



ANNUAL INFORMATION FORM

March 12, 2021

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Schedule A CINEPLEX INC.
AUDIT COMMITTEE - TERMS OF REFERENCE



ANNUAL INFORMATION FORM

EXPLANATORY NOTES

The information in this Annual Information Form is stated as of December 31, 2020, unless otherwise indicated.

For an explanation of the capitalized terms and expressions, please refer to the “Glossary of Terms” at the end of this Annual Information Form. Unless otherwise indicated or the context otherwise requires, “Corporation” refers to Cineplex Inc., “Cineplex” refers to the Corporation and its subsidiaries and “Cineplex Entertainment LP” or the “Partnership” refers to Cineplex Entertainment Limited Partnership. Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to “\$” are to Canadian dollars.

Certain information included in this Annual Information Form contains forward-looking statements within the meaning of applicable securities laws. These forward-looking statements include, among others, statements with respect to Cineplex’s objectives, goals and strategies to achieve those objectives and goals, as well as statements with respect to Cineplex’s beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words “may”, “will”, “could”, “should”, “would”, “suspect”, “outlook”, “believe”, “plan”, “anticipate”, “estimate”, “expect”, “intend”, “forecast”, “objective” and “continue” (or the negative thereof), and words and expressions of similar import, are intended to identify forward-looking statements.

Forward-looking statements also include, statements pertaining to:

- Cineplex’s outlook, goals, expectations and projected results of operations, including factors and assumptions underlying Cineplex’s projections regarding the duration and impact of a novel strain of coronavirus (“COVID-19”) pandemic on Cineplex, the movie exhibition industry and the economy in general, as well as Cineplex’s response to the pandemic related to the closure of its theatres and location-based entertainment (“LBE”) venues, employee reductions and other cost-cutting initiatives and increased expenses relating to safety measures taken at its facilities to protect the health and well-being of guests and employees;
- Cineplex’s expectations with respect to net cash burn, liquidity and capital expenditures, including its ability to meet its ongoing capital, operating and other obligations, and anticipated needs for, and sources of, funds; and
- Cineplex’s ability to execute cost-cutting and revenue enhancement initiatives in response to the COVID-19 pandemic.

The COVID-19 pandemic has had an unprecedented impact on Cineplex, along with the rest of the movie exhibition industry and other industries in which Cineplex operates, including material decreases in revenues, results of operations and cash flows. The situation continues to evolve and the social and economic effects are widespread. As an entertainment and media company that operates spaces where guests gather in close proximity, Cineplex’s

business has been significantly impacted by the actions taken to control the spread of COVID-19. These actions include, among other things, the temporary closure of theatres and LBE venues, the introduction of social distancing measures and restrictions including those on capacity. There is limited visibility on when these restrictions will be lifted in many of the markets in which Cineplex operates and how quickly guests will return to Cineplex's locations once its operations resume due to prolonged safety concerns and adverse economic conditions. Cineplex is actively monitoring the situation and is adapting its business strategies as the impact of the COVID-19 pandemic evolves.

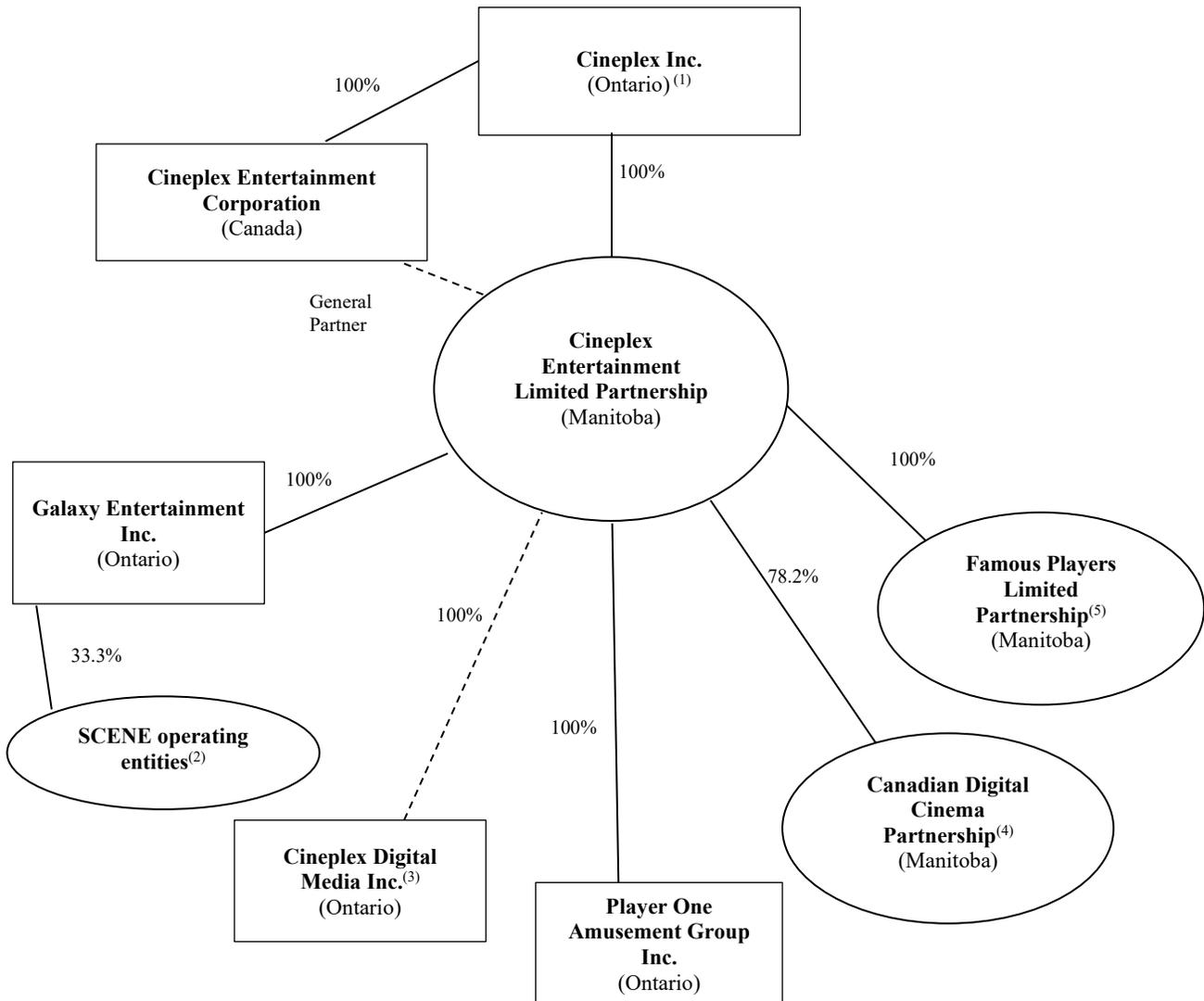
By their very nature, forward-looking statements involve inherent risks and uncertainties, including those described in the Corporation's Annual MD&A, which is incorporated herein by reference and available on the System for Electronic Document Analysis and Retrieval ("SEDAR") (www.sedar.com) Those risks and uncertainties, both general and specific, give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. Cineplex cautions readers not to place undue reliance on these statements, as a number of important factors, many of which are beyond Cineplex's control, could cause actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, the duration and impact of the COVID-19 pandemic on Cineplex, the movie exhibition industry and the economy in general, as well as Cineplex's response to the COVID-19 pandemic as it relates to the closure of its theatres and LBE venues, employee reductions and other cost-cutting initiatives, and increased expenses relating to safety measures taken at its facilities to protect the health and well-being of customers and employees; Cineplex's expectations with respect to liquidity and capital expenditures, including its ability to meet its ongoing capital, operating and other obligations, and anticipated needs for, and sources of, funds; Cineplex's ability to execute cost-cutting and revenue enhancement initiatives in response to the COVID-19 pandemic; risks generally encountered in the relevant industry, competition, customer, legal, taxation and accounting matters; the outcome of any litigation surrounding the termination of the Cineworld Transaction (described below); and diversion of management time on litigation related to the Cineworld Transaction.

The foregoing list of factors that may affect future results is not exhaustive. When reviewing Cineplex's forward-looking statements, readers should carefully consider the foregoing factors and other uncertainties and potential events. Additional information about factors that may cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the "Risks and Uncertainties" section of the Annual MD&A.

These statements are made as of the date of this Annual Information Form and, except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Additionally, we undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of Cineplex, its financial or operating results or its securities. All forward-looking statements in this Annual Information Form are qualified by these cautionary statements.

CORPORATE STRUCTURE

The Corporation is governed by the *Business Corporations Act* (Ontario) (the “**OBCA**”) pursuant to articles of arrangement dated January 1, 2011. The Corporation is a reporting issuer and its Common Shares are traded on the Toronto Stock Exchange (the “**TSX**”) under the symbol “**CGX**” and the Convertible Debentures are listed on the TSX under the symbol “**CGX.DB.B**”. The Corporation directly owns all of the LP Units of Cineplex Entertainment LP, a limited partnership formed under the laws of the Province of Manitoba. The principal and head office of the Corporation is located at 1303 Yonge Street, Toronto, Ontario, M4T 2Y9. The chart below illustrates the structure of the Corporation and its principal subsidiaries as at the date hereof (including jurisdiction of establishment/incorporation of the various entities):



- (1) Cineplex Inc. is the Borrower under the Credit Facilities and the issuer of both the Convertible Debentures and the Notes.
- (2) As at December 31, 2020, Galaxy Entertainment Inc. owns 50% of Scene GP (Ontario, 33.33% of SCENE GP Co. Inc. and 33.33% of Scene LP (Ontario); the remaining shares are owned by Scotia Loyalty Ltd. Cineplex Entertainment LP owns 50% of Scene IP Corporation (the remaining interest being held by The Bank of Nova Scotia and the general partner of which is Scene IP LP (Manitoba)).
- (3) Cineplex Digital Media Inc. is a wholly owned subsidiary of DDC Group International Inc., which is 100% owned by Cineplex Entertainment LP.
- (4) CDCP GP Inc. is the general partner of Canadian Digital Cinema Partnership; 21.8% owned by Empire Theatres Limited.
- (5) Famous Players Co. is the general partner of Famous Players Limited Partnership.

GENERAL DEVELOPMENT OF THE BUSINESS

History of the Corporation

The history of Cineplex dates back to 1912 when Adolph Zukor founded the Famous Players Film Corporation. Recent decades have seen a series of mergers, acquisitions and growth that created the corporate structure today. Since its initial public offering in 2003, Cineplex has acquired theatres from Famous Players Limited Partnership, American Multi-Cinema Inc. and Empire Theatres Limited (among others), creating a national coast-to-coast movie exhibition company. In recent years, Cineplex has also focused upon diversification initiatives expanding its core competencies into digital place-based media and amusement and leisure businesses.

Cineplex is a top-tier Canadian brand that operates in the film entertainment and content, amusement and leisure, and media sectors. As a leading entertainment and media company, Cineplex welcomes millions of guests annually through its circuit of theatres and location-based entertainment venues across the country. In addition to being Canada's largest and most innovative film exhibitor, Cineplex also operates successful businesses in digital commerce (CineplexStore.com), food service, alternative programming (Cineplex Events), cinema media (Cineplex Media), digital place-based media (Cineplex Digital Media) and amusement solutions (Player One Amusement Group – "**PIAG**"). Additionally, Cineplex operates a location-based entertainment business through Canada's newest destination for 'Eats & Entertainment' (*The Rec Room*), and also complexes specially designed for teens and families (*Playdium*). These businesses are supported by Cineplex's joint venture partnership in SCENE General Partnership ("**SCENE**"), Canada's largest entertainment loyalty program.

