

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

THEATERS  
AUGUST

# Q3 '21 Earnings Supplemental Presentation Liquidity and COVID-19 Update

# Forward-Looking Statements

This presentation contains various forward-looking statements that reflect management's current expectations or beliefs regarding future events. 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) our need for additional funding including the approved revolving loan agreement between NCM Inc. and NCM LLC, and risks and uncertainties relating to our significant indebtedness; 6) changes to relationships with NCM LLC's founding members; 7) inability to implement or achieve new revenue opportunities; 8) failure to realize the anticipated benefits of the 2019 amendments to the Company's exhibitor service agreements with Regal and Cinemark; 9) technological changes and innovations; 10) economic conditions, including the level of expenditures on and perception of cinema advertising; 11) our ability to renew or replace expiring advertising and content contracts; 12) reinvestment in our network and product offerings may require significant funding and resulting reallocation of resources; 13) fluctuations in and timing of operating costs; and 14) 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 31, 2020, as updated in the Company's Quarterly Reports on Form 10-Q for the quarter ended September 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 speak 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 executive transition 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).

# National CineMedia Business Update – Covid-19 Impact

- Despite the increase in network attendance, in-theater advertising revenue for the third quarter of 2021 remained significantly below historical levels.
- NCM has the following cash and receivable positions:
  - NCM LLC began the third quarter of 2021 with a cash balance of \$98.2 million and ended the third quarter with a cash balance of \$64.4 million.
  - The accounts receivable balance, net of allowance for doubtful accounts, at the beginning of the third quarter was \$11.8 million and was \$28.5 million at the end of the third quarter.
- NCM LLC's theater access fees, network affiliate payments and Platinum Spot revenue share payments are driven by attendance, active screens and revenue, and therefore, were not incurred during periods when the theaters were closed and were reduced for the period of time that attendance and theatrical release schedules were less than historical levels. Following the reopening of all the theaters within our network and the increase in attendance in the third quarter of 2021, these costs increased towards historical levels.
- The Company has significantly reduced payroll related costs through a combination of temporary furloughs, permanent layoffs and salary reductions. In total, the Company's headcount has been reduced by almost 35% as compared to headcount levels prior to the COVID-19 pandemic.
- While the COVID-19 pandemic makes it challenging for management to estimate the future performance of our business, particularly over the near to medium term, the Company began to ramp up its business during the second and third quarters of 2021 and expects to continue to increase advertising revenues in the fourth quarter of 2021.

# National CineMedia Business Update – Covid-19 Impact

- Approximately half of our top 20 upfront partners from 2019 have closed deals with us for 2021, with several additional clients expected to make commitments by the end of the year.
- Just completed three weekends in a row with box office of more than \$100 million, and six weekends in a row with averaging over \$100 million per weekend.
- Total first and second party data sets for our digital platform are expected to grow to approximately 300 million by year end.

## **Liquidity Update:**

- The Company is actively pursuing a number of options including amending its Senior Secured Credit Facility to extend a waiver of NCM LLC's financial covenants under its credit agreement and obtaining additional financing either through a loan from third party lenders or NCM, Inc.

# Q3 2021 Highlights versus Q3 2020

## Financial:

- Total revenue increased 428% to \$31.7 million.
- Adjusted OIBDA<sup>(1)</sup> improved 27% to negative \$8.2 million.
- National and Regional Sales revenue increased 554% to \$22.9 million.
- Local revenue increased 135% to \$5.4 million.
- Beverage revenue increased to \$3.4 million from \$0.2 million in the prior year's quarter.

