agreement Third Amendment"), among NCM LLC, the several banks and other financial institutions or entities from time to time parties thereto, and JPMorgan Chase Bank, N.A., as administrative agent, as previously amended. 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 28, 2023 and (iii) the consolidated net total leverage ratio and

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

consolidated net senior secured leverage ratio financial covenants to be set to 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 17, 2023, NCM LLC entered into (i) a fourth amendment to its Credit Agreement (the "Credit Agreement Fourth Amendment"), among NCM LLC, the several banks and other financial institutions or entities from time to time parties thereto, and JPMorgan Chase Bank, N.A., as administrative agent, as previously amended and (ii) Revolving Credit Agreement Amendment. The Credit Agreement Fourth Amendment and Revolving Credit Agreement Amendment provide for the adback of specified professional fees paid by NCM LLC during the period of January 6, 2023 through the date NCM LLC delivers a compliance certificate for the quarter ending on or about December 28, 2023, when calculating the sum of unrestricted cash on hand at NCM LLC and revolving credit facility availability under the Credit Agreement and Revolving Credit Agreement required to be maintained under each respective agreement.

The senior secured credit facility contains a number of covenants and financial ratio requirements, including (i) a consolidated net total leverage ratio covenant of 6.25 times for each quarterly period and (ii) with respect to the revolving credit facility, maintaining a consolidated net senior secured leverage ratio of equal to or less than 4.50 times on a quarterly basis for each quarterly period in which a balance is outstanding on the revolving credit facility, each of which has been modified by the Credit Agreement Third Amendment. Pursuant to the terms of the Credit Agreement Third Amendment, NCM LLC is restricted from making available cash distributions until after NCM LLC delivers a compliance certificate for the quarter ending on or about December 28, 2023, and, thereafter, NCM LLC may only make available cash distributions if: (i) no default or event of default under the Credit Agreement has occurred and is continuing; (ii) the consolidated net senior secured leverage ratio is equal to or less than 4.00 to 1.00; and (iii) the aggregate principal amount of all outstanding revolving loans under the Credit Agreement is \$39.0 million or less. 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.

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 amortize at a rate equal to 1.00% annually, to be paid in equal quarterly installments, prior to the commencement of the Chapter 11 Case.

Term Loans—Second Tranche—The interest rate on the second tranche of term loans is the LIBOR index plus 8.00%. The term loans amortize at a rate equal to 1.00% annually, to be paid in equal quarterly installments, prior to the commencement of the Chapter 11 Case.

Revolving Credit Facility 2018—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. As of December 29, 2022, NCM LLC's total availability under the \$175.0 million revolving credit facility was \$7.2 million, net of \$167.0 million outstanding and \$0.8 million letters of credit. The unused line fee is 0.50% per annum which is consistent with the previous facility. Borrowings under the revolving credit facility bear 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 is determined quarterly and is 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). The revolving credit facility 2018 was scheduled to mature on June 20, 2023. However, the maturity of the revolving credit facility has been stayed during the bankruptcy proceeding.

Revolving Credit Facility 2022—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. 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

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Agreements and senior notes. The revolving credit facility 2022 was scheduled to mature on June 20, 2023. However, the maturity of the revolving credit facility has been stayed during the bankruptcy proceeding.

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 due 2026 (the “Notes due 2026”) for which the registered exchange offering was completed on November 8, 2016. The Notes due 2026 pay 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 are the senior unsecured obligations of NCM LLC and are effectively subordinated to all existing and future secured debt, including the Notes due 2028, its senior secured credit facility and any future asset backed loan facility. The Notes due 2026 rank equally in right of payment with all of NCM LLC’s existing and future senior indebtedness, including the Notes due 2028, NCM LLC’s existing senior secured credit facility, any future asset backed loan facility, in each case, without giving effect to collateral arrangements. The Notes due 2026 are effectively subordinated to all liabilities of any subsidiaries that NCM LLC may form or acquire in the future, unless those subsidiaries become guarantors of the Notes due 2026. NCM LLC does not currently have any subsidiaries, and the Notes due 2026 will not be guaranteed by any subsidiaries that NCM LLC may form or acquire in the future except in very limited circumstances.

The indenture contains covenants that, among other things, restrict NCM LLC’s ability and the ability of its restricted subsidiaries, if any, to: (1) incur additional debt; (2) make distributions or make certain other restricted payments; (3) make investments; (4) incur liens; (5) sell assets or merge with or into other companies; and (6) enter into transactions with affiliates. All of these restrictive covenants are subject to a number of important exceptions and qualifications. In particular, NCM LLC has the ability to distribute all of its quarterly available cash as a restricted payment or as an investment, if it meets a minimum net senior secured leverage ratio. 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.

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. The Notes due 2028 will mature on April 15, 2028. Interest on the Notes due 2028 accrues at a rate of 5.875% per annum and is payable semi-annually in arrears on April 15 and October 15 of each year, commencing on April 15, 2020. In the year ended December 29, 2022, NCM, Inc. purchased \$25.8 million of the Notes due 2028 on the open market, reducing the principal amount owed by NCM LLC to third parties to \$374.2 million as of December 29, 2022.

The Indenture contains covenants that, among other things, restrict NCM LLC’s ability and the ability of its restricted subsidiaries, if any, to: (1) incur additional debt; (2) make distributions or make certain other restricted payments; (3) make certain investments; (4) incur certain liens; (5) sell assets or merge with or into other companies; and (6) enter into transactions with affiliates. All of these restrictive covenants are subject to a number of important exceptions and qualifications. In particular, NCM LLC may distribute all of its quarterly available cash as a restricted payment or as an investment, provided that NCM LLC satisfies a minimum net senior secured leverage ratio. 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.

8. INCOME TAXES

Changes in the Company’s Effective Tax Rate—NCM, Inc. recorded income tax expense of \$0.0 million for the six months ended June 29, 2023 and for the six months ended June 30, 2022 resulting in an effective tax rate of 0.0% for both periods. NCM, Inc. recorded a full valuation allowance on its net deferred tax assets as of December 29, 2022 following the determination it was more-likely-than-not that NCM, Inc. will not be able to realize the benefit of those assets. NCM, Inc. maintained a full valuation allowance as of June 29, 2023 and December 29, 2022, resulting in deferred tax expense of \$0.0 million for the six months ended June 29, 2023 and the year ended December 29, 2022.

9. COMMITMENTS AND CONTINGENCIES

Legal Actions—As discussed more fully in Note 1—*The Company*, on April 11, 2023, NCM LLC filed a voluntary petition for reorganization with a prearranged Chapter 11 plan under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Chapter 11 Case is being administered under the caption *In re: National CineMedia, LLC*, Case No. 23-90291.

NCM, Inc. continues to act as the manager of NCM LLC, the “debtor in possession” under the jurisdiction of the Bankruptcy Court, and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. In general, as debtor in possession under the Bankruptcy Code, NCM LLC is authorized to continue to operate as an ongoing business but may not engage in transactions outside the ordinary course of business without the prior approval of the Bankruptcy Court. Pursuant to “first day” motions filed with the Bankruptcy Court, the Bankruptcy Court authorized NCM

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

LLC to conduct NCM LLC’s business activities in the ordinary course, including, among other things and subject to the terms and conditions of such orders, authorizing NCM LLC to consensually use cash collateral, pay employee wages and benefits, and pay vendors and suppliers in the ordinary course for all go forward goods and services. NCM LLC will continue to pursue approval of a proposed plan of reorganization, which will incorporate the terms of the Restructuring Support Agreement.

NCM LLC’s normal operating cash flows are providing liquidity for NCM, Inc. to operate as usual and fulfill ongoing commitments to stakeholders. NCM LLC currently expects to emerge from bankruptcy within one month of this filing; however, NCM LLC’s status in Chapter 11 creates uncertainty around the future satisfaction of its liabilities, including the payments due to NCM, Inc. under the Operating Agreement and management services agreement. If NCM LLC fails to emerge from Chapter 11 in the required timeline and the Plan is not implemented, NCM, Inc. will have sufficient liquidity through the use of NCM, Inc.’s existing cash balance.

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—NCM LLC has entered into operating lease agreements for its corporate headquarters and other regional offices. NCM LLC has options on certain of these 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. NCM LLC has right-of-use (“ROU”) assets of \$16.9 million and short-term and long-term lease liabilities of \$2.2 million and \$18.0 million, respectively, on the balance sheet as of December 29, 2022 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 unaudited Condensed Consolidated Balance Sheets as of December 29, 2022. Following the deconsolidation of NCM LLC on the petition date, there are no ROU assets or liabilities on NCM, Inc.’s Condensed Consolidated Balance Sheet as of June 29, 2023.

NCM LLC has also entered into certain short-term leases with a term of less than one year. These leases are not included within NCM, Inc.’s ROU assets or lease liabilities as of December 29, 2022 due to the Company’s election of the practical expedient in ASC 842-20-25-2 for short-term leases.

During the three and six months ended June 29, 2023 and June 30, 2022, NCM, Inc. 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 unaudited Condensed Consolidated Statements of Operations depending upon the nature of the use of the facility.

	Three Months Ended		Six Months Ended	
	June 29, 2023	June 30, 2022	June 29, 2023	June 30, 2022
Operating lease cost	\$ 0.1	\$ 0.9	\$ 1.0	\$ 1.7
Variable lease cost	—	0.1	0.1	0.3
Total lease cost	\$ 0.1	\$ 1.0	\$ 1.1	\$ 2.0

NCM, Inc. made total lease payments of \$0.0 million, \$1.0 million, \$1.0 million and \$1.9 million, during the three months ended June 29, 2023 and June 30, 2022 and six months ended June 29, 2023 and June 30, 2022, respectively. These payments are included within cash flows from operating activities within the unaudited Condensed Consolidated Statement of Cash Flows.

Operating Commitments - ESAs and Affiliate Agreements—NCM LLC has entered into long-term ESAs with the founding members and multi-year agreements with certain network affiliates, or third-party theater circuits. As further described in Note 11-Subsequent Events, Regal will no longer be a founding member following July 14, 2023, the effective date of the Regal Advertising Agreement and the Regal Termination Agreement. The ESAs and network affiliate agreements grant NCM LLC exclusive rights in their theaters to sell advertising, subject to limited exceptions. NCM LLC recognizes intangible assets upon issuance of membership units to the founding members in accordance with NCM LLC’s Common Unit Adjustment Agreement and upfront cash payments to the affiliates for the contractual rights to provide NCM LLC’s services within their theaters as further discussed within Note 5—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.

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

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, 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 founding members 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 29, 2022, NCM, Inc. had no liabilities recorded for the minimum payment, as the theater access fee was in excess of the minimum. Following the deconsolidation of NCM LLC on the petition date, there are no minimum payment accruals on NCM, Inc.'s Condensed Consolidated Balance Sheet as of June 29, 2023.

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 NCM LLC sells advertising for display in various network affiliate theater chains, NCM LLC has agreed to certain minimum revenue guarantees on a per attendee basis. If a network affiliate achieves the attendance set forth in their respective agreement, NCM LLC 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 29, 2022, the maximum potential amount of future payments NCM LLC could be required to make pursuant to the minimum revenue guarantees is \$141.7 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 NCM LLC. As of December 29, 2022, NCM, Inc. had \$0.4 million in liabilities recorded within "Accounts payable" in the unaudited Condensed Consolidated Balance Sheet for these obligations, as such guarantees are less than the expected share of revenue paid to the affiliate. Following the deconsolidation of NCM LLC on the petition date, there are no affiliate related liabilities on NCM, Inc.'s Condensed Consolidated Balance Sheet as of June 29, 2023.

10. FAIR VALUE MEASUREMENTS

All current assets and liabilities are estimated to approximate their fair value due to the short-term nature of these balances. 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.

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.

Equity securities without a readily determinable fair value—On a periodic basis, but no less frequently than quarterly, the investment in equity securities without readily determinable fair value is qualitatively assessed for impairment if there are events or changes in circumstances that may have a significant adverse effect on the fair value of the investment. If a significant adverse effect on the fair value of the investment were to occur and was deemed to be other-than-temporary, the fair value of the investment would be estimated, and the amount by which the carrying value of the investment exceeds its fair value would be recorded within Net Income.

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

	As of	
	June 29, 2023	December 29, 2022
Investment in NCM LLC (1)	\$ 11.9	\$ —
Other investments (2)(3)	—	0.1
Total	\$ 11.9	\$ 0.1

- (1) Refer to Note 4—*Investment in Unconsolidated NCM LLC*. This investment is accounted for at cost minus impairment in accordance with the measurement alternative outlined in ASC 321—*Investments – Equity Securities*.
- (2) Following the deconsolidation of NCM LLC on the petition date, these investments are not on NCM, Inc.’s Condensed Consolidated Balance Sheet as of June 29, 2023.
- (3) NCM LLC received equity securities in privately held companies as consideration for a portion of advertising contracts. These investments were recorded based upon the fair value of the services provided in exchange for the investment. The equity securities were accounted for under the cost method and represent an ownership of less than 20%. NCM LLC does not exert significant influence on these companies’ operating or financial activities.

Long-Lived Assets, Intangible Assets and Other Investments—As described in Note 1—*The Company*, the Company regularly reviews long-lived assets (primarily property, plant and equipment), intangible assets and investments accounted for under the cost or equity method 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. Following the deconsolidation of NCM LLC on the petition date, there are no other investments on NCM, Inc.’s Condensed Consolidated Balance Sheet as of June 29, 2023.

Other investments consisted of the following (in millions):

	As of	
	June 29, 2023	December 29, 2022
Investment in AC JV, LLC (1)(2)	\$ —	\$ 0.8
Total	\$ —	\$ 0.8

- (1) This investment is accounted for utilizing the equity method. The investment was initially valued using comparative market multiples.
- (2) Following the deconsolidation of NCM LLC on the petition date, these investments are not on NCM, Inc.’s Condensed Consolidated Balance Sheet as of June 29, 2023.

During the three months ended June 29, 2023 and June 30, 2022 and six months ended June 29, 2023 and June 30, 2022, NCM, Inc. recorded impairment charges of \$0.0 million, \$0.0 million, \$0.0 million and \$0.1 million, respectively, on certain of its investments due to new information regarding the fair value of the investee. As of June 29, 2023, no other observable price changes or impairments have been recorded as a result of NCM LLC’s qualitative assessment of identified events or changes in the circumstances of the investments. 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—As NCM LLC is the debtor of all loans held, there is no debt on NCM, Inc.’s Condensed Consolidated Balance Sheet as of June 29, 2023. The estimated fair values of NCM, Inc.’s financial instruments where carrying values do not approximate fair value are as follows (in millions):

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

	As of June 29, 2023		As of December 29, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value (1)
Revolving credit facility 2018	\$ —	\$ —	\$ 167.0	\$ 44.6
Revolving credit facility 2022	\$ —	\$ —	\$ 50.0	\$ 13.4
Term loans - first tranche	\$ —	\$ —	\$ 258.5	\$ 65.8
Term loans - second tranche	\$ —	\$ —	\$ 49.3	\$ 13.1
Notes due 2026	\$ —	\$ —	\$ 230.0	\$ 6.9
Notes due 2028	\$ —	\$ —	\$ 374.2	\$ 91.7

(1) NCM LLC has estimated the fair value on an average of at least two non-binding broker quotes and the Company's analysis. If NCM LLC 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 NCM, Inc.'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 Measurements at Reporting Date Using			
	Fair Value as of June 29, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ASSETS:				
Cash equivalents (1)	\$ 0.8	\$ 0.8	\$ —	\$ —
Short-term marketable securities (2)	1.0	—	1.0	—
Long-term corporate bonds (2)(3)	7.7	—	7.7	—
Total assets	<u>\$ 9.5</u>	<u>\$ 0.8</u>	<u>\$ 8.7</u>	<u>\$ —</u>

	Fair Value Measurements at Reporting Date Using			
	Fair Value as of December 29, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ASSETS:				
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	<u>\$ 1.8</u>	<u>\$ 0.8</u>	<u>\$ 1.0</u>	<u>\$ —</u>

(1) *Cash Equivalents*—NCM, Inc.'s cash equivalents are carried at estimated fair value. Cash equivalents consist of money market accounts which NCM, Inc. 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. NCM, Inc.'s government agency bonds, corporate bonds, commercial paper and certificates of deposit are valued using third party broker quotes. The value of NCM, Inc.'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 corporate bonds, 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. As of June 29, 2023 and December 29, 2022, there were \$8.5 million and \$0.2 million, respectively, of available-for-sale debt securities in unrealized loss positions without an allowance for credit losses. NCM, Inc. has not recorded an allowance for credit losses for the

NATIONAL CINEMEDIA, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

marketable securities balance as of June 29, 2023 or December 29, 2022 given the immaterial difference between the amortized cost basis and the aggregate fair value of NCM, Inc.'s securities.

- (3) NCM Inc. purchased \$25.8 million of the Notes due 2028 on the open market, in the quarter ended June 30, 2022. Prior to the deconsolidation of NCM LLC, these intercompany balances were eliminated on consolidation.

The amortized cost basis, aggregate fair value and maturities of the Level 1 fair value securities NCM, Inc. held as of June 29, 2023 and December 29, 2022 were as follows:

	As of June 29, 2023		
	Amortized Cost Basis (in millions)	Aggregate Fair Value (in millions)	Maturities (1) (in years)
LEVEL 1 FAIR VALUE SECURITIES:			
Short-term certificates of deposit	\$ 1.0	\$ 1.0	0.6
Total short-term marketable securities	1.0	1.0	
Long-term corporate bonds	25.8	7.7	4.9
Total long-term marketable securities	25.8	7.7	
Total marketable securities	<u>\$ 26.8</u>	<u>\$ 8.7</u>	
	As of December 29, 2022		
	Amortized Cost Basis (in millions)	Aggregate Fair Value (in millions)	Maturities (1) (in years)
LEVEL 1 FAIR VALUE SECURITIES:			
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	<u>\$ 1.0</u>	<u>\$ 1.0</u>	

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

11. SUBSEQUENT EVENT

Regal Agreements—On June 3, 2023, 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. The Regal Advertising Agreement provides that NCM LLC will acquire 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 will have 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 a separate termination agreement (the “Regal Termination Agreement”), effective on July 14, 2023, Regal rejected the ESA and it was terminated. Additionally Regal and Regal’s affiliates’ waive 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 Third

Amended and Restated Limited Liability Company Operating Agreement and the Company and NCM LLC, and Regal and Regal's affiliates waived and released claims against the other party. Regal has also agreed to support NCM LLC's Plan and surrender all shares in the Company 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.

The Regal Termination Agreement will result in the material disposal of the intangible asset related to the common unit adjustments and ESA extension costs for Regal included on NCM LLC's Condensed Balance Sheet included within Note 4—*Investment in Unconsolidated NCM LLC*. Subsequent to June 29, 2023, Regal will no longer be a founding member or a related party to NCM, Inc. or NCM LLC.

Delisting of our Common Stock from NASDAQ—On July 28, 2023, the Company received written notice from The Nasdaq Stock Market LLC (“Nasdaq”) that the Nasdaq Hearings Panel (the “Panel”) had approved the Company's request for continued listing subject to the Company demonstrating compliance with Nasdaq's continued listing requirements on or before August 31, 2023. As previously disclosed, on April 21, 2023, the Company requested an appeal with the Panel regarding a determination by the Listing Qualifications department of Nasdaq to delist the Company's securities following NCM LLC's Chapter 11 Case, and, on June 14, 2023, the Panel approved the Company's request for continued listing on an interim basis through July 26, 2023.

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, as amended (the “Exchange Act”). 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 Chapter 11 Case and the Cineworld Proceeding on our business 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. 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 29, 2022. 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 29, 2022. In the following discussion and analysis, the term net income refers to net income attributable to NCM, Inc.

Bankruptcy Filing

As a result of the commencement of NCM LLC’s Chapter 11 Case on April 11, 2023, we are operating as the manager of the debtor-in-possession pursuant to the authority granted under Chapter 11 of the Bankruptcy Code. Pursuant to the Chapter 11 Case, we intend to de-lever NCM LLC’s balance sheet and reduce overall indebtedness. Additionally, as a debtor in possession, certain of NCM LLC’s activities are subject to review and approval by the Bankruptcy Court, including, among other things, the incurrence of secured indebtedness, material asset dispositions, and other transactions outside the ordinary course of business. 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. In order for the Plan to become effective, NCM LLC must satisfy a number of conditions, which include the funding of an exit financing facility and NCM, Inc. implementing a reverse stock split. NCM, Inc. currently has a special meeting of the stockholders scheduled for August 2, 2023 and NCM LLC is diligently working to complete all other conditions, but there can be no guarantee that NCM LLC will successfully implement the Plan or that the Plan will be implemented in a time frame that is acceptable to the Bankruptcy Court.

Deconsolidation of NCM LLC

Subsequent to April 11, 2023, while NCM, Inc. continues to manage NCM LLC, the “debtor in possession”, as the Company no longer controls NCM LLC for accounting purposes, NCM LLC was deconsolidated from the Company’s financial statements prospectively as of April 11, 2023 and recorded as an investment accounted for in accordance with ASC 321 on the unaudited Condensed Consolidated Balance Sheet as of June 29, 2023.

Delisting of our Common Stock from NASDAQ

On April 19, 2023, NCM, Inc. received a letter from Nasdaq indicating that as a result of NCM LLC filing the Chapter 11 Case, and in accordance with Nasdaq Listing Rule 5100, the Nasdaq Staff determined that the Company is a “public shell” and that continued listing of NCM, Inc.’s common stock is no longer warranted. The letter advised that Nasdaq would suspend trading of the common stock on April 28, 2023 and that Nasdaq would file a Form 25-NSE with the Securities and Exchange Commission to effect the delisting of the common stock unless NCM, Inc. requested an appeal of this determination. NCM, Inc. filed such an appeal with the Panel on April 21, 2023 and had a hearing on May 25, 2023. On June 14, 2023, the Company received written notice from Nasdaq that the Panel had approved the Company’s request for continued listing, on an interim basis through at least July 26, 2023, subject to the Company updating the Panel on the status of the Chapter 11 Case and confirmation of the Plan. The Company updated the Panel regarding the confirmation of the Plan. The suspension and delisting of NCM, Inc.’s securities has been stayed pending the Panel’s final decision. On July 28, 2023, the Company received written notice from Nasdaq that the Panel had approved the Company’s request for continued listing subject to the Company demonstrating compliance with Nasdaq’s continued listing requirements on or before August 31, 2023. As previously disclosed, on April 21, 2023, the Company requested an appeal with the Panel regarding a determination by the Listing Qualifications department of Nasdaq to delist the Company’s securities following NCM LLC’s Chapter 11 Case, and, on June 14, 2023, the Panel approved the Company’s request for continued listing on an interim basis through July 26, 2023.

Overview

NCM, Inc. is the sole manager of NCM LLC, America's Movie Network. NCM, Inc. derives revenue principally from its role as the manager of NCM LLC. As the largest cinema advertising network in North America, NCM LLC is a media company dedicated to uniting brands with young, diverse audiences through the power of movies and pop culture. NCM LLC derives revenue principally from the sale of advertising to national, regional and local businesses in its *Noovie*® show, a cinema advertising and entertainment show seen on movie screens across the U.S.

NCM LLC has long-term ESAs (approximately 16.2 weighted average years) with the founding members and multi-year agreements with network affiliates, which expire at various dates between August 9, 2023 and December 31, 2037. The weighted average remaining term of the ESAs and the network affiliate agreements is 13.3 years as of June 29, 2023. The ESAs and network affiliate agreements grant NCM LLC exclusive rights in their theaters to sell advertising, subject to limited exceptions. Our *Noovie* show and 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 NCM LLC's 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, national and regional advertising pricing (CPM), local advertising rate per theater per week, national, local and 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 any future dividends declared by our Board of Directors.

Recent Developments

Cineworld Proceeding—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. 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 Network Affiliate Transaction Agreement and a Joint Venture Termination and Settlement Agreement. The Network Affiliate Transaction Agreement was effective on July 14, 2023 and provides that NCM LLC will acquire 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 will have 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, the ESA was rejected by Regal and is terminated. 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 Third Amended and Restated Limited Liability Company Operating Agreement, and Regal and Regal's affiliates waived and released claims against other parties thereto. Regal has also agreed to support NCM LLC's Plan and surrender all shares in the Company 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. Following the Regal Termination Agreement, Regal will no longer be a founding member and will be included within the network affiliate metrics.