While Cineplex's film exhibition business is wholly Canadian, the Corporation also has an international footprint in digital place-based media and an expanding amusement and leisure business throughout North America. Cineplex's theatre circuit is concentrated in major metropolitan and mid-sized markets. As of December 31, 2020, Cineplex owned, leased or had a joint venture interest in 1,667 screens in 162 theatres from coast to coast as well as eight LBE venues in four provinces.

Recent Developments

In September 2018, the Corporation indirectly acquired a 34.7% interest in VRstudios, Inc. for \$4.7 million. VRstudios is based in Seattle, Washington and is a worldwide provider of turn-key location-based virtual reality solutions. As a result of subsequent third party investment into VRstudios Inc., the Corporation's interest has been diluted to less than 20% ownership.

On November 13, 2018, Cineplex increased and extended its Credit Facilities with the entering into of the seventh amended and restated credit agreement between Cineplex, the Partnership, the guarantors from time to time party thereto, and a syndicate of lenders dated November 13, 2018, as amended from time to time (the "**Credit Agreement**").

In December 2018, the Corporation repaid its previous convertible unsecured debentures in full at maturity for \$107.5 million in cash.

On December 15, 2019, Cineplex entered into an arrangement agreement (the "**Arrangement Agreement**") with Cineworld Group, plc ("**Cineworld**"), pursuant to which an indirect wholly-owned subsidiary of Cineworld agreed to acquire all of the issued and outstanding Common Shares of Cineplex for \$34 per share in cash (the "**Cineworld Transaction**"). The Cineworld Transaction was to be implemented by way of a statutory plan of arrangement under the *Business Corporation Act* (Ontario).

In early 2020, the outbreak of COVID-19 was confirmed in multiple countries throughout the world and on March 11, 2020, it was declared a global pandemic by the World Health Organization. In response, Cineplex immediately introduced enhanced cleaning protocols and reduced theatre capacities to promote social distancing. By mid-March, each of Canada's provinces and territories had declared a state of emergency resulting in, among other things, the mandated closure of non-essential businesses, restrictions on public gatherings and quarantining of people who may have been exposed to the virus.

On March 16, 2020, Cineplex announced the temporary closure of all of its theatres and LBE venues across Canada, as well as substantially all route locations operated by PIAG. On April 1, 2020, in response to applicable government directives and guidance from Canadian public health authorities, Cineplex announced that the closure of its theatres

and LBE venues across Canada would remain in effect and that the reopening of such locations would be reassessed as further guidance is provided by Canadian public health authorities and applicable government authorities.

See the Annual MD&A for a detailed discussion about the Corporation's response to the COVID-19 pandemic.

On June 12, 2020, Cineworld delivered a notice (the "**Termination Notice**") to Cineplex purporting to terminate the Arrangement Agreement. Cineplex believes that Cineworld had no legal basis to terminate the Arrangement Agreement and that Cineworld breached the Arrangement Agreement and its other contractual obligations because, among other failures, it did not use reasonable best efforts to obtain approval under the *Investment Canada Act* as soon as reasonably practicable ("**ICA Approval**").

On June 29, 2020, Cineplex and Cineplex Entertainment LP entered into the first amendment to the Credit Agreement (the "**First Amendment**") with The Bank of Nova Scotia, as administrative agent, and the lenders from time to time named therein. See "Business of Cineplex - Credit Facilities" below for a description of the First Amendment.

On June 29, 2020, Cineplex sold its interest in WorldGaming Network for a nominal amount.

On July 3, 2020, Cineplex announced that it had commenced an action in the Ontario Superior Court of Justice against Cineworld and 1232743 B.C. Ltd. seeking damages arising from what Cineplex claims was a wrongful repudiation of the Arrangement Agreement.

On July 17, 2020, Cineplex completed the offering of \$316.3 million aggregate principal amount of convertible unsecured subordinated debentures, maturing on September 30, 2025 and bearing interest at a rate of 5.75% per annum, payable semi-annually in arrears on September 30 and March 31 of each year, commencing on September 30, 2020. See "Capital Structure - Convertible Debentures" below for a description of the Convertible Debentures.

On September 2, 2020, Cineworld filed its Statement of Defence and Counterclaim in which it denied Cineplex's claims and advanced a counterclaim seeking reimbursement of an unspecified amount for costs incurred with respect to the Cineworld Transaction and an unspecified amount for punitive damages. Cineplex responded to Cineworld's defence and counterclaim on September 15, 2020, denying all claims levied by Cineworld.

In the third quarter of 2020, the Corporation terminated without penalty its partnership with Topgolf Canada Holdings in TG-CPX Limited Partnership.

On November 12, 2020, Cineplex and Cineplex Entertainment LP entered into the second amendment to the Credit Agreement (the "**Second Amendment**") with the Bank of Nova Scotia, as administrative agent, and the lenders from time to time named therein. See "Business of Cineplex - Credit Facilities" below for a description of the Second Amendment.

On November 12, 2020, the Board of Directors approved a new Omnibus Incentive Plan.

In December 2020, Cineplex entered into an agreement with Scotiabank to bring together the full benefits of SCENE with Scotia Rewards, Scotiabank's flexible customer loyalty program. The repositioning includes adding new rewards partners and driving value through future consolidation of SCENE and Scotia Rewards. Cineplex received cash proceeds of \$60.0 million for the reorganization of its joint operation with SCENE.

On January 12, 2021, Cineplex closed the sale and leaseback of its head office buildings (the "**Sale and Leaseback Transaction**") in Toronto, Ontario, for gross proceeds of \$57 million. Approximately 50% of the net proceeds from the Sale and Leaseback Transaction were used to permanently reduce the Revolving Facility.

On February 8, 2021, Cineplex and Cineplex Entertainment LP entered into the third amendment to the Credit Agreement (the "**Third Amendment**") with the Bank of Nova Scotia, as administrative agent, and the lenders from time to time named therein. See "Business of Cineplex - Credit Facilities" below for a description of the Third Amendment.

On February 26, 2021, Cineplex completed the offering of \$250 million aggregate principal amount of senior secured second lien notes, maturing on February 26, 2026 and bearing interest at a rate of 7.50% per annum, payable semi-annually in arrears on January 31 and July 31 of each year, commencing on July 31, 2021. See "Capital Structure – Notes" below for a description of the Notes.

Key Developments in 2020

For a complete discussion of the 2020 key developments in each of the Corporation's business initiatives, reference is made to the Corporation's Annual MD&A.

BUSINESS OF CINEPLEX

The Corporation's operations are primarily conducted in four main areas: (i) film entertainment and content; (ii) media; (iii) amusement and leisure; and (iv) location-based entertainment, all supported by the SCENE loyalty program. These four reportable segments are business units offering differing products and services and managed separately due to their distinct natures.

Corporate Strategy

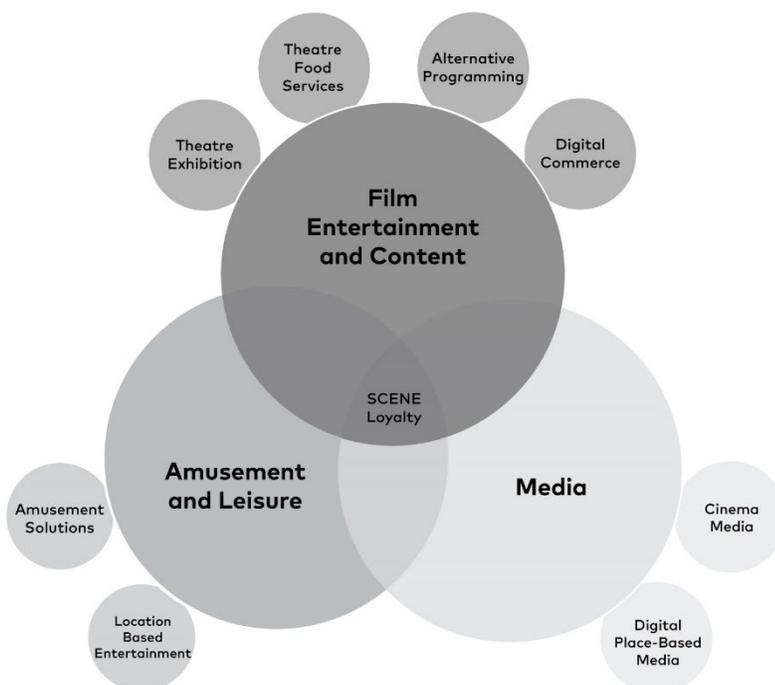
Cineplex's mission statement is "Passionately delivering exceptional experiences." All of its efforts are focused towards this mission and it is Cineplex's goal to consistently provide guests and customers with exceptional experiences.

Cineplex's operations are primarily conducted in four main areas: film entertainment and content, media, amusement and leisure and location-based entertainment, all supported by the SCENE loyalty program. Cineplex's key strategic areas of focus include the following:

- Continue to enhance and expand Cineplex's presence as an entertainment destination for Canadians in-theatre, at-home and on-the-go;
- Capitalize on core media strengths and infrastructure to provide continued growth of Cineplex's media business both inside and outside theatres;
- Develop and scale amusement and leisure concepts by extending existing capabilities and infrastructure;
- Drive value within businesses by leveraging opportunities to optimize value, realize synergies, implement customer-centric technology and leverage big data across the Cineplex ecosystems; and
- Pursue opportunities that capitalize on Cineplex's core strengths.

Cineplex uses the SCENE loyalty program and database as a strategic asset to link these areas of focus and drive customer acquisition and ancillary businesses.

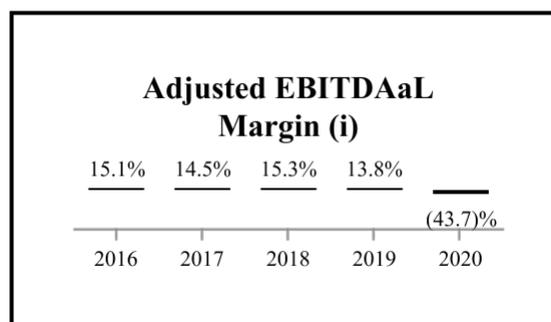
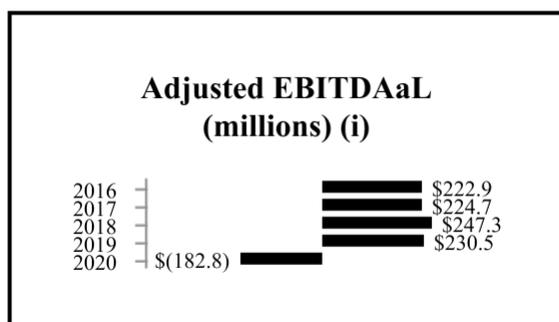
Diversified Entertainment and Media Company



Key elements of this strategy include going beyond movies to reach customers in new ways and maximizing revenue per patron. Cineplex has implemented in-theatre initiatives to improve the overall entertainment experience, including increased premium offerings, enhanced in-theatre services, alternative pricing strategies, continued development of the SCENE loyalty program and initiatives in theatre food service such as optimizing and adding product offerings and improving service execution. The ultimate goal of these in-theatre customer service initiatives is to maximize revenue per patron and increase the frequency of movie-going at Cineplex’s theatres.