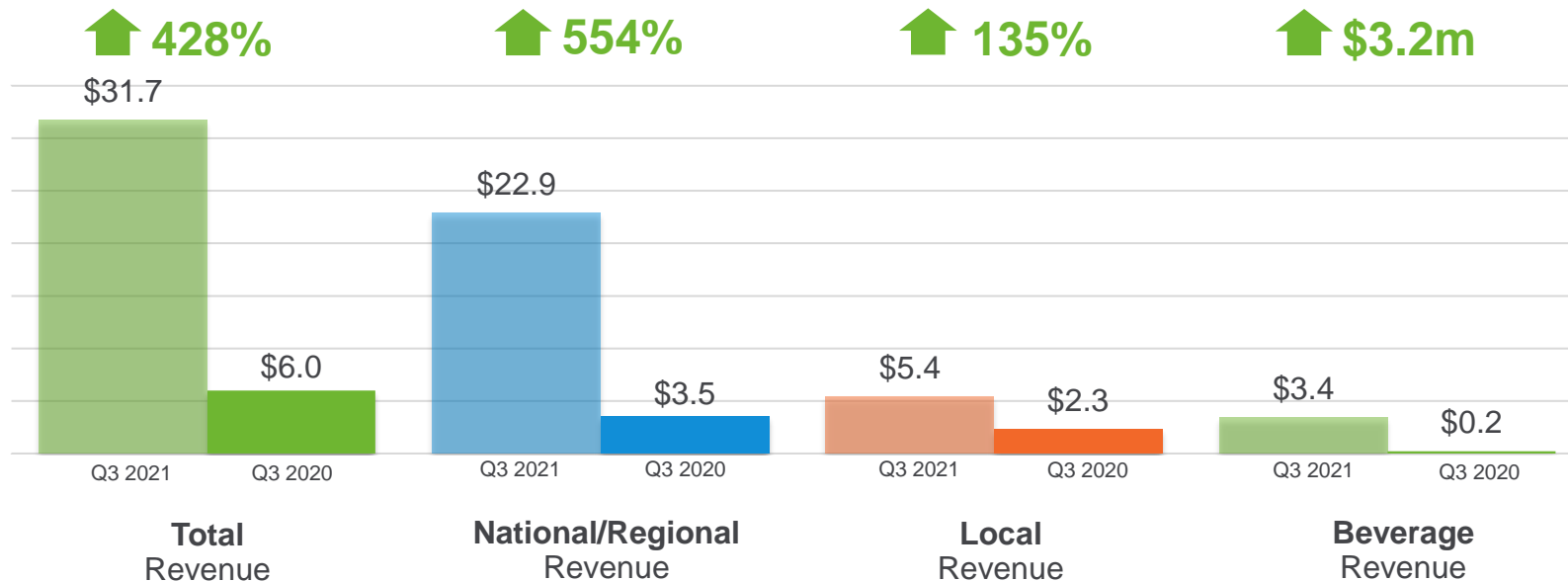
## Other:

- Recently closed a ground-breaking integrated advertising partnership for a pharmaceutical client that included national and regional ads on our big screen and on our Digital platforms.

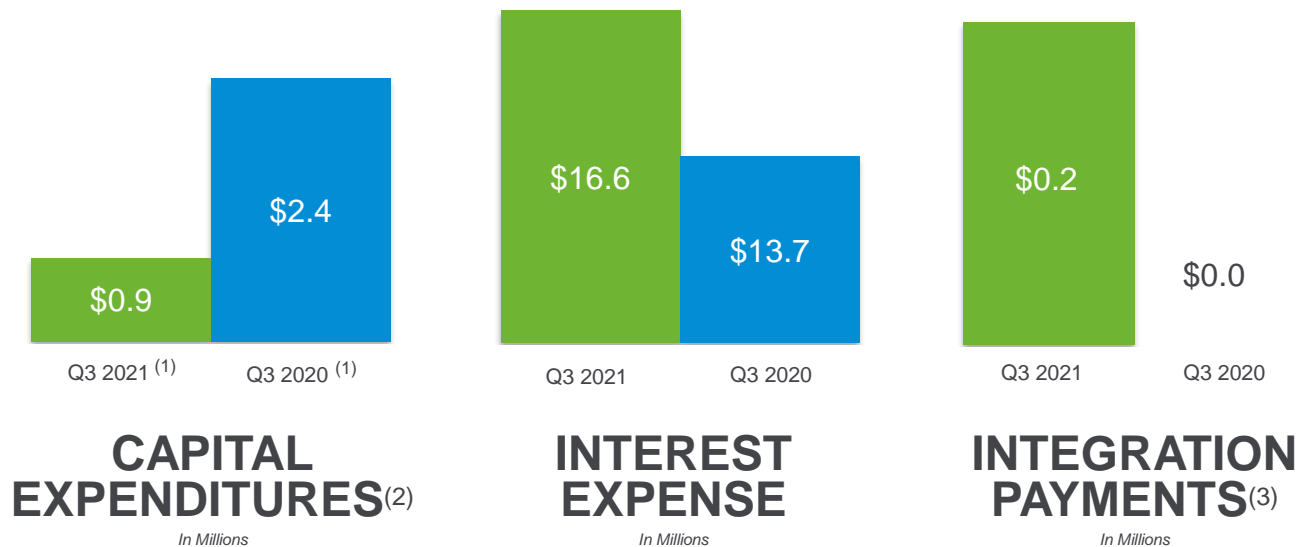
(1) Adjusted OIBDA represents a non-GAAP measure (operating income before depreciation and amortization of intangibles recorded for network theater screen leases and excluding non-cash share based costs, impairment of long-lived assets and executive transition costs.). See reconciliation to the comparable GAAP measure on slide 13 of this presentation.

# Revenue (Q3)

(\$ in millions)



# Other Financial Metrics (Q3)



- (1) Includes capital expenditures of \$0.5 million in Q3 2021 related to our digital product investment versus \$0.8 million in Q3 2020.
- (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. There were no integration payments during Q3 2020 because the Company generated negative Adjusted OIBDA during this period due to the closure of the encumbered theaters in response to the COVID-19 pandemic. There were \$0.2 million in encumbered beverage payments during Q3 2021.

# YTD 2021 Highlights versus YTD 2020

## Financial:

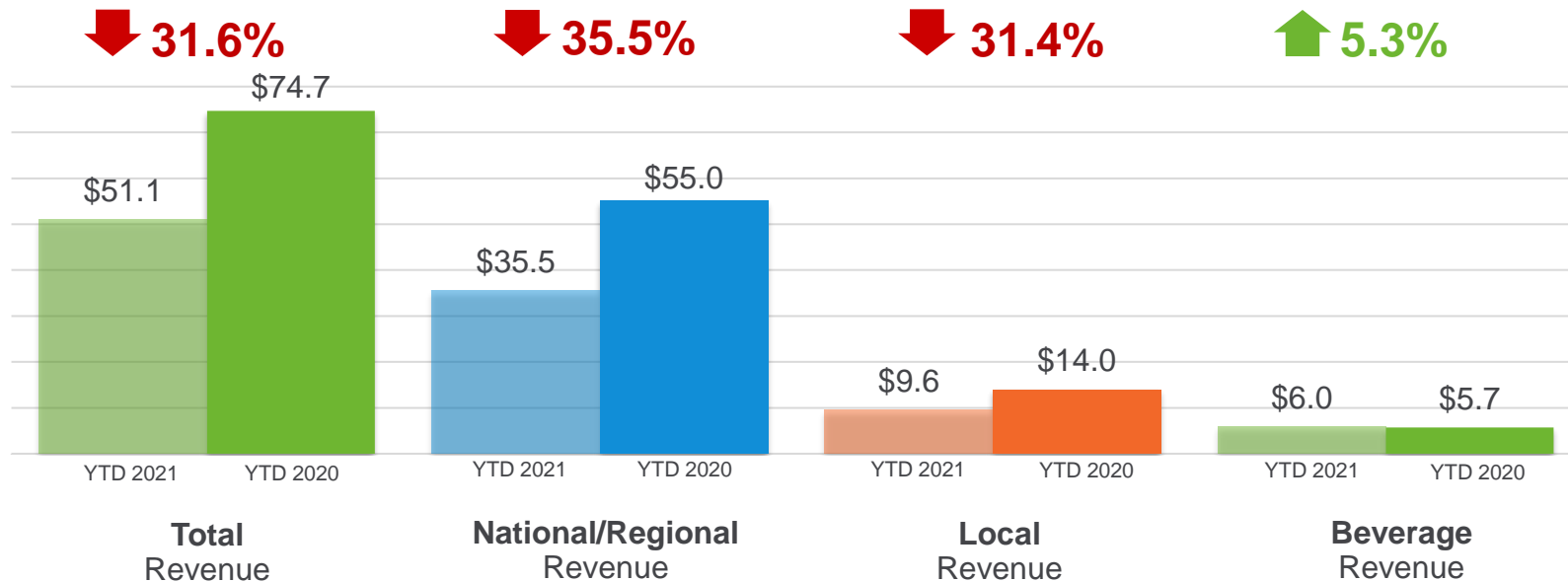
- Total revenue decreased 31.6% to \$51.1 million.
- Adjusted OIBDA<sup>(1)</sup> decreased 354% to negative \$43.1 million.
- National and Regional Sales revenue decreased 35.5% to \$35.5 million.
- Local revenue decreased 31.4% to \$9.6 million.
- Beverage revenue increased 5.3% to \$6.0 million.

(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 executive transition costs.). See reconciliation to the comparable GAAP measure on slide 13 of this presentation.



# Revenue (YTD)

(\$ in millions)







# Other Financial Metrics (YTD)



- (1) Includes capital expenditures of \$1.3 million in YTD 2021 related to our digital product investment versus \$3.7 million in YTD 2020.
- (2) Includes certain other implementation costs associated with Cloud Computing Arrangements.
- (3) Integration and other encumbered theater payments. There were \$0.3 million in encumbered beverage payments YTD 2021. These payments were recorded as a reduction of an intangible asset and are excluded from Adjusted OIBDA.

# Diversified Debt Structure

Q3 2021	 \$1,108.0M	\$167.0M	 \$111.3M	 5.6%	 N/A
Q3 2020	\$1,061.6M	\$167.0M	\$220.7M	4.9%	10.4X
	<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) \$46.9 million of this balance is at NCM at September 30, 2021 and \$63.3 million at September 24, 2020.

(2) On March 8, 2021, NCM obtained approval of a waiver of any non-compliance with its Consolidated Net Senior Secured Leverage Ratio and Consolidated Total Leverage Ratio financial covenants through the quarter ended June 30, 2022.

(3) The Company's leverage ratios are N/A as the company generated negative Adj. OIBDA during the four fiscal quarters ended September 30, 2021.

# Cash Dividends in Q4'21 and Annualized FY '21 Dividend

The dividend was reduced from 2020 quarterly dividend amounts due to the reduced cash flows to NCM LLC from the theater closures from the COVID-19 pandemic and the corresponding limitations on available cash distributions from NCM LLC to NCM, Inc. under the Credit Agreement amendment entered into on March 8, 2021.



- (1) The dividend declared on November 8, 2021 is \$0.05 per share for payment in Q4 2021 and represents an annualized dividend of \$0.20 per share.
- (2) Dividend yield based on NCMI closing stock price on November 8, 2021 of \$3.88.

# 2021 Annual Guidance

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 not providing revenue and Adjusted OIBDA guidance for the fiscal year ending December 30, 2021. The Company anticipates reviewing this guidance policy when it has more visibility into theater attendance trends and the level of commitments received in the national scatter market and as a result of our participation in the television upfront selling process.

While the Company's third quarter advertising revenue lagged the cinema recovery, the Company began to significantly reduce its cash burn rate and with stronger fourth quarter national bookings and a recovering local and regional business, the fourth quarter is shaping-up to be a turning point for the Company as it expects to achieve positive quarterly Adjusted OIBDA for the first time since the pandemic started. The Company is also well-positioned going into 2022 given the progress of the Company's digital and audience diversification strategies and expects upfront national bookings of approximately 75% of 2019 levels including commitments from several existing and many new clients.

# Operating Income to Adjusted OIBDA and Adjusted OIBDA Margin

\$ in millions

	Quarter Ended		Nine Months Ended	
	September 30, 2021	September 24, 2020	September 30, 2021	September 24, 2020
Operating loss	\$ (18.7)	\$ (21.3)	\$ (76.6)	\$ (40.2)
Depreciation expense	2.5	3.1	8.4	9.5
Amortization of intangibles recorded for network theater screen leases	6.2	6.2	18.5	18.4
Share-based compensation costs (1)	1.7	0.8	6.5	1.1
Impairment of long-lived assets (2)	—	—	—	1.7
Executive transition costs (3)	0.1	—	0.1	—
<b>Adjusted OIBDA</b>	<b>\$ (8.2)</b>	<b>\$ (11.2)</b>	<b>\$ (43.1)</b>	<b>\$ (9.5)</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.
- (3) Executive transition costs represent costs associated with the search for a new Company CFO during the third quarter of 2021.

# Thank You!

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