

National CineMedia, Inc.

Reconciliation of Operating Income to Adjusted OIBDA, Adjusted OIBDA Margin and Free Cash Flow

(dollars in millions)

(unaudited)

Adjusted Operating Income Before Depreciation and Amortization ("Adjusted OIBDA") and Adjusted OIBDA margin are not financial measures calculated in accordance with GAAP in the United States. Adjusted OIBDA represents operating income (loss) before depreciation expense adjusted to also exclude amortization of intangibles recorded for network theater screen leases and non-cash share-based compensation costs, impairment of long-lived assets, termination of the Regal ESA, advisor fees related to the Cineworld proceeding and Chapter 11 Case and certain sales force reorganization costs. 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 so highlight trends in its core business that may not otherwise be apparent when relying solely on GAAP financial measures. The Company believes the presentation of these measures is relevant and useful for investors because it enables them to view performance in a manner similar to the method used by the Company's management, helps improve their ability to understand the Company's operating performance and makes it easier to compare the Company's results with other companies that may have different depreciation policies, amortization of intangibles recorded for network theater screen leases, non-cash share based compensation programs, non-recurring sales force reorganization costs, non-recurring advisor fees, non-recurring contract termination expenses, impairments of long-lived assets, interest rates, debt levels or income tax rates. A limitation of these measures, however, is that they exclude depreciation and amortization of intangibles recorded for network theater screen leases, which represent a proxy for the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in the Company's business. In addition, Adjusted OIBDA has the limitation of not reflecting the effect of the Company's share-based payment costs, impairments of long-lived assets, termination of the Regal ESA and advisor fees related to the Cineworld proceeding or Chapter 11 Case. Adjusted OIBDA should not be regarded as an alternative to operating income, net income or as an indicator of operating performance, nor should it be considered in isolation of, or as a substitute for financial measures prepared in accordance with GAAP. The Company believes that operating income (loss) is the most directly comparable GAAP financial measure to Adjusted OIBDA. Because not all companies use identical calculations, these non-GAAP presentations may not be comparable to other similarly titled measures of other companies, or calculations in the Company's debt agreement.

	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
Operating income	\$ 154.3	\$ 10.9	\$ 37.7	\$ 40.0	\$ 72.7	\$ 161.3	\$ 4.9	\$ (23.8)	\$ (21.3)	\$ (20.8)	\$ (61.0)	\$ (28.3)	\$ (29.6)	\$ (18.7)	\$ 8.0	\$ (68.6)	\$ (22.5)	\$ 5.6	\$ (4.2)	\$ 28.0	\$ 6.9
Depreciation expense	12.6	3.3	3.3	3.4	3.6	13.6	3.2	3.2	3.1	3.6	13.1	3.3	2.6	2.5	2.5	10.9	2.0	1.5	1.5	1.4	6.5
Amortization expense (1)	27.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Amortization of intangibles recorded for network theater screen leases (1)	—	6.9	7.0	6.8	6.0	26.7	6.1	6.1	6.2	6.2	24.6	6.1	6.2	6.2	6.2	24.7	6.1	6.3	6.3	6.4	25.0
Share-based compensation costs (2)	7.8	0.8	2.1	1.4	1.2	5.5	0.2	0.1	0.8	1.1	2.2	2.7	2.1	1.7	1.6	8.1	1.4	1.7	2.1	2.0	7.1
Executive transition costs (3)	3.4	0.2	0.1	0.1	—	0.4	—	—	—	—	—	—	—	0.1	—	0.1	—	—	—	—	—
Impairment of long-lived assets (4)	—	—	—	—	—	—	—	1.7	—	—	1.7	—	—	—	—	—	5.8	—	—	—	5.8
Sales force reorganization costs (5)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Legal fees related to abandoned financing transactions (6)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.1	0.1	—	—	—	—	0.4
Loss on termination of Regal ESA, net (7)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fees and expenses related to the Cineworld Proceeding and Chapter 11 Case included within Operating Income (8)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.3	3.8	5.1
Adjusted OIBDA	\$ 205.4	\$ 22.1	\$ 50.2	\$ 51.7	\$ 83.5	\$ 207.5	\$ 14.4	\$ (12.7)	\$ (11.2)	\$ (9.9)	\$ (19.4)	\$ (16.2)	\$ (18.7)	\$ (8.2)	\$ 18.4	\$ (24.7)	\$ (6.8)	\$ 15.1	\$ 7.0	\$ 42.1	\$ 57.3
Integration and encumbered theater payments	22.7	—	—	—	—	21.7	—	—	—	—	1.4	—	—	—	—	1.6	—	—	—	—	3.0
Capital expenditures	(15.4)	—	—	—	—	(15.3)	—	—	—	—	(11.2)	—	—	—	—	(6.5)	—	—	—	—	(3.3)
Free cash flow	\$ 212.7	—	—	—	—	\$ 213.9	—	—	—	—	\$ (29.2)	—	—	—	—	(29.6)	—	—	—	—	\$ 57.0
Total revenue	\$ 441.4	\$ 76.9	\$ 110.2	\$ 110.5	\$ 147.2	\$ 444.8	\$ 64.7	\$ 4.0	\$ 6.0	\$ 15.7	\$ 90.4	\$ 5.4	\$ 14.0	\$ 31.7	\$ 63.5	\$ 114.6	\$ 35.9	\$ 67.1	\$ 54.5	\$ 91.7	\$ 249.2
Adjusted OIBDA margin	46.5%	28.8%	45.6%	46.8%	56.7%	46.7%	22.3%	-317.5%	-186.7%	-63.1%	-21.5%	-300.0%	-133.6%	-25.9%	29.0%	-21.6%	-18.9%	22.5%	12.8%	45.9%	23.0%

	FY 2022	Q1 2023	Q2 2023*	Q3 2023*
Operating income	6.9	\$ (30.6)	\$ (2.2)	\$ (150.7)
Depreciation expense	6.5	1.3	1.3	1.0
Amortization of intangibles recorded for network theater screen leases (1)	25.0	6.2	6.2	7.8
Share-based compensation costs (2)	7.1	1.6	1.2	1.2
Executive transition costs (3)	—	—	—	—
Impairment of long-lived assets (4)	5.8	—	—	9.6
Sales force reorganization costs (5)	0.4	—	—	—
Legal fees related to abandoned financing transactions (6)	0.5	—	—	—
Loss on termination of Regal ESA, net (7)	—	—	—	125.6
Fees and expenses related to the Cineworld Proceeding and Chapter 11 Case included within Operating Income (8)	5.1	10.6	6.0	16.8
Adjusted OIBDA	\$ 73.3	\$ (10.9)	\$ 12.5	\$ 11.3
Integration and encumbered theater payments	3.0	—	—	—
Capital expenditures	(3.3)	—	—	—
Free cash flow	\$ 73.0	—	—	—
Total revenue	\$ 249.2	\$ 34.9	\$ 64.4	\$ 69.6
Adjusted OIBDA margin	23.0%	-31.2%	19.4%	16.2%

* With respect to operating data, all activity during NCM LLC's financial restructuring from April 11, 2023, to August 7, 2023, when NCM LLC was deconsolidated from NCM, Inc., represents activity and balances for NCM, Inc. standalone. All activity and balances prior to the deconsolidation of NCM LLC on April 11, 2023, and after the reconsolidation of NCM LLC on August 7, 2023, represent NCM, Inc. consolidated, inclusive of NCM LLC. The operating results for NCM LLC, which management believes better represent the Company's historical consolidated performance, are presented within this reconciliation.

(1) Following the adoption of ASC 842, as discussed in our current report on Form 10-Q filed with the SEC on November 7, 2023 for the quarter ended September 28, 2023, 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) Executive transition costs represent costs associated with the search for new executive officers.

(4) The impairment of long-lived assets primarily relates to the write down of certain internally developed software no longer in use or acquired.

(5) Sales force reorganization costs represents redundancy costs associated with changes to the Company's sales force implemented during the first quarter of 2022.

(6) These fees are related to legal costs incurred for advice pertaining to an alternative debt transaction that was abandoned in the fourth quarter of 2021.

(7) The net impact of Regal's termination of the Regal ESA resulting from the disposal of the intangible asset partially offset by the surrender of Regal's ownership in the Company and the forgiveness of prepetition claims.

(8) Advisor and legal fees and expenses incurred in connection with the Company's involvement in the Cineworld Proceeding and Chapter 11 Case during the nine months ended September 28, 2023, as well as retention related expenses and retainers to the members of the special and restructuring committees of the Company's Board of Directors.