Selected 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—Within the financial results outlined below, all periods subsequent to the deconsolidation of NCM LLC on April 11, 2023 represent activity and balances for NCM, Inc. standalone, and all activity and balances prior to the deconsolidation of NCM LLC on April 11, 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):

	Q2 2023	Q2 2022	YTD 2023	YTD 2022	% Change	
					Q2 2022 to Q2 2023	YTD 2022 to YTD 2023
Revenue	\$ 14.8	\$ 67.1	\$ 49.7	\$ 103.0	(77.9)%	(51.7)%
Operating expenses:						
Advertising operating costs	1.0	8.3	6.7	13.0	(88.0)%	(48.5)%
Network costs	0.3	2.1	2.7	4.1	(85.7)%	(34.1)%
Theater access fees and revenue share to founding members	3.7	23.2	23.3	41.1	(84.1)%	(43.3)%
Selling and marketing costs	1.1	10.4	10.6	20.6	(89.4)%	(48.5)%
Administrative and other costs	12.5	9.7	33.3	19.4	28.9 %	71.6 %
Impairment of long-lived assets	—	—	—	5.8	— %	(100.0)%
Depreciation expense	0.2	1.5	1.5	3.5	(86.7)%	(57.1)%
Amortization of intangibles recorded for network theater screen leases	0.9	6.3	7.1	12.4	(85.7)%	(42.7)%
Total operating expenses	19.7	61.5	85.2	119.9	(68.0)%	(28.9)%
Operating (loss) income	(4.9)	5.6	(35.5)	(16.9)	(187.5)%	110.1 %
Non-operating (income) expense, net	(550.2)	14.2	(526.8)	37.7	(3974.6)%	(1497.3)%
Income tax expense	—	—	—	—	— %	— %
Net loss attributable to noncontrolling interests	—	(7.9)	(8.5)	(28.7)	(100.0)%	(70.4)%
Net income (loss) attributable to NCM, Inc.	\$ 545.3	\$ (0.7)	\$ 499.8	\$ (25.9)	(78000.0)%	(2029.7)%
Net income (loss) per NCM, Inc. basic share	\$ 3.13	\$ (0.01)	\$ 3.13	\$ (0.32)	(31400.0)%	(1078.1)%
Net income (loss) per NCM, Inc. diluted share	\$ 3.13	\$ (0.01)	\$ 2.83	\$ (0.32)	(31400.0)%	(984.4)%

Basis of Presentation

The results of operations data for the three months ended June 29, 2023 (second quarter of 2023) and June 30, 2022 (second quarter of 2022) and the six months ended June 29, 2023 and June 30, 2022 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. Within the results of operations outlined below, all periods subsequent to the deconsolidation of NCM LLC on April 11, 2023 represent activity and balances for NCM, Inc. standalone and all activity and balances prior to the deconsolidation of NCM LLC on April 11, 2023 represent NCM, Inc. consolidated, inclusive of NCM LLC.

Results of Operations

Second Quarter of 2023 and Second Quarter of 2022 for NCM, Inc.

Revenue. Total revenue decreased 77.9%, from \$67.1 million for the second quarter of 2022 to \$14.8 million for the second quarter of 2023. The following is a summary of revenue by category (in millions):

	Q2 2023	Q2 2022	\$ Change Q2 2022 to Q2 2023	% Change Q2 2022 to Q2 2023
Advertising revenue	\$ 7.1	\$ 67.1	\$ (60.0)	(89.4)%
Management fee reimbursement	7.7	—	7.7	— %
Total revenue	\$ 14.8	\$ 67.1	\$ (52.3)	(77.9)%

Advertising revenue. National advertising revenue decreased by \$60.0 million, or 89.4%, from \$67.1 million for the second quarter of 2022 to \$7.1 million for the second quarter of 2023. This decrease was due to the deconsolidation of NCM LLC on April 11, 2023 after NCM LLC filed the Chapter 11 Case resulting in NCM, Inc.'s loss of control of NCM LLC for accounting purposes, with the \$7.1 million of revenue for the second quarter of 2023 representing the 12 days of activity of NCM LLC within the second quarter prior to the deconsolidation event on April 11, 2023.

Management fee reimbursement. Management fee reimbursement increased \$7.7 million, from \$0.0 million for the second quarter of 2022 to \$7.7 million for the second quarter of 2023. This increase was primarily due to the deconsolidation of NCM LLC on April 11, 2023 after NCM LLC filed the Chapter 11 Case resulting in NCM, Inc.'s loss of control of NCM LLC for accounting purposes and represents the revenue recognized by NCM, Inc. for managing NCM LLC during the second quarter of 2023 that historically would have been eliminated upon consolidation. This amount is equal to the expenses incurred by NCM, Inc. that were paid by NCM LLC.

Operating expenses. Total operating expenses decreased \$41.8 million, or 68.0%, from \$61.5 million for the second quarter of 2022 to \$19.7 million for the second quarter of 2023. The following table shows the changes in operating expense for the second quarter of 2023 and the second quarter of 2022 (in millions):

	Q2 2023	Q2 2022	\$ Change Q2 2022 to Q2 2023	% Change Q2 2022 to Q2 2023
Advertising operating costs	\$ 1.0	\$ 8.3	\$ (7.3)	(88.0)%
Network costs	0.3	2.1	(1.8)	(85.7)%
Theater access fees and revenue share—founding members	3.7	23.2	(19.5)	(84.1)%
Selling and marketing costs	1.1	10.4	(9.3)	(89.4)%
Administrative and other costs	12.5	9.7	2.8	28.9 %
Impairment of long-lived assets	—	—	—	— %
Depreciation expense	0.2	1.5	(1.3)	(86.7)%
Amortization of intangibles recorded for network theater screen leases	0.9	6.3	(5.4)	(85.7)%
Total operating expenses	\$ 19.7	\$ 61.5	\$ (41.8)	(68.0)%

Advertising operating costs. Advertising operating costs decreased \$7.3 million, or 88.0%, from \$8.3 million for the second quarter of 2022 to \$1.0 million for the second quarter of 2023. This decrease was due to the deconsolidation of NCM LLC on April 11, 2023 after NCM LLC filed the Chapter 11 Case resulting in NCM, Inc.'s loss of control of NCM LLC for accounting purposes, with the \$1.0 million of expense for the second quarter of 2023 representing the 12 days of activity of NCM LLC within the second quarter prior to the deconsolidation event on April 11, 2023.

Network costs. Network costs decreased \$1.8 million, or 85.7%, from \$2.1 million for the second quarter of 2022 to \$0.3 million for the second quarter of 2023. This decrease was due to the deconsolidation of NCM LLC on April 11, 2023 after NCM LLC filed the Chapter 11 Case resulting in NCM, Inc.'s loss of control of NCM LLC for accounting purposes, with the \$0.3 million of expense for the second quarter of 2023 representing the 12 days of activity of NCM LLC within the second quarter prior to the deconsolidation event on April 11, 2023.

Theater access fees and revenue share—founding members. Theater access fees and revenue share decreased by \$19.5 million, or 84.1%, from \$23.2 million for the second quarter of 2022 to \$3.7 million for the second quarter of 2023. This decrease was due to the deconsolidation of NCM LLC on April 11, 2023 after NCM LLC filed the Chapter 11 Case resulting in NCM, Inc.'s loss of control of NCM LLC for accounting purposes, with the \$3.7 million of expense for the second quarter of 2023 representing the 12 days of activity of NCM LLC within the second quarter prior to the deconsolidation event on April 11, 2023.

Selling and marketing costs. Selling and marketing costs decreased \$9.3 million, or 89.4%, from \$10.4 million for the second quarter of 2022 to \$1.1 million for the second quarter of 2023. This decrease was due to the deconsolidation of

NCM LLC on April 11, 2023 after NCM LLC filed the Chapter 11 Case resulting in NCM, Inc.'s loss of control of NCM LLC for accounting purposes, with the \$1.1 million of expense for the second quarter of 2023 representing the 12 days of activity of NCM LLC within the second quarter prior to the deconsolidation event on April 11, 2023.

Administrative and other costs. Administrative and other costs increased \$2.8 million, or 28.9%, from \$9.7 million for the second quarter of 2022 to \$12.5 million for the second quarter of 2023. The increase was primarily due to an increase in legal and professional fees incurred related to the Chapter 11 Case and Cineworld Proceeding in the second quarter of 2023, as well as, an increase in personnel related costs related to a retention program implemented to ensure continuity of the management team during the Chapter 11 Case.

Depreciation expense. Depreciation expense decreased \$1.3 million, or 86.7%, from \$1.5 million for the second quarter of 2022 to \$0.2 million in the second quarter of 2023. This decrease was due to the deconsolidation of NCM LLC on April 11, 2023 after NCM LLC filed the Chapter 11 Case resulting in NCM, Inc.'s loss of control of NCM LLC for accounting purposes, with the \$0.2 million of expense for the second quarter of 2023 representing the 12 days of activity of NCM LLC within the second quarter prior to the deconsolidation event on April 11, 2023.

Amortization of intangibles recorded for network theater screen leases. Amortization of intangibles recorded for network theater screen decreased \$5.4 million, or 85.7%, from \$6.3 million for the second quarter of 2022 to \$0.9 million for the first quarter of 2023. This decrease was due to the deconsolidation of NCM LLC on April 11, 2023 after NCM LLC filed the Chapter 11 Case resulting in NCM, Inc.'s loss of control of NCM LLC for accounting purposes, with the \$0.9 million of expense for the second quarter of 2023 representing the 12 days of activity of NCM LLC within the second quarter prior to the deconsolidation event on April 11, 2023.

Non-operating income. Total non-operating income increased \$564.4 million, or 3974.6%, from \$14.2 million of non-operating expenses for the second quarter of 2022 to \$550.2 million non-operating income for the second quarter of 2023. The following table shows the changes in non-operating expense for the second quarter of 2023 and the second quarter of 2022 (in millions):

			\$ Change		% Change		
			Q2 2023	Q2 2022	Q2 2022 to Q2 2023	Q2 2022 to Q2 2023	
Interest on borrowings	\$	3.1	\$	20.4	\$	(17.3)	(84.8)%
Gain on modification and retirement of debt, net		—		(5.9)		5.9	100.0 %
Loss (gain) on the re-measurement of the payable to founding members under the tax receivable agreement		4.0		(0.1)		4.1	(4100.0)%
Gain on deconsolidation of NCM LLC		(557.7)		—		(557.7)	—
Other non-operating expense (income)		0.4		(0.2)		0.6	(300.0)%
Total non-operating (income) expense	\$	(550.2)	\$	14.2	\$	(564.4)	(3974.6)%

The increase in non-operating income was largely driven by the gain recognized upon the deconsolidation of NCM LLC of \$557.7 million and a \$17.3 million decrease in interest on borrowings due to the deconsolidation of NCM LLC on April 11, 2023 after NCM LLC filed the Chapter 11 Case resulting in NCM, Inc.'s loss of control of NCM LLC for accounting purposes. These increases were partially offset by a \$5.9 million decrease in gain on modification and retirement of debt, net due to NCM, Inc.'s purchase of certain of the Notes due 2028 on the open market during the second quarter of 2022, reducing the principal amount owed by NCM LLC to third parties, with no comparable purchases in the current year, and the loss on the re-measurement of the payable to founding members under the tax receivable agreement increased by \$4.1 million, or 4100.0% from a gain of \$0.1 million for the second quarter of 2022, to a loss of \$4.0 million for the second quarter of 2023.

Results of Operations for NCM LLC for the Second Quarter of 2023 and Second Quarter of 2022

The following table presents operating data and Adjusted OIBDA (dollars in millions, except share and margin data) for the three months ended June 29, 2023 (second quarter of 2023) and June 30, 2022 (second quarter of 2022) for NCM LLC:

	Q2 2023	Q2 2022	\$ Change	% Change
			Q2 2022 to Q2 2023	Q2 2022 to Q2 2023
Revenue	\$ 64.4	\$ 67.1	\$ (2.7)	(4.0)%
Operating expenses:				
Advertising operating costs	7.4	8.3	(0.9)	(10.8)%
Network costs	2.2	2.1	0.1	4.8 %
Theater access fees and revenue share to founding members	23.9	23.2	0.7	3.0 %
Selling and marketing costs	10.1	10.4	(0.3)	(2.9)%
Administrative and other costs	15.5	9.7	5.8	59.9 %
Impairment of long-lived assets	—	—	—	— %
Depreciation expense	1.3	1.5	(0.2)	(13.3)%
Amortization of intangibles recorded for network theater screen leases	6.2	6.3	(0.1)	(1.6)%
Total operating expenses	66.6	61.5	5.1	8.3 %
Operating (loss) income	\$ (2.2)	\$ 5.6	\$ (7.8)	(139.4)%
Adjusted OIBDA	\$ 12.5	\$ 15.1	\$ (2.6)	(17.3)%
Adjusted OIBDA margin	19.7 %	22.5 %	(2.8)%	(12.4)%
Total theater attendance (in millions) (1)	134.9	124.2	10.7	8.6 %

Revenue. Revenue decreased \$2.7 million, or 4.0%, from \$67.1 million for the second quarter of 2022 to \$64.4 million for the second quarter of 2023.

National advertising revenue decreased by \$6.4 million, or 12.7% from \$50.8 million for the second quarter of 2022 to \$44.3 million for the second quarter of 2023. The decrease in national advertising revenue was primarily due to a 18.7% decrease in national advertising utilization in the second quarter of 2023, as compared to the second quarter of 2022, as well as lower scatter market revenue in the second quarter of 2023, as compared to the second quarter of 2022. Inventory utilization is calculated as utilized impressions divided by total advertising impressions, which is based on eleven 30-second salable national advertising units in NCM LLC's *Noovie* show, which can be expanded, should market demand dictate.

Local and regional advertising revenue increased by \$2.9 million, or 27.7% from \$10.5 million for the second quarter of 2022 to \$13.4 million for the second quarter of 2023. The increase in local and regional advertising revenue was primarily due to an increase in contract activity and size within the government, healthcare, education, arts, and beverages service categories in the second quarter of 2023, as compared to the second quarter of 2022.

National advertising from the founding members beverage concessionaire agreement increased \$0.8 million, or 14.2% from \$5.8 million for the second quarter of 2022 to \$6.6 million for the second quarter of 2023. The increase was due to a 10.8% increase in founding member attendance as well as an average 3% rate increase for the second quarter of 2023, as compared to the second quarter of 2022.

Advertising operating costs. Advertising operating costs decreased \$0.9 million, or 10.8%, from \$8.3 million for the second quarter of 2022 to \$7.4 million for the second quarter of 2023. The decrease was due primarily to a \$1.0 million decrease in advertising affiliate payments due in part to lower in cinema revenue for the second quarter 2023, as compared to the second quarter of 2022.

Network costs. Network costs increased \$0.1 million, or 4.8%, from \$2.1 million for the second quarter of 2022 to \$2.2 million for the second quarter of 2023.

Theater access fees and revenue share—founding members. Theater access fees and revenue share increased by \$0.7 million, or 3.0%, from \$23.2 million for the second quarter of 2022 to \$23.9 million for the second quarter of 2023. This increase consisted of a \$1.4 million increase due to the 10.8% increase in founding member theater attendance in the second quarter of 2023, as compared to the second quarter of 2022, and a \$0.1 million increase due to an increase in average rate per active screens in the second quarter of 2023, as compared to the second quarter of 2022. These

increases were offset by a \$0.8 million decrease in revenue share for the second quarter of 2023, as compared to the second quarter of 2022.

Selling and marketing costs. Selling and marketing costs decreased \$0.3 million, or 2.9%, from \$10.4 million for the second quarter of 2022 to \$10.1 million for the second quarter of 2023. The decrease was primarily due to a \$0.4 million decrease in bad debt expense for the second quarter of 2023, as compared to the second quarter of 2022.

Administrative and other costs. Administrative and other costs increased \$5.8 million, or 59.9%, from \$9.7 million for the second quarter of 2022 to \$15.5 million for the second quarter of 2023. The increase was primarily related to a \$6.0 million increase in legal and professional fees incurred in the second quarter of 2023 prior to the petition date related to the Chapter 11 Case and Cineworld Proceeding. All fees incurred to related to the Chapter 11 Case subsequent to the petition date have been presented within 'Reorganization Items' on the unaudited Condensed Balance Sheet for NCM LLC.

Depreciation expense. Depreciation expense decreased \$0.2 million, or 13.3%, from \$1.5 million for the second quarter of 2022 to \$1.3 million in the second quarter of 2023.

Amortization of intangibles recorded for network theater screen leases. Amortization of intangibles recorded for network theater screen decreased \$0.1 million, or 1.6%, from \$6.3 million for the second quarter of 2022 to \$6.2 million for the second quarter of 2023.

Six months ended June 29, 2023 and June 30, 2022 for NCM, Inc.

Revenue. Total revenue decreased \$53.3 million, or 51.7%, from \$103.0 million for the six months ended June 30, 2022 to \$49.7 million for the six months ended June 29, 2023. The following is a summary of revenue by category (in millions):

	Six Months Ended		\$ Change	% Change
	June 29, 2023	June 30, 2022	YTD 2022 to YTD 2023	YTD 2022 to YTD 2023
Advertising revenue	\$ 42.0	\$ 103.0	\$ (61.0)	(59.2)%
Management fee reimbursement	7.7	—	7.7	— %
Total revenue	\$ 49.7	\$ 103.0	\$ (53.3)	(51.7)%

Advertising revenue. National advertising revenue decreased by \$61.0 million, or 59.2%, from \$103.0 million for the six months ended June 30, 2022 to \$42.0 million for the six months ended June 29, 2023. This decrease was primarily due to the deconsolidation of NCM LLC on April 11, 2023 after NCM LLC filed the Chapter 11 Case resulting in NCM, Inc.'s loss of control of NCM LLC for accounting purposes.

Management fee reimbursement. Management fee reimbursement increased from \$7.7 million from \$0.0 million for the six months ended June 30, 2022 to \$7.7 million for the six months ended June 29, 2023. This increase was primarily due to the deconsolidation of NCM LLC on April 11, 2023 after NCM LLC filed the Chapter 11 Case resulting in NCM, Inc.'s loss of control of NCM LLC for accounting purposes and represents the revenue recognized by NCM, Inc. for managing NCM LLC during the second quarter of 2023 that historically would have been eliminated upon consolidation. This amount is equal to the expenses incurred by NCM, Inc. that were paid by NCM LLC.

Operating expenses. Total operating expenses decreased \$34.7 million, or 28.9%, from \$119.9 million for the six months ended June 30, 2022 to \$85.2 million for the six months ended June 29, 2023. The following table shows the changes in operating expense for the six months ended June 29, 2023 and June 30, 2022 (in millions):

	Six Months Ended		\$ Change	% Change
	June 29, 2023	June 30, 2022	YTD 2022 to YTD 2023	YTD 2022 to YTD 2023
Advertising operating costs	\$ 6.7	\$ 13.0	\$ (6.3)	(48.5)%
Network costs	2.7	4.1	(1.4)	(34.1)%
Theater access fees and revenue share—founding members	23.3	41.1	(17.8)	(43.3)%
Selling and marketing costs	10.6	20.6	(10.0)	(48.5)%
Administrative and other costs	33.3	19.4	13.9	71.6 %
Impairment of long-lived assets	—	5.8	(5.8)	(100.0)%
Depreciation expense	1.5	3.5	(2.0)	(57.1)%
Amortization of intangibles recorded for network theater screen leases	7.1	12.4	(5.3)	(42.7)%
Total operating expenses	\$ 85.2	\$ 119.9	\$ (34.7)	(28.9)%

Advertising operating costs. Advertising operating costs decreased \$6.3 million, or 48.5%, from \$13.0 million for the six months ended June 30, 2022 to \$6.7 million for the six months ended June 29, 2023. The \$6.7 million of expense for the six months ended June 29, 2023 represents the 103 days of activity of NCM LLC within 2023 prior to the deconsolidation event on April 11, 2023.

Network costs. Network costs decreased \$1.4 million, or 34.1%, from \$4.1 million for the six months ended June 30, 2022, to \$2.7 million for the six months ended June 29, 2023. The \$2.7 million of expense for the six months ended June 29, 2023 represents the 103 days of activity of NCM LLC within 2023 prior to the deconsolidation event on April 11, 2023.

Theater access fees and revenue share—founding members. Theater access fees and revenue share decreased \$17.8 million, or 43.3%, from \$41.1 million for the six months ended June 30, 2022 to \$23.3 million for the six months ended June 29, 2023. The \$23.3 million of expense for the six months ended June 29, 2023 represents the 103 days of activity of NCM LLC within 2023 prior to the deconsolidation event on April 11, 2023.

Selling and marketing costs. Selling and marketing costs decreased \$10.0 million, or 48.5%, from \$20.6 million for the six months ended June 30, 2022 to \$10.6 million for the six months ended June 29, 2023. The \$10.6 million of expense for the six months ended June 29, 2023 represents the 103 days of activity of NCM LLC within 2023 prior to the deconsolidation event on April 11, 2023.

Administrative and other costs. Administrative and other costs increased \$13.9 million, or 71.6%, from \$19.4 million for the six months ended June 30, 2022 to \$33.3 million for the six months ended June 29, 2023. The increase is due to costs incurred through the petition date related to NCM LLC's Chapter 11 Case, as well as, expenses incurred directly by NCM, Inc. related to NCM LLC's Chapter 11 Case, increase in NCM, Inc. personnel related costs 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.

Impairment of long-lived assets. Impairment of long-lived assets decreased \$5.8 million, or (100.0)%, from \$5.8 million for the six months ended June 30, 2022 to \$0.0 million for the six months ended June 29, 2023. The \$5.8 million of expense for the six months ended June 30, 2022 was due to the write-off of certain long-lived intangible assets, with no comparable write-offs in the current year.

Depreciation expense. Depreciation expense decreased \$2.0 million, or 57.1%, from \$3.5 million for the six months ended June 30, 2022 to \$1.5 million for the six months ended June 29, 2023. The \$1.5 million of expense for the six months ended June 29, 2023 represents the 103 days of activity of NCM LLC within the six months ended June 30, 2022 prior to the deconsolidation event on April 11, 2023.

Amortization of intangibles recorded for network theater screen leases. Amortization of intangibles recorded for network theater screen decreased \$5.3 million, or 42.7%, from \$12.4 million for the six months ended June 30, 2022 to \$7.1 million for the six months ended June 29, 2023. The \$7.1 million of expense for the six months ended June 29, 2023 represents the 103 days of activity of NCM LLC within the six months ended June 29, 2023 prior to the deconsolidation event on April 11, 2023.

Non-operating income. Total non-operating income increased \$564.5 million, or 1497.3%, from \$37.7 million of non-operating loss for the six months ended June 30, 2022 to \$526.8 on non-operating income for the six months ended June 29, 2023. The following table shows the changes in non-operating loss for the six months ended June 29, 2023 and June 30, 2022 (in millions):

	Six Months Ended		\$ Change YTD 2022 to YTD 2023	% Change YTD 2022 to YTD 2023
	June 29, 2023	June 30, 2022		
Interest on borrowings	\$ 27.1	\$ 37.6	\$ (10.5)	(27.9)%
Loss (gain) on modification and retirement of debt	0.4	(5.9)	6.3	(106.8)%
Loss on the re-measurement of the payable to founding members under the tax receivable agreement	3.4	6.3	(2.9)	(46.0)%
Gain on sale of asset	(0.3)	—	(0.3)	— %
Gain on deconsolidation of NCM LLC	(557.7)	—	(557.7)	— %
Other non-operating expense (income)	0.3	(0.3)	0.6	(200.0)%
Total non-operating (income) expense	\$ (526.8)	\$ 37.7	\$ (564.5)	(1497.3)%

The increase in non-operating income was largely driven by the gain on deconsolidation of NCM LLC \$557.7 million recorded on April 11, 2023 after NCM LLC filed the Chapter 11 Case resulting in NCM, Inc.'s loss of control of NCM LLC for accounting purposes. Additionally, there was a \$10.5 million decrease in interest on borrowings caused by the Chapter 11 Case filed by NCM LLC, and a \$2.9 million decrease in the loss on the re-measurement of the payable to the founding members under the tax receivable agreement. This increase was partially offset by a \$6.3 million decrease in gain on modification and retirement of debt, net due to NCM, Inc.'s purchase of certain of the Notes due 2028 on the open market during the second quarter of 2022, reducing the principal amount owed by NCM LLC to third parties, with no comparable purchases in the current year.

Results of Operations for NCM LLC for the six months ended June 29, 2023 and June 30, 2022

The following table presents operating data and Adjusted OIBDA (dollars in millions, except share and margin data) for the six months ended June 29, 2023 (second quarter of 2023) and June 30, 2022 (second quarter of 2022) for NCM LLC:

	Six Months Ended		\$ Change YTD 2022 to YTD 2023	% Change YTD 2022 to YTD 2023
	June 29, 2023	June 30, 2022		
Revenue	\$ 99.3	\$ 103.0	\$ (3.7)	(3.6)%
Operating expenses:				
Advertising operating costs	13.1	13.0	0.1	0.8 %
Network costs	4.6	4.1	0.5	12.2 %
Theater access fees and revenue share to founding members	43.5	41.1	2.4	5.8 %
Selling and marketing costs	19.6	20.6	(1.0)	(4.9)%
Administrative and other costs	36.3	19.4	16.9	87.1 %
Impairment of long-lived assets	—	5.8	(5.8)	(100.0)%
Depreciation expense	2.5	3.5	(1.0)	(28.6)%
Amortization of intangibles recorded for network theater screen leases	12.5	12.4	0.1	0.8 %
Total operating expenses	132.1	119.9	12.2	10.2 %
Operating loss	\$ (32.8)	\$ (16.9)	\$ (15.9)	94.1 %
Adjusted OIBDA	\$ 1.6	\$ 8.2	\$ (6.6)	(80.5)%
Adjusted OIBDA margin	1.6 %	8.0 %	(6.4)%	(80.0)%
Total theater attendance (in millions) (1)	224.9	200.2	24.7	12.3 %

Revenue. Revenue decreased \$3.7 million, or 3.6%, from \$103.0 million for the six months ended June 30, 2022 to \$99.3 million for the six months ended June 29, 2023.

National advertising revenue decreased by \$10.2 million, or 13.2% from \$77.0 million for the six months ended June 30, 2022 to \$66.8 million for the six months ended June 29, 2023. The decrease in national advertising revenue was primarily due to a 16.7% decrease in national advertising utilization in the six months ended June 29, 2023, as compared to the six months ended June 30, 2022, as well as lower scatter market revenue in the six months ended June 29, 2023, as compared to the six months ended June 30, 2022. Inventory utilization is calculated as utilized

impressions divided by total advertising impressions, which is based on eleven 30-second salable national advertising units in NCM LLC's *Noovie* show, which can be expanded, should market demand dictate.

Local and regional advertising revenue increased by \$4.8 million, or 29.3% from \$16.6 million for the six months ended June 30, 2022 to \$21.4 million for the six months ended June 29, 2023. The increase in local and regional advertising revenue was primarily due to an increase in contract activity and size within the government, healthcare, education, arts, retail, professional and beverages service categories in the second quarter of 2023, as compared to the second quarter of 2022.

National advertising from the founding members beverage concessionaire agreement increased \$1.7 million, or 17.7% from \$9.4 million for the six months ended June 30, 2022 to \$11.1 million for the six months ended June 29, 2023. The increase was due to a 14.2% increase in founding member attendance and an average 3% rate increase for the six months ended June 29, 2023, as compared to the six months ended June 30, 2022.

Advertising operating costs. Advertising operating costs increased \$0.1 million, or 0.8%, from \$13.0 million for the for the six months ended June 30, 2022 to \$13.1 million for the six months ended June 29, 2023.

Network costs. Network costs increased \$0.5 million, or 12.2%, from \$4.1 million for the six months ended June 30, 2022 to \$4.6 million for the six months ended June 29, 2023. The increase was primarily due to a \$0.5 million increase in personnel related costs for the six months ended June 29, 2023, as compared to the six months ended June 30, 2022.

Theater access fees and revenue share—founding members. Theater access fees and revenue share increased by \$2.4 million, or 5.8%, from \$41.1 million for the six months ended June 30, 2022 to \$43.5 million for the six months ended June 29, 2023. This increase was primarily caused by a \$2.8 million increase due to the 14.2% increase in founding member theater attendance for the six months ended June 29, 2023, as compared to the six months ended June 30, 2022, and a \$0.3 million increase due to an increase in average rate per active screens for the six months ended June 29, 2023, as compared to the six months ended June 30, 2022. These increases were offset by a \$0.7 million decrease in revenue share for the six months ended June 29, 2023, as compared to six months ended June 30, 2022.

Selling and marketing costs. Selling and marketing costs decreased \$1.0 million, or 4.9%, from \$20.6 million for the six months ended June 30, 2022 to \$19.6 million for the six months ended June 29, 2023. The decrease was primarily related to a \$1.9 million decrease in selling related expenses, as well, as a \$0.5 decrease in bad debt expense. These decreases were offset by a \$0.9 million increase in personnel related costs for the six months ended June 29, 2023, as compared to the six months ended June 30, 2022, driven by an increase in commissions to local sales account directors in line with the increase in local revenue.

Administrative and other costs. Administrative and other costs increased \$16.9 million, or 87.1%, from \$19.4 million for the six months ended June 30, 2022 to \$36.3 million for the six months ended June 29, 2023. The increase was primarily related to a \$16.7 million increase in legal and professional fees incurred in the first and second quarter of 2023 prior to the petition date related to the Chapter 11 Case and Cineworld Proceeding. All fees incurred to related to the Chapter 11 Case subsequent to the petition date have been presented within 'Reorganization Items' on the unaudited Condensed Balance Sheet for NCM LLC.

Depreciation expense. Depreciation expense decreased \$1.0 million, or 28.6%, from \$3.5 million for the six months ended June 30, 2022 to \$2.5 million for the six months ended June 29, 2023. The was primarily due to a decrease in depreciable property & equipment for the six months ended June 29, 2023 compared to the six months ended June 30, 2022.

Amortization of intangibles recorded for network theater screen leases. Amortization of intangibles recorded for network theater screen increased \$0.1 million, or 0.8%, from 12.4 million for the six months ended June 30, 2022 to \$12.5 million for the six months ended June 29, 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 recorded for network theater screen leases, non-cash share-based compensation costs, impairment of long-lived assets, and advisor fees related to involvement in the Cineworld Proceeding and Chapter 11 Case. Adjusted OIBDA margin is calculated by dividing Adjusted OIBDA by total revenue. Our management uses these non-GAAP financial measures to evaluate operating performance, to forecast future results and as a basis for compensation. The Company believes these are important supplemental measures of operating performance because they eliminate items that have less

bearing on its operating performance and 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 and amortization policies, amounts of amortization of intangibles recorded for network theater screen leases, non-cash share-based compensation programs, impairment of long-lived assets 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 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 has the limitation of not reflecting the effect of the Company's amortization of intangibles recorded for network theater screen leases, share-based payment costs, impairments of long-lived assets 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. 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 debt agreement.

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

	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Operating (loss) income	\$ (2.2)	\$ 5.6	\$ (32.8)	\$ (16.9)
Depreciation expense	1.3	1.5	2.5	3.5
Amortization of intangibles recorded for network theater screen leases (1)	6.2	6.3	12.5	12.4
Share-based compensation costs (2)	1.2	1.7	2.7	3.0
Impairment of long-lived assets (3)	—	—	—	5.8
Sales force reorganization costs (4)	—	—	—	0.4
Fees and expenses related to the Cineworld Proceeding and Chapter 11 Case included within Operating Income (5)	6.0	—	16.7	—
Adjusted OIBDA	\$ 12.5	\$ 15.1	\$ 1.6	\$ 11.2
Total revenue	\$ 64.4	\$ 67.1	\$ 99.3	\$ 103.0
Adjusted OIBDA margin	19.4 %	22.5 %	1.6 %	10.9 %

(1) Following the adoption of ASC 842, as discussed within Note 9 to the unaudited Condensed Consolidated Financial Statements included elsewhere in this document, amortization of the ESA and affiliate intangible balances is considered a form of lease expense and has been reclassified to this account as of the adoption date, December 28, 2018. The Company adopted ASC 842 prospectively and thus, prior period balances remain within amortization expense.

(2) Share-based compensation costs are included in network operations, selling and marketing and administrative expense in NCM LLC's unaudited Condensed Consolidated Financial Statements.

(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 NCM LLC's sales force implemented during the first quarter of 2022.

(5) Advisor and legal fees and expenses incurred in connection with the Company's involvement in the Cineworld Proceeding and Chapter 11 Case during the first quarter of 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

Chapter 11 Case—We expect NCM LLC to emerge from Chapter 11 within one month of this filing. Emergence is contingent upon numerous factors, many of which are out of the Company's control. Major factors include implementing the approved Chapter 11 Plan of reorganization, which will enable NCM LLC to transition from Chapter 11 into ordinary course operations outside of bankruptcy. NCM LLC also expects to obtain a new credit facility, or "exit financing." NCM LLC's ability to finalize such financing will depend on, among other things, the timing and outcome of various ongoing matters related

to the Chapter 11 Case as well as the general global macroeconomic factors. The plan of reorganization will determine the rights and satisfaction of claims of various creditors and security holders and is subject to the ultimate outcome of negotiations and Bankruptcy Court decisions ongoing through the date on which such plan is confirmed.

Beverage Revenue—Under the ESAs, up to 90 seconds of the *Noovie*® 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 six months of 2023 and 2022, 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* 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. As of July 14, 2023, the effective date of the Regal Advertising Agreement with Regal, NCM LLC no longer receives founding member beverage revenue from Regal.

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 increased by 4% on November 1, 2022 and will increase by 8% every five years, with 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 of \$0.052 per patron beginning on November 1, 2022 and increasing 8% every five years beginning November 1, 2027. As of July 14, 2023, the ESA with Regal was terminated and the Regal Advertising Agreement with Regal became effective. The payments under the Regal Advertising Agreement are based on the attendance at Regal's theaters and the revenue generated by NCM LLC through advertising displayed in Regal's theaters.

Financial Condition and Liquidity

Liquidity and Capital Resources

As a result of the commencement of the Chapter 11 Case on April 11, 2023, we are operating as the manager of a debtor in possession pursuant to the authority granted under Chapter 11 of the Bankruptcy Code. Pursuant to the Chapter 11 filings, we intend to de-lever NCM LLC's balance sheet and reduce overall indebtedness upon emergence from Chapter 11. Additionally, as a debtor-in-possession, certain of NCM LLC's and NCM, Inc.'s activity, as its manager, are subject to review and approval by the Bankruptcy Court, including, among other things, the incurrence of secured indebtedness, material asset dispositions, and other transactions outside the ordinary course of business.

Our normal operating cash flows are providing liquidity for the Company to operate as usual and fulfill ongoing commitments to stakeholders.

In the first quarter of 2023, conditions existed that raised substantial doubt about NCM LLC's ability to continue as a going concern because NCM LLC filed the Chapter 11 Case with the Bankruptcy Court on April 11, 2023. NCM, Inc.'s primary sources of cash flow from operations are distributions from NCM LLC pursuant to the NCM LLC Operating Agreement, management fee payments pursuant to a management services agreement with NCM LLC in exchange for providing specified management services to NCM LLC and NCM, Inc.'s existing cash balance. Pursuant to the Plan that was approved by the Bankruptcy Court on June 27, 2023, NCM, Inc. will continue to be the manager of NCM LLC and NCM LLC will assume its agreements with NCM, Inc., including the management services agreement. Pursuant to the Plan, when NCM LLC successfully emerges from Chapter 11, NCM, Inc. will make a capital contribution of its cash on hand, expected to be approximately \$15.0 million, on hand in exchange for new common membership units under the NCMI 9019 Capital Contribution within the Restructuring Support Agreement. Following this contribution, NCM, Inc. is expected to rely on management fee payments received from NCM LLC to fund its day-to-day operations.

NCM LLC currently expects to emerge from bankruptcy within one month of this filing; however, NCM LLC's status in Chapter 11 creates uncertainty around the future satisfaction of its liabilities, including the payments due to NCM, Inc. under the Operating Agreement and management services agreement. If NCM LLC fails to emerge from Chapter 11 in the required timeline and the Plan is not implemented, NCM, Inc. will have sufficient liquidity through the use of NCM, Inc.'s existing cash balance. As such, substantial doubt about the Company's ability to continue as a going concern no longer exists.

Subsequent to and during pendency of the Chapter 11 Case, we expect that NCM LLC's primary liquidity requirements in conjunction with exit financing will be sufficient to fund operations.

Based on current financial projections, we expect NCM LLC to be able to continue to generate cash flows from operations in amounts sufficient to fund our operations and pay administrative expenses including professional fees while under Chapter 11. However, should the Chapter 11 Case take longer than anticipated or should our financial results be materially and negatively impacted by general global macroeconomic factors, we may be required to seek additional sources of liquidity. There can be no assurance that we will be able to obtain such liquidity on terms favorable to us, if at all.

NCM LLC's cash balances can fluctuate due to the seasonality of NCM LLC's 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. NCM Inc.'s cash balance can fluctuate due to available cash payment receipts from NCM LLC, income tax payments, TRA payments to the founding members and amount of dividends to NCM, Inc.'s common stockholders.

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

	As of			\$ Change	\$ Change
	June 29, 2023	December 29, 2022	June 30, 2022	YE 2022 to Q2 2023	Q2 2022 to Q2 2023
Cash, cash equivalents and marketable securities (1)	\$ 16.4	\$ 62.7	\$ 74.4	\$ (46.3)	\$ (58.0)
NCM LLC revolving credit facility availability (2)	—	7.2	6.8	(7.2)	(6.8)
Total liquidity	\$ 16.4	\$ 69.9	\$ 81.2	\$ (53.5)	\$ (64.8)

- (1) Included in cash, cash equivalents and marketable securities as of June 29, 2023, December 29, 2022 and June 30, 2022, was \$0.0 million, \$59.4 million and \$57.7 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. NCM LLC's balances were eliminated on deconsolidation in the unaudited Condensed Consolidated Balance Sheet as of June 29, 2023.
- (2) The revolving credit facility portion of NCM LLC's total borrowings is not available due to the voluntary petition of reorganization filed on April 11, 2023.

NCM, Inc. used and generated cash as follows (in millions):

	Six Months Ended	
	June 29, 2023	June 30, 2022
Operating cash flow	\$ 4.5	\$ (40.4)
Investing cash flow	\$ (0.8)	\$ (1.5)
Financing cash flow	\$ (52.0)	\$ 13.8

- Operating Activities.** The \$44.9 million increase in cash provided by operating activities for the six months ended June 29, 2023, as compared to the six months ended June 30 2022, was primarily due to 1) \$68.4 million decrease in account receivable during the second quarter of 2023, as compared to the second quarter of 2022 primarily due to the deconsolidation of NCM LLC, 2) a \$6.2 million decrease in change of accounts payable and accrued expenses primarily due to the accrual of restructuring related costs due upon NCM LLC's emergence, 3) a \$6.2 million decrease in change in deferred revenue primarily due to the deconsolidation of NCM LLC and 4) a \$2.4 million increase in integration and other encumbered theaters payments received in the first quarter of 2023 compared to the first quarter of 2022 driven by higher revenue and AOIBDA in the fourth quarter of 2022, as compared to the fourth quarter of 2021, as the payments are made one month in arrears. The increases in cash provided were partially offset by 1) a \$24.2 million increase in net loss adjusted for non-cash items during the second quarter of 2023, as compared to the second quarter of 2022 primarily due to the deconsolidation of NCM LLC, 2) a \$14.8 million increase in prepaids due to payments made prior to the petition date, 3) a \$3.1 million decrease in the other assets, net of liabilities primarily due to the deconsolidation of NCM LLC and 4) a \$1.4 million increase in payments made to or received from the founding members primarily due to the deconsolidation of NCM LLC in the second quarter of 2023, as compared to the second quarter of 2022.
- Investing Activities.** The \$0.7 million decrease in cash used in investing activities for the six months ended June 29, 2023, as compared to the six months ended June 30, 2022, was primarily due to a \$0.4 million decrease in

purchases of property and equipment and a \$0.3 million increase in gain on sale of asset during the six months ended June 29, 2023, as compared to the six months ended June 30, 2022.

- **Financing Activities.** The \$65.8 million increase in cash used by financing activities for the six months ended June 29, 2023, as compared to the six months ended June 30, 2022, was primarily due to the issuance of the \$50.0 million Revolving Credit Facility 2022 in the first quarter of 2022 with no issuances in 2023, as well as, the \$49.6 million removal of cash and cash equivalents 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 purchases of the Notes due 2028 as there were no purchases made in 2023, a \$6.6 million decrease in dividend payments following the suspension of the dividend in the third quarter of 2022, a \$5.6 million decrease in payments of debt issuance costs as there were no debt issuances in 2023 and a \$1.6 million decrease in repayment of the term loan facility in the six months ended June 29, 2023, as compared to the six months ended June 30, 2022 due to the deconsolidation of NCM LLC in the second quarter of 2023.

NCM LLC used and generated cash as follows (in millions):

	Six Months Ended	
	June 29, 2023	June 30, 2022
Operating cash flow	\$ (0.3)	\$ (39.7)
Investing cash flow	\$ (1.5)	\$ (1.5)
Financing cash flow	\$ (2.0)	\$ 40.3

- **Operating Activities.** The \$39.4 million decrease in cash used in operating activities for the six months ended June 29, 2023, as compared to the six months ended June 30, 2022, was primarily due to 1) a \$34.0 million increase in account receivable collections during the six months ended June 29, 2023, as compared to the six months ended June 30, 2022, 2) a \$28.7 million decrease in payments of accounts payable and accrued expenses due in part to the accrual of restructuring related costs due upon NCM LLC's emergence from Chapter 11 Case, as well as, the inability to pay prepetition payables during the Chapter 11 Case, 3) an \$8.7 million decrease in deferred revenue, 4) a \$2.6 million increase in integration and other encumbered theaters payments received in the first quarter of 2023 compared to the first quarter of 2022 driven by higher revenue and AOIBDA in the fourth quarter of 2022, as compared to the fourth quarter of 2021 as the payments are made one month in arrears and 5) a \$2.2 million decrease in payments made to the founding members due in part to the Chapter 11 Case. The decreases in cash used were partially offset by 1) a \$32.3 million increase in net loss adjusted for non-cash items during the six months ended June 29, 2023, as compared to the six months ended June 30, 2022 and 2) a \$4.7 million decrease in the other assets, net of liabilities primarily due to prepayments made prior to the petition date in the second quarter of 2023.
- **Investing Activities.** There were no meaningful changes in cash used in investing activities for the six months ended June 29, 2023, as compared to the six months ended June 30, 2022
- **Financing Activities.** The \$42.3 million decrease in cash provided by financing activities for the six months ended June 29, 2023, as compared to the six months ended June 30, 2022, was primarily due to the issuance of the \$50.0 million Revolving Credit Facility 2022 in the first quarter of 2022 with no issuances in 2023, partially offset by a \$5.6 million decrease in payments of debt issuance costs in the second quarter of 2022 as there were no debt issuances in 2023 and a \$1.6 million decrease in repayment of the term loan facility in the six months ended June 29, 2023, as compared to the six months ended June 30, 2022 due to the Chapter 11 Case.

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, when generated and payable, as well as its existing cash balances and marketable securities, which as of June 29, 2023 were \$16.4 million. NCM LLC's primary sources of liquidity and capital resources are its cash provided by operating activities 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 revolving credit facility of \$50.0 million. Cash at NCM, Inc. is used to fund income taxes, payments associated with the TRA with the founding members, payments of NCM, Inc. specific expenses, purchases of low risk investments and for future payment of dividends to NCM, Inc. shareholders.

Cash flows generated by NCM LLC's distributions to NCM, Inc. and the founding members are being 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 operating agreement, unless prohibited by NCM LLC's Credit Agreement, quarterly to its members (only NCM, Inc. as of June 29, 2023). The available cash distribution to the members of NCM LLC for the six months ended June 29, 2023 was calculated as approximately negative \$31.6 million, of which NCM, Inc.'s share is approximately negative \$31.6 million. Pursuant to the NCM LLC Operating Agreement and the Credit Agreement Amendment, there were no available cash distributions made for the first quarter of 2023. The net negative available cash distributions for 2020, 2021 and 2022 can be used to offset a positive available cash distribution in the second quarter of 2023 in accordance with the NCM LLC Operating Agreement after the Extended Covenant Waiver Holiday.

NCM, Inc. expects to use its cash balances and cash received from future available cash distributions to fund payments associated with the TRA with the founding members and future dividends as declared by the Board of Directors or make other strategic investments as approved by the Board of Directors. NCM, Inc. will owe an estimated \$0.3 million TRA payment for the 2022 tax year. 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. NCM, Inc. intends to revisit its dividend policy upon emergence from the Chapter 11 Case.

Critical Accounting Policies

Valuation of investment in unconsolidated affiliate

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. See Note 4 - *Investment in Unconsolidated NCM LLC* and Note 10 - *Fair Value Measurements* for further information.

For further 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 29, 2022 and incorporated by reference herein. As of June 29, 2023, there were no other significant changes in those critical accounting policies.

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 unaudited Condensed Consolidated Financial Statements included elsewhere in this document.

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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not required for smaller reporting companies.

Item 4. 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 by the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial and accounting officer), as appropriate, to allow timely decisions regarding required disclosure.

Management, with the participation of the Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of the Company's disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) of the Exchange Act as of June 29, 2023, the end of the period covered by this Quarterly Report on Form 10-Q. Based on such

evaluation, the Company's management concluded that the Company's disclosure controls and procedures as of June 29, 2023 were 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 to our internal control over financial reporting that occurred during the quarter ended June 29, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

On September 7, 2022, Cineworld Group plc 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 Cinemas, Inc. filed a motion to reject the ESA without specifying an effective date for the rejection and indicated that Regal Cinemas, Inc. planned on negotiating with NCM LLC. NCM LLC has also filed an adversary proceeding against Regal Cinemas, Inc. seeking declaratory relief and an injunction prohibiting Regal Cinemas, Inc. 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 work towards the terms of a new arrangement for NCM LLC to provide advertising services to Regal. NCM LLC has been in continued negotiations with Regal following Cineworld's petition for reorganization under Chapter 11 in 2022. Refer to Note 11—*Subsequent Events* for discussion of the resolution of NCM LLC's negotiations with Regal in the third quarter of 2023 and the dismissal of the adversary proceeding.

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 U.S. Bankruptcy Court for the Southern District of Texas. The Chapter 11 Case is being administered under the caption *In re: National CineMedia, LLC*, Case No. 23-90291. The Company will continue to act as the manager of NCM LLC, the "debtor in possession" under the jurisdiction of the Bankruptcy Court, and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. In general, as debtor in possession under the Bankruptcy Code, NCM LLC is authorized to continue to operate as an ongoing business but may not engage in transactions outside the ordinary course of business without the prior approval of the Bankruptcy Court. Pursuant to "first day" motions filed with the Bankruptcy Court, the Bankruptcy Court authorized NCM LLC to conduct NCM LLC's business activities in the ordinary course, including, among other things and subject to the terms and conditions of such orders, authorizing NCM LLC to consensually use cash collateral, pay employee wages and benefits and pay vendors and suppliers in the ordinary course for all go forward goods and services. On April 26, 2023, NCM LLC filed the Plan and the Disclosure Statement with the Bankruptcy Court, along with a motion requesting the approval of the Plan and the Disclosure Statement and various Plan solicitation materials, which incorporates the terms of the Restructuring Support Agreement.

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. There can be no guarantee that NCM LLC will successfully implement the Plan or that the Plan will be implemented in a time frame that is acceptable to the Bankruptcy Court. On June 29, 2023, AMC and Cinemark filed a notice of appeal of the Confirmation Order. After June 29, 2023, AMC and Cinemark sought a stay of the Confirmation Order in the Bankruptcy Court, which the Bankruptcy Court denied, and then sought a stay of the Confirmation Order in the United States District Court for the Southern District of Texas which is currently pending.

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

Item 1A. Risk Factors

There have been no material changes from risk factors as previously disclosed in our annual report on Form 10-K filed with the SEC on April 13, 2023 for the fiscal year ended December 29, 2022.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

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	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that may yet be Purchased under the Plans or Programs
March 31, 2023 through April 27, 2023	340	\$ 0.60	—	N/A
April 28, 2023 through May 25, 2023	—	\$ —	—	N/A
May 26, 2023 through June 29, 2023	—	\$ —	—	N/A

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

On July 28, 2023, the Company received written notice from Nasdaq that the Panel had approved the Company’s request for continued listing subject to the Company demonstrating compliance with Nasdaq’s continued listing requirements on or before August 31, 2023. As previously disclosed, on April 21, 2023, the Company requested an appeal with the Panel regarding a determination by the Listing Qualifications department of Nasdaq to delist the Company’s securities following NCM LLC’s Chapter 11 Case, and, on June 14, 2023, the Panel approved the Company’s request for continued listing on an interim basis through July 26, 2023.

There can be no assurance that Nasdaq will not revoke the approval for continued listing prior to August 31, 2023, that the Company will be able to comply with Nasdaq’s listing requirements or whether there will ultimately be value in our common stock. Delisting our common stock may adversely impact its liquidity, impair our stockholders’ ability to buy and sell our common stock, impair our ability to raise capital, and the market price of our common stock could decrease. Delisting our common stock could also adversely impact the perception of our financial condition and have additional negative ramifications, including loss of confidence by our employees, the loss of institutional investor interest and fewer business opportunities.

The Company anticipates that, in the event of the extension being revoked or the delisting of our common stock on Nasdaq, our common stock will begin trading on the OTC Pink marketplace under the symbol “NCMI”. The Company can provide no assurance that the common stock will commence or continue to trade on this market, whether broker-dealers will continue to provide public quotes of the common stock on this market, whether the trading volume of the common stock will be sufficient to provide for efficient trading market or whether quotes for the common stock will continue on this market in the future.

Item 6. Exhibits

<u>Exhibit</u>	<u>Reference</u>	<u>Description</u>
2.1	(1)	Confirmation Order, dated June 27, 2023.
3.1	(2)	Certificate of Designation Series A Preferred Stock, dated June 27, 2023.
4.1	(3)	Second Supplemental Indenture, dated as of March 31, 2023, by and between National CineMedia, LLC and Computershare Trust Company, as trustee.
10.1	(4)	Restructuring Support Agreement, dated as of April 11, 2023, among the Company, NCM LLC and Consenting Secured Creditors.
10.2	(5)	Nominee Agreement Order, dated June 26, 2023.
10.3	(6)	Amendment No. 5 to the Credit Agreement, dated as of March 31, 2023, by and among National CineMedia, LLC, each lender party thereto, and JPMorgan Chase Bank, N.A., as administrative agent.
10.4	(7)	Third Amendment to the Employment Agreement.
10.5	*	Network Affiliate Transaction Agreement by and between National CineMedia, LLC and Regal Cinemas, Inc.
10.6	*	Joint Venture Termination and Settlement Agreement.
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.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.

- (1) Incorporated by reference to Exhibit 2.1 from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on June 27, 2023.
- (2) Incorporated by reference to Exhibit 3.1 from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on June 28, 2023.
- (3) Incorporated by reference to Exhibit 4.1 from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on March 31, 2023.
- (4) Incorporated by reference to Exhibit 10.1 from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on April 12, 2023.
- (5) Incorporated by reference to Exhibit 10.1 from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on June 28, 2023.
- (6) Incorporated by reference to Exhibit 10.2 from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on March 31, 2023.
- (7) Incorporated by reference to Exhibit 10.17 from the Registrant's Current Report on Form 10-K (File No. 001-33296) filed on April 13, 2023.

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: August 1, 2023

/s/ Thomas F. Lesinski

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

Date: August 1, 2023

/s/ Ronnie Y. Ng

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

NOTE: CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. “[***]” INDICATES THAT INFORMATION HAS BEEN REDACTED.

NETWORK AFFILIATE TRANSACTION AGREEMENT

This Network Affiliate Transaction Agreement (“**Agreement**”) dated as of Execution Date (as defined below), by and between Regal Cinemas, Inc., a Tennessee corporation (“**Network Affiliate**”), and National CineMedia, LLC, a Delaware limited liability company (“**Provider**”). Network Affiliate and Provider are each referred to herein as a “**Party**,” and, collectively, as the “**Parties**.”

WHEREAS, Network Affiliate and its Affiliates own and operate Theaters (as defined below) throughout the Territory (as defined below);

WHEREAS, Provider operates a digital content network and desires to advertise, promote and market certain Inventory (as defined below) at the Theaters throughout the Territory; and

WHEREAS, Network Affiliate desires to provide to Provider the exclusive right to advertise, promote and market certain Inventory at the Theaters throughout the Territory, pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained in this Agreement, and for good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties agree as follows:

1. Definitions. In this Agreement, the following capitalized terms shall have the meanings specified in this Section 1.

“**Admission**” means the entry by a customer or guest of Network Affiliate or its Affiliates into a Theater auditorium to view an Event for which Advertising Services are displayed, including a customer or guest who: (a) pays for such entry, (b) does not pay for such entry, and (c) enters the Theater auditorium to view an Event as part of a group booking.

“**Advertising Services**” means, collectively, the provision of the Preshow, the Postshow, the Platinum Spot, and the Gold Spot, if approved by Network Affiliate pursuant to Section 2.04.

“**Affiliate**” means, as to any entity, any other entity that is controlled by, controls, or is under common control with that entity. The term “control” (including the terms “controlled,” “controlled by” and “under common control with”) means possession, directly or indirectly, of the power to direct or cause direction of the management and policies of an entity.

“**Bankruptcy Code**” means Title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as amended from time to time.

“**Competitive Beverages**” means [***] (collectively, “**Beverages**”) other than Pepsi-Cola Beverages.

“**Contract Year**” means each twelve (12)-month period during the Term, commencing on the Effective Date.

“**Effective Date**” means the date on which the later is to occur of the entry of (a) the Provider Transaction Approval Order and (b) the Network Affiliate Transaction Approval Order.

“**Equipment**” means the Provider Equipment and the Network Affiliate Equipment, subject to change from time to time as contemplated by Section 3.07. The Equipment as of the Execution Date is identified in Schedule 1 of this Agreement.

“**Event**” means a feature film or a Digital Programming Event at which the Advertising Services are displayed.

“**Execution Date**” means June 3, 2023.

“**Gold Spot**” means one (1) spot of Inventory of a maximum of thirty (30) seconds for exhibition On-Screen directly prior to the fourth Trailer preceding the Event. For the avoidance of doubt, Provider shall not have the right to include a Gold Spot in the Advertising Services as of the Effective Date unless Network Affiliate approves in writing any request made by Provider pursuant to Section 2.04.

“**Inventory**” means On-Screen advertisements or other On-Screen promotional content.

“**Media Center**” means a secure central repository of Inventory that will be included in the Advertising Services.

“**National Advertising**” means advertising or promotional content campaigns that is sold on a national basis across all markets.

“**Net Revenue**” means, with respect to a specific advertising or promotional content campaign for which Provider recognizes revenue in a Contract Year, the excess of (a) the total amount received or receivable by Provider from third parties for such campaign in such Contract Year, less (b) [***].

“**Network Affiliate Bankruptcy Cases**” means the Chapter 11 cases of Cineworld Group plc and certain of its subsidiaries, including Regal Cinemas, Inc. pending in the United States Bankruptcy Court for the Southern District of Texas under the caption of *In re Cineworld Group plc, et al.*, Case No. 22-90168 (MI) (Bankr. S.D. Tex.).

“**Network Affiliate Bankruptcy Court**” means the United States Bankruptcy Court for the Southern District of Texas in which the Network Affiliate Bankruptcy Cases are pending and, to the extent of the withdrawal of the reference under 28 U.S.C. § 157, the United States District Court for the Southern District of Texas.

“**Network Affiliate Marks**” means the trademarks, service marks, logos, slogans and/or designs owned by Network Affiliate or any Affiliate, as may be modified from time to time, that are provided to Provider in connection with performance of this Agreement.

“**Network Affiliate Rejected and Expired Theater Screen Count**” means the number of cinema screens attributable to the Theaters that are subject to (a) those certain leases, the rejection of which has been approved by the Network Affiliate Bankruptcy Court from June 1, 2023 through the pendency of the Network Affiliate Bankruptcy Cases and (b) the leases that expire or are otherwise terminated from June 1, 2023 through the pendency of the Network Affiliate Bankruptcy Cases.

“**Network Affiliate Revenue per Attendee**” means, with respect to the applicable Contract Year, the aggregate Network Affiliate Attributable Revenue for such Contract Year,

divided by aggregate Admissions during such Contract Year. For illustrative purposes only, if Admissions for the applicable Contract Year are 115,000,000 and the Network Affiliate Attributable Revenue for the same Contract Year is \$60,000,000.00, then the Network Affiliate Revenue per Attendee shall be approximately \$0.52.

“**Network Affiliate Transaction Approval Order**” means the order entered by the Network Bankruptcy Court, in a form reasonably acceptable to Provider, which order shall not be stayed, authorizing Network Affiliate to enter into (a) this Agreement and the transactions contemplated herein and (b) the Termination Agreement and the transactions contemplated therein.

“**Off-Screen Advertising**” means any advertising at the Theaters other than advertising On-Screen or any other location within the four walls of an auditorium of a Theater.

“**On-Screen**” means on cinema screens at the Theaters.

“**Pepsi-Cola Beverage Agreement**” means the beverage supply agreement between Network Affiliate and PepsiCo under which PepsiCo provides Beverages, as defined in the Pepsi-Cola Beverage Agreement, to the Theaters.

“**Pepsi-Cola Beverages**” means all Beverages (including Beverages that are (a) pre-packaged, ready-to-drink bottles, cans or other factory-sealed containers and (b) sold through dispensers using fountain syrups) marketed under the trademarks or brand names owned or licensed for use by PepsiCo Sales, Inc. and Pepsi-Cola Advertising and Marketing, Inc. (collectively, “**PepsiCo**”); provided that if PepsiCo is no longer the beverage supplier with respect to a Theater, references throughout this Agreement to PepsiCo and Pepsi-Cola Beverages, respectively, with respect to such Theater shall be deemed to refer to the applicable replacement beverage supplier and beverages of such replacement beverage supplier, *mutatis mutandis*.

“**Platinum Spot**” means one (1) spot of Inventory for exhibition On-Screen to be displayed directly prior to the last two (2) Trailers of an Event, which may be either thirty (30) or sixty (60) seconds in length. Subject to Network Affiliate’s written approval pursuant to Section 2.04, two separate thirty (30) second spots may be displayed in the Platinum Spot location.

“**Postshow**” means a program of Inventory of ten (10) minutes in length for exhibition On-Screen beginning immediately at Showtime.

“**Preshow**” means a program of Inventory of five (5) minutes in length for exhibition On-Screen immediately prior to Showtime.

“**Projector**” means a projector system used to display a feature film or a Digital Programming Event and Inventory in the Theaters owned by Network Affiliate.

“**Provider Bankruptcy Court**” means the United States Bankruptcy Court for the Southern District of Texas in which the case for Provider under Chapter 11 of the Bankruptcy Code is pending and, to the extent of the withdrawal of the reference under 28 U.S.C. § 157, the United States District Court for the Southern District of Texas.

“**Provider Marks**” means the trademarks, service marks, logos, slogans and/or designs owned by Provider or any Affiliate, as may be modified from time to time, that are provided to Network Affiliate in connection with performance of this Agreement.

[***]

“Provider Transaction Approval Order” means the order entered by the Provider Bankruptcy Court, in a form reasonably acceptable to Network Affiliate, which order shall not be stayed, authorizing Provider to enter into (a) this Agreement and the transactions contemplated herein and (b) the Termination Agreement and the transactions contemplated therein.

“Showtime” means the advertised showtime of an Event.

“Software” means the proprietary software owned and/or licensed by Provider or its Affiliates which is installed on the Provider Equipment as of the Effective Date and, prior to the Effective Date, on the Network Affiliate Equipment, and used in connection with delivery of the Advertising Services.

“Termination Agreement” means that certain Joint Venture Termination and Settlement Agreement by and between Regal CineMedia Holdings, LLC, Network Affiliate, and Regal CineMedia Corporation, on the one hand, and Provider and National CineMedia, Inc., executed contemporaneously with the execution of this Agreement.

“Territory” means the fifty (50) states of the United States of America and the District of Columbia.

“Theater” means any theater owned by Network Affiliate or an Affiliate or any theater in which Network Affiliate or an Affiliate has a controlling interest or operational control in the Territory; excluding [***], until such time as these Theaters have the capabilities to receive and display the Advertising Services as currently delivered to at least ten percent (10%) Network Affiliate’s Theaters.

“Theater Management System” means the Network Affiliate theater system which manages distribution of content in the Theaters, which is currently Arts Alliance (and which may be replaced from time to time by Network Affiliate with at least ninety (90) days’ prior written notice to Provider).

“Third-Party Equipment” means equipment owned by a third party that is purchased by or licensed to Provider from a third party for the purposes of providing the Advertising Services to Network Affiliate. Third-Party Equipment shall be considered Provider Equipment for the purpose of this Agreement.

“Trailer” means a promotion secured by Network Affiliate for a feature film provided by the distributor of such feature film that is or is expected to be exhibited in theaters after the Postshow.

2. Scope of Advertising Services.

2.01 Provision of Advertising Services. Subject to the terms and conditions of this Agreement, as of the Effective Date and during the Term, Network Affiliate shall and hereby does, grant to Provider the exclusive right to provide, and Provider and its Affiliates shall provide Advertising Services at the Theaters in the Territory.

2.02 Exclusivity. Subject to Section 2.03(b), Network Affiliate and its Affiliates shall not, during the Term, grant or otherwise engage or permit any third party, other than Provider, to provide, or itself provide, the Advertising Services for the Theaters in the Territory.

2.03 Reserved Rights.

a. Off-Screen Advertising. All rights with respect to Off-Screen Advertising (including all lobby advertising) are reserved to Network Affiliate. Nothing in this Agreement shall limit or affect Network Affiliate's ability to engage or permit any third party to provide, or itself provide, Off-Screen Advertising. With respect to any third-party lobby advertising, Network Affiliate shall use commercially reasonable efforts to notify Provider thirty (30) days prior to the start of any such third-party lobby advertising campaign of the identity of such third party, other than lobby advertising for feature films and Digital Programming Events. For the avoidance of doubt, Network Affiliate shall not be required to provide notice of any lobby advertising campaigns for PepsiCo or campaigns of concessions then being sold by the Network Affiliate in the Theater concession stands. Notwithstanding the foregoing, Network Affiliate shall not engage or permit any third party to provide, or itself provide, advertising, promotions or sponsorships in, or for, or within the four walls of an auditorium of a Theater, except that Network Affiliate can grant auditorium naming rights to (i) special theatrical formats of which an auditorium is displaying (e.g., IMAX), (ii) PepsiCo and (iii) a concession supplier, subject to the prior written approval by Provider of the concession supplier, not to be unreasonably conditioned, withheld or delayed. For the avoidance of doubt, this Agreement shall not govern any advertising or other promotional content accessed by customers via personal electronic devices or any other advertising or other promotional content that is not (x) On-Screen or (y) on any other location within the four walls of an auditorium of a Theater.

b. On-Screen. Notwithstanding anything to the contrary contained herein, Network Affiliate shall have the right (at no cost to Network Affiliate) to the following Inventory to be exhibited On-Screen after the Postshow:

- i. *Trailers*. Network Affiliate shall be entitled to offer or provide, or to grant rights to any third party to provide (or may itself provide), Trailers.
- ii. *Network Affiliate Theater Operations Inventory*. Network Affiliate shall be entitled to display internal announcements of Network Affiliate's loyalty program, Network Affiliate services being provided in a Theater (such as E-Sport and Gaming), Network Affiliate internal offers, Network Affiliate products (including gift cards and the Unlimited Program), feature films or other Events displayed or intended to be displayed in Theaters, cinema operational policies and public service and safety announcements (the "**In-House Inventory**") limited to not more than [***] minutes consistent with Network Affiliate's current practice. The In-House Inventory shall not include third-party advertising and/or mentions of third-party products and services, other than (x) third-party concession products offered at any Theater, (y) mentions of special formats, such as IMAX, 4DX, ScreenX, RPX and any other formats offered by Network Affiliate from time to time, and (z) feature films or other Events.
- iii. *Network Affiliate and Promotion Partner Inventory*. Network Affiliate shall be entitled to display one co-branded promotional spot of up to [***] seconds between Network Affiliate and any third-party promotional partner for the sole purpose of (x) promoting or driving Theater ticket sales or (y) promoting or driving sales of the food and beverage

products sold at the concession stands at the Theaters (the “**Promotional Spot**”); provided [***]. Network Affiliate shall notify Provider at least [***] days prior to the start of any Promotional Spot of the identity of any third party included in any Promotional Spot and of a general description of the Promotional Spot, and no later than [***] business days prior to the start date of any Promotional Spot, provide a copy of the proposed Promotional Spot. Upon such notice, if Provider reasonably believes that such proposed Promotional Spot would be a violation of this Section 2.03(b)(iii), then Provider may consult with and provide comments to Network Affiliate as it relates to the restrictions specified in this Section 2.03(b)(iii) in any such proposed Promotional Spot and Network Affiliate shall consider such comments in good faith.

- iv. *Pepsi-Cola Beverage Agreement Inventory*. Network Affiliate shall be entitled to offer or provide, or to grant rights to PepsiCo to provide (or may itself provide), up to sixty (60) seconds of Inventory to meet obligations under the Pepsi-Cola Beverage Agreement (the “**Beverage Spots**” collectively with the In-House Inventory and the Promotional Spot, together the “**Third-Party and In-House Inventory**”).

Network Affiliate will not sell for a fee, charge a fee, or trade, barter, or exchange for any value any advertising rights to any third-party promotional partner featured in any Promotional Spot, or permit any third-party promotional partner to bundle the right to offer any Off-Screen Advertising in connection with the Promotional Spot. Nothing in this Agreement shall limit or affect Network Affiliate’s ability to contract or enter into any relationship with any third party for any product, service, or otherwise, other than the Advertising Services that will be provided by Provider or its Affiliates as set forth in Section 2.01.

- c. Third-Party and In-House Inventory. Network Affiliate shall be responsible for the scheduling and display of the Third-Party and In-House Inventory at the Theaters at its cost.

2.04 Changes to the Advertising Services.

- a. During the Term, Provider may request of Network Affiliate the right to include a Gold Spot in the Advertising Services, which approval Network Affiliate may withhold in its sole discretion. If Network Affiliate consents to the inclusion of any Gold Spot in the Advertising Services, Network Affiliate shall provide Provider with written confirmation of such approval, which can include email by an approved employee of Network Affiliate (to be designated by Network Affiliate in writing from time to time). For the avoidance of doubt, Network Affiliate has no obligation to take any action with respect to receipt of such request from Provider.

- b. During the Term, Provider may request of Network Affiliate the right to split the Platinum Spot from one (1) spot of a maximum of sixty (60) seconds to two (2) spots of Inventory of a maximum of thirty (30) seconds each, which consent Network Affiliate may withhold in its sole discretion. If Network Affiliate consents to split the Platinum Spot into two (2) spots of Inventory of a maximum of thirty (30) seconds each, Network Affiliate shall provide Provider with written confirmation of such approval, which can include email by an approved employee of Network Affiliate (to be designated

by Network Affiliate in writing from time to time). For the avoidance of doubt, Network Affiliate has no obligation to take any action with respect to receipt of such request from Provider.

c. Beginning on the second anniversary of the Effective Date and every biennial anniversary thereafter for the duration of the Term, Network Affiliate and Provider shall discuss in good faith the reduction of the duration of the Postshow taking into consideration applicable industry practices with respect to feature films. For the avoidance of doubt, Provider has no obligation to take any action following such discussions.

2.05 Advertising Services for Digital Programming Events. The Parties acknowledge and agree that Network Affiliate may from time to time exhibit at the Theaters digital programming events other than feature films, including but not limited to, live simulcast, substantially live or pre-recorded sports, music, gaming, esports and comedy events (a “**Digital Programming Event**”). If Network Affiliate has the right to exhibit advertising On-Screen prior to a Digital Programming Event, Network Affiliate shall grant the right to Provider to provide, and Provider shall provide, Advertising Services for the Digital Programming Event, in which case, (a) such Advertising Services and the provision thereof shall be subject to and governed by the terms and conditions of this Agreement, and (b) references to “Events” shall be deemed to include any such Digital Programming Event. If Network Affiliate does not have the right to exhibit advertising On-Screen prior to a Digital Programming Event, the Admissions for such Digital Programming Event shall be excluded (x) from the calculation of Minimum Guarantee in Section 4.03 and (y) for purposes of determining the Revenue Share in Section 4.02. Provider shall provide the Play List for each Digital Programming Event as if the Digital Programming Event is rated “PG-13” unless Network Affiliate provides an alternative rating for the Digital Programming Event. Provider acknowledges that a Digital Programming Event that is a live simulcast may contain third-party advertising that is provided by the content provider of, and included in, such Digital Programming Event (the “**Simulcast Advertising**”). Any Simulcast Advertising shall not be a breach of Section 2.01 or Section 2.02. Except for Simulcast Advertising and Third-Party and In-House Inventory, Network Affiliate shall not offer or provide, or grant rights to any third party to offer or provide (or itself provide), third-party advertising On-Screen or on the four walls of the auditorium before or in a Digital Programming Event.

2.06 Changes in Theaters.

a. Addition of Theaters. Except as provided in this Section 2.06(a), Provider shall provide the Advertising Services to any new Theater in the Territory following the Effective Date and during the remainder of the Term beginning on: (i) as it relates to newly built Theaters that are open to the public, no later than sixty (60) days following the date when Network Affiliate provides Provider access to any such Theater (or if the Network Affiliate Equipment is not yet installed upon expiration of such sixty (60) day period, then the date the Network Affiliate Equipment is installed in such Theater) (the “**New Theater Condition**”), and (ii) as it relates to Theaters for which Network Affiliate or an Affiliate obtains a controlling interest or operational control following the Effective Date, no later than sixty (60) days following the date upon which any such Theater is no longer subject to any pre-existing, contractual obligation relating to any of the advertising, promotional and event activities and if applicable, Network Affiliate provides Provider access to any such Theater (or if the Network Affiliate Equipment is not yet installed upon expiration of such sixty (60) day period, then the date the Network Affiliate Equipment is installed in such Theater) (the “**Acquired Theater Condition**” and together with the New Theater Condition, the “**Conditions**”); provided, that Network Affiliate shall use commercially reasonable efforts to exercise any early termination (but

which shall not result in any termination, break-up fee or similar payment or other penalty to Network Affiliate) of any such pre-existing, contractual obligation regarding advertising, promotional and event activities at any applicable Theater. Any Theater newly built or acquired with a period beginning six (6) months prior to the end of the Term shall not receive the Advertising Services, and Provider shall have no obligation to equip such Theater to receive the Advertising Services, unless (x) prior to Network Affiliate's acquisition of such Theater, such Theater was in the Provider's network, or (y) Network Affiliate pays the cost of the Provider Equipment and installation at such Theater. Admissions will only accrue at a Theater added under this Section 2.06(a) on the earlier date of (A) when the Advertising Services are shown at a Theater added under this Section 2.06(a), and (B) sixty (60) days after the applicable Conditions have been satisfied under this Section 2.06(a). In the event that Network Affiliate acquires (I) more than five (5) Theaters in a given calendar month, (II) a Theater in a difficult to reach geographic location, as reasonably determined by Provider and Network Affiliate, or (III) a Theater that is unable to receive the Advertising Services through the Provider's standard method of delivery (e.g., no satellite connectivity is available in the location), then Provider and Network Affiliate will discuss in good faith a reasonable alternative timeline to install Equipment at the Theater(s) and deliver Advertising Services (the "**Installation Plan**"). The timeline specified in the Installation Plan shall replace the sixty (60)-day schedule for installation and accrual of Admissions in this Section 2.06(a). In no event shall the Installation Plan provide for less than an additional sixty (60)-day period unless agreed to by the Parties.

b. Disposition of Theaters. If any Theater is permanently closed, transferred or otherwise disposed of by Network Affiliate, then such Theater (a "**Closed Theater**") shall no longer be considered a Theater hereunder and, upon such closing, no further payment shall accrue or be paid to Network Affiliate with respect to such Closed Theater (except for payments in respect of Advertising Services due to Network Affiliate with respect to such Closed Theater for periods prior to the date such Closed Theater is closed). Network Affiliate shall use commercially reasonable efforts to provide written notice to Provider of the closure of any Closed Theater at least thirty (30) days prior to the date of closing (or, if such notice is not commercially feasible, as quickly thereafter as reasonably possible). Network Affiliate shall use commercially reasonable efforts to provide at least thirty (30) days' notice to Provider of any temporary closure of screens in an auditorium at the Theaters. The decision to sell, transfer, permanently close, temporarily close or otherwise dispose of any Theater shall be in Network Affiliate's sole and absolute discretion.

3. Delivery of Advertising Services.

3.01 Enablement of the Advertising Services.

a. Procurement, Preparation, and Delivery Costs. All costs associated with Provider's procurement, preparation and delivery of the Advertising Services to the Theaters in the Territory shall be borne exclusively by Provider, including the acceptance of insertion orders, invoicing advertisers and other content providers, the coordination and administration of Inventory placement, whether nationally, regionally or locally, and the acceptance and collection of payments therefrom.

b. In-Theater Operational Costs. All in-Theater operational costs associated with Network Affiliate's Theater Management System and Projectors shall be borne exclusively by Network Affiliate, including electricity and internet connection.

3.02 Distribution. Provider or its Affiliate shall deliver the digital Inventory comprising the Advertising Services to Network Affiliate as separate play lists, one play list for each of the following: Preshow, Postshow, Platinum Spot, and if approved, the Gold Spot (each, a “**Play List**”) in accordance with current practice, via electronic transmission, to the Theater Management System in each Theater as specified by Network Affiliate in writing. For the avoidance of doubt, Network Affiliate shall equip all Theaters with the Network Affiliate Equipment.

3.03 Creative Review. Provider will grant a reasonable number of Network Affiliate’s employees access to the Media Center to review Play Lists in the Media Center at least one (1) business day prior to the first scheduled exhibition of such proposed Play List. With respect to any Inventory that includes Restricted Content (as defined in Section 3.04), Provider shall notify Network Affiliate of the identity of the advertiser and the scope of the proposed advertising campaign containing Restricted Content (“**Restricted Content Proposal**”) as soon as practical, and at least [***] days prior to the proposed exhibition of such Restricted Content, which Network Affiliate shall expressly approve or reject within [***] business days of receipt of such Restricted Content Proposal by Network Affiliate; provided that if that Provider learns of a Restricted Content Proposal less than [***] days prior to the proposed exhibition, Provider shall only be required to provide information as soon as practical and the shortened notice period will not impact Network Affiliate’s [***] business day review period. Network Affiliate’s failure to respond to any Restricted Content Proposal within the review period shall be deemed a rejection of such Restricted Content Proposal, but Provider may continue to request Network Affiliate approve such Restricted Content Proposal until Network Affiliate expressly rejects such Restricted Content Proposal. If Network Affiliate expressly approves a Restricted Content Proposal, Provider shall deliver the proposed Inventory spot of any such Restricted Content Proposal (“**Restricted Content Spot**”) as soon as it is available, and Network Affiliate shall have at least [***] business days, which shall include the business day it is made available as long as available during the regular business hours of Provider, to expressly approve or reject such Restricted Content Spot prior to the exhibition of such Restricted Content Spot. Network Affiliate acknowledges that its approval of a rough-cut or other non-final creative of a Restricted Content Spot shall be sufficient as long as the final creative does not materially deviate from the version approved. Network Affiliate’s failure to respond to any Restricted Content Spot within the review period shall be deemed an approval of such Restricted Content Spot. For the avoidance of doubt, approval by Network Affiliate of any Inventory comprising Restricted Content as described in Section 3.04 shall be provided on a case-by-case basis and Network Affiliate’s approval of one such Inventory spot shall not be interpreted as approval of an entire category of Restricted Content unless otherwise agreed by the Parties in writing.

3.04 Content Standards. The Parties agree that (unless otherwise consented by Network Affiliate pursuant to Section 3.03), the Inventory will not contain content or other material that: (a) has received, or had it been rated, would have received, an MPAA “X” or “NC-17” rating (or the equivalent), (b) promotes illegal activity, (c) promotes the use of tobacco, cannabis, sexual aids, pornography, birth control, firearms, weapons or similar products, (d) promotes alcohol, except prior to (x) “R”-rated films in the theater, or (y) subject to Network Affiliate’s prior approval (which Network Affiliate may withhold in its sole discretion), “PG-13”-rated films with appropriate audience age, (e) constitutes religious advertising, (f) constitutes political advertising, (g) promotes gambling, except that Provider has the right to display (x) lottery and sports betting advertising at Theaters in states in which gambling is legal, and (y) casino advertising at Theaters in states in which gambling is legal, in each case, solely prior to (1) “R”-rated feature films or (2) subject to prior approval by Network Affiliate (which Network Affiliate may withhold in its sole discretion), “PG-13”-rated feature films with appropriate audience age, (h) promotes competing theaters, theater circuits or other cinema exhibitors, as determined in Network Affiliate’s reasonable discretion, (i) promotes cannabis, (j) promotes motion pictures, except that subject to prior approval by Network Affiliate, Provider may feature movies or films

made for television other than movies made for a streaming platform (for the avoidance of doubt, this provision (j) has no impact on any non-film episodic content provided by any party), (k) would violate Network Affiliate's Pepsi-Cola Beverage Agreement (as communicated to Provider in writing in advance), which violation includes displaying Inventory in which (I) Competitive Beverages are being promoted or (II) Competitive Beverages are featured, offered or served, or (l) otherwise reflects negatively on Network Affiliate or its Affiliates, or adversely affects Network Affiliate's or its Affiliates' attendance at Theaters as determined in Network Affiliate's reasonable discretion ((a)-(l) collectively, the "**Restricted Content**"). If the Advertising Services contain any Restricted Content that materially deviates from the Restricted Content Proposal or Restricted Content Spot that is approved or deemed approved by Network Affiliate pursuant to Section 3.03 ("**Non-Approved Restricted Content**"), Provider shall remove any such Non-Approved Restricted Content immediately after Network Affiliate notifies Provider in writing as reasonably directed by Provider in advance (for example, to a specified email address or addresses) of such violation. If Provider fails to remove any Non-Approved Restricted Content immediately following notification by Network Affiliate of the inclusion of any Non-Approved Restricted Content in a Play List, (x) Network Affiliate may discontinue the Advertising Services at any Event in any Theater where any Non-Approved Restricted Content is shown until the Non-Approved Restricted Content is removed by Provider, (y) Network Affiliate shall have no liability for the discontinuation of any Non-Approved Restricted Content and (z) the corresponding Minimum Guarantee for any such Event shall be included in the calculation of amounts payable to Network Affiliate under Article 4 (and for the avoidance of doubt, the discontinuation of any Non-Approved Restricted Content by Network Affiliate shall not affect the calculation of Revenue Share payable to Network Affiliate under this Agreement). If Network Affiliate receives material, documented customer complaints regarding any Restricted Content Spot or other Inventory included in the Playlists (a "**Customer Restricted Content**"), the Parties shall work together in good faith to address the customer complaints, including determining the geographic areas in which such Customer Restricted Content shall not be displayed to address the customer complaints.

3.05 Opt-Out Content under 3.04(l). Notwithstanding anything to the contrary, Network Affiliate may not decline or opt-out of any Restricted Content Proposal or Restricted Content Spot pursuant to Section 3.04(l) if such Inventory is shown or will be shown by American Multi-Cinema, Inc. and Cinemark, USA, Inc.

3.06 Exhibition. Network Affiliate shall screen, in full at any applicable Event, the Play Lists that are approved or deemed approved pursuant to Section 3.03 and Section 3.04; provided, that Network Affiliate shall not be in breach of this Section 3.06 if the failure to screen such Play Lists as designated herein is caused by (a) the acts or omissions of Provider, Provider Affiliate, or Provider's service supplier, (b) reception, playback, or other technical problems associated with receipt of the Play Lists from Provider, Provider Affiliates, Provider's service supplier, or Provider Equipment (each (a) and (b), a "**Provider Incident**"), (c) technical faults, glitches, internet outages or similar errors not controlled by Network Affiliates or its Affiliates, or (d) technical faults, glitches, internet outages or similar errors caused by Network Affiliate, its Affiliates or each of their service suppliers ((d), a "**Network Affiliate Incident**" and each (a)-(d), an "**Incident**"). For the avoidance of doubt, the Admissions at any Theater or any screens thereof where the Advertising Services would have been provided but for an Incident, excluding a Network Affiliate Incident, shall be included in the calculation of amounts payable to Network Affiliate under Article 4. If a Play List fails to play as the result of any acts or omissions by Network Affiliate or a Network Affiliate Incident, the Admissions at any such auditorium or Theater will be not included in the calculations of amounts payable to Network Affiliate under Article 4. In the event of an Incident, Provider or Network Affiliate, as applicable, shall provide prompt written notice to Network Affiliate or Provider, as applicable, of any such Incident, and Network Affiliate shall cooperate in good faith with Provider to resolve any such Incident and use commercially reasonable efforts to minimize the impact of such Incident on the screening of

the Advertising Services; provided, that any cost associated with such resolution shall be fully borne by the Provider.

3.07 Equipment.

a. Provider Equipment. Provider shall be solely responsible for, and shall bear the cost of, procuring any software, hardware, technology infrastructure, and equipment, including any Third-Party Equipment, required to provide the Advertising Services (“**Provider Equipment**”) to the Theaters electronically via the Theater Management System. Provider shall ensure that the Provider Equipment is compatible with the Network Affiliate Equipment.

b. Network Affiliate Equipment. Network Affiliate shall be solely responsible for, and shall bear the cost of, procuring any software, hardware, technology infrastructure, and equipment, necessary to allow Provider to connect to the Network Affiliate network, including but not limited to the Theater Management System, point-of-sale system, appropriate firewalls, or similar security platforms, and to display the Advertising Services, including Projectors (“**Network Affiliate Equipment**”). Network Affiliate shall provide Provider with written notice (i) sixty (60) days prior to any replacement, upgrade, modification or other change to the Network Affiliate Equipment (other than the Theater Management System) that is reasonably likely to materially change the delivery of the Advertising Services via any Provider Equipment or (ii) ninety (90) days prior to any replacement, upgrade, modification or other change to the Theater Management System, and Network Affiliate shall provide Provider with information reasonably requested by Provider to permit Provider to evaluate any required replacement, upgrade, modification or other change to the Provider Equipment. Network Affiliate will use commercially reasonable efforts to ensure that any changes to the Network Affiliate Equipment will continue to allow Provider to provide the Advertising Services in substantially the same manner as provided prior the proposed change or as mutually agreed between the Parties.

c. Installation. Except as otherwise provided herein, Provider and/or its subcontractors or service providers shall be solely responsible for, and shall bear all costs of, the installation of all Provider Equipment, as applicable, configuration of the Provider Equipment to integrate with the Network Affiliate Equipment, as well as for ancillary services such as software integration. In addition, Provider shall be solely responsible for, and shall bear the cost of, all maintenance and replacement of the Provider Equipment. Provider shall use commercially reasonable efforts to install the Provider Equipment in a manner reasonably calculated not to disrupt Network Affiliate’s operations, on such schedule as is reasonably determined by the Parties. Network Affiliate shall support Provider, and Provider shall cover all reasonable third-party costs and expenses directly related to Provider’s requests, in obtaining consents required for the installation or use of any Equipment at any Theater, including without limitation, governmental and landlord consents.

d. Maintenance. Subject to the foregoing, Provider and/or its subcontractors shall keep and maintain the Provider Equipment, including any Provider Equipment installed in the Theaters, and Network Affiliate shall keep and maintain the Network Affiliate Equipment, in good condition and repair. In the event maintenance, installation, or re-installation of Provider Equipment is necessary due to Network Affiliate’s operations in the ordinary course of business, including, but not limited to, renovation, expansion, or other repairs, Network Affiliate will notify Provider in advance and reasonably cooperate with Provider in all related respects. Network Affiliate shall provide Provider and/or its subcontractors access to the Provider Equipment as Provider and/or its

subcontractors reasonably require to provide, or have provided, installation, maintenance and repair services as required under this Section 3.07.

e. Protection Against Loss or Theft. If any Provider Equipment is in any Theater, Network Affiliate shall (i) use its commercially reasonable efforts to ensure that the Provider Equipment is secure and not accessible by unauthorized third parties, (ii) promptly notify Provider if any Provider Equipment is not functioning properly upon learning of any malfunction, and (iii) as between Provider and Network Affiliate, Network Affiliate shall be solely responsible for any loss, theft or damage of or to Provider Equipment located in Theaters or otherwise in Network Affiliate's possession or control, except to the extent attributable to the negligence or wrongdoing of Provider, Provider Affiliates or subcontractors or service providers or damage cause by external cyber access to Provider Equipment.

3.08 Access. Subject to the terms and conditions of this Agreement, Network Affiliate shall provide Provider with reasonable access to Network Affiliate's premises and Network Affiliate Equipment to the extent necessary for Provider to install and provide maintenance to the Provider Equipment under Section 3.07(c) and 3.07(d). In the event that Provider (or its personnel) requires access to Network Affiliate's premises and/or Network Affiliate Equipment in connection with the installation and maintenance thereof, Provider shall (and shall ensure its personnel) comply with Network Affiliate's security policies, procedures and requirements with respect to Network Affiliate's premises and Network Affiliate Equipment which are made available to Provider in advance in writing. Network Affiliate shall provide Provider with appropriate supervised access, and Provider shall (and shall ensure its personnel) access and use only that portion of Network Affiliate's premises and Network Affiliate Equipment for which Provider has been granted the right to access and use. Provider shall limit the access of its personnel to Network Affiliate premises and Network Affiliate Equipment solely to those personnel who are specifically authorized by Network Affiliate to have such access, which authorization shall not be unreasonably withheld. If Network Affiliate determines that any (i) Provider personnel has sought to tamper with, compromise, or circumvent, or has tampered with, compromised, or circumvented, any security or audit measures employed by Network Affiliate, or otherwise violated any Network Affiliate policy, (ii) unauthorized Provider personnel have accessed any Network Affiliate premise and/or Network Affiliate Equipment, (iii) Provider personnel have engaged in any activity that may reasonably be expected to lead to the unauthorized access, use, destruction, alteration or loss of any Network Affiliate data, information or software or (iv) Provider personnel have otherwise breached this Section 3.08, then Network Affiliate may immediately terminate such personnel's access to the Network Affiliate premises and/or Network Affiliate Equipment. Provider shall reasonably cooperate with Network Affiliate in investigating any of the foregoing clauses (i) through (iv).

3.09 Training. To the extent necessary, Provider and Network Affiliate shall provide training services to Network Affiliate's support staff, customer service staff and other employees and agents on terms mutually agreed upon by the Parties in their reasonable discretion. Provider shall bear the cost of **any** such training services (other than Network Affiliate's standard employee wages and similar costs) and such training services will be sufficient to permit Network Affiliate to train its own support staff, customer service staff and other employees and agents as required to perform its obligations under this Agreement. The Parties will coordinate on the scope and intended goals of each training and determine the appropriate number of Network Affiliate's employees that should attend. Provider will use commercially reasonable efforts to minimize the amount of formal training that is needed.

3.10 Cooperation and Assistance. The Parties agree that the effectiveness and quality of the Advertising Services as provided by Provider are dependent upon the cooperation and operational support of both Parties, and the Parties agree as follows:

a. Network Affiliate agrees that it shall, during the Term, at Network Affiliate's own cost except as otherwise provided in this Agreement:

- i. provide internal resources (including, projection and sound technicians) reasonably required to assist Provider with the installation of Provider Equipment as provided in Section 3.07(c);
- ii. use commercially reasonable efforts to maintain twenty-four (24) hour by seven (7) day connectivity access at the Theaters so that Provider can monitor the distribution and playback of the Advertising Services via the Provider Equipment in conformity with Network Affiliate's network use and security policies (provided in advance to Provider in writing);
- iii. in case not available to Provider via the Provider Equipment, upon Provider's reasonable request, provide detailed playback information of the Advertising Services in a form, whether electronic or hard copy, and at such times as mutually agreed by the Parties;
- iv. use commercially reasonable efforts to provide prompt notification of reception, playback or other technical problems that are known to the Network Affiliate and that are associated with receipt and display of the Advertising Services;
- v. subject to Section 7.06, provide to Provider Admissions data for each Event in an electronic form as mutually agreed by the Parties, to be sent at such times as are consistent with the times and cadence as provided by Network Affiliate to Provider, in each case, as of the Execution Date, unless otherwise is mutually agreed by the Parties;
- vi. adjust lighting cues and failsafe timers (and other modifications as reasonably agreed by the Parties) in order to properly display the Postshow and the Platinum Spot(s), including such that at and after Showtime, the auditorium lighting in each Theatre will be materially similar to the auditorium lighting in that Theatre during the Trailers.
- vii. subject to Section 7.06, provide such other information regarding the Advertising Services as Provider may reasonably request from time to time and as agreed to by Network Affiliate, in Network Affiliate's sole discretion (which may be subject to a separate agreement and additional economic or other royalty payments); and
- viii. provide cooperation and assistance with determining the best transmission method of the Platinum Spot and the Gold Spot, if approved pursuant to Section 2.04, from Provider to Network Affiliate.

b. During the Term, Provider shall promptly notify Network Affiliate, at Provider's sole cost and expense, except as otherwise provided in this Agreement, of any

reception, playback, or other technical problems associated with the exhibition of the Advertising Services pursuant to this Agreement. Provider shall provide a summary report detailing any such reception, playback, or other technical problems on a no less than monthly basis.

c. For the avoidance of doubt, information made available subject to this Section 3.10 shall be subject to the provisions of Article 11 (Confidential Information).

3.11 Service Coordinators. Network Affiliate and Provider shall each designate in writing, from time to time, at least one representative to act as Network Affiliate's and Provider's respective primary contact persons to coordinate the provision of the Advertising Services (collectively, the "**Service Coordinators**"). Each Party may treat an act of a Service Coordinator of another Party as being authorized by such other Party without inquiring behind such act or ascertaining whether such Service Coordinator had authority to so act, and each Party may treat an act of a Service Coordinator as being authorized by such other Party only to the extent such act is directly related to the Advertising Services for which such Service Coordinator has been designated; provided, however, that no such Service Coordinator has authority to amend this Agreement. Each Party shall promptly (and in any event within ten (10) business days) advise the other in writing of any change in its Service Coordinator. Network Affiliate and Provider agree that all communications relating to the provision of the Advertising Services shall be directed to the respective Service Coordinator. Each Party agrees to ensure that the Service Coordinators are available at reasonable times for consultation on any matter relating to the Advertising Services.

3.12 Maintenance of Theaters. Network Affiliate shall maintain the Theaters in the Territory (a) consistent with industry standards in the ordinary course, and (b) in compliance with safety requirements and other applicable laws.

3.13 Customer Access. Network Affiliate shall provide theater patrons access to the Theaters not less than ten (10) minutes prior to the advertised Showtime of each Event to view the start of the Preshow.

4. **Payment Terms.**

4.01 Fees. In consideration of Provider's exclusive right to provide the Advertising Services, with respect to each Contract Year, Provider shall pay Network Affiliate an amount equal to the greater of (i) the Revenue Share, and (ii) the aggregate Annual Minimum Guarantee with respect to such Contract Year.

4.02 Revenue Share. The revenue share amount (the "**Revenue Share**") to be paid for a specific Network Affiliate Revenue per Attendee Range pursuant to Section 4.01 shall be determined by calculating the product of: (i) the Admissions for the applicable period, multiplied by the sum of (ii) the product of Network Affiliate Revenue per Attendee multiplied by the Revenue Share Percentage for each applicable Level set forth in the grid below (the "**Network Affiliate Revenue per Attendee Grid**").

Level	Network Affiliate Revenue per Attendee Range	Revenue Share Percentage	Maximum Fee per Attendee for the Level
1	Up to [***]	[***]	[***]
2	Greater than [***] and less than or equal to [***]	[***]	[***]
3	Greater than [***] and less than or equal to [***]	[***]	[***]
4	Greater than [***] and less than or equal to [***]	[***]	[***]
5	Greater than [***]	[***]	N/A

The following are illustrative examples calculating the Revenue Share:

[***]

a. Network Affiliate Attributable Revenue. For purposes of this Section 4.02, the following capitalized terms shall have the meanings specified below:

- i. **“Network Affiliate Attributable Revenue”** means the sum of the aggregate product of (A) Provider Net Revenue per Attendee, *multiplied* by (B) Network Affiliate Campaign Attendance for each advertising campaign displayed in the Theaters.
- ii. **“Network Affiliate Campaign Attendance”** means, for each advertising or promotional content campaign, the aggregate Admissions delivered for such campaign.
- iii. **“Provider Net Revenue per Attendee”** means, for each advertising or promotional content campaign, the quotient of (A) Net Revenue for such campaign, divided by (B) Total Campaign Attendance.
- iv. **“Total Campaign Attendance”** means, for each advertising or promotional content campaign, the aggregate admissions from Provider’s network delivered for such campaign, including, for the avoidance of doubt, the Admissions.

b. Beginning with Provider’s fiscal quarter ending on or around December 28, 2023, within fifteen (15) days following each quarterly Securities and Exchange Commission filing by Provider or its Affiliates, or if Provider and its Affiliates are not a publicly reporting entity, forty-five (45) days following the end of each fiscal quarter in an applicable Contract Year, Provider shall deliver to Network Affiliate (i) a report summarizing the Network Affiliate Attributable Revenue, and (ii) a report comparing the

Network Affiliate Attributable Revenue to Provider's aggregate Net Revenues (including as may be reported in any such quarterly Securities and Exchange Commission filing, if applicable). For clarity, the first report delivered under this Section 4.02(b) shall be for the quarter ending on or around December 28, 2023, which shall include each advertising campaign run in the Theaters from the Effective Date through the last day of the quarter ending on or around December 28, 2023.

4.03 Annual Minimum Guarantee. The minimum guaranteed amount to be paid for the Advertising Services ("**Annual Minimum Guarantee**") shall be [***]per Admission, which amount shall increase [***]on each anniversary of the Effective Date. The Annual Minimum Guarantee shall be the same for all Admissions.

4.04 Invoicing and Payment Terms of Monthly Totals. Network Affiliate shall provide Provider with details of the total monthly Admissions per Theater so that they are actually received by Provider within five (5) days of each of Provider's month-end during the Term or otherwise as reasonably practical after Provider's month-end ("**Monthly Total**"), and the Provider shall calculate the amount owed by it to Network Affiliate for such month in respect of the Annual Minimum Guarantee on the basis of such Monthly Total ("**Monthly Total Payment**"). Provider shall (a) pay Network Affiliate the Monthly Total Payment by ACH or wire transfer of immediately available funds to a bank account designated by Network Affiliate on the later of the date that is (i) twenty-five (25) days after receipt of the Monthly Total and (ii) the last day of Provider's month following the month in which Provider provided the Advertising Services and (b) provide Network Affiliate confirmation of the initiation of such payment.

4.05 Annual Revenue Share True-up. Provider shall provide Network Affiliate with details of the Net Revenue earned by Provider in respect of each Contract Year and details of the calculations of the Revenue Share in respect of each such Contract Year within sixty (60) days from the end of such Contract Year. Without limiting Network Affiliate's Audit rights pursuant to Article 6, Network Affiliate shall notify Provider of any dispute it has with the applicable Revenue Share calculation no later than thirty (30) days after receipt. If the Revenue Share for any Contract Year exceeds the Annual Minimum Guarantee payments actually paid by the Provider to Network Affiliate in respect of such Contract Year, then Provider shall (a) pay Network Affiliate, by ACH or wire transfer of immediately available funds to a bank account designated by Network Affiliate, the difference between the Annual Minimum Guarantee payments actually paid in respect of such Contract Year and the applicable Revenue Share and (b) provide Network Affiliate confirmation of the initiation of such undisputed payment within fifteen (15) days after the confirmation by Network Affiliate to Provider that there is no known dispute with the applicable Revenue Share calculation provided by Provider (but which confirmation shall in no way limit Network Affiliate's audit rights pursuant to Section 6.01). For purposes of this Article 4, upon the termination of this Agreement, any Monthly Total or any annual Revenue Share payment shall be calculated pro-rata for the applicable period of time that has accrued prior to the termination of this Agreement.

4.06 Taxes. Any and all payments made by Provider to Network Affiliate or its Affiliates under this Agreement shall be made free and clear of and without reduction or withholding for any taxes.

4.07 Set Off. Provider may set off or recoup any undisputed amounts owed by Provider to Network Affiliate under this Agreement against any amounts that Network Affiliate owes Provider under this Agreement following notice to Network Affiliate. Network Affiliate may set off or recoup any undisputed amounts owed by Network Affiliate to Provider under this Agreement against any amounts that Provider owes Network Affiliate under this Agreement following notice to Provider.

5. Records and Inspection. During the Term and for a period of three (3) years after the expiration thereof or after the earlier termination of this Agreement for any reason (the “**Audit Period**”), Network Affiliate and Provider shall each keep, with respect to the Theaters and the Advertising Services, full and proper books, records and documents relating to the business transacted between the parties pursuant to this Agreement.

6. Audit Rights.

6.01 During the period of time required to conduct the Audit (as defined below), each Party (the “**Audited Party**”) will allow the third party auditor (the “**Auditor**”) of the other Party (the “**Auditing Party**”) to access the books, contracts, records and reports of the Audited Party during normal business hours as may be reasonably required in order to audit and verify the accuracy of the information provided and performance under this Agreement, including the calculation of Net Revenue and any related deductions (the “**Audit**”). The Auditing Party shall give at least fifteen (15) days’ notice to the Audited Party of its intention to conduct the Audit. An Audit by an Auditing Party will be conducted no more frequently than once per calendar year (*i.e.*, once per Auditing Party) and shall be done at such time to avoid an unreasonable disruption to the Audited Party’s business. Any period that has been subject to Audit under this Article 6 shall not be subject to further Audits.

6.02 The Audited Party shall provide the Auditors with all reasonable cooperation, access and assistance in relation to each Audit, and shall allow the Auditors to meet with the Audited Party’s personnel and the Audited Party shall ensure that the Audited Party’s personnel provide all documentation, data, information and explanations reasonably necessary for the Auditors to perform the Audit effectively.

6.03 Except as set forth in this Article 6, the Auditing Party shall pay for the costs and expenses of any Audit. If the Audit identifies that the Audited Party has understated or overstated, as applicable, by 5% or more (the “**Audit Threshold**”) the amount payable to the other Party or the amount from which the Revenue Share was calculated in respect of the period covered by the Audit, then the costs and expenses of the Audit shall be paid by the Audited Party on demand, unless any such understatement or overstatement is the result of incorrect information in respect of the period covered by the Audit (as determined by the Audit) provided by the Auditing Party to the Audited Party. In such case the Auditing Party shall cover the costs and expenses of the Audit. The Auditing Party shall have its Auditors deliver a copy of the final report to the Audited Party.

6.04 If an Audit identifies that the Audited Party has understated or overstated, as applicable, the information provided under this Agreement pursuant to Section 6.03, such that the amount actually paid to Network Affiliate in the period covered by the Audit is lower or higher than the amounts actually owed under Article 4, then Provider shall pay to Network Affiliate any such shortfall or Network Affiliate shall refund to Provider any such excess, as applicable, in each case within thirty (30) days of the Audited Party being notified in writing by the Auditing Party of such understatement or overstatement.

6.05 Dispute Mechanism. In the event of a dispute arising from the audit findings, the Parties shall follow the dispute resolution procedure outlined below: (a) the Audited Party shall promptly notify the Auditing Party in writing of any disputed findings or discrepancies identified during the Audit, (b) within fifteen (15) days of receiving the written notice, the Auditing Party shall review and respond in writing to the disputed findings, providing supporting documentation and explanations as necessary, (c) if the Parties are unable to resolve the dispute within thirty (30) days from the Auditing Party’s response, either Party may request the appointment of a second independent auditor (the “**Second Auditor**”) to conduct a separate review and examination of the disputed findings, (d) the Second Auditor shall be a reputable and qualified

professional mutually agreed on by the Parties that has no relationship with either Party, and (e) the Second Auditor's decision shall be final and binding on the Parties, subject to any rights or remedies available under applicable laws or this Agreement. The fees and expenses of the Second Auditor shall be borne as follows: (i) by the Audited Party if understatement or overstatement, as applicable, exceeds the Audit Threshold following the audit of the Second Auditor, and (ii) by the Auditing Party if understatement or overstatement, as applicable, is below the Audit Threshold following the audit of the Second Auditor.

7. Intellectual Property.

7.01 Service License. Provider hereby grants to Network Affiliate a limited, non-exclusive, non-transferable (except as permitted pursuant to Section 14.03), non-sublicensable (except to Affiliates or independent contractors or service providers where such license is necessary for the Advertising Services to be provided in accordance with this Agreement), royalty-free, fully paid-up license in the Territory only to receive, store, convert or otherwise manage, display and exhibit the Advertising Services on the Network Affiliate Equipment at Theaters solely in connection with its performance of and subject to all of the terms and conditions of this Agreement. Network Affiliate and its permitted sublicensees may not alter any Advertising Services content. Network Affiliate and its permitted sublicensees may not use or make the Advertising Services available for any purpose, at any location, or in any manner not specifically authorized by this Agreement, including, without limitation, recording, copying or duplicating the Advertising Services or any portion thereof. Network Affiliate will be liable for any breaches of this Section 7.01 by its permitted sublicensees. Each Party shall be solely responsible for obtaining and providing all rights, licenses, clearances and consents necessary for the use of any content it provides, or that is prepared or provided on its behalf, as contemplated herein, except as may otherwise be agreed by the Parties in writing.

7.02 Software License. Subject to the terms and conditions of this Agreement, Provider hereby grants to Network Affiliate, and Network Affiliate hereby accepts, a non-exclusive, non-transferable (except as permitted pursuant to Section 14.03), non-sublicensable, royalty-free, fully paid-up limited license to the object code version of the Software for the limited purpose of performing in connection with this Agreement. The Parties agree that, as part of the set-up services, Provider will establish one or more connections between the Software and Network Affiliate's point-of-sale software as is required to deliver the Advertising Services. The Parties agree that Provider will have "real-time" access through the connections to Network Affiliate's point-of-sale software solely to access Network Affiliate's Event showtimes, ratings, and attendance information by Event as shall be mutually determined by the Parties (the "**Point-of-Sale Information**"). The Point-of-Sale Information shall be deemed the Confidential Information of Network Affiliate for all purposes of this Agreement. The Parties will cooperate to ensure that Provider does not receive access through Network Affiliate's point-of-sale software to any information of Network Affiliate other than the Point-of-Sale Information.

7.03 Software Restrictions. Except as may be expressly permitted under this Agreement, Network Affiliate shall not, nor shall it permit, cause, or authorize any other person or entity to (a) use the Software for any purpose or at any location not specifically authorized by this Agreement; (b) re-engineer, reverse engineer, decompile, or disassemble the Software or create or recreate the source code for the Software; (c) modify, adapt, translate, or create derivative works based upon the Software, or combine or merge any part of the Software with or into any other software or documentation except as contemplated under this Agreement; (d) use the Software to build a competitive product; (e) remove any copyright or other proprietary notice in the Software; (f) sell, market, license, sublicense, distribute, or otherwise grant to any person or entity any right to use the Software (except as permitted under or in furtherance of the Agreement); (g) use the Software to conduct any type of service bureau or time-sharing

operation or to provide remote processing, network processing, network telecommunications, or similar services to any person or entity, whether on a fee basis or otherwise.

7.04 License to Provider Marks. Subject to the terms and conditions of this Agreement and any guidelines or requirements provided in writing from time-to-time by Provider to Network Affiliate, Provider hereby grants at no additional cost to Network Affiliate, and Network Affiliate hereby accepts, a non-exclusive, non-transferable, non-sublicensable, limited license (a) to use the Provider Marks solely in connection with its participation in the Advertising Services, as approved by Provider in writing in advance (which shall not be unreasonably conditioned, withheld or delayed), and (b) to use the Provider Marks in marketing or advertising materials that have been approved (which shall not be unreasonably conditioned, withheld or delayed) by Provider pursuant to the terms hereof. Network Affiliate acknowledges that Provider is and shall remain the sole owner of the Provider Marks, including the goodwill of the business symbolized thereby. Network Affiliate recognizes the value of the goodwill associated with the Provider Marks and acknowledges and agrees that any goodwill arising out of the use of the Provider Marks by Network Affiliate shall inure to the sole benefit of Provider for all purposes hereof. Any and all use or exercise of rights by Network Affiliate with respect to the Provider Marks or any other trademark, tradename, service mark or service name provided by Provider to Network Affiliate for use in connection with the Advertising Services shall be in accordance with standards of quality and specifications prescribed by Provider from time to time and which have been delivered to Network Affiliate. Notwithstanding anything herein to the contrary, Provider shall have the right, at its sole option and its sole discretion, to terminate or suspend the use of any trademark for which a license was granted herein within ten (10) days of receipt of written notice thereof.

7.05 License to Network Affiliate Marks. Subject to the terms and conditions of this Agreement, and any guidelines or requirements provided in writing from time-to-time by Network Affiliate to Provider, Network Affiliate hereby grants at no cost to Provider, and Provider hereby accepts, a non-exclusive, non-transferable, non-sublicensable, limited license to use the Network Affiliate Marks solely in connection with its delivery of the Advertising Services, as approved (which shall not be unreasonably conditioned, withheld or delayed) by Network Affiliate in writing in advance. Provider acknowledges that Network Affiliate is and shall remain the sole owner of the Network Affiliate Marks, including the goodwill of the business symbolized thereby. Provider recognizes the value of the goodwill associated with the Network Affiliate Marks and acknowledges and agrees that any goodwill arising out of the use of the Network Affiliate Marks by Provider shall inure to the sole benefit of Network Affiliate for all purposes hereof. Any and all use or exercise of rights by Provider with respect to the Network Affiliate Marks or any other trademark, tradename, service mark or service name provided by Network Affiliate to Provider for use in connection with the Advertising Services shall be in accordance with standards of quality and specifications prescribed by Network Affiliate from time to time and which have been delivered to Provider. Network Affiliate shall have the right, at its sole option and discretion, to terminate or suspend the use of any trademark for which a license was granted herein within ten (10) days of receipt of written notice thereof.

7.06 Theater Admission Data. Network Affiliate shall provide Provider with reasonable Admission data owned by Network Affiliate and its Affiliates and requested by Provider that is consistent with the data provided by Network Affiliate to Provider as of the Execution Date free of charge, which shall include attendance data for each Event on an aggregate basis and on a “real-time” basis included in the Point-of-Sale Information. The Admissions data for each Event will be used by Provider (a) to perform its obligations under this Agreement, (b) to be used by Provider solely for internal-use to improve the Advertising Services, or (c) to provide any such Admission data in aggregated format with information of other exhibitors as may be reasonably required in the selling of advertising and other promotional content for inclusion in the Advertising Services, in each case, which shall be shared

in a format and in a cadence agreed to by the Parties, in all cases, in compliance with all applicable laws. For the avoidance of doubt, the foregoing data to be shared by Network Affiliate with Provider shall constitute Confidential Information of Network Affiliate, and Provider may not share such data with third parties without Network Affiliate's prior written consent. Provider acknowledges and agrees that any Network Affiliate information other than Admission data provided by Network Affiliate to Provider as of the Execution Date is subject to additional economic or other royalty payments to be paid by Provider to Network Affiliate.

8. Representations and Warranties.

8.01 Mutual Representations. Each Party represents and warrants that, as of the Effective Date, (a) it is duly formed and organized, validly existing, and in good standing under the laws of the jurisdiction of its formation and incorporation and has the power and authority to carry on its business as carried on as of the Effective Date, (b) the execution, delivery and performance of this Agreement has been properly authorized by all necessary action, on its own behalf and, with respect to Network Affiliate, on behalf of its Affiliates that own or operate Theaters in the Territory on the Effective Date, and (c) it has the right to enter into this Agreement and to perform its obligations under this Agreement and has the power and authority to execute and deliver this Agreement.

8.02 Provider Representations. Provider represents, warrants, and covenants that to its knowledge, the Inventory included in the Advertising Services and the Provider Equipment are free from any "back door," "drop dead device," "time bomb," "Trojan horse," "virus," "malware," "ransomware," or "worm" (as such terms are commonly understood in the industry) or any code similar to the foregoing, or contains any code or mechanism that could damage the Network Affiliate Equipment or interfere with the operation of any of the services provided by Network Affiliate.

8.03 Disclaimer of Warranties. EXCEPT AS EXPRESSLY AND EXPLICITLY SET FORTH IN THIS AGREEMENT, ANY AND ALL INFORMATION, PRODUCTS, AND SERVICES ARE PROVIDED "AS IS" AND NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES, AND EACH PARTY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, WRITTEN OR ORAL, ARISING FROM COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE, OR OTHERWISE, INCLUDING THE IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY, TITLE AND FITNESS FOR A PARTICULAR PURPOSE. NEITHER PARTY MAKES ANY REPRESENTATION THAT THE ADVERTISING SERVICES OR THEIR DISPLAY, OR RECEIPT OF ANY OTHER SERVICES, WILL BE UNINTERRUPTED OR ERROR-FREE.

9. Indemnification.

9.01 Indemnification by Network Affiliate. Network Affiliate shall defend, indemnify, and hold harmless Provider, its Affiliates and its and their respective officers, directors, members, managers, owners, contractors, employees, representatives, agents, successors and assigns (collectively, "**Provider Representatives**") from and against any and all claims, suits, actions or allegations brought or asserted by a third party (each, a "**Claim**") and any resulting losses, obligations, risks, costs, liabilities, settlements, damages, liens, judgments, awards, fines, penalties, expenses and other obligations whatsoever (including reasonable attorneys' fees and disbursements and any consultants or experts and expenses of investigation) (collectively, "**Costs**") suffered or incurred by Provider, any of its Affiliates or its or their Provider Representatives in connection with, as a result of, based upon, or relating to (a) any breach by Network Affiliate or its Affiliates of this Agreement, (b) any use by Network Affiliate or its Affiliates of any information, content or other materials supplied by or on behalf of Provider

hereunder, other than as authorized by this Agreement, (c) any damage caused by Network Affiliate or its Affiliates, their vendors or subcontractors in installation, inspection or maintenance of any Third-Party Equipment, (d) acts or omissions of Network Affiliate, its Affiliates or their designee(s), or (e) Network Affiliate's fraud, willful misconduct or noncompliance with law except, in cases (a)-(e) to the extent any such Claim arises or results from Provider's material breach of its representations, warranties, or covenants under this Agreement, or fraud, willful misconduct or noncompliance with law. Network Affiliate shall, at its own expense, hold appropriate liability insurance that includes coverage of Network Affiliate's contractual liability under this Agreement (including pursuant to Network Affiliate's indemnification obligations under this [Section 9.01](#)).

9.02 Indemnification by Provider. Provider shall defend, indemnify, and hold harmless Network Affiliate, its Affiliates and its and their respective officers, directors, members, managers, owners, contractors, employees, representatives, agents, successors and assigns (collectively, "**Network Affiliate Representatives**") from and against any and all Claims and resulting Costs suffered or incurred by Network Affiliate, any of its Affiliates or its or their Network Affiliate Representatives in connection with, as a result of, based upon, or relating to (a) any breach by Provider or its Affiliates of this Agreement, (b) any use by Provider or its Affiliates of any information, content or other materials supplied by or on behalf of Network Affiliate hereunder, other than as authorized by this Agreement, (c) any damage caused by Provider or its Affiliates, their vendors or subcontractors in installation, inspection or maintenance to any Network Affiliate Equipment, (d) acts or omissions of Provider, its Affiliates or their designee(s), or (e) Provider's or its Affiliates' fraud, willful misconduct or noncompliance with law except, in cases (a)-(e) to the extent any such Claim arises or results from Network Affiliate's material breach of its representations, warranties, or covenants under this Agreement, or fraud, willful misconduct or noncompliance with law. Provider shall, at its own expense, hold appropriate liability insurance that includes coverage of the Advertising Services, the Provider Equipment and Provider's contractual liability under this Agreement (including pursuant to Provider's indemnification obligations under this [Section 9.02](#)).

9.03 Provider Infringement Indemnification.

a. Indemnification Obligations. Provider shall defend, indemnify and hold harmless Network Affiliate, its Affiliates (actually receiving Advertising Services from Provider), and their Representatives from and against any and all Costs suffered or incurred arising from any and all Claims to the extent actually or allegedly arising out of, based upon, or relating to any infringement of any third party trademark, copyright, or patent, or other intellectual property right arising from Network Affiliate's use of the Provider Property or the Advertising Services in accordance and compliance with this Agreement or as directed by Provider.

b. Additional Remedies. In addition to, but not in limitation of, Provider's obligations under [Section 9.03\(a\)](#) above, Provider may, at its sole option, in the event that any claim, suit, proceeding, or action is brought or threatened for which Provider may be obligated under [Section 9.03\(a\)](#) to indemnify Network Affiliate: (i) replace or modify the allegedly infringing materials to render them non-infringing; or (ii) secure for Network Affiliate the right to use the allegedly infringing materials.

c. Limitations of Obligations. Provider shall not have any liability to Network Affiliate under this [Section 9.03](#) for any alleged infringement based in any part on: (i) any Confidential Information supplied by or on behalf of Network Affiliate; (ii) the combined use of the Provider Property with software or hardware products or other technology or materials not provided or owned by Provider other than for the display of the Advertising Services; (iii) additions or modifications to the Provider

Property made by Network Affiliate in a manner that conflicts with the designs or specifications provided by Provider in writing as such designs or specifications may be modified by Provider in writing; (iv) the use or installation of the Provider Equipment by Network Affiliate in a manner that conflicts with the designs or specifications provided by Provider in writing as such designs or specifications may be modified by Provider in writing; or (v) use of any legacy or superseded version of Provider Property if such infringement would have been avoided by use of a more recent version of the Provider Property made available to Network Affiliate, provided that Provider notified Network Affiliate in writing that such more recent version was required to be used (with reasonable notice prior to such required update).

d. The obligations under this Section 9.03 state the entire liability of Provider, and are Network Affiliate's sole and exclusive remedies, with respect to intellectual property infringement.

9.04 Notification of Right to Indemnification. A Party entitled to the benefit of an indemnity hereunder must (a) provide written notice to the indemnifying Party of any matter of which it has notice and for which it seeks indemnity; provided that the failure to provide such notice shall not impair the indemnified Party's rights to indemnification under this Article 9 except to the extent that the indemnifying Party is actually prejudiced by such failure to provide such notice, (b) permit the indemnifying Party to assume control of the defense and selection of legal counsel to the indemnifying Party reasonably acceptable to the indemnified Party, at the sole cost and expense of the indemnifying Party; provided that they diligently pursue the defense of such claim, and (c) cooperate with the indemnifying Party and its legal counsel in that defense, at the cost of the indemnifying party. In the event that the indemnifying Party assumes control of the defense, the indemnifying Party shall not settle any such claim or demand without the prior consent of the indemnified Party or compromise any claim or consent to the entry of any judgment unless such compromise or judgment (i) includes an unconditional release of the indemnified Party for all of such indemnified Party's liability for the matter, (ii) does not impose any specific performance or injunctive or other equitable relief or other non-monetary remedy on the indemnified Party, (iii) does not include any finding of, or admission or statement with respect to, a violation of law or violation of the rights of any person or entity by the indemnified Party or its Affiliates, and (iv) by its terms obligates the indemnifying Party to pay the full amount of monetary damages arising out of, related to, or in connection with such claim and does not require the indemnified Party to pay any amount.

9.05 Limitations.

a. EXCEPT IN CONNECTION WITH A BREACH OF SECTIONS 2.01, 2.02, 2.03, 11, and 13 OF THIS AGREEMENT, AND THE INDEMNIFICATION OBLIGATIONS OF THE PARTIES UNDER ARTICLE 9, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR ANY OTHER PERSON OR ENTITY FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE, EXEMPLARY, OR EXTRA-CONTRACTUAL DAMAGES OF ANY KIND WHATSOEVER ARISING FROM OR CONNECTED WITH THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, LOST REVENUES, OR LOSS OF BUSINESS, REGARDLESS OF LEGAL THEORY, WHETHER OR NOT FORESEEABLE, EVEN IF EITHER PARTY HERETO HAS BEEN ADVISED OF THE POSSIBILITY OR PROBABILITY OF SUCH DAMAGES AND EVEN IF THE REMEDIES OTHERWISE PROVIDED BY THIS AGREEMENT FAIL OF THEIR ESSENTIAL PURPOSE. THE REMEDIES PROVIDED BY THIS AGREEMENT AND THE PROVISIONS OF THIS AGREEMENT ALLOCATE THE RISKS OF THIS AGREEMENT BETWEEN THE PARTIES, SOME OF WHICH MAY BE UNKNOWN OR UNDETERMINABLE. THESE LIMITATIONS ARE A

MATERIAL INDUCEMENT FOR THE PARTIES TO THIS AGREEMENT TO ENTER INTO THIS AGREEMENT, AND THE PARTIES TO THIS AGREEMENT HAVE RELIED UPON THESE PROVISIONS IN DETERMINING WHETHER OR NOT TO ENTER INTO THIS AGREEMENT.

10. Term and Termination.

10.01 Term. Unless earlier terminated as provided below, the term of this Agreement shall begin on the Effective Date and shall continue for a period of ten (10) years from the Effective Date (the “**Term**”).

10.02 Termination.

a. Material Breach. Either Party may terminate this Agreement immediately if the other Party (the “**Defaulting Party**”) commits a material breach or default of its obligations under this Agreement (other than a Payment Default) and fails to cure such breach or default (if curable) within sixty (60) days following receipt of written notice specifying such material breach or default from the non-Defaulting Party (the “**Cure Period**”); provided that if a breach is confined to less than 5% of Admissions of the Theaters and is not an intentional or willful breach of the Agreement, the breach shall not grant a right of termination to the non-Defaulting Party.

b. Network Affiliate Termination. Subject to Section 10.03, Network Affiliate may terminate this Agreement if Provider fails to pay any undisputed amounts owed to Network Affiliate when due under Sections 4.04 and 4.05 of this Agreement (a “**Payment Default**”) and fails to cure such default within thirty (30) days following receipt of written notice by Network Affiliate (the “**Payment Cure Right**”); provided that (i) Provider shall be entitled to exercise the Payment Cure Right no more than two (2) times in any twelve (12)-month period and (ii) the exercise of the Payment Cure Right may not occur in consecutive months or else in either such case Network Affiliate shall have the right to immediately terminate this Agreement following notice to Provider upon such Payment Default.

c. Bankruptcy. Either Party may terminate this Agreement immediately without notice if the Defaulting Party files a petition for bankruptcy, is adjudicated bankrupt, makes an assignment for the benefit of creditors, dissolves, or liquidates, or if a receiver or custodian is appointed for the Defaulting Party or its business, or if a petition in bankruptcy is filed against the Defaulting Party that is not dismissed within ninety (90) days after the date of such filing.

d. Injunction, Order or Decree. Either Party may terminate this Agreement immediately if any governmental, regulatory or judicial entity of competent jurisdiction shall have issued a permanent injunction or other final order or decree which is not subject to appeal or in respect of which all time periods for appeal have expired, enjoining or otherwise preventing Provider or, Network Affiliate from performing, in any material respect, this Agreement.

10.03 [***]

10.04 Survival. The following provisions in this Agreement shall survive the expiration or termination of this Agreement: Article 4, Article 5, Article 6, Article 9, Section 10.05, Article 11, Article 12, and Article 14.

10.05 Effect of Termination. Following the expiration or termination of this Agreement, Provider shall no longer provide the Advertising Services at the Theaters in the Territory. Any and all licenses granted by either Party to the other under this Agreement shall immediately terminate. Each Party shall promptly return to the other Party or destroy all Confidential Information of the other Party, and promptly provide to the other Party a certificate signed by an officer of the Party attesting to such return or destruction of all such Confidential Information. The Parties will agree on a date and time at which Provider shall be permitted to enter the applicable Theater(s) and remove any Provider Equipment and Third-Party Equipment. In the event Provider fails to remove any Provider Equipment within the timeframe the Parties agree upon for such removal, Network Affiliate or such third-party transferee shall have the right to remove and dispose of such Provider Equipment in its sole discretion. Provider shall, at its sole cost and expense, restore the applicable Theater(s) from which any Provider Equipment is removed pursuant to this Section 10.05 to its or their previous condition, excluding reasonable wear and tear and any other improvements or material alterations to such Theater(s) as may have been approved by the Parties in connection with the installation of Provider Equipment or operation of the Advertising Services and shall repair any damage to such Theater(s) as a result of such removal. In addition, any and all intellectual property licenses granted by either Party to the other Party under this Agreement shall immediately terminate, which such obligation includes that Network Affiliate shall cease using Provider Marks and that Provider shall cease using Network Affiliate Marks. Notwithstanding termination of this Agreement, Provider shall pay to Network Affiliate, within thirty (30) days after the effective date of such expiration or termination, any and all fees and other amounts owed to Network Affiliate hereunder.

11. Confidential Information.

11.01 Confidential Information. In connection with the performance of this Agreement, each Party (the “**Receiving Party**”) may have access to certain confidential and proprietary information of the other Party (the “**Disclosing Party**”) and its Affiliates. For purposes of this Agreement, “**Confidential Information**” shall mean any and all information proprietary to the Disclosing Party and its Affiliates, whether or not reduced to writing or other tangible medium of expression, and whether or not patented, patentable, capable of trade secret protection or protected as an unpublished or published work, and shall include the terms of this Agreement (but not the existence of this Agreement), information relating to intellectual property and to business plans, financial matters, costs, strategic marketing plans, personnel and business relationships. Recognizing that such information represents valuable assets and property of the Disclosing Party and the harm that may befall the Disclosing Party if any of such Confidential Information is disclosed, the Receiving Party agrees to hold all such Confidential Information in strict confidence and not to use or otherwise disclose any such Confidential Information to third parties without having received the prior written consent of the Disclosing Party and a written agreement from such third party to maintain such Confidential Information in confidence; provided that either Party is permitted to disclose Confidential Information of the other Party to its Affiliates, and its and their respective principals, officers, directors, employees, shareholders, agents, representatives, partners, contractors, third-party advertising agencies and advisors (including lenders and counsel) (“**Representatives**”) that have a “need to know” basis for the purposes of carrying out the business of such Party as it pertains to this Agreement or performing such Party’s duties and obligations under this Agreement, and such person is subject to an obligation of confidentiality at least as restrictive as this Agreement, without the prior written consent of the other Party. A breach of this Section 11.01 by a Representative shall be a breach by the Receiving Party and for which it will be responsible. The Receiving Party shall protect the Confidential Information of the Disclosing Party using the same degree of care that it uses to protect its own confidential information, but not less than reasonable care.

11.02 Exceptions. The obligations under Section 11.01 shall not apply to any information obtained by the Receiving Party that would otherwise constitute Confidential

Information but which: (a) was already known to the Receiving Party prior to its relationship with the Disclosing Party, as established by the Receiving Party's written records, except that this shall not apply to information received from the other Party over the Terminated Agreement, (b) becomes generally available to the public other than as a result of the Receiving Party's breach of this Agreement, (c) is furnished to the Receiving Party by a third party who is not known by the Receiving Party to be bound by an obligation of confidentiality with respect to such information and who is not known by the Receiving Party to be unlawfully in possession of, or to have unlawfully conveyed, such information, (d) is subsequently developed by the Receiving Party independently of the information or materials received from the Disclosing Party, as established by the Receiving Party's written records or (e) is disclosed in accordance with Section 11.03. For purposes of this definition, the term "Receiving Party" shall be deemed to include its Representatives successors and assigns and each person or entity that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such Party.

11.03 Disclosure Required by Law. If the Receiving Party becomes legally compelled by order of a court or other competent governmental agency, regulation or stock exchange or by applicable Law to disclose any of the Confidential Information of the Disclosing Party, if permitted by law, the Receiving Party shall notify the Disclosing Party promptly so that the Disclosing Party may seek a protective order or other appropriate remedy at the Disclosing Party's expense. If the Disclosing Party elects to seek a protective order, the Receiving Party shall cooperate reasonably in seeking such protective order. If no such protective order or other remedy is obtained or obtainable, the Receiving Party shall furnish only that portion of the Disclosing Party's Confidential Information which it is advised by counsel is required and shall exercise all reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such Confidential Information.

12. Ownership

12.01 Provider Property. As between Provider and Network Affiliate, Provider owns, solely and exclusively, any and all right, title, and interest in and to the Advertising Services (including all Advertising Services content supplied by or on behalf of Provider, but excluding any Third-Party and In-House Inventory content supplied by or on behalf of Network Affiliate), the Provider Marks, the Software, Provider's Confidential Information, and any and all other data, information, equipment (including Provider Equipment and Third-Party Equipment but excluding any rights to Network Affiliate Equipment), material, inventions, discoveries, processes, methods, technology, know-how, written works, software, works of visual art, audio works and multimedia works provided, developed, created, reduced to practice, conceived or made available by or on behalf of Provider to Network Affiliate or used by Provider to perform any of its obligations under or in connection with this Agreement, as well as any and all translations, improvements, adaptations, reproductions, look-and-feel attributes and derivatives thereof (collectively, the "**Provider Property**"), and, except as expressly and explicitly stated in this Agreement, reserves all such right, title, and interest.

12.02 Network Affiliate Property. As between Provider and Network Affiliate, Network Affiliate owns, solely and exclusively, any and all right, title, and interest in and to the Third-Party and In-House Inventory content supplied by or on behalf of Network Affiliate, the Network Affiliate Marks, Network Affiliate's Confidential Information, and any and all other data, information, equipment (including Network Affiliate Equipment but excluding any rights to Provider Equipment), material, inventions, discoveries, processes, methods, technology, know-how, written works, software, works of visual art, audio works and multimedia works provided, developed, created, reduced to practice, conceived or made available by or on behalf of Network Affiliate to Provider or used by Network Affiliate to perform any of its obligations under or in connection with this Agreement, as well as any and all translations, improvements, adaptations,

reproductions, look-and-feel attributes and derivatives thereof (collectively, the “**Network Affiliate Property**”), and, except as expressly and explicitly stated in this Agreement, reserves all such right, title, and interest.

12.03 **No Title.** This Agreement is not an agreement of sale, and (i) no title or ownership interest in or to any Provider Property is transferred to Network Affiliate, and (ii) no title or ownership interest in or to any Network Affiliate Property is transferred to Provider, as a result of or pursuant to this Agreement.

13. Non-Competition and Non-Solicitation.

13.01 During the Term, except as otherwise provided in this Agreement, Network Affiliate and its Affiliates agree not to engage or participate in any business, hold equity interests, directly or indirectly, in another entity, whether currently existing or hereafter created, or participate in any other joint venture that is an advertising provider or agency that provides or sells advertising for on-screen exhibition in theater auditoriums in the United States (a “**Competing Business**”). The foregoing restrictions shall not apply (i) if Network Affiliate or its Affiliate acquires a Competing Business as an incidental part of an acquisition of any other business that is not prohibited by the foregoing, if Network Affiliate disposes of the portion of such business that is a Competing Business as soon as commercially reasonable, (ii) to any direct or indirect ownership or other equity investments by Network Affiliate or its Affiliates in such other Competing Business that represents in the aggregate less than 5% of the voting power of all outstanding equity of such business, or (iii) if Network Affiliate enters into any agreement for the acquisition or installation of equipment or the provision of any other service on customary terms that does not violate the exclusivity of Provider hereunder with any Competing Business. For the avoidance of doubt, this Section 13.01 shall not survive any termination or expiration of this Agreement pursuant to Article 10, including Section 10.03.

13.02 During the Term and for a period of twelve (12) months thereafter, neither Party will, without the other Party’s prior written consent, either alone or in concert with others, directly or indirectly solicit, entice, induce or encourage: (i) any employee, contractor or agent of the other Party to terminate his or her employment, contractor or agency relationship with such Party, (ii) any client of the other Party to discontinue using such Party’s services or products, (iii) any client of the other Party to refer prospective clients to one or more competitors of such Party or to discontinue referring prospective clients to such Party, (iv) any employee, client or prospective client of the other Party to breach any agreement with such Party, or (v) any existing or proposed arrangement or other community or institutional affiliation to discontinue the affiliation or relationship with the other Party. For purposes of this Section 13.02 reference to a Party shall include such Party and its Affiliates.

14. Miscellaneous.

14.01 **Injunctive Relief.** It is understood and agreed that each Party’s remedies at law for a breach of this Agreement will be inadequate and that each Party shall, in the event of any such breach or the threat of such breach, be entitled to equitable relief (including, without limitation, provisional and permanent injunctive relief and specific performance). The Parties shall be entitled to the relief described in this Section 14.01 without the requirement of posting a bond. Nothing stated herein shall limit any other remedies provided under this Agreement or available to the Parties under applicable law.

14.02 **Notices.** Any notice, request, instruction, or other communication to be given under this Agreement by a Party shall be in writing and shall be deemed to have been given to the receiving Party: (a) when delivered, if delivered in person or by overnight delivery service (charges prepaid), (b) following confirmation of receipt, if sent via email, and each Party agrees

to promptly confirm receipt during normal business hours of the intended recipient in each case to the address or email address of such Party set forth below (as may be changed by way of notice in accordance with this Section to the other Party) and marked to the attention of the designated individual or to such other individual, address or email address as a Party may designate for itself by notice given in accordance with this Section 14.02:

To Network Affiliate:

Regal Cinemas, Inc.
101 E. Blount Ave.
Knoxville, TN 37920-1605
Telecopier No.: (865) 922-3188
Email: [***]
Attention: Warren Sanger

To Provider:

National CineMedia, LLC
6300 S. Syracuse Way, Suite 300
Centennial, CO 80111
Email: legal@ncm.com
Attention: General Counsel

With a copy to:

National CineMedia, LLC
6300 S. Syracuse Way, Suite 300
Centennial, CO 80111
Email: [***]
Attention: Chief Financial Officer

14.03 Assignment. No Party may assign or transfer this Agreement, or the rights, duties or obligations herein, without the prior written consent of the other Parties. Any attempted assignment or transfer in violation of this Section 14.03 shall be null and void, *ab initio*. The direct or indirect merger, or consolidation of Provider, by operation of law or otherwise, following which a cinema exhibitor owns more than 50% of the economic interest of Provider shall be deemed an assignment. For the avoidance of doubt, any adjustments pursuant to the Provider's Common Unit Adjustment Agreement, dated February 13, 2007, between Provider and the other parties thereto, shall not be deemed an assignment regardless of the economic ownership percentage obtained.

14.04 Assistance. Each Party, upon the request of the other, shall perform any and all further reasonable acts and reasonably execute, acknowledge, and deliver any and all documents which the other Party determines in its sole reasonable judgment may be necessary, appropriate, or desirable to carry out the intent and purposes of this Agreement, including without limitation to document, perfect, or enforce the other Party's right, title, or interest in and to any of such Party's property.

14.05 Choice of Law; Choice of Forum. This Agreement, and any dispute arising from this Agreement or the subject matter of this Agreement, shall be governed by the laws of the State of New York, without regard to its conflicts of law principles, and the federal and state courts in the State of New York shall be the exclusive jurisdiction for resolving all disputes relating to this Agreement. The Parties submit to the jurisdiction of such courts over such a dispute and waive any objection to the propriety or convenience of venue in such courts. Each

Party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any dispute arising out of or relating to this Agreement. Each Party acknowledges and agrees that (a) such Party has considered the implications of this waiver, (b) such Party makes this waiver knowingly and voluntarily, after consulting or having had the opportunity to consult with counsel of their choice, and (c) such Party has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 14.05.

14.06 Third Party Beneficiaries. This Agreement is for the sole benefit of the Parties and their successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other party or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement. Provider shall be solely responsible, and Network Affiliate agrees to look solely to Provider, for the satisfaction of Provider's obligations under this Agreement.

14.07 No Construction; Interpretation. The Parties have participated jointly in the negotiation and drafting of this Agreement, and in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provisions of this Agreement. The terms "include" and "including" shall be deemed to be immediately followed by the phrase "without limitation"; the term "or" shall not be exclusive; unless otherwise specified in a particular case, the word "days" refers to calendar days; references to "business day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in the United States; word "will" shall be construed to have the same meaning and effect as the word "shall"; and the terms "herein" and "hereunder" and similar terms shall be interpreted to refer to this entire Agreement.

14.08 Amendment. This Agreement may be amended, supplemented or modified, and any of the terms, covenants, representations, warranties or conditions may be waived, only by a written amendment executed by the Parties. No waiver by any Party of any breach of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision of this Agreement. All waivers must be in writing by the Parties. No failure of a Party to enforce a provision shall be deemed a waiver of any noncompliance.

14.09 Severability. If any provision of this Agreement or the application of any such provision to any person, entity or circumstance is held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or the application of such provision to any other persons, entities or circumstances, and to the extent permissible under applicable law, any such invalid, illegal or unenforceable provision shall be deemed amended lawfully to conform with the intent of the Parties.

14.10 Integration. This Agreement constitutes the entire agreement between the Parties with respect to its subject matter and supersedes all prior or contemporaneous oral or written negotiations, offers, representations, warranties and agreements with respect to this subject matter.

14.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which when executed and delivered shall be deemed to be an original, and all of which counterparts taken together shall constitute one and the same instrument. This Agreement shall become binding when one or more counterparts taken together shall have been shown to have been executed by each Party and delivered to the other Parties.

14.12 Force Majeure. Any delay in the performance of any duties or obligations of either Party (except the payment of money owed by Provider to Network Affiliate) will not be considered a breach of this Agreement if and to the extent such delay is directly caused by the occurrence, after the Effective Date, of a labor dispute, shortage of materials, pandemic, epidemic, disease outbreak, act of the public enemy, sabotage, war, invasion, insurrection, riot, fire, storm earthquake, flood, hurricane or any other act of God or any other event or cause or causes beyond the control of such Party, including any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities (“**Force Majeure Event**”), and only during the duration of such event, provided that such Party uses commercially reasonable efforts, under the circumstances, (a) to notify the other Party of the circumstances causing the delay and (b) to resume performance as soon as possible, including through the use of substitute services, alternate sources and workaround plans.

14.13 Export. Both Parties acknowledge that the Confidential Information and Equipment, as applicable, of each Party is subject to the export controls of the United States. Each Party acknowledges that it has no right to, and further agrees that it will not, export or otherwise transfer or permit the transfer of any Software or Confidential Information of the other Party outside the United States. Each Party will defend, indemnify and hold harmless the other Party from and against all fines, penalties, liabilities, damages, costs and expenses incurred by such other Party as a result of any failure to comply with the preceding sentence.

14.14 Independent Contractors. Each Party’s relationship to the other Party is that of an independent contractor, and neither Party is an agent or partner of the other. Neither Network Affiliate nor Provider will represent to any third party that it has, any authority to act on behalf of the other Party.

14.15 Rights of Parties are Cumulative. The rights of the Parties under this Agreement are cumulative, and no exercise or enforcement by either Party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by law.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the Execution Date.

Regal Cinemas, Inc.

By: __
Name:
Title:

National CineMedia, LLC

By: __
Name:
Title:

SCHEDULE 1

Equipment

[***]

JOINT VENTURE TERMINATION AND SETTLEMENT AGREEMENT

This Joint Venture Termination and Settlement Agreement (this “**Agreement**”) is entered into as of the Execution Date (as defined below), by and between Regal CineMedia Holdings, LLC (“**Regal CineMedia Holdings**”), Regal Cinemas, Inc. (“**Regal Cinemas**”), and Regal CineMedia Corporation (“**Regal CineMedia Corporation**” and together with Regal Cinemas and Regal CineMedia Holdings, “**Regal**”), on the one hand, and National CineMedia, LLC (“**NCM**”) and National CineMedia, Inc. (“**NCMI**”, and together with NCM, “**National CineMedia**”), on the other hand. Regal and National CineMedia are each referred to herein as a “**Party**,” and, collectively, as the “**Parties**.”

RECITALS

WHEREAS, on February 13, 2007, certain of the Parties entered into (a) that certain Third Amended and Restated Limited Liability Company Operating Agreement, dated as of February 13, 2007, by and among American Multi-Cinema, Inc. (“**AMC**”), Cinemark Media, Inc. (“**Cinemark**”), NCMI, and Regal CineMedia Holdings (as amended, the “**LLC Agreement**”); (b) that certain Common Unit Adjustment Agreement, dated as of February 13, 2007, by and among AMC, Cinemark, Cinemark USA, Inc. (“**Cinemark USA**”), NCM, NCMI, Regal CineMedia Holdings, and Regal Cinemas (the “**CUAA**”); (c) that certain Tax Receivable Agreement, dated as of February 13, 2007, by and among AMC, Cinemark, Cinemark USA, NCM, NCMI, Regal CineMedia Holdings, and Regal Cinemas (as amended, the “**Tax Receivable Agreement**”); (d) that certain Second Amended and Restated Software License Agreement, dated as of February 13, 2007, by and among NCM, Regal CineMedia Corporation, AMC, Cinemark USA and Digital Implementation Partners, LLC (the “**Software License Agreement**”); (e) that certain Director Designation Agreement, dated as of February 13, 2007, by and among NCMI, AMC, Cinemark, and Regal CineMedia Holdings (the “**Director Designation Agreement**”); and (f) the Registration Rights Agreement, dated as of February 13, 2007, by and among NCMI, AMC, Regal CineMedia Holdings, and Cinemark (the “**Registration Rights Agreement**”, and together with the LLC Agreement, the CUAA, the Tax Receivable Agreement, the Software License Agreement, and the Director Designation Agreement, the “**Joint Venture Agreements**”);

WHEREAS, on February 13, 2007, Regal Cinemas and NCM entered into that certain Exhibitor Services Agreement, dated as of February 13, 2007 (as subsequently amended or amended and restated, the “**Regal ESA**”);

WHEREAS, on September 7, 2022 (the “**Regal Petition Date**”), Cineworld Group plc and certain of its subsidiaries, including Regal (collectively, the “**Regal Debtors**”), filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “**Regal Chapter 11 Cases**”) in the United States Bankruptcy Court for the Southern District of Texas under the caption of *In re Cineworld Group plc, et al.*, Case No. 22-90168 (MI) (Bankr. S.D. Tex.) (the “**Regal Bankruptcy Court**”);

WHEREAS, on September 27, 2022, NCM filed the *National CineMedia, LLC’s Emergency Motion for Entry of Interim and Final Orders Granting Adequate Protection Pursuant to 11 U.S.C. §§ 105, 361, and 363* [Docket No. 433] (the “**Adequate Protection Motion**”);

WHEREAS, pursuant to the *Stipulation and Agreed Order by and Among the Debtors and National CineMedia, LLC Resolving and Continuing, as Applicable, National CineMedia LLC’s Emergency Motion for Entry of Interim and Final Orders Granting Adequate Protection Pursuant to 11 U.S.C. §§ 105, 361, and 363* [Bankr. S.D. Tex., Case No. 22-90168, Docket No. 443], NCM established an escrow account with Barclays Bank PLC to hold funds in the amount

of approximately \$2,068,400.48 (“**Adequate Protection Deposit Amount**”), pending resolution of the issues raised in the Adequate Protection Motion;

WHEREAS, on October 21, 2022, the Regal Debtors filed the *Debtors’ Motion for Entry of an Order (I) Authorizing the Rejection of a Certain Exhibitor Services Agreement, and (II) Granting Related Relief* [Bankr. S.D. Tex., Case No. 22-90168, Docket No. 576] (the “**Rejection Motion**”);

WHEREAS, on October 21, 2022, NCM commenced an adversary proceeding in the Regal Chapter 11 Cases, which is pending under the caption *National CineMedia, LLC v. Regal Cinemas, Inc.* (Adv. Proc. 22-03307) (the “**NCM Adversary**”);

WHEREAS, on October 31, 2022, the Regal Debtors commenced an adversary proceeding against NCM in the Regal Chapter 11 Cases, which is pending under the caption *Regal Cinemas, Inc. v. National CineMedia, LLC* (Adv. Proc. 22-03313) (the “**Regal Adversary**”);

WHEREAS, on February 1, 2023, the Regal Debtors filed the *Debtors’ Motion for Summary Judgment* [Bankr. S.D. Tex., Adv. Proc. 22-03307, Docket No. 12] (the “**MSJ**”) in the NCM Adversary;

WHEREAS, it is expected that the Regal Bankruptcy Court will enter an order authorizing Regal’s rejection of the Regal ESA (as defined below) in the form attached hereto as **Exhibit A** (the “**Regal Rejection Order**”);

WHEREAS, on December 28, 2022, Regal redeemed 40,683,797 membership units of NCM in exchange for the publicly traded common stock of NCM (the “**NCMI Common Stock**”);

WHEREAS, on March 30, 2023, National CineMedia transmitted to Regal a determination notice pursuant to Section 4(a) of the CUAAs regarding the common unit adjustment of Regal’s units of NCM as of December 29, 2022 requiring either a return of units or corresponding payment as calculated under the CUAAs (the “**CUAA Determination Notice**”);

WHEREAS, on April 11, 2023 (the “**NCM Petition Date**”), NCM filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “**NCM Chapter 11 Case**”) in the United States Bankruptcy Court for the Southern District of Texas under the caption of *In re National CineMedia, LLC*, et. al., Case No. 23-90291 (DRJ) (Bankr. S.D. Tex.) (the “**NCM Bankruptcy Court**”);

WHEREAS, on April 11, 2023, the Regal Debtors filed the *Joint Chapter 11 Plan of Reorganization of Cineworld Group Plc and Its Debtor Subsidiaries* [Case No. 22-90168, Docket No. 1509] (as amended and as may be further amended, supplemented or modified from time to time, the “**Regal Plan of Reorganization**”);

WHEREAS, on April 13, 2022, the Regal Bankruptcy Court entered the *Mediation Order* [Bankr. S.D. Tex., Adv. Proc. 22-03307, Docket No. 40], ordering the Regal Debtors and NCM to attend mediation and appointing Judge Lopez as the mediator (the “**Mediation**”);

WHEREAS, on May 4, 2023, the Regal Bankruptcy Court entered the *Order Concerning Mediation* [Bankr. S.D. Tex., Adv. Proc. 22-03307, Docket No. 52], ordering the Mediation to terminate upon the earlier of (i) the determination by Judge Lopez that the mediation should be terminated, or (ii) 9:30 a.m. (CT) on May 5, 2023;

WHEREAS, on May 5, 2023, during oral arguments regarding the MSJ, NCM and the Regal Debtors announced that they had reached an agreement on the terms of a go-forward screen advertising arrangement;

WHEREAS, on May 12, 2023, NCM filed the *First Amended Plan of Reorganization of National CineMedia, LLC Pursuant to Chapter 11 of the Bankruptcy Code* [Case No. 23-90291, Docket No. 249] (as amended and as may be further amended, supplemented or modified from time to time, the “**NCM Plan of Reorganization**” together with Regal Plan of Reorganization, the “**Plans of Reorganization**”);

WHEREAS, as of the date of this Agreement, Regal owns directly or indirectly 40,683,797 shares of NCMI Common Stock (such common stock held by Regal, the “**Regal NCMI Shares**”), and Regal has committed to timely vote the Regal NCMI Shares in favor of the “Increased Share Authorization Event” (as defined in the NCM Plan of Reorganization);

WHEREAS, as of the date of this Agreement, the Regal Debtors and NCM entered into that certain *Joint Stipulation of Dismissal with Prejudice* pursuant to which, among other things, NCM and Regal stipulated to the dismissal of the NCM Adversary and the Regal Adversary, respectively, with prejudice (the “**Stipulation of Dismissal**”); and

WHEREAS, contemporaneous with the execution of this Agreement, Regal Cinemas and NCM have entered into that certain Network Affiliate Transaction Agreement (the “**Network Affiliate Transaction Agreement**”).

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained in this Agreement, and for good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties agree as follows:

1. **Definitions.** In this Agreement, the capitalized terms in the recitals shall have the meanings ascribed to them therein, and the following capitalized terms shall have the meanings specified in this Section 1 or the sections where such terms are defined.

“**Affiliate**” means, as to any entity, any other entity that is controlled by, controls, or is under common control with that entity. The term “control” (including the terms “controlled,” “controlled by” and “under common control with”) means possession, directly or indirectly, of the power to direct or cause direction of the management and policies of an entity. For the avoidance of doubt, AMC, Cinemark and Cinemark USA shall not be considered Affiliates of NCM and NCMI for purposes of this Agreement.

“**Effective Date**” means the date on which the latest is to occur of the entry of (a) the Regal Rejection Order; (b) the NCM Transaction Approval Order; and (c) the Regal Transaction Approval Order.

“**Execution Date**” means the date on which this Agreement is fully executed by the Parties hereto.

“**NCM Released Parties**” means NCM, NCMI, and their Representatives (all of whom are intended third-party beneficiaries of the releases set forth herein).

“**NCM Releasing Parties**” means NCM, NCMI, and to the extent permitted by law, their Representatives.

“**NCM Transaction Approval Order**” means the order entered by the NCM Bankruptcy Court, which order shall (i) be reasonably acceptable to Regal and (ii) not be stayed, authorizing

NCM to enter into (a) the Network Affiliate Transaction Agreement and the transactions contemplated therein, and (b) this Agreement and the transactions contemplated herein.

“**Person**” means any natural person, corporation, limited liability company, professional association, limited partnership, general partnership, joint stock company, joint venture, association, company, trust, bank, trust company, land trust, business trust or other organization, whether or not a legal entity, and any nation or government, any state or other political subdivision thereof, and any agency, department or other person or entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“**Regal Released Parties**” means Regal and its Representatives (all of whom are intended third-party beneficiaries of the releases set forth herein).

“**Regal Releasing Parties**” means Regal and, to the extent permitted by law, their Representatives.

“**Regal Transaction Approval Order**” means the order entered by the Regal Bankruptcy Court, which order shall (i) be reasonably acceptable to NCM and (ii) not be stayed, authorizing Regal to enter into (a) the Network Affiliate Transaction Agreement and the transactions contemplated therein, and (b) this Agreement and the transactions contemplated herein.

“**Releasing Parties**” means, collectively, NCM Releasing Parties and Regal Releasing Parties.

“**Released Parties**” means, collectively, NCM Released Parties and Regal Released Parties.

“**Representatives**” means, with respect to any Party, such Party’s and such Party’s current and former Affiliates’ current and former officers, directors, control persons, equity holders, managers, supervisors, principals, managing members, members, employees, servants, agents, advisory board members, financial advisors, partners, attorneys, advisors, accountants, investment bankers, consultants, administrative agents, collateral agents, documentation agents, representatives, predecessors, successors (including successors in interest), trustees, assigns, assignee for the benefit of creditors, liquidators, receivers, heirs, estates, family members, executors, administrators, and other professionals, in each case, solely in their respective capacities as such.

2. **Joint Venture Termination.**

2.01 **LLC Agreement.** As of the Effective Date, (i) Regal (a) waives and releases all claims under the LLC Agreement, (b) releases the NCM Released Parties that are parties to the LLC Agreement from their respective obligations owed to Regal thereunder, and (c) waives all rights and interests in NCM and all rights and interests thereunder such that the LLC Agreement shall be null and void in all respects solely as to Regal from and after the Effective Date; (ii) NCMI (a) waives and releases all claims against Regal under the LLC Agreement, and (b) releases Regal from its obligations owed to NCMI thereunder; and (iii) the LLC Agreement shall be deemed terminated solely with respect to the Regal parties thereto. For the avoidance of doubt, the LLC Agreement will remain in full force and effect with respect to all parties thereto other than Regal.

2.02 **CUAA.**

(a) National CineMedia agrees that, as of the Effective Date, any and all amounts owed by Regal to National CineMedia under the CUAA shall be offset against

the amounts owed by National CineMedia to Regal under the Regal ESA for services provided prior to the NCM Petition Date such that no amount whatsoever is owed by Regal to National CineMedia under the CUAA.

(b) As of the Effective Date, (i) Regal (a) waives and releases all claims under the CUAA, (b) releases the NCM Released Parties that are parties to the CUAA from their respective obligations owed to Regal thereunder, and (c) waives all rights and interests thereunder such that the CUAA shall be null and void in all respects solely as to Regal from and after the Effective Date; (ii) NCMI and NCM (a) waive and release all claims against Regal under the CUAA, and (b) release Regal from its obligations owed to NCMI and NCM thereunder, including, in each case, any obligations owed to NCMI or NCM with respect to the CUAA Determination Notice; and (iii) the CUAA shall be deemed terminated solely with respect to the Regal parties thereto. For the avoidance of doubt, the CUAA will remain in full force and effect with respect to all parties thereto other than Regal.

2.03 Tax Receivable Agreement. As of the Effective Date, (i) Regal (a) waives and releases all claims under the Tax Receivable Agreement, (b) releases the NCM Released Parties that are parties to the Tax Receivable Agreement from their respective obligations owed to Regal thereunder, and (c) waives all rights and interests thereunder such that the Tax Receivable Agreement shall be null and void in all respects solely as to Regal from and after the Effective Date; (ii) NCMI and NCM (a) waive and release all claims against Regal under the Tax Receivable Agreement, and (b) release Regal from its obligations owed to NCMI and NCM thereunder; and (iii) the Tax Receivable Agreement shall be deemed terminated solely with respect to the Regal parties thereto. For the avoidance of doubt, the Tax Receivable Agreement will remain in full force and effect with respect to all parties thereto other than Regal.

2.04 Software License Agreement. As of the Effective Date, (i) Regal (a) waives and releases all claims under the Software License Agreement, (b) releases the NCM Released Parties that are parties to the Software License Agreement from their respective obligations owed to Regal thereunder, and (c) waives all rights and interests thereunder such that the Software License Agreement shall be null and void in all respects solely as to Regal from and after the Effective Date; (ii) NCM (a) waives and releases all claims against Regal under the Software License Agreement, and (b) releases Regal from its obligations owed to NCM thereunder; and (iii) the Software License Agreement shall be deemed terminated solely with respect to the Regal parties thereto. For the avoidance of doubt, the Software License Agreement will remain in full force and effect with respect to all parties thereto other than Regal.

2.05 Registration Rights Agreement. As of the Effective Date, (i) Regal (a) waives and releases all claims under the Registration Rights Agreement, (b) releases the NCM Released Parties that are parties to the Registration Rights Agreement from their respective obligations owed to Regal thereunder, and (c) waives all rights and interests thereunder such that the Registration Rights Agreement shall be null and void in all respects solely as to Regal from and after the Effective Date; (ii) NCMI (a) waives and releases all claims against Regal under the Registration Rights Agreement, and (b) releases Regal from its obligations owed to NCMI thereunder; and (iii) the Registration Rights Agreement shall be deemed terminated solely with respect to the Regal parties thereto. For the avoidance of doubt, the Registration Rights Agreement will remain in full force and effect with respect to all parties thereto other than Regal.

2.06 Director Designation Agreement.

(a) As of the Effective Date, (i) Regal (a) waives and releases all claims under the Director Designation Agreement, (b) releases the NCM Released Parties that are parties to the Director Designation Agreement from their respective obligations owed to

Regal thereunder, and (c) waives all rights and interests thereunder such that the Director Designation Agreement shall be null and void in all respects solely as to Regal from and after the Effective Date; (ii) NCMI (a) waives and releases all claims against Regal under the Director Designation Agreement, and (b) releases Regal from its obligations owed to NCMI thereunder; and (iii) the Director Designation Agreement shall be deemed terminated solely with respect to the Regal parties thereto. For the avoidance of doubt, the Director Designation Agreement will remain in full force and effect with respect to all parties thereto other than Regal.

(b) As of the Effective Date, any designations by Regal of a nominee to serve as a director on NCMI's Board of Directors pursuant to the Director Designation Agreement shall be automatically null and void, and such director(s) shall be deemed to resign immediately.

2.07 **Other Joint Venture Agreements.** As of the Effective Date, (i) Regal (a) waives and releases all claims under all of the Joint Venture Agreements (as defined in the LLC Agreement) other than the LLC Agreement, the CUAA, the Tax Receivable Agreement, the Software License Agreement, the Registration Rights Agreement, and the Director Designation Agreement (such agreements, the "**Other Joint Venture Agreements**"); (b) releases the NCM Released Parties that are parties to the Other Joint Venture Agreements from their respective obligations owed to Regal under the Other Joint Venture Agreements; and (c) waives all rights and interests thereunder such that the Other Joint Venture Agreements shall be null and void in all respects solely as to Regal from and after the Effective Date; (ii) NCM and NCMI, as applicable, (a) waive and release all claims against Regal under all of the Other Joint Venture Agreements; (b) release Regal from its obligations owed to NCM and NCMI, as applicable, under the Other Joint Venture Agreements; and (iii) the Other Joint Venture Agreements shall be deemed terminated solely with respect to the Regal parties thereto. For the avoidance of doubt, the Other Joint Venture Agreements will remain in full force and effect with respect to all parties thereto other than Regal.

3. **Voting Agreement.** At (i) the meeting of NCMI stockholders for the approval of the Increased Share Authorization Event and (ii) any other meeting of NCMI stockholders (whether annual, special, adjourned, or postponed, however called, including any further adjournment or postponement thereof), Regal hereby agrees to vote, or cause to be voted, all of the Regal NCMI Shares in favor of (a) the Increased Share Authorization Event; (b) each of the proposals necessary or reasonably requested by NCMI for the consummation of the Increased Share Authorization Event; and (c) any other circumstances for which a consent or other approval is required under the organizational documents of NCMI or otherwise sought with respect to the Increased Share Authorization Event.

4. **Escrow Release.** On the Effective Date, NCM and Regal shall execute and deliver the joint instructions attached hereto as **Exhibit B** directly to Barclays Bank PLC. The joint instructions shall direct Barclays Bank PLC to release the Adequate Protection Deposit Amount to Regal by wire transfer of immediately available funds.

5. **Regal ESA.**

(a) Regal agrees that, as of the Effective Date, any and all amounts owed by National CineMedia to Regal under the Regal ESA for services provided prior to the NCM Petition Date shall be offset against the amounts owed by Regal to National CineMedia such that no prepetition amounts are owed by National CineMedia to Regal under the Regal ESA.

(b) The Parties agree that NCM shall pay Regal all amounts owed pursuant to the Regal ESA for services provided after the NCM Petition Date through the Effective Date (the “**Unreconciled Amounts**”). The Parties shall reconcile the Unreconciled Amounts promptly and no less frequently or differently than is consistent with the customary pre-Effective Date practices of Regal and NCM, and NCM shall pay all such amounts as and when they would have become due and payable under the ESA. The amounts and payment dates of these future reconciliations shall be recorded pursuant to addendums or amendments to this Agreement, without the need for the execution of further agreements. For the avoidance of doubt, the Unreconciled Amounts shall be calculated in a manner that is consistent with the calculation of the payment NCM made to Regal on or about May 25, 2023 for amounts owing by NCM to Regal under the Regal ESA from the NCM Petition Date through April 27, 2023.

(c) On the Effective Date, the Parties agree that (a) following the entry of the Regal Rejection Order, the Regal ESA shall be deemed terminated by and between the parties thereto, pursuant to Section 9.02 of the Regal ESA (subject to the future payment of the Unreconciled Amounts), (b) the exclusivity, non-compete, and no-negotiate provisions, including, but not limited to, Sections 2.04, 12.07, and 9.01, respectively, of the Regal ESA shall have no force or effect, (c) each of the Parties hereby waives any and all notice obligations under the Regal ESA, and (d) the stay in the Regal Chapter 11 Cases and the NCM Chapter 11 Case shall be modified to permit the termination of the Regal ESA.

6. **Plans of Reorganization Support.** The Parties shall seek expeditious confirmation of the Plans of Reorganization in a manner that is materially consistent with this Agreement. The Parties shall affirmatively support the Plans of Reorganization and shall not object to or otherwise directly or indirectly, take any action that is inconsistent with, or is intended to frustrate, hinder, or delay any efforts to confirm, implement, consummate the Plans of Reorganization. Regal shall exercise any power or rights in favor of any matter requiring approval to the extent necessary to implement the NCM Plan of Reorganization.

7. **NCMI Common Stock Surrender.** On the effective date of the NCM Plan of Reorganization, Regal shall surrender the Regal NCMI Shares to NCMI for cancellation.

8. **Releases**

8.01 **Regal Releases.** Each of the Regal Releasing Parties hereby freely and unconditionally releases and forever discharges the NCM Released Parties, effective as of the Effective Date, from any and all past, present, or future claims, actions, demands, causes of action, obligations, rights, suits, damages, remedies, penalties, costs, attorneys’ and other professional fees, and liabilities, of every kind and nature whatsoever (if any there be), whether known or unknown, contingent or not contingent, matured or unmatured, including any derivative claims, asserted by or on behalf of the Regal Releasing Parties that the Regal Releasing Parties would have been legally entitled to assert (whether individually or collectively), whether in contract or in tort or under any statute, or under any other legal or equitable theory, based in law or in equity and to the fullest extent permitted by law or upon any other act or omission, transaction, agreement, event, circumstance, or other occurrence relating to, arising from or under, or in connection with the Joint Venture Agreements, the Regal ESA (with the exception of the Unreconciled Amounts), NCMI’s certificate of incorporation (the “**NCMI Certificate of Incorporation**”), the Adequate Protection Motion, the Regal Chapter 11 Cases, the NCM Chapter 11 Case, and/or the Parties’ respective businesses, operations, assets, or liabilities, and taking place on or before the Effective Date, including all claims and counterclaims (whether for pecuniary or equitable relief, or otherwise) (collectively, the “**Regal Released Claims**”); *provided*, that the foregoing release shall not, and shall not be deemed or

construed to: (i) release any obligations, duties, or liabilities among the Parties under this Agreement or the Network Affiliate Transaction Agreement; (ii) release any claims, actions, demands, causes of action, obligations, rights, suits, damages, remedies, penalties, costs, fees, or liabilities against any Person that is not a NCM Released Party; and (iii) release any claims, actions, demands, causes of action, obligations, rights, suits, damages, remedies, penalties, costs, fees, or liabilities related to any act or omission that may have constituted fraud, willful misconduct, or gross negligence.

8.02 NCM Releases. Each of the NCM Releasing Parties hereby freely and unconditionally releases and forever discharges the Regal Released Parties, effective as of the Effective Date, from any and all past, present, or future claims, actions, demands, causes of action, obligations, rights, suits, damages, remedies, penalties, costs, attorneys' and other professional fees, and liabilities, of every kind and nature whatsoever (if any there be), whether known or unknown, contingent or not contingent, matured or unmatured, including any derivative claims, asserted by or on behalf of the NCM Releasing Parties that the NCM Releasing Parties would have been legally entitled to assert (whether individually or collectively), whether in contract or in tort or under any statute, or under any other legal or equitable theory, based in law or in equity and to the fullest extent permitted by law or upon any other act or omission, transaction, agreement, event, circumstance, or other occurrence relating to, arising from or under, or in connection with the Joint Venture Agreements, the Regal ESA, the NCMI Certificate of Incorporation, the Adequate Protection Motion, the Regal Chapter 11 Cases, the NCM Chapter 11 Case, and/or the Parties' respective businesses, operations, assets, or liabilities, and taking place on or before the Effective Date, including all claims and counterclaims (whether for pecuniary or equitable relief, or otherwise) (collectively, the "NCM Released Claims" and together with the Regal Released Claims, the "Released Claims"); *provided*, that the foregoing release shall not, and shall not be deemed or construed to: (i) release any obligations, duties, or liabilities among the Parties under this Agreement or the Network Affiliate Transaction Agreement; (ii) release any claims, actions, demands, causes of action, obligations, rights, suits, damages, remedies, penalties, costs, fees, or liabilities against any Person that is not a Regal Released Party; and (iii) release any claims, actions, demands, causes of action, obligations, rights, suits, damages, remedies, penalties, costs, fees, or liabilities related to any act or omission that may have constituted fraud, willful misconduct, or gross negligence.

9. Intention of the Parties/Waiver of Civil Code Section 1542. It is the intention of the Parties that this Agreement shall be effective as a full and final accord, satisfaction and release of all Released Claims. In furtherance of this intention, each Party acknowledges and agrees that the release of Released Claims provided for in this Agreement shall extend to any and all Released Claims, whether known or unknown, suspected or unsuspected, disclosed or undisclosed, legal or equitable, and expressly waive and relinquish any and all rights that the Parties may have under California Civil Code, Section 1542, which provides that:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Each Party expressly waives and releases any and all rights and benefits which it has, or may have, under California Civil Code, Section 1542, and any other similar law or rule of any other jurisdiction pertaining to the matters released in this Agreement. Each Party understands, acknowledges and agrees that it may later discover facts in addition to, or different from, those which it now knows or believes to be true as to the Released Claims or the subject matter of this

Agreement, but it is the intention of the Parties, through and in accordance with this Agreement and with the advice of counsel, to fully, finally and forever settle and release any and all Released Claims. In furtherance of this intention, the releases of Released Claims provided for under this Agreement shall be, and are to remain in effect as, full and complete releases of any and all Released Claims, as applicable, notwithstanding the discovery of any additional claims or facts relating to such releases.

10. **Covenant Not to Sue.** Each of the Releasing Parties covenants and agrees not to bring or pursue any legal, administrative, legislative or adversary action, claim, suit or proceeding of any kind or nature, whether as a claim, cross-claim, or counterclaim, against any of the applicable Released Parties, which in any way allegedly or actually arises from, or relates to, directly or indirectly, any Released Claims, and each Party further covenants and agrees that this Agreement is a bar to any such action, claim, suit or proceeding, except for proceedings to enforce this Agreement.

11. **Representations and Warranties.**

11.01 **Mutual Representations and Warranties.** Each Party represents and warrants that, as of the Execution Date and the Effective Date: (a) such Party has not assigned, subrogated, or otherwise transferred to any Person any Released Claims and shall not assign or otherwise transfer to any Person any such claim on or prior to the Effective Date, (b) there are no additional entities or persons affiliated with such Party that are necessary to effect the release and extinguishment of any Released Claims, and (c) this Agreement has been duly executed and delivered by such Party and constitutes such Party's legal, valid, and binding obligation, enforceable against such Party in accordance with its terms.

11.02 **Ownership of NCMI Common Stock.** Regal covenants, represents, and warrants that (i) as of the Execution Date and (ii) as of the Effective Date (before surrendering the Regal NCMI Shares to NCMI pursuant to Section 7 hereof), (a) it is the beneficial or record owner of the Regal NCMI Shares; (b) it has the full power and authority to act on behalf of, vote and consent to matters concerning the Regal NCMI Shares; (c) other than pursuant to (i) this Agreement and (ii) the NCM Transaction Approval Order and the Regal Transaction Approval Order, as applicable, it has good, valid, and marketable title to the Regal NCMI Shares, free and clear of any pledge, lien, security interest, charge, claim, equity, option, proxy, voting restriction, right of first refusal or other limitation on disposition, transfer, or encumbrance of any kind, that would adversely affect in any way Regal's performance of its obligations contained in this Agreement at the time such obligations are required to be performed.

12. **Miscellaneous.**

12.01 **Notices.** Any notice, request, instruction, or other communication to be given under this Agreement by a Party shall be in writing and shall be deemed to have been given to the receiving Party: (a) when delivered, if delivered in person or by overnight delivery service (charges prepaid), (b) following confirmation of receipt, if sent via email, and each Party agrees to promptly confirm receipt during normal business hours of the intended recipient in each case to the address or email address of such Party set forth below (as may be changed by way of notice to the other Party) and marked to the attention of the designated individual or to such other individual, address or email address as a Party may designate for itself by notice given in accordance with this Section 12.01:

To Regal:
101 E. Blount Ave.
Knoxville, TN 37920-1605
Telecopier No.: (865) 922-3188
Email: Warren.Sanger@regalcinemas.com
Attention: Warren Sanger

To National CineMedia:
6300 S. Syracuse Way, Suite 300
Centennial, CO 80111
Email: legal@ncm.com; ronnie.ng@ncm.com; carol.flaton@hamlinpartners.com
Attention: General Counsel; Chief Financial Officer; Independent Manager

12.02 Admissibility. Pursuant to Federal Rule of Evidence 408 and any other applicable rules of evidence, this Agreement and all negotiations relating hereto shall not be admissible into evidence in any proceeding other than a proceeding to (a) seek court approval (if necessary) of this Agreement, the Network Affiliate Transaction Agreement, and/or the transactions contemplated therein, or (b) enforce the terms of this Agreement or the payment of damages to which a Party may be entitled under this Agreement.

12.03 Specific Performance. It is understood and agreed by the Parties that money damages would be an insufficient remedy for any breach of this Agreement by any Party, and each non-breaching Party shall be entitled to specific performance and injunctive or other equitable relief (without the posting of any bond, without proof of actual damages and without waiving any claim for damages) as a remedy of any such breach, including an order of a court of competent jurisdiction requiring any Party to comply promptly with any of its obligations hereunder.

12.04 No Admissions. Nothing in this Agreement, nor any actions taken by, or failure to act by, the Parties in furtherance of this Agreement, shall be construed as an admission of liability, wrongdoing, or violation of rule or law on the part of any Party, and each Party expressly denies and disputes that any such action taken by, or failure to act by, the Parties constitutes such an admission.

12.05 Successors and Assigns. This Agreement is binding upon the Parties hereto and shall inure to the benefit of the Parties hereto and their Affiliates, and their respective successors and assigns.

12.06 Choice of Law; Choice of Forum. This Agreement, and any dispute arising from this Agreement or the subject matter of this Agreement, shall be governed by the laws of the State of New York, without regard to its conflicts of law principles, and the federal and state courts in the State of New York shall be the exclusive jurisdiction for resolving all disputes relating to this Agreement. The Parties submit to the jurisdiction of such courts over such a dispute and waive any objection to the propriety or convenience of venue in such courts. Each Party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any dispute arising out of or relating to this Agreement. Each Party acknowledges and agrees that (a) such Party has considered the implications of this waiver, (b) such Party makes this waiver knowingly and voluntarily, after consulting or having had the opportunity to consult with counsel of their choice, and (c) such Party has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 12.06.

12.07 Third Party Beneficiaries. With the exception of the Representatives of Regal and NCM who are intended third-party beneficiaries of the releases set forth herein, this Agreement is for the sole benefit of the Parties and their successors and permitted assigns, and nothing in

this Agreement, express or implied, is intended to or shall confer upon any other party or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

12.08 No Construction; Interpretation. The Parties have participated jointly in the negotiation and drafting of this Agreement, and in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provisions of this Agreement. The terms “include” and “including” shall be deemed to be immediately followed by the phrase “without limitation,” the term “or” shall not be exclusive, and the terms “herein” and “hereunder” and similar terms shall be interpreted to refer to this entire Agreement. In the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural.

12.09 Amendment. This Agreement may be amended, supplemented or modified, and any of the terms, covenants, representations, warranties or conditions may be waived, only by a written amendment executed by each of the Parties. No waiver by any Party of any breach of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision of this Agreement. All waivers must be in writing by the Parties. No failure of a Party to enforce a provision shall be deemed a waiver of any noncompliance.

12.10 Severability. If any provision of this Agreement or the application of any such provision to any person, entity, or circumstance is held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or the application of such provision to any other persons, entities, or circumstances, and to the extent permissible under applicable law, any such invalid, illegal or unenforceable provision shall be deemed amended lawfully to conform with the intent of the Parties.

12.11 Integration. This Agreement, together with the amendments, annexes, exhibits, and schedules hereto, constitutes the entire agreement between the Parties with respect to its subject matter and supersedes all prior or contemporaneous oral or written negotiations, offers, representations, warranties and agreements with respect to this subject matter; *provided*, that the Stipulation of Dismissal shall be in full force and effect in accordance with the terms thereof and this Agreement shall not affect in any way the dismissal of the NCM Adversary and the Regal Adversary, with prejudice, in accordance with the Stipulation of Dismissal.

12.12 Rights of Parties are Cumulative. The rights of the Parties under this Agreement are cumulative, and no exercise or enforcement by either Party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by law.

12.13 Counterparts. This Agreement may be executed in one or more counterparts, each of which when executed and delivered shall be deemed to be an original, and all of which counterparts taken together shall constitute one and the same instrument. This Agreement shall become binding when one or more counterparts taken together shall have been shown to have been executed by each Party and delivered to the other Parties.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the Execution Date.

Regal CineMedia Holdings, LLC

By: __
Name:
Title:

Regal Cinemas, Inc.

By: __
Name:
Title:

Regal CineMedia Corporation

By: __
Name:
Title:

[Signature Page to Joint Venture Termination and Settlement Agreement]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the Execution Date.

National CineMedia, LLC

By: __
Name:
Title:

National CineMedia, Inc.

By: __
Name:
Title:

[Signature Page to Joint Venture Termination and Settlement Agreement]

Exhibit A

Regal Rejection Order

Exhibit B

Escrow Release Instructions

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: August 1, 2023

/s/ Thomas F. Lesinski

Thomas F. Lesinski

Chief Executive Officer and Director

(Principal Executive Officer)

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: August 1, 2023

/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 Quarterly Report on Form 10-Q for the period ending June 29, 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 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: August 1, 2023

/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.

**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 June 29, 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: August 1, 2023

/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.