While box office revenues (which include alternative programming) continue to account for the largest portion of Cineplex’s revenues, expanded theatre food service offerings, cinema media, digital place-based media, amusement and leisure, the Cineplex Store, promotions and other revenue streams have increased as a share of total revenues. Cineplex is committed to diversifying its revenue streams outside of the traditional theatre exhibition model through its media and amusement and leisure businesses.

As a result of the impact of the COVID-19 pandemic on Cineplex’s business, Cineplex’s attention has shifted to respond to the impacts of the COVID-19 pandemic by implementing a variety of measures to reduce costs and has placed an increased focus on the safe reopening of its business (see “Section 1.1 Response to COVID-19” in the Annual MD&A).



(i) 2020 includes expenses related to the Cineworld Transaction and associated litigation in the amount of \$4.1 million.

Cineplex Revenues

Cineplex generates revenues primarily from box office and food service sales. These revenues are affected primarily by theatre attendance levels and by changes in BPP and CPP. Due to the closures as a result of the COVID-19 pandemic, revenues were materially impacted during 2020. The following table presents the revenue mix for comparative years:

Revenue mix % by period	2020	2019	2018	2017	2016
Box office	31.8 %	42.4 %	44.9 %	46.2 %	49.8 %
Food service	26.0 %	29.0 %	29.5 %	28.5 %	28.8 %
Media	15.6 %	11.8 %	10.1 %	10.8 %	11.3 %
Amusement	18.6 %	13.7 %	12.8 %	11.9 %	7.6 %
Other	8.0 %	3.1 %	2.7 %	2.6 %	2.5 %
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Cineplex has four reportable segments, film entertainment and content, media, amusement and leisure and location-based entertainment. The reportable segments are business units offering differing products and services and managed separately due to their distinct natures. These four reportable segments have been determined by Cineplex's chief operating decision makers. The revenue mix percentages for the four reportable segments during the year were materially impacted by the closures and reduced capacities of theatres and LBE locations as a result of COVID-19.

Revenue mix % by year		
	2020	2019
Film Entertainment and Content	64.0 %	72.8 %
Media	15.5 %	11.8 %
Amusement and Leisure	14.4 %	10.7 %
LBE	6.1 %	4.7 %
Total	100.0 %	100.0 %

A key component of Cineplex's business strategy is to position itself as the leading exhibitor in the Canadian market by focusing on providing customers with an exceptional entertainment experience. Box office revenues were negatively impacted as a result of the negative economic effects of COVID-19. Cineplex optimized revenues in the current period by offering a catalog of classic film products and expanding product offerings through the Cineplex Store which saw significant growth in the period. In addition, as a result of Cineplex's focus on diversifying the business beyond the traditional movie exhibition model, its revenue mix has shifted from box office revenue to other revenue sources.

Theatre and Location-Based Entertainment Locations

Cineplex's theatre circuit is concentrated in major metropolitan and mid-sized markets. As of December 31, 2020, Cineplex owned, leased or had a joint venture interest in 1,667 screens in 162 theatres from coast to coast. Cineplex's modern multiplex theatres are designed to provide guests with a premium movie-going experience and maximize profitability by matching the number and quality of auditoria and seats with the size of the market served. In addition, Cineplex's auditorium seating capacities are varied within individual theatres, enabling it to maximize revenues by shifting films to smaller or larger auditoriums in response to changing attendance levels. Cineplex continues to focus on providing guests with a variety of premium viewing options through which to enjoy the theatre experience. These premium-priced offerings, which include 3D, 4DX, UltraAVX, VIP Cinemas, IMAX, ScreenX, D-BOX, Recliner auditoriums and the Clubhouse, generate higher revenues per patron and also expand the customer base.

In general, Cineplex leases theatres under long-term leases, with original terms typically ranging from 15 to 20 years (with lease payment increases typically every five years) and containing various renewal options, usually in intervals of five years and, in some cases, termination rights. Leases for 89 theatres expire within five years (73 of which have renewal or extension options). Cineplex's theatre leases generally provide for minimum rental payments.

Cineplex									
Theatre locations and screens at December 31, 2020									
Province	Locations	Screens	3D Digital Screens	UltraAVX	IMAX Screens (i)	VIP Auditoriums	D-BOX Auditoriums	Recliner Auditoriums	Other Screens (ii)
Ontario	68	730	358	41	13	48	48	108	10
Quebec	18	230	91	10	3	4	7	12	—
British Columbia	24	231	125	16	3	15	16	39	1
Alberta	19	208	112	20	2	11	16	78	6
Nova Scotia	12	91	44	1	1	—	2	—	1
Saskatchewan	6	54	28	3	1	3	3	16	1
Manitoba	5	49	26	1	1	3	2	—	—
New Brunswick	5	41	20	2	—	—	2	—	—
Newfoundland & Labrador	3	20	9	—	1	—	1	—	—
Prince Edward Island	2	13	6	—	—	—	1	—	—
TOTALS	162	1,667	819	94	25	84	98	253	19
Percentage of screens			49 %	6 %	1 %	5 %	6 %	15 %	1 %
(i) All IMAX screens are 3D enabled. Total 3D screens including IMAX screens are 844 screens or 51% of the circuit.									
(ii) Other screens includes 4DX, <i>Cineplex Clubhouse</i> and ScreenX.									

Cineplex - Theatres, screens and premium offerings in the last eight quarters								
	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Theatres	162	164	164	164	165	165	165	165
Screens	1,667	1,687	1,687	1,687	1,693	1,695	1,695	1,692
3D Digital Screens	819	826	826	826	826	827	826	824
UltraAVX Screens	94	94	94	94	94	93	93	90
IMAX Screens	25	25	25	25	25	25	25	25
VIP Auditoriums	84	84	84	84	84	79	79	75
D-BOX Locations	98	99	99	99	97	92	92	89
Recliner Screens	253	221	221	221	213	182	182	173
Other Screens	19	19	19	19	17	5	4	4

Cineplex - LBE - at December 31, 2020		
Province	<i>The Rec Room</i>	<i>Playdium</i>
Ontario	3	2
Alberta	3	—
Manitoba	1	—
Newfoundland & Labrador	1	—
TOTALS	8	2

For a complete discussion regarding the revenues and operations of the Corporation, reference is made to the Corporation's Annual MD&A.

Employees

As at December 31, 2020, the Corporation had in excess of 10,000 employees through the United States and Canada, of whom 15% are full-time employees and 85% are part-time employees. Due to the ongoing effects of COVID-19, many employees, including all part-time hourly employees, were subject to temporary layoffs during 2020. In its film entertainment and content business, the Corporation employed approximately 8,000 people in Canada, of whom 6% are full-time employees and 94% are part-time employees; approximately 7% of Cineplex's

theatre employees are represented by unions which are primarily located in the province of Quebec. There are no unionized employees other than in the Corporation's film and entertainment content business.

Trademarks

Management believes the exhibition trademarks "*Cineplex*", "*Cineplex Odeon*", "*Cineplex Store*", "*Cineplex VIP Cinemas*", "*Galaxy*", "*SilverCity*", "*UltraAVX*", "*Outtakes*", "*Poptopia*" and "*XScape*" enjoy significant brand awareness in the Canadian film exhibition market. Cineplex uses the "*Scotiabank Theatre*" brand under a license agreement with Scotiabank. Management also believes that the trademarks used in our location-based entertainment business are of growing value, including "*Playdium*", "*Junxion*" and "*The Rec Room*".

Competition

Cineplex competes for the public's leisure time and disposable income with alternative forms of entertainment, including in-home and online consumption of content and out-of-home entertainment such as other movie exhibitors, sporting events, live music concerts, family entertainment centres, live theatre and restaurants.

Cineplex focuses its in-theatre business on attracting customers to its facilities for their entertainment choice. Management believes that movie theatres compete well with alternative forms of out-of-home entertainment as a result of their lower cost and higher availability. Management also believes that the modern multiplex theatre has become a meeting place as well as an entertainment destination. Focusing on the competition from other exhibitors, Cineplex believes that the principal competitive factors are:

- The ability to maintain and grow theatre attendance and movie-going frequency;
- The seating capacity, location, quality and reputation of an exhibitor's theatre;
- The level of customer service and amenities such as recliner seating, VIP Cinemas, specialized auditoriums such as UltraAVX and variety of food service offerings;
- The quality of projection and sound equipment, including specialized projection systems such as 3D, 4DX, ScreenX, D-BOX and digital offerings;
- The ability to secure an appropriate variety of filmed content;
- Box office pricing strategy;
- Marketing and promotional programs, including the SCENE loyalty program; and
- The ability to secure sites for potential new theatre developments.

Cineplex's theatres are also subject to varying degrees of competition in the locations in which they operate because competitors vary substantially in size, number and proximity at each location. Cineplex has a number of theatrical exhibition competitors, including Rainbow Cinemas, Imagine Cinemas, Cinemas Guzzo, Landmark Cinemas as well as independent operators. The building of new theatres, the addition of screens or conversion to recliner seating to existing theatres by competitors in areas in which Cineplex operates may reduce attendance levels at Cineplex theatres. In addition to competing for guests at its existing theatres, Cineplex also faces competition in acquiring and developing new theatre sites and acquiring existing theatres.

Cineplex also competes with a number of at-home entertainment alternatives and distribution channels, such as cable and satellite television, gaming, Blu-ray discs, streaming services as well as pay-per-view services and downloads via the Internet. To that end, Cineplex has developed the Cineplex Store in an effort to attract its customers to enjoy Cineplex movies for their at-home entertainment in lieu of the multitude of other at-home viewing options. With its SCENE loyalty program, Cineplex has the ability to communicate directly with movie-lovers to attract them to the Cineplex Store viewing options.

Cineplex's amusement and leisure operations compete against other offerings for guests' entertainment spending. In each of the local markets in which Cineplex operates and will operate, it faces competition from local, national or international brands that also offer a wide variety of restaurant and/or amusement and gaming experiences, including sporting events, bowling alleys, entertainment centres, nightclubs and restaurants. Competition for guests' entertainment time and spending also extends to in-home entertainment such as internet or video gaming and other in-home leisure activities. Cineplex's failure to compete favourably in these markets could have a material adverse effect on Cineplex's business, results of operations and financial condition.

Corporate Social Responsibility

Cineplex's approach to Corporate Social Responsibility is based on three key pillars: Business Ethics and Values, Environmental Sustainability and being a good Community Partner.

Business Ethics and Values

Cineplex is committed to sustainable growth and good stewardship in the communities that it serves, guided by the *Cineplex Values*, the Corporation's *Code of Business Conduct and Ethics* and its *Supplier Code of Conduct*. A copy of each of these documents can be found on Cineplex's corporate website.

The *Code of Business Conduct and Ethics* addresses the ethical business standards and practices for its board, leadership team, employees and contractors; each individual must read, understand and re-commit to the Code each year with training and sign-off. It outlines behaviours and practices that will ensure full compliance with laws as well as reaffirm Cineplex's commitment to integrity, honesty and respect when dealing with its team, partners, suppliers and the community.

Cineplex also values its relationships with suppliers because they help it achieve its business objectives and contribute to the overall success as a Corporation. To that end, the Corporation has adopted a *Supplier Code of Conduct*. The *Supplier Code of Conduct* sets forth the principles and ethical standards that the Corporation expects all its suppliers to work toward achieving throughout the course of its business relationship with Cineplex. It provides, among other things:

- Ethical business practices
- Responsible sourcing of its products
- Responsible subcontracting
- Responsible information security and adherence to best practices in privacy
- Maintenance of human rights and labour standards
- Provision of safe and healthy work environments
- Good stewardship

Cineplex's board, leadership team and employees across North America all work under the guidance of the *Cineplex Values* of Teamwork, Innovation and Excellence, which are closely aligned and ultimately reaffirmed by its approach to corporate governance and stewardship.

Environmental Sustainability

The Corporation integrates sustainability initiatives across its ecosystem by managing its environmental footprint and demonstrating to employees, guests, partners and shareholders an ongoing commitment to a sustainable future. Cineplex is taking steps across its business through three inter-connected environmental issues: waste, energy consumption and eco-friendly materials. Generally, Cineplex works to reduce its greenhouse gas emissions, use less paper and manage its resources and waste to minimize the impact it has on the communities in which it operates. The Corporation has adopted, among other initiatives, the following:

- **Waste:** Cineplex takes steps to reduce the amount of waste generated at its theatres, location-based entertainment venues and corporate offices by increasing its landfill diversion rate and taking steps to operate more efficiently. The Corporation proudly recycles paper and plastic, participating in the Quantum Life Partners E-Waste recycling national program. The Corporation also re-uses 3D glasses and ensures the safe disposal of electronic waste. Where supported by municipal waste facilities, the Corporation uses compostable packaging and separates organic waste. The end of 2020 saw the final issue of Cineplex Magazine, which was released in December. By moving away from the printed magazine, the Corporation, and Cineplex Media in particular, can focus on digital, scalable advertising solutions to reach their customers. By using less paper, including moving away from printed movie tickets, the organization is reducing its impact on forests by removing paper waste from its lifecycle.
- **Energy Efficiency:** To meet global warming targets, Canada has committed to reducing its greenhouse gas emissions and Cineplex is committed to doing its part in seeing those targets met. The Corporation has multiple programs in place, including LED lighting retrofits and building automation systems, that seek to improve the energy efficiency at all of its venues. Through efforts like maximizing its use of Forest

Stewardship Council (FSC) certified paper in its popcorn bags and drink cups, Cineplex take steps to reduce the amount of greenhouse gases emitted in its operations. Three of the Corporation's most recently constructed theatres are LEED certified.

- **Eco-Friendly Materials:** Cineplex prioritizes the purchasing of eco-friendly goods and services and regularly reviews the materials it uses throughout its buildings. Through efforts like ensuring the drinking straws are either paper or fully biodegradable, Cineplex strives to limit harmful chemicals in the products it uses and offers, whether it be packaging, receipts or cleaning supplies.

Community Partner

Cineplex's dedication to being a good corporate citizen and partner in the communities which it operates was made all the more evident this year, through its ongoing support of local communities across the country during the COVID-19 pandemic. Even with its network of theatres and entertainment venues closed for the majority of the year, contributions were made from across the Cineplex ecosystem, including support for local initiatives, regional activations that assist communities in times of need, and support for the Canadian entertainment and media industries.

- **Charitable Activities:** Cineplex, its employees and partners have helped contribute tens of millions of dollars through a variety of partnerships with non-profit charity organizations across Canada, including worthy organizations like the Boys and Girls Clubs of Canada. In 2020, in lieu of hosting its annual Community Day fundraiser – which traditionally welcomes guests across Canada into its theatres for a morning of free movies – Cineplex took a different approach to give back. The Corporation and its employees raised money for Food Banks Canada by donating \$1 from certain transactions on Cineplex Store, as well as food delivery through SkipTheDishes and UberEats .
- **Local Community Support:** Cineplex employees across the country have their finger on the pulse on their communities and regularly support local events to benefit the neighbourhoods in which it operates. When disaster strikes, Cineplex has a long history of helping Canadian communities when they need it most. In addition to using corporate resources for communities in need, the Corporation has also leveraged its network of theatres and offices to help fundraise for Canadian Red Cross.
- **Industry Support:** Cineplex has a long history of supporting the Canadian entertainment and media industries. While many of the country's film festivals were postponed in 2020 because of COVID-19 pandemic, the Corporation traditionally supports upwards of 35 film festivals every year from Newfoundland to British Columbia. These festivals range in size from local community events like the *Whistler Film Festival* or *Cinefest Sudbury*, to week-long celebrations of film like the world-class *Toronto International Film Festival*. Cineplex also proudly supports the Canadian Film Centre, Academy of Canadian Cinema and Television, Hot Docs, Reel Canada, Canada's Walk of Fame, First Weekend Club, Canadian Picture Pioneers and the Scotiabank Giller Prize.
- **Inclusivity and Diversity:** In addition to inclusive hiring practices across the Cineplex ecosystem and being a leader in spearheading employment opportunities for individuals with special needs, the Cineplex leadership team participates in comprehensive inclusivity and diversity training and makes regular training courses available to employees interested in learning. Under the guidance of Cineplex's cross-functional Diversity & Inclusivity Committee, the Corporation has been recognized for its initiatives in diversity and inclusion both with its employee contingent as well as with its guests.

In 2020, on behalf of the Corporation, Mr. Jacob signed the Black North Initiative CEO Pledge to acknowledge the existence of anti-Black systemic racism in Canada and committing to ensuring that inclusion is core to Cineplex's workplace culture and that our businesses are representative of the communities we serve. This pledge includes a commitment to hire a minimum of one Black leader to fill an executive or Board member role by 2025.

In addition to Cineplex's history of supporting Canada's Black storytellers through initiatives like the Reelworld Film Festival, in response to the social justice movement in North America, the Company launched its 'Understanding Black Stories' collection on the Cineplex Store in June. Launched to inform and empower Canadians through film, the collection of 45 titles was specially curated to elevate Black filmmakers and artists and were made available for the first month to stream on the Cineplex Store for free. In 30 days, the 'Understanding Black Stories' collection attracted nearly 44,000 unique customers.

The Corporation was also an early adopter to sign the Catalyst Accord and is a proud member of the international Catalyst-affiliated “30% Club”. The Corporation has a *Board Diversity Policy* as well as an overall corporate *Diversity Policy* for employment across its businesses, both of which are available on the corporate website. While the diversity policies do not have any set targets regarding the representation of women or other minorities in management appointments, Cineplex, the Board and the Compensation, Nominating and Corporate Governance Committee consider the level of representation of women and diversity of the Board and in management when making those appointments. As at the date hereof, Cineplex is proud to note that the Board includes four women, who together represent 44% of the Directors or 50% of the independent Directors. The Board also currently includes four minorities, who together represent 44% of the Directors. At present, three members of executive management of the Corporation, including its major subsidiaries, are women, representing 38% of executive management; 28% of all of senior management, including the major subsidiaries of the Corporation, are women.

- **Accessibility:** The Corporation strives to make its offices, theatres and location-based entertainment venues accessible to everyone, whether it be a guest, employee or partner. This commitment is, first and foremost, about doing the right thing – and Cineplex is proud of its position as a Canadian retail leader in accessibility. The Corporation offers programs that accommodate guests who are deaf, deafened, hard of hearing, visually impaired or live with physical or mobility challenges. Cineplex is a founding partner of and proud participant in the ‘Access 2’ program, administered by Easter Seals Canada, providing free or significantly reduced admission to support persons accompanying a person with a disability. The Corporation is proud to have been recognized by the Canadian Foundation for Physically Disabled Persons for its work in supporting Canadians with disabilities. In partnership with Autism Speaks Canada, Cineplex presents Sensory Friendly Screenings, providing a sensory-friendly environment for individuals with autism spectrum disorder or sensory-sensitivities and their families to view new release films in theatres across the country.
- **Award-Winning Culture:** Guided by the *Cineplex Values* of Teamwork, Innovation and Excellence, Cineplex believes in the power of working together and recognizes that its employees are its greatest asset. In 2018 and 2019, Cineplex was proudly named one of Canada's Most Admired Corporate Cultures by Waterstone Human Capital for the third time. Announced annually, the program celebrates organizations across four categories that have cultures that drive performance and contribute to the bottom line. Cineplex was recognized for its dedication to employee engagement initiatives, passion for the community and strong leadership.

Regulatory Environment

General

Cineplex’s operations are subject to international, federal, provincial and local laws governing matters such as privacy, film classification, construction, renovation and operation of theatres, wages and working conditions, health and sanitation requirements as well as licensing (including business, gaming and liquor licensing). Management believes that Cineplex’s operations are in material compliance with all such laws.

Environmental

Cineplex owns, leases and/or operates entertainment locations and other properties which are subject to certain federal, provincial and local laws and regulations relating to environmental protection, including those governing past or present releases of hazardous materials. Certain of these laws and regulations may impose liability on certain classes of persons for the costs of investigation or remediation of such contamination, regardless of fault or the legality of the original disposal. These persons include the present or former owner or a person in care or control of a contaminated property and companies that generated, disposed of or arranged for the disposal of hazardous substances found at the property. As a result, Cineplex may incur costs to clean up contamination present on, at or under its leased and owned properties, even if such contamination was present prior to the commencement of Cineplex’s operations at the site and was not caused by its activities. Management is currently not aware of any such situation.

Human Rights

Cineplex continually works to ensure that its services are delivered with a focus on respecting the dignity of each of its guests so as to be in compliance with all human rights legislation and free from any form of discrimination. In

that regard, Cineplex trains its employees on accessibility and human rights issues. Cineplex has a *Human Rights Policy* applicable to all of its operations, a copy of which is available on the corporate website.

Québec Cinema Act

In the province of Québec, film distributors and theatre operators must be licensed under the *Québec Cinema Act* and must obtain a permit for the exhibition of each film title. Generally, a permit will only be issued for English language prints if the distributor also makes the same number of French dubbed prints of the same film available to exhibitors for exhibition at the same time. However, distributors may obtain a provisional permit if a French dubbed version does not exist when an application is made, allowing a distributor to distribute any number of English language prints for an initial 45-day period. In Cineplex’s experience, most major English language films are released simultaneously in both English and French.

Credit Facilities

Cineplex increased and extended its Credit Facilities effective November 13, 2018 and executed the Credit Agreement. On June 29, 2020, Cineplex and the Partnership entered into the First Amendment; on November 12, 2020, Cineplex and the Partnership entered into the Second Amendment, and on February 8, 2021, Cineplex and the Partnership entered into the Third Amendment. The First Amendment, along with the Second Amendment and Third Amendment described below, provides Cineplex with certain financial covenant relief in light of the COVID-19 pandemic and its effects on Cineplex’s businesses.

At December 31, 2020, the Credit Facilities consisted of the following (in millions of dollars), subject to amendments described below pursuant to the Credit Agreement Amendment:

	Available	Drawn	Reserved	Remaining
(i) a five-year senior secured revolving credit facility (“Revolving Facility”)	\$ 620.0	\$ 456.0	\$ 10.2	\$ 153.8
(ii) a five-year senior secured non-revolving term facility (“Term Facility”)	\$ 50.0	\$ 50.0	\$ —	\$ —

Letters of credit outstanding at December 31, 2020 of \$10.2 million are reserved against the Revolving Facility.

Following December 31, 2020, as a result of the permanent repayment of the Credit Facilities with portions of the Sale and Leaseback Transaction (which closed on January 12, 2021) and the Notes Offering (which closed on February 26, 2021), the Term Facility has been repaid in full and total availability under the Revolving Facility has been reduced to approximately \$542 million.

The following is a summary of the key terms of the Credit Agreement, First Amendment, Second Amendment and Third Amendment. This summary is qualified in its entirety by reference to the provisions of the Credit Agreement (as amended) which contains a complete statement of those terms and conditions. The Credit Agreement and each of the First Amendment, Second Amendment and Third Amendment are available on SEDAR.

Summary of Facilities

The Credit Facilities mature and are payable in full at maturity, with no scheduled repayment of principal required prior to maturity. The Credit Facilities bear interest at a floating rate based on the Canadian dollar prime rate, U.S. Base Rate, LIBOR or bankers’ acceptances rates plus, in each case, an applicable margin to those rates. Borrowings on the Revolving Facility can be made in either Canadian or US dollars. The Revolving Facility matures in November 2023.

Cineplex’s Credit Facilities contain restrictive covenants that limit the discretion of Cineplex’s management with respect to certain business matters. These covenants place limits and restrictions on, among other things, the ability of Cineplex to create liens or other encumbrances, to pay dividends or make certain other payments, minimum liquidity covenants, anti-hoarding provisions, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. The Credit Facilities are secured by all of the present and future assets of Cineplex, Cineplex Entertainment LP and the guarantors under the Credit Agreement.

The following is a summary of the key terms of the First Amendment (certain of which have been modified further by the Second Amendment and Third Amendment described below):

- Financial covenant testing was suspended effective upon execution of the First Amendment, and subsequently extended for the second and third quarters of 2020 following a \$100.0 million permanent repayment of the Term Facility from the proceeds of the offering of the Convertible Debentures. On the resumption of financial covenant testing at the beginning of the fourth quarter of 2020, it will be based on an annualized calculation of Adjusted EBITDA for the following four fiscal quarters;
- The leverage ratio of 3.75x will apply when financial covenants are reinstated, and will be reduced over the course of 2021 each quarter until it is at 3.00x for the fourth fiscal quarter of 2021 until the fourth quarter of 2021 at which point it will reach a level of 3.00x;
- The maturity date for the Term Facility was advanced by two years to be coincident with the maturity date for the Revolving Facility of November 13, 2023 (the Term Facility has since been repaid in full);
- If Cineplex chooses to undertake any new debt, equity or equity-related issuances or the sale of certain assets, Cineplex will be required to make certain mandatory permanent repayments of the Credit Facilities from the proceeds of such issuances or asset sales;
- Growth capital expenditures will be limited to certain agreed projects. After December 31, 2020, additional growth capital expenditures will be permitted subject to a pro forma leverage covenant of 2.75x (both prior to and immediately after giving effect to any such growth capital expenditure);
- Distributions will be limited to free cash flow and only permitted when the leverage ratio is less than 2.75x (both prior to and immediately after giving effect to any such distribution);
- Cineplex will not be permitted to make any acquisitions without consent from at least three of its lenders holding, in the aggregate, a minimum of 51% of the commitments under its Credit Facilities;
- The applicable margins for the interest rates on all borrowings will increase;
- Cineplex will no longer be able to request an increase in the total commitments under the Credit Facilities pursuant to the “accordion” provisions of the Credit Agreement prior to amendment; and
- Payments of interest on the Convertible Debentures will be permitted so long as no default or event of default has occurred under the Credit Agreement.

On November 12, 2020, Cineplex and Cineplex Entertainment LP entered into the Second Amendment. Without the provisions of the Second Credit Agreement Amendment, management’s internal forecasts indicated a potential breach of the financial covenants as of December 31, 2020.

The following is a summary of the key terms of the Second Amendment that are updated from the First Amendment (certain of which have been modified further by the Third Amendment):

- Financial covenant testing will be suspended until the second quarter of 2021. On resumption of financial covenant testing in the second quarter of 2021, the testing will be based on an annualized calculation of Adjusted EBITDA for the following four fiscal quarters;
- The leverage ratio of 3.75x will apply when financial covenants are reinstated, and will be reduced over the course of successive four quarters until the first quarter of 2022 at which point it will reach a level of 3.00x;
- Effective with the second quarter of 2021, additional growth capital expenditures will be subject to pro-forma leverage covenant of 2.75x (both prior to and immediately after giving effect to any such growth capital expenditure) based on actual last twelve month EBITDA;
- A liquidity covenant effective at all times through the covenant suspension period beginning in November 2020, through to and including June 2021, requiring available liquidity as defined on a monthly basis;
- Distributions continue to be blocked during the extended financial covenant suspension period and only permitted when the leverage ratio is less than 2.75x (both prior to and immediately after giving effect to any such distribution); and

- An anti-cash hoarding provision has been added limiting the request for advances under the Credit Facilities to those amounts required to fund costs and expenses reasonably anticipated to be incurred in the ordinary course of business. No amounts may be requested if sufficient cash on hand exists to pay such costs.

Subsequent to year end, on February 8, 2021, Cineplex entered into the Third Amendment, which provided for the following amendments that became effective upon the completion of the Notes Offering:

- The suspension of financial covenant testing was extended until the fourth quarter of 2021. On resumption of financial covenant testing:
 - for the fourth quarter of 2021, testing will be based on an annualized calculation of Adjusted EBITDA based on the actual results for such quarter;
 - for the quarter ending on March 31, 2022, testing will be based on an annualized calculation of the Adjusted EBITDA based on actual results for the fourth quarter of 2021 and the first quarter of 2022 multiplied by 2; and
 - for the quarter ending on June 30, 2022, testing will be based on an annualized calculation of the Adjusted EBITDA for the fourth quarter of 2021, the first quarter of 2022 and the second quarter of 2022 multiplied by 4/3.

Thereafter, testing will be based on an annualized calculation of the cumulative Adjusted EBITDA on a trailing four fiscal quarter basis.

- The total leverage ratio of 3.75x will apply when financial covenants are reinstated, and will be reduced until the third quarter of 2022 at which point it will reach a level of 3.00x.
- The liquidity covenant will continue and be amended and extended beginning in February 2021, through to and including December 2021, requiring available liquidity as defined on a monthly basis (February 2021 – \$75 million; March 2021 – \$60 million; April 1, 2021 through December 31, 2021 – \$100 million).
- The addition of a senior leverage ratio based on annualized Adjusted EBITDA and set at 1.0x lower than the level applicable to the total leverage ratio.
- Effective with the fourth quarter of 2021, additional growth capital expenditures will be subject to pro-forma leverage covenant of 2.75x (both prior to and immediately after giving effect to any such growth capital expenditure) based on actual last twelve month EBITDA.
- Distributions continue to be blocked during the extended financial covenant suspension period and thereafter only permitted when the total leverage ratio is less than 2.75x (both prior to and immediately after giving effect to any such distribution).

Security and Guarantees

The obligations under the Credit Facilities are secured by a first ranking charge over all of the personal and real property owned by the Corporation, the Partnership and their subsidiaries other than certain excluded immaterial subsidiaries. The obligations of the Corporation and the Partnership under the Credit Facilities are guaranteed by such subsidiaries.

Events of Default

The Credit Facilities contain customary events of default, including an event of default upon certain circumstances constituting a change of control, as more specifically set out in the “Events of Default” section of the Credit Agreement.

Failure to comply with the terms of the Credit Facilities would entitle the lenders to accelerate all amounts outstanding under such facilities, and upon such acceleration, the lenders would be entitled to begin enforcement of security granted to the lenders by the Partnership or the Corporation to recover assets of the Partnership or the Corporation, including accounts receivable, inventory, equipment and material contracts. The lenders would then

be repaid from the proceeds of such security, using all available assets. Only after such repayment and the payment of any other secured and unsecured creditors would the holders of Common Shares receive any proceeds from the liquidation of Cineplex's assets.

The Credit Facilities, in certain circumstances, restrict the Corporation's, the Partnership's and their subsidiaries' ability to make payments in respect of their securities, including the Common Shares, unless sufficient funds are available for the repayment of indebtedness and the payment of interest, expenses and taxes.

CAPITAL STRUCTURE

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares of which 63,333,238 were issued and outstanding as at December 31, 2020. Holders of Common Shares are entitled to one vote per share at meetings of Shareholders of the Corporation, to receive dividends if and when declared by the Board and to receive the remaining property and assets of the Corporation upon its dissolution or winding-up, subject to the rights of shares having priority over the Common Shares. Holders of Common Shares may make use of the various shareholder remedies available pursuant to the OBCA. Additional information relevant to the Common Shares, the rights of holders thereof and the operation and conduct of the Corporation can be found in the Corporation's articles and by-laws, which have been filed under the Corporation's profile on SEDAR.

Preferred Shares

The Corporation is authorized to issue 10,000,000 Preferred Shares, issuable in series, none of which are outstanding. If issued, each series of Preferred Shares shall consist of such number of shares and having such rights, privileges, restrictions and conditions as may be determined by the Board prior to the issuance thereof. Holders of Preferred Shares, except as required by law, will not be entitled to vote at meetings of Shareholders of the Corporation. With respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the Preferred Shares are entitled to preference over the Common Shares and any other shares ranking junior to the Preferred Shares from time to time and may also be given such other preferences over the Common Shares and any other shares ranking junior to the Preferred Shares as may be determined at the time of creation of such series. The Preferred Shares are not, and may not be, created as an anti-takeover mechanism. Additional information relevant to the Preferred Shares, the rights of holders thereof and the operation and conduct of the Corporation can be found in the Corporation's articles and by-laws, which have been filed under the Corporation's profile on SEDAR.

Convertible Debentures

On July 15, 2020, Cineplex completed a public offering of \$275 million aggregate principal amount of 5.75% convertible unsecured subordinated debentures due 2025 (the "**Convertible Debentures**"). On July 20, 2020, the underwriters purchased an additional \$41.25 million aggregate principal amount of Convertible Debentures pursuant to the exercise of their over-allotment option. The Convertible Debentures bear interest at a rate of 5.75% per annum, payable semi-annually on September 30 and March 31 of each year, and mature on September 30, 2025. Cineplex may, at its option, elect to make interest payments in the form of freely tradeable Common Shares.

The Convertible Debentures are convertible at the holder's option into fully-paid, non-assessable and freely-tradeable Common Shares at any time prior to the close of business on the earlier of (i) five business days prior to the maturity date, and (ii) if called for redemption, five business days immediately preceding the date specified by the Corporation for redemption of the Convertible Debentures, at the conversion price specified in the Convertible Debenture Indenture (as hereinafter defined), at a conversion price of \$10.94 per Common Share, representing a conversion rate of 91.4077 Common Shares per \$1,000 principal amount of Convertible Debentures, or, in the event of a cash change of control, the applicable conversion price as determined in accordance with the Convertible Debenture Indenture. The conversion price is subject to adjustment in certain circumstances set out in the Convertible Debenture Indenture. Holders converting their Convertible Debentures will receive all accrued and unpaid interest to, but excluding, the date of conversion.

The Convertible Debentures are not redeemable by Cineplex prior to September 30, 2023. On or after September 30, 2023 and prior to September 30, 2024, Cineplex may, at its option, redeem the Convertible Debentures in whole or in part from time to time, subject to specific market conditions. On or after September 30, 2024, the Convertible Debentures may be redeemed in whole or in part from time to time at the option of Cineplex at a price equal to their

principal amount plus accrued and unpaid interest. Redemption may be in cash or in the form of shares, at the option of Cineplex.

If the Corporation undergoes certain changes of control, the Corporation must make an offer to repurchase the Convertible Debentures at a purchase price equal to 100% of the aggregate principal amount of the Convertible Debentures so repurchased plus accrued and unpaid interest to, but not including, the date of repurchase.

The Convertible Debentures are direct, subordinated, unsecured obligations of the Corporation and rank equally with one another and subordinate to all liabilities of the Corporation (including all trade debt), except liabilities which by their terms rank in right of payment equally with or subordinate to the Convertible Debentures, and rank *pari passu* to all future unsecured subordinated debentures issued by the Corporation. The Convertible Debenture Indenture provides that in the event of any dissolution, winding-up, liquidation, bankruptcy, insolvency, receivership, creditor enforcement or realization or other similar proceedings relating to the Corporation or any of its property, or any marshalling of the assets and liabilities of the Corporation, then holders of senior indebtedness will receive payment in full before the holders of Convertible Debentures will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Convertible Debentures or any unpaid interest accrued thereon. The Convertible Debenture Indenture also provides that the Corporation will not make any payment, and the holders of the Convertible Debentures will not be entitled to demand, accelerate, institute proceedings for the collection of, or receive any payment or benefit (including without limitation by set-off, combination of accounts or otherwise in any manner whatsoever) on account of the Convertible Debentures if a default or event of default with respect to or under any senior indebtedness permitting acceleration of the same has occurred and is continuing.

The Convertible Debentures were issued pursuant to an indenture dated July 15, 2020 between the Corporation and AST Trust Company (Canada), as trustee (the “**Convertible Debenture Indenture**”). Subject to certain exceptions and qualifications set forth in the Convertible Debenture Indenture, the Convertible Debentures limit the ability of the Corporation to, among other things (i) make distributions to shareholders after the occurrence of an event of default, or (ii) undertake any rights offering, securities issuance, distribution or capital reorganization in which the number, price or consideration for the relevant securities is based on the exercise of the redemption or repayment rights set out in the Convertible Debenture Indenture.

The foregoing is a summary of the key terms of the Convertible Debentures. This summary is qualified in its entirety by reference to the provisions of the Convertible Debenture Indenture which contains a complete statement of those terms and conditions. The Convertible Debenture Indenture is available on SEDAR.

Senior Secured Second Lien Notes

On February 26, 2021, the Corporation completed a private placement offering (the “**Notes Offering**”) of \$250 million aggregate principal amount of senior secured second lien notes due February 26, 2026 (the “**Notes**”). The Notes bear interest at a rate of 7.50% per annum, payable semi-annually in arrears in equal installments on January 31 and July 31 of each year. The Notes were issued pursuant to an indenture entered into among the Corporation and AST Trust Company (Canada), as trustee and collateral agent, dated as of February 26, 2021 (the “**Notes Indenture**”).

The Notes are fully and unconditionally guaranteed, jointly and severally, on a secured second lien basis by the Corporation and each direct or indirect restricted subsidiary of the Corporation that is a borrower or guarantees the obligations of the Corporation or any other borrower under the Credit Facilities. The Notes (i) are effectively subordinated to all of the Corporation’s and the guarantors’ existing and future obligations in respect of the Credit Facilities and any other first lien obligations to the extent of the value of the assets that secure such obligations on a first-priority basis; (ii) rank *pari passu* in right of payment with all existing and future senior indebtedness of the Corporation and the guarantors and senior in right of payment to any future subordinated indebtedness of the Corporation and the guarantors; (iii) rank effectively senior to any existing and future unsecured obligations of the Corporation and the guarantors to the extent of the value of the collateral securing the Notes (subject to the prior payment of any first lien obligations); and (iv) are structurally subordinated to all existing and future indebtedness, claims of holders of preferred stock and other liabilities of subsidiaries of the Corporation that do not guarantee the Notes.

At any time from and after January 31, 2023, the Notes may be redeemed in whole or in part from time to time at the option of the Corporation at a price equal to their principal amount plus accrued and unpaid interest. Prior to January 31, 2023, the Corporation may redeem all or a part of the Notes at a price equal to 100% of the aggregate

principal amount of the Notes redeemed plus an applicable premium and accrued and unpaid interest. The Corporation may also, at any time prior to January 31, 2023, redeem up to 40% of the aggregate principal amount of the Notes at a price equal to 107.50% of their principal amount thereof plus accrued and unpaid interest, with the net cash proceeds of one or more equity offerings. In addition, the Corporation may redeem up to 10% of the outstanding aggregate principal amount of Notes at any time prior to January 31, 2022 at a price equal to 103.75% of their principal amount plus accrued and unpaid interest, provided that at least \$150 million aggregate principal amount of Notes originally issued under the Notes Indenture (and any additional Notes issued under the Notes Indenture) remains outstanding immediately after the occurrence of each such redemption unless all such Notes are redeemed substantially concurrently.

If the Corporation sells certain assets without applying the proceeds in a permitted manner, the Corporation must make an offer to each holder of Notes to purchase all or a portion of its Notes at 100% of the aggregate principal amount of the Notes so repurchased plus accrued and unpaid interest to, but not including, the date of repurchase. If the Corporation undergoes certain change of control events, the Corporation must make an offer to repurchase the Notes at a purchase price equal to 101% of the aggregate principal amount of the Notes so repurchased plus accrued and unpaid interest to, but not including, the date of repurchase.

If the Corporation, any guarantor or other payor is required to withhold or deduct any amount for or on account of taxes from any payment made under or with respect to the Notes or any guarantee, as the case may be, the Corporation, such guarantor or other payor, as applicable, will pay (together with such payment) such additional amounts as may be necessary so that the net amount received by each holder or beneficial owner of a Note after such withholding or deduction (including any such withholding or deduction from such additional amounts) will not be less than the amount the holder or beneficial owner would have received if such taxes had not been withheld or deducted (subject to certain exceptions).

In addition to the restrictions on asset sales and change of control events described above, the Notes Indenture contains covenants that restrict, among other things, the Corporation's ability to, among other things, incur liens other than permitted liens, make restricted payments, incur certain indebtedness and enter into certain transactions with affiliates, in each case, subject to certain conditions.

The foregoing is a summary of the key terms of the Notes. This summary is qualified in its entirety by reference to the provisions of the Notes Indenture which contains a complete statement of those terms and conditions. The Notes Indenture is available on SEDAR.

DIRECTORS AND OFFICERS

The below table identifies all individuals who are currently serving as Directors and executive officers of the Corporation as of the date hereof. The table sets out the person's name, province or state of residence, positions with the Corporation (i.e., director and/or officer) and principal occupation. The term of office for each of the current Directors expires at the time of the next annual meeting of Shareholders.

Name and Residence	Position	Dates	Principal Occupation
Jordan Banks Ontario, Canada	Director	2013 - present	President Rogers Media
Robert Bruce Ontario, Canada ⁽²⁾	Director	2010 - present	Corporate Director
Joan Dea California, USA ⁽⁴⁾	Director	2006 - present	Corporate Director
Janice Fukakusa Ontario, Canada ⁽¹⁾⁽²⁾	Director	2017 - present	Corporate Director
Donna Hayes Ontario, Canada ⁽²⁾	Director	2016 - present	Corporate Director
Ellis Jacob Ontario, Canada	Director/Officer	2003 - present	President and Chief Executive Officer
Sarabjit Marwah Ontario, Canada ⁽⁴⁾	Director	2009 - present	Senator and Corporate Director

Name and Residence	Position	Dates	Principal Occupation
Nadir Mohamed Ontario, Canada ⁽³⁾⁽⁴⁾	Director	2017 - present	Corporate Director
Phyllis Yaffe (Chair) Ontario, Canada ⁽⁴⁾	Director	2020 - present ⁽⁵⁾	Corporate Director
Allison Dell Ontario, Canada	Officer	2014 - present	Vice President, Human Resources
Anne Fitzgerald Ontario, Canada	Officer	2005 - present	Chief Legal Officer
Scott Hughes Ontario, Canada	Officer	2002 - present	SVP, Digital & Technology
Robert Cousins Ontario, Canada	Officer	2005 - present	Vice President, Film
Dan McGrath Ontario, Canada	Officer	2003 - present	Chief Operating Officer
Sara Moore Ontario Canada	Officer	2020 - present	SVP, Marketing
Gord Nelson Ontario, Canada	Officer	2003 - present	Chief Financial Officer
Fabrizio Stanghieri	Officer	1996 - present	EVP and Managing Director, Cineplex Media
Kevin Watts Ontario, Canada	Officer	2001- present	EVP, Exhibition and LBE

Notes:

- (1) Chair of the Audit Committee of the Corporation.
- (2) Member of the Audit Committee of the Corporation.
- (3) Chair of the Compensation, Nominating and Corporate Governance Committee.
- (4) Member of the Compensation, Nomination and Corporate Governance Committee.
- (5) Ms. Yaffe previously served as a Trustee of Cineplex Galaxy Income Fund from 2008 through 2011 and a Director of the Corporation from 2011 through 2016.

As of December 31, 2020, the current Directors and executive officers of the Corporation identified above collectively beneficially owned, directly or indirectly, or exercised control and direction over 460,658 Common Shares, representing, in the aggregate less than 1% of the issued and outstanding Common Shares. As at that same date, the current Directors and executive officers of the Corporation identified above, collectively beneficially own, directly or indirectly, or exercise control and direction over a total of 1,008,495 Common Shares plus share equivalents, representing, in the aggregate approximately 1.59% of the issued and outstanding Common Shares.

Penalties or Sanctions

To the Corporation's knowledge, no director or executive officer: (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the Corporation's knowledge, no director or executive officer has an existing or potential material conflict of interest with the Corporation or any of its subsidiaries.

Biographies

The following are brief profiles of the Directors of the Corporation, as at December 31, 2020.

- **Jordan Banks.** Mr. Banks is President of Rogers Sports & Media. Prior to joining Rogers Sports & Media, Mr. Banks was the former Managing Director of Facebook & Instagram Canada, leading all domestic commercial operations, while also serving for a period of time as Facebook's Global Head of Vertical Strategy. Mr. Banks's previous roles include CEO at JumpTV, Managing Director of eBay Canada, and working as an executive at the National Hockey League Players' Association in their international business and licensing group. Mr. Banks also practiced corporate law at Goodmans LLP, and was the co-founder of Thunder Road Capital where he provided investment and advisory services to tech companies. Mr. Banks sits on the Board of Directors for SickKids Foundation, the Canadian Children's Literacy Foundation, Black North Initiative and Cineplex Inc., and has spent the past two decades raising money and awareness for Alzheimer's research and care.
- **Robert Bruce.** Mr. Bruce is a Corporate Director. He was Executive Chairman and Founding Partner of Mobile Klinik, a Canada-wide 80-store chain of professional smartphone repair stores, until July 2020 when it was sold to TELUS. He started Mobile Klinik and served as Mobile Klinik CEO from early 2015 through late 2018. Prior to founding Mobile Klinik in 2015, Mr. Bruce served as President, Communications running the Wireless and Cable Divisions for Rogers Communications Inc. He served in that capacity from 2009 through 2014, having previously served from 2005 through 2009 as President, Rogers Wireless. Mr. Bruce joined Rogers Wireless in 2001 as Executive Vice President and Chief Marketing Officer of Rogers Wireless and President, Wireless Data Services. Prior to joining Rogers Wireless, Mr. Bruce was Senior Vice President, Marketing at Bell Mobility. Previously, he held senior operating and marketing roles with Pepsi-Cola Canada, Oshawa Foods Limited and Warner Lambert. In addition to his role as a Director of the Corporation, Mr. Bruce currently sits as a Director on Grant Thornton LLP Partnership Board. In the past he has sat on numerous Boards, including but not limited to United Way Board of Trustees for Toronto and York, Canadian Marketing Association and Canadian Wireless Telecom Association. He holds a Master of Science from University of Waterloo and a Master of Business Administration from Queen's University.
- **Joan Dea.** Ms. Dea is the Founder and Managing Director of Beckwith Investments which invests in, and provides advice to, innovative, leading companies. Previously, Ms. Dea served as Executive Vice President, Head of Strategic Management and Corporate Marketing with BMO Financial Group. As a member of the Executive Committee she developed and managed BMO's strategic and change agendas. Ms. Dea was also a partner at the Boston Consulting Group where she was a leader in the Global Financial Services and Consumer Goods, Retail and Media Practices and held several internal leadership positions. In addition to her role as a Director of the Corporation, she serves as a Director of Charles Schwab Corporation (serving on the Nominating and Governance and the Compensation Committees) and Charles Schwab Bank (serving on the Audit Committee). Her past board experience includes Torstar Corporation (from 2009 to 2015) and Performance Sports Group (from 2015 to 2017). In October 2016, Performance Sports Group instituted proceedings under the Canadian Companies' Creditors Arrangement Act and the U.S. Bankruptcy Code (Chapter 11). Ms. Dea also serves as Chair of the Board of Directors of LEAP: The Pecaut Centre for Social Impact, as a member of Broadway Angels and the Yale University Development Council, and as an Advisory Board Member of GlobalGirlMedia. She is past Chair of Women's Initiative, Vice Chair of the National Ballet of Canada, Trustee of Marin Academy and member of a number of advisory boards. Ms. Dea holds a Bachelor of Arts degree from Yale University and Master of Science degree in Economics with Distinction from the London School of Economics. She was previously named one of Canada's Most Powerful Women.
- **Janice Fukakusa.** Ms. Fukakusa is The Chancellor of Ryerson University, and a corporate director. She was formerly the Chief Administrative Officer and Chief Financial Officer of Royal Bank of Canada, from which she retired in January 2017 following a distinguished 31-year career. Ms. Fukakusa currently serves on the boards of a number of corporate and not-for-profit organizations, including serving as the Chair of The Princess Margaret Cancer Foundation. She was inducted into Canada's Most Powerful Women Hall of Fame and previously selected as Canada's CFO of the Year by Financial Executives Canada, PwC and Robert Half. In 2016, she was named one of the 25 Most Powerful Women in Banking by American Banker magazine for the fourth consecutive year. Ms. Fukakusa holds the professional designation of Fellow Chartered Professional Accountant (FCPA and CPA). She obtained a Bachelor of Arts from University of

Toronto and a Master of Business Administration from Schulich School of Business, and in 2016 was awarded an Honorary Doctorate of Laws from York University.

- **Donna Hayes.** Ms. Hayes is the retired Publisher and Chief Executive Officer of Harlequin, one of the world's leading publishers of books for women, and now part of Harper Collins Publishing. She spearheaded Harlequin's industry leading level of innovation by incorporating forward looking technology (eBooks, downloadable audio, mobile applications) into their business model. Recognition of Harlequin under Hayes' leadership included a Levy Home Entertainment Award for best mass market publisher, the Canadian Public Relations Society's Gold Award of Excellence for communications management, a YWCA "W" Award for promoting the empowerment of women and Book Business Magazine's Publishing Innovator of the Year. Ms. Hayes has served on the Board of Directors of the American Association of Publishers, the Toronto Public Library Foundation and the Board of Directors of the TD Financial Group (Toronto-Dominion Bank), where she served on both the Audit and Corporate Governance Committees. She is currently the Co-Chair of the Toronto Wildlife Centre Board, the largest wild animal rescue center in Canada and also serves on the Board of the Pelee Island Bird Observatory (PIBO), founded by Graeme Gibson and Margaret Atwood and dedicated to the study and preservation of Canada's migratory birds. Ms. Hayes holds an Honours Degree in English Literature and Communications from McGill University and has completed the Professional Publishing Course at Stanford University as well as the Executive Management Program at the Richard Ivey School at The University of Western Ontario.
- **Ellis Jacob, C.M., O.Ont.** Mr. Jacob has been working in the motion picture exhibition industry since 1987. Prior to assuming his current position as President and Chief Executive Officer of the Corporation in 2003, Mr. Jacob was Chief Executive Officer and co-founder of Galaxy. Prior to founding Galaxy, Mr. Jacob represented Alliance Atlantis Communications Inc. as Head of Integration during 1998 and 1999. From 1987 to 1998, Mr. Jacob held various positions with Cineplex Odeon Corporation as Vice President, Finance, Chief Financial Officer, Executive Vice President and, ultimately, Chief Operating Officer. In addition to his role as a Director of the Corporation, Mr. Jacob also serves as a member of the board of ASM Global and a director and member of the Audit and Risk Committee of Rogers Communication Inc. He is a member of the Executive Committee of the National Association of Theatre Owners (NATO), an executive committee member of the Global Cinema Federation (GCF) as well as a member of the Board of Directors of the Movie Theatre Association of Canada. He also serves as a director and member of the audit committee of the Toronto International Film Festival. Mr. Jacob is an active community member, currently serving as a member of the Board of Directors at Toronto's Baycrest Centre for Geriatrics, where he also sits on the Executive Committee, the Commercialization Committee and is a member of Baycrest's Finance and Audit Committee. Along with his position at Baycrest, Mr. Jacob is a founding director of the Canadian Children's Literacy Foundation as well as a member of the Board of Governors for Mount Sinai Hospital. He holds an MBA from the Schulich School of Business as well as the accounting designations of Fellow Chartered Professional Accountant (FCPA), Fellow Chartered Accountant (FCA) and Fellow Certified Management Accountant (FCMA). He also holds the ICD.D designation from the Institute of Corporate Directors. In 2010, Mr. Jacob was appointed a Member of the Order of Canada, in 2013 he was recognized as Canada's Most Innovative CEO by Canadian Business Magazine, in 2014, he was recognized as Canada's Most Admired CEO, Enterprise, by Waterstone Human Capital, in 2019 he received the ICTA Global Cinema Innovation Award and in 2020 Mr. Jacob was appointed a Member of the Order of Ontario.
- **Sarabjit S. Marwah.** Mr. Marwah retired in 2014 as the Vice-Chairman and Chief Operating Officer of Scotiabank. In that capacity, he had been responsible for many of Scotiabank's corporate financial and administrative functions and was actively involved in developing Scotiabank's strategic plans and priorities. He joined Scotiabank's Finance Division in 1979 and, over the years, held successively more senior positions in the division including Senior Vice-President & Comptroller and Executive Vice-President Finance. He was appointed Chief Financial Officer in 1998 and Vice-Chairman and Chief Operating Officer in 2008. In addition to his role as a Director of Cineplex, Mr. Marwah is a member of the Board of Directors of George Weston Ltd, serving on the Audit and Governance Committees. In addition, he was previously on the Board of Directors of TELUS and Torstar Corporations. He also served as Chair of the Hospital for Sick Children, the Chair of the Humber River Regional Hospital, member of the Board of Directors of the C.D. Howe Institute, the Toronto International Film Festival, and the 2008 and 2009 United Way Cabinets. In 2016, he was appointed as a Senator to the Senate of Canada by the Governor General of Canada

- ***Nadir Mohamed, C.M.*** Mr. Mohamed began his communications career more than 30 years ago. He joined Rogers Communications in August 2000 and was President and CEO of Rogers Wireless from 2001 through 2005 when he was appointed President and COO of Rogers Communications Group. He was appointed the President and CEO of Rogers Communications Inc. in March 2009 and retired in December 2013. Mr. Mohamed has been engaged in a spectrum of community organizations and over the past few years has focused on Canada's innovation and entrepreneurship agenda. He is the Co-Founder and Chair of Scale Up Ventures and Chair of Ryerson's DMZ Ventures Inc. Mr. Mohamed serves on the Board of TD Bank Financial Group and Trilogy International Partners and is the Chair of Alignvest Management Corporation. Mr. Mohamed was named by Bloomberg as one of the world's most successful immigrants and in October 2013 was honoured by the UN Association in Canada at their 2013 Global Citizens Dinner. In 2019, Mr. Mohamed was appointed a Member of the Order of Canada.
- ***Phyllis Yaffe, C.M.*** Ms. Yaffe has held a number of strategic positions in film and television in Canada since the 1980s including Chief Executive Officer and Chief Operating Officer of Alliance Atlantis Communications Inc. and Chief Executive Officer of Alliance Atlantis Broadcasting Inc. Most recently, she served as Consul General to New York for the Government of Canada from July 2016 through December 2019. In addition to serving as Chair of the Board of the Corporation, she currently serves on the board of directors of Blue Ant Media, a privately held Canadian media company. She has previously served on the boards of Lions Gate Entertainment Corporation, Torstar Corporation and Astral Media Inc. In 1999, Ms. Yaffe was selected as the Canadian Women in Communications Woman of the Year and received the Lifetime Achievement Award from Women in Film and Television in 2000. In 2006, she was included in the Women's Executive Network's list of Canada's 100 Most Powerful Women; in 2007, she was inducted into the Canadian Association of Broadcasters' Broadcast Hall of Fame; in 2015, she was honoured as a recipient of to the Order of Canada. In her volunteer time, Ms. Yaffe has previously served on each of the boards of directors for Baycrest Health Sciences and Women Against Multiple Sclerosis, and served on the Board of Governors for Ryerson University.

In addition to Ellis Jacob who serves as the President and Chief Executive Officer of the Corporation, the following are brief profiles of additional executive officers of the Corporation.

- ***Robert Cousins, Vice President, Film.*** Mr. Cousins oversees all Film and Event Cinema programming for Cineplex. He has been with the company for over 18 years and was instrumental in the development of Cineplex's international programming bringing Hindi, Punjabi, Chinese and Filipino films to Canadian audiences. An industry veteran for over 30 years he has worked in Government, Production and Distribution prior to joining Cineplex in 2002.
- ***Allison Dell, Head of Human Resources.*** Ms. Dell oversees the company's Human Resources function, creating and aligning the Cineplex people strategy to drive business strategy and promoting a strong culture. She is responsible for Recruitment, Talent Management, Learning & Development, HR Consulting, HR Operations, Labour & Employee Relations, Compensation and Benefits for all employees as well as overseeing the employee experience, Workspace strategy, and Cineplex culture work - including values and developing a high performing culture. Along with the Chair and CEO, Ms. Dell manages CNCG Committee agendas and deliverables and oversees executive and board compensation, and proxy disclosures. Ms. Dell attended Queen's University in Kingston, Ontario, has over 20 years of international talent management, learning, and organizational development experience and is and is a member of The Talent Company CHRO Advisory Group, the Executive Roundtable HRX Steering Committee and a member of the ex2 global Advisory Board.
- ***Anne Fitzgerald, Chief Legal Officer and Corporate Secretary.*** Ms. Fitzgerald oversees all legal, corporate affairs and insurance matters relating to Cineplex and its subsidiaries; she also serves as Corporate Secretary. She has practiced law in both Canada and the United States, primarily in litigation roles in areas of corporate-commercial, securities, criminal, tax and entertainment. Ms. Fitzgerald is currently a member of the Board of Directors for the National Association of Theater Owners and the Movie Theatre Association of Canada (where she serves as Vice-Chair). She is a member of the Executive Committee of the Global Cinema Federation. Ms. Fitzgerald volunteers her time and expertise as the Chair of the Board of Directors of Outward Bound Canada and serves on the Duke University Divinity School Board of Visitors. She was inducted as a Fellow of the Royal Canadian Geographic Society in 2012, was honoured in 2014 as a National Post/ZSA General Counsel of the Year and named as one of Canada's Most Powerful Women in 2019. She holds a BA in Public Policy as well as a Juris Doctorate in Law, both from Duke

University and holds the ICD.D designation from the Institute of Corporate Directors of the Rotman School of Management.

- **Scott Hughes, Senior Vice President, Digital and Technology.** Mr. Hughes joined Famous Players in 2002 and Cineplex in 2005 holding various technology leadership roles across the organization during this time. Mr. Hughes currently leads all aspects of Technology across the Cineplex ecosystem of businesses. He is responsible for driving digital & technology strategy and innovation focussing on Enterprise Technologies, Digital Products & Experience, Data Centre Operations, Cybersecurity, and Data & Analytics. Mr. Hughes has almost 25 years of industry leading experience across various Technology practice areas. He is a graduate of Ryerson University with a Degree in Administration & Information Management.
- **Dan McGrath, Chief Operating Officer.** Mr. McGrath joined COC in 1987 and held various financial and operational roles from 1987 to 2000. Upon joining Galaxy in 2000, he held the position of Executive Vice President and held that position with the Corporation until 2011 when he was named Chief Operating Officer. In his current role, Mr. McGrath oversees theatre operations and food service, digital commerce (Cineplex Store), amusement solutions (PIAG), location-based entertainment (The Rec Room, Playdium), design and construction, real estate, strategic planning, as well as the company's media businesses (Cineplex Media and CDM). He is a member of the Board of Directors for SCENE LP (where he is also the President), the Movie Theatre Association of Canada (where he also is Treasurer) and Canada's Walk of Fame. Mr. McGrath holds the accounting designation of Chartered Professional Accountant (CPA) and Chartered Accountant (CA).
- **Sara Moore, Senior Vice President, Marketing.** Sara Moore, SVP Marketing. Ms. Moore oversees all marketing strategies and brand initiatives, including creative services, content and social marketing, loyalty, consumer insights and guest services. With over 25 years of experience in a wide variety of industries and with strong results in both start-up environments and multi-national organizations, she brings a strong track record and a wealth of resources and skills to Cineplex. She has spent the last 10 years of her career in the sports and entertainment world, building strong emotional and profitable connections between guests and brands. She is member of the Board of Directors for SCENE Limited Partnership and SCENE IP LP, the award-winning Loyalty program co-owned by Cineplex and Scotiabank. She holds a BAH from Queen's University.
- **Gord Nelson, Chief Financial Officer.** Mr. Nelson joined COC in 1988 and has held various successive financial roles since that time. He was appointed Chief Financial Officer of Cineplex Galaxy Income Fund in 2004 and has continued in this role following the company's conversion to the Corporation in 2011. Mr. Nelson oversees the finance, purchasing, risk management and corporate development areas of the Corporation. He is a member of the Finance and Audit Committee of the Baycrest Centre for Geriatric Care. He graduated from the University of Toronto with an MBA and holds the accounting designations of Chartered Professional Accountant (CPA) and Chartered Accountant (CA). Mr. Nelson was named Canada's CFO of the Year for 2016.
- **Fab Stanghieri, Executive Vice President and Managing Director of Cineplex Media ("CM").** Mr. Stanghieri joined Cineplex in 1996 and has held various roles ranging from Planning, Business Development of Media, Senior Vice President Real Estate and Construction, and most recently as Executive Vice President and Managing Director of Cineplex Digital Media, a business that was merged with Cineplex Media in July of 2020. In his current role, Mr. Stanghieri is responsible for defining and executing the strategic direction of CM and leading the company's focus on delivering its objectives to capitalize on the rapid growth of the out-of-home and media industries. Mr. Stanghieri is a member of the National Association of Theatre Owners, the International Council of Shopping Centers and the Digital Place Based Advertising Association. He also serves on the board of the ICSC Foundation. He is a graduate of Ryerson University with a degree in Urban and Regional Planning.
- **Kevin Watts, Executive Vice President, Exhibition and Location Based Entertainment.** Mr. Watts joined Cineplex Odeon in 1994 and held roles in Planning and Finance until 1999 when he left the company to join Alliance Atlantis. In 2001 he rejoined Cineplex resuming his career in Finance, Tax and Treasury roles. In 2007 he moved out of Finance into operating roles including positions in, Business Development, Film Programming and Theatre Food Service and Operations. In 2018 he was promoted to SVP Exhibition, overseeing the Exhibition business unit and in 2020 was promoted to EVP with the LBE business unit

added to his responsibilities. In his current role he has overall responsibility for the Exhibition and LBE Business units including strategic planning, concept execution/development, guest experience and profitability of all theatres, restaurants, and entertainment centres. Kevin is a board member of the Motion Picture Theatre Association of Canada and holds the accounting designation of Chartered Professional Accountant (CPA) and Certified management Accountant (CMA).

Committees of the Board of Directors of the Corporation

The Board has two committees, an Audit Committee as well as a Compensation, Nominating and Corporate Governance Committee.

Audit Committee

Terms of Reference of the Audit Committee of the Corporation

The Terms of Reference of the Audit Committee of the Board, as confirmed on March 10, 2020, are set out in Schedule A to this Annual Information Form. The members of the Audit Committee are listed below. Each member of the Audit Committee is independent and financially literate as defined by Canadian securities laws.

Education and Experience

This section describes the education and experience of Cineplex's Audit Committee members that is relevant to the performance of their responsibilities. Each member of the Audit Committee currently is, or has previously been, in charge of, or an advisor or a consultant to, a significant business operation, often as president, chief executive officer, chief financial officer or chief operating officer of a public company. Given the breadth and complexity of a financial institution's accounting issues, the Audit Committee members participate from time to time in internal or external sessions related to accounting matters or developments. Further detail on the education and experience of each Audit Committee member is set out below.

Composition of the Audit Committee of the Corporation

The Audit Committee of the Corporation is currently composed of three Directors, namely Janice Fukakusa (Chair), Robert Bruce and Donna Hayes. Each member of the Audit Committee is independent and financially literate within the meaning of applicable securities laws.

Relevant Education and Experience of Audit Committee Members

In addition to each member's general business experience, the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee are set forth below:

- **Janice Fukakusa (Chair).** Ms. Fukakusa retired as Chief Administrative Officer and Chief Financial Officer of Royal Bank of Canada in January 2017. As a member of RBC's Group Executive, she was one of eight executives responsible for setting the overall strategic direction of RBC. In addition, she chaired Group Operating Committee. Having joined RBC in 1985, she held positions in retail and business banking, corporate banking, account management, corporate finance, treasury, strategic development and corporate functions. Ms. Fukakusa currently serves on the boards of a number of corporate and not-for-profit organizations, including serving as Chair of The Princess Margaret Cancer Foundation. Prior to joining the bank, Ms. Fukakusa worked at PricewaterhouseCoopers LLP and she holds the professional designation of Fellow Chartered Professional Accountant (FCPA and CPA). Ms. Fukakusa obtained her Bachelor of Arts from University of Toronto and holds a Master of Business Administration from Schulich School of Business and an Honorary Doctorate of Laws from York.
- **Robert Bruce.** Mr. Bruce is currently the Executive Chairman and Founding Partner of Mobile Klinik. He served as CEO of Mobile Klinik from 2015 through late 2018 where he was responsible for overseeing all financial and operating aspects of the company. Prior to that he served as President, Communications for Rogers Communications Inc., having responsibility for marketing, sales, distribution, retail stores, customer care and all aspects of operations for both cable and wireless, with substantial financial management obligations. His role at Rogers, as well as past roles at BCE Mobile Communications, Pepsi-Cola Canada and Oshawa Foods Limited, have provided him significant experience with operational and

financial aspects of each of these businesses. Mr. Bruce graduated from Queen’s University with a Masters of Business Administration and University of Waterloo with a Master of Science.

- **Donna Hayes.** Ms. Hayes is the retired Publisher and Chief Executive Officer of Harlequin, one of the world’s leading publishers of books for women, and now part of Harper Collins Publishing. As Publisher and CEO, Hayes widened the scope of Harlequin’s focus from romance fiction to publisher of books (fiction and nonfiction) for women. Many of the company’s most successful lines were developed under her leadership. She also spearheaded Harlequin’s industry-leading level of innovation by incorporating forward-looking technology (eBooks, downloadable audio, mobile applications) into their business model. Ms. Hayes graduated in 1978 with an honors degree in English literature and communications from McGill University. She has served on the Board of Directors of the American Association of Publishers, the Toronto Public Library Foundation and the Board of Directors of the TD Financial Group (Toronto-Dominion Bank), where she served on both the Audit and Corporate Governance Committees. She is currently Co-Chair of the Toronto Wildlife Centre Board, the largest wild animal rescue center in Canada.

Audit Fees

The aggregate amounts paid or accrued by the Corporation or Cineplex Entertainment LP with respect to fees, excluding expenses, payable to PricewaterhouseCoopers LLP, the auditors of the Corporation and Cineplex Entertainment LP, for audit, audit-related, tax and other services in the fiscal years ended December 31, 2020 and December 31, 2019 were as follows:

<u>Type of Service</u>	<u>Year Ended December 31, 2020</u>	<u>Year Ended December 31, 2019</u>
Audit	\$1,326,000	\$902,000
Tax	\$355,000	\$321,000
Other	\$11,675	\$10,797

The nature of each category of 2020 fees is described below.

Audit. Audit fees include \$254,000 incurred with respect to the issuance of the Convertible Debentures.

Tax. Tax fees were paid for tax compliance services (\$202,300) and tax consulting and planning (\$152,700).

Other. Other fees were paid for expenses related to compliance review matters with the Canadian Public Accountability Board.

Pre-Approval Policies and Procedures

The Audit Committee has adopted guidelines identifying *Procedures for Approval of Audit and Non-Audit Services by the External Auditors* to govern when management may engage the auditors for non-audit and non-compliance tax services. PricewaterhouseCoopers LLP provides audit services to Cineplex and is also authorized to provide specific audit-related services as well as prescribed tax services. PricewaterhouseCoopers LLP may also provide other services provided that its engagement for such services is pre-approved by the Audit Committee. This policy is available on the Cineplex Investor Relations website at <http://ir.cineplex.com/>.

RISK FACTORS

Cineplex is exposed to a number of risks in the normal course of business that have the potential to affect operating performance. Cineplex has operating and risk management strategies and insurance programs to help minimize these operating risks. In addition, Cineplex has entity level controls and governance procedures including a corporate code of business conduct and ethics, whistle-blowing procedures, clearly articulated corporate values and detailed policies outlining the delegation of authority within Cineplex.

Cineplex conducts an annual enterprise risk management assessment which is overseen by Cineplex’s executive management team and the Audit Committee, and is reported to the Board. The enterprise risk management

framework sets out principles and tools for identifying, evaluating, prioritizing and managing risk effectively and consistently across Cineplex. On an annual basis, all members of senior management participate in a detailed review of enterprise risk in four major categories: environmental risks, process risks, information risks and business unit risks. The results of such analysis are presented to the Audit Committee for their review and then reviewed with the whole of the Board. In addition, Cineplex monitