

 **NCM**<sup>SM</sup>  
AMERICA'S MOVIE NETWORK

# Q1'22 Earnings

## Supplemental Presentation

# Forward-Looking Statements

This presentation contains various forward-looking statements that reflect management's current expectations or beliefs regarding future events and results of operations, including statements concerning the ultimate impact of the COVID-19 pandemic on the Company and future theater attendance levels, among others. Investors are cautioned that reliance on these forward-looking statements involves risks and uncertainties. Although the Company believes that the assumptions used in the forward-looking statements are reasonable, any of these assumptions could prove to be inaccurate and, as a result, actual results could differ materially from those expressed or implied in the forward-looking statements. The factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements are, among others, 1) level of theater attendance or viewership of the *Noovie*® pre-show; 2) the impact of pandemics, epidemics or disease outbreaks, such as the novel coronavirus (COVID-19) and the success of actions taken to mitigate such situations, vaccine rollouts, vaccine or mask mandates and potential changes to consumer behavior; 3) the availability and predictability of major motion pictures displayed in theaters; 4) increased competition for advertising expenditures; 5) changes to relationships with NCM LLC's founding members; 6) inability to implement or achieve new revenue opportunities; 7) failure to realize the anticipated benefits of the 2019 amendments to NCM LLC's exhibitor service agreements with Regal and Cinemark; 8) technological changes and innovations; 9) economic conditions, including the level of expenditures on and perception of cinema advertising; 10) our ability to renew or replace expiring advertising and content contracts; 11) reinvestment in our network and product offerings, which may require significant funding and resulting reallocation of resources; 12) fluctuations in operating costs; and 13) changes in interest rates. In addition, the outlook provided does not include the impact of any future unusual or infrequent transactions; sales and acquisitions of operating assets and investments; any future non-cash impairments of intangible and fixed assets; amounts related to litigation or the related impact of taxes that may occur from time to time due to management decisions and changing business circumstances. The Company is currently unable to forecast precisely the timing and/or magnitude of any such amounts or events. Please refer to the Company's Securities and Exchange Commission filings, including the "Risk Factor" section of the Company's Annual Report on Form 10-K for the year ended December 30, 2021, for further information about these and other risks. Investors are cautioned not to place undue reliance on any such forward-looking statements, which are presented only as of the date they are made. The Company undertakes no obligation to update any forward-looking statement, whether as a result, of new information, future events or otherwise, except as required by law.

This presentation contains references to Non-GAAP financial measures including Adjusted OIBDA (Operating Income Before Depreciation and Amortization, Amortization of intangibles recorded for network theater screen leases, excluding share-based payment costs, impairment of long-lived assets, and sales force reorganization costs). A reconciliation of these measures is available in this presentation and on the investor page of the Company's website at [www.ncm.com](http://www.ncm.com). The Company has not provided a reconciliation of the forward-looking non-GAAP Adjusted OIBDA measure to forward-looking GAAP operating income due to the inability to predict the amount and timing of impacts outside of the Company's control, such as the ongoing COVID-19 pandemic, on certain items, including the timing of revenue and charges reflected in our reconciliation of historic numbers, the amount of which, based on historical experience, could be significant and are difficult to reasonably predict. Accordingly, a reconciliation of this non-GAAP measure is not available without unreasonable effort.

# National CineMedia Business Update

- In-theater advertising for the first quarter of 2022 improved compared to the first quarter of 2021.
- NCM has the following cash and receivable positions:
  - NCM LLC began the first quarter of 2022 with a cash balance of \$58.6 million and ended the first quarter with a cash balance of \$76.2 million.
  - The accounts receivable balance, net of allowance for doubtful accounts, at the beginning of the first quarter, was \$53.0 million and was \$43.0 million at the end of the first quarter.
  - Total liquidity of \$83.0 million at NCM LLC as of March 31, 2022.
- 1Q22 Total Revenue of \$35.9 million exceeded management guidance of \$32 - \$35 million.
  - Fourth consecutive year-over-year revenue growth
- 1Q22 Adjusted OIBDA of \$(6.8) million was within management expectations.
- NCM recently launched our new data intelligence platform, NCMx, which connects brands with custom audiences in theaters as well as on digital screens before and after attending movies.
- NCM also launched our reimagined *Noovie*® Pre-Show featuring an array of new content series, strategic partnerships and a diverse cross-section of social media stars and celebrity talent.

# Q1 2022 Highlights versus Q1 2021

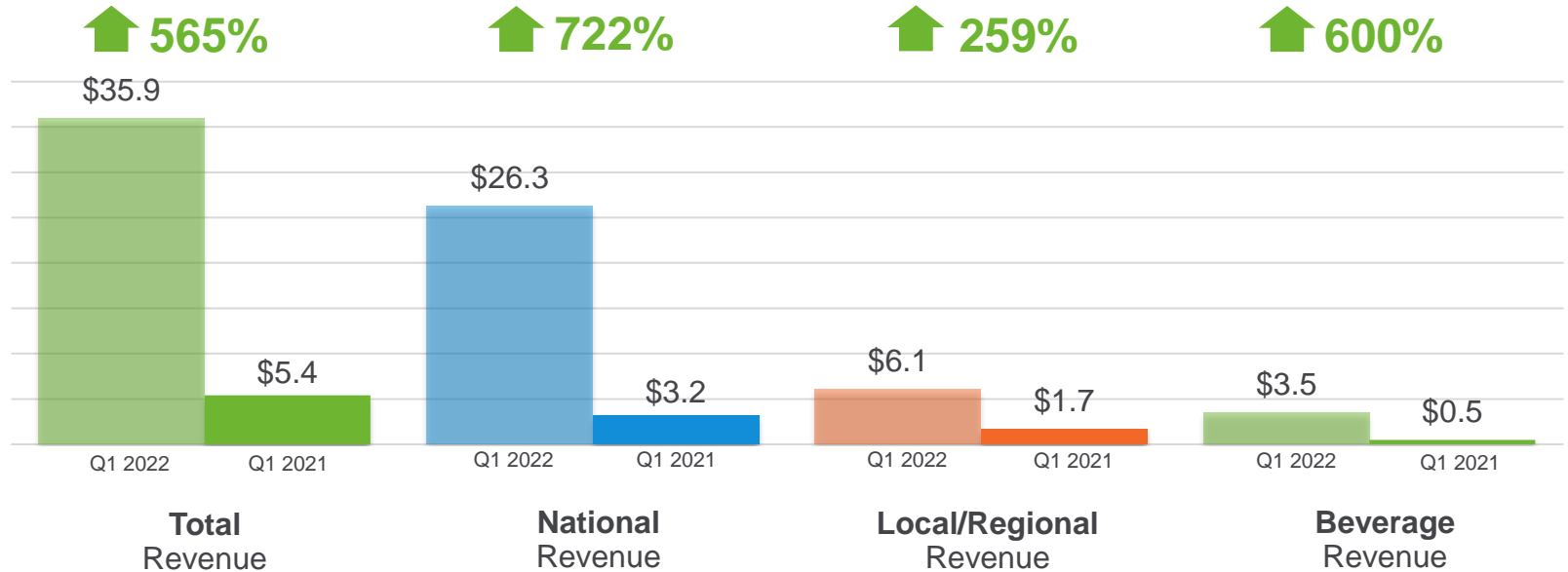
## Financial:

- Total revenue increased 565% to \$35.9 million.
- Adjusted OIBDA<sup>(1)</sup> improved from negative \$16.2 million to negative \$6.8 million.
- National Sales revenue increased 722% to \$26.3 million.
- Local and Regional revenue increased 259% to \$6.1 million.
- Beverage revenue increased to \$3.5 million from \$0.5 million in the prior year's quarter.

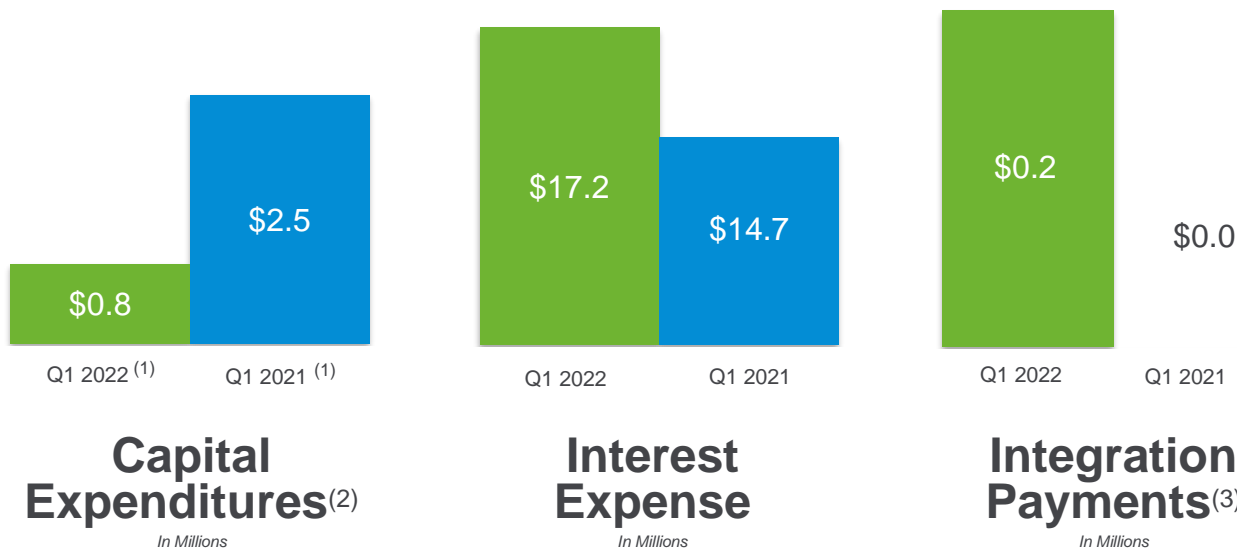
(1) Adjusted OIBDA represents a non-GAAP measure (operating income before depreciation and amortization of intangibles recorded for network theater screen leases and excluding non-cash share based costs, impairment of long-lived assets and sales force reorganization costs). See reconciliation to the comparable GAAP measure on slide 11 of this presentation.

# Revenue (Q1)

(\$ in millions)







# Other Financial Metrics (Q1)



- (1) Includes capital expenditures of \$0.4 million in Q1 2022 related to our digital product investment versus \$0.4 million in Q1 2021.
- (2) Includes certain other implementation costs associated with Cloud Computing Arrangements.
- (3) Integration and other encumbered theater payments. These payments were recorded as a reduction of an intangible asset and are excluded from Adjusted OIBDA.

# Capital Structure Update

Q1 2022	 \$1,156.4M	 \$217.0M	 \$115.1M	 5.7%	N/A
Q1 2021	\$1,109.6M	\$167.0M	\$192.2M	5.2%	N/A
	<b>Total Debt Outstanding</b>	<b>Outstanding Revolver Balance</b>	<b>Consolidated Cash and Investment Balances<sup>(1)</sup></b>	<b>Average Interest Rate on All Debt</b>	<b>Consolidated Total Leverage Ratio<sup>(2)(3)</sup></b> <b>(Total Debt / Adjusted OIBDA + Integration Payments)</b>

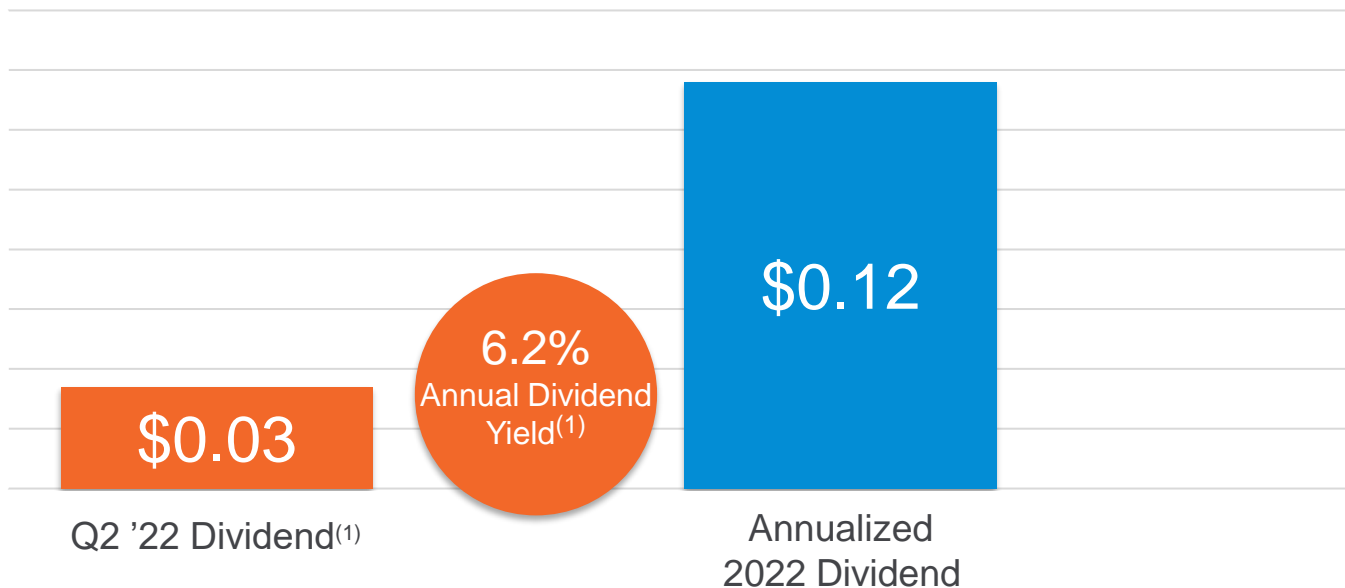
(1) \$38.9 million of this balance is at NCMi at March 31, 2022 and \$52.8 million at April 1, 2021.

(2) On January 5, 2022, NCM obtained a waiver of any non-compliance with its Consolidated Net Senior Secured Leverage Ratio and Consolidated Total Leverage Ratio financial covenants until and including the quarter ending December 29, 2022.

(3) The Company's leverage ratios are N/A as the Company generated negative Adj. OIBDA during the four fiscal quarters ended March 31, 2022.

# Cash Dividends in Q2'22 and Annualized FY '22 Dividend

This quarterly dividend achieves two primary goals. First, it allows NCM Inc. to continue to pay a consistent dividend into the foreseeable future as we work through the deleveraging of our operating partnership NCM, LLC. This is consistent with the Company's intention to distribute substantially all our free cash flow to stockholders through its quarterly dividend. Second, a slightly lower dividend will allow increased financial flexibility for NCM, Inc.



(1) The dividend declared on May 9, 2022 is \$0.03 per share for payment in Q2 2022 and represents an annualized dividend of \$0.12 per share.

(2) Dividend yield based on NCMI closing stock price on May 9, 2022 of \$1.93



# Financial Outlook

Due to the continued uncertainties related to the COVID-19 pandemic over the near term and the impact of changes in consumer behavior on attendance following the reopening of the theaters, the Company is only providing revenue and Adjusted OIBDA guidance for the second quarter of 2022.

The Company expects to earn revenue of \$63.0 million to \$70.0 million and Adjusted OIBDA of \$12.5 million to \$18.5 million for the second quarter of 2022.

# Operating Income to Adjusted OIBDA and Adjusted OIBDA Margin

\$ in millions

	Quarter Ended	
	March 31, 2022	April 1, 2021
Operating loss	\$ (22.5)	\$ (28.3)
Depreciation expense	2.0	3.3
Amortization of intangibles recorded for network theater screen leases	6.1	6.1
Share-based compensation costs (1)	1.4	2.7
Impairment of long-lived assets (2)	5.8	—
Sales force reorganization costs (3)	0.4	—
<b>Adjusted OIBDA</b>	<b>\$ (6.8)</b>	<b>\$ (16.2)</b>

- (1) Share-based compensation costs are included in network operations, selling and marketing and administrative expense.
- (2) The impairment of long-lived assets primarily relates to the write-off of certain internally developed software no longer in use.
- (3) Sales force reorganization costs represent redundancy costs associated with changes to the Company's sales force implemented during the first quarter of 2022.

# Thank You!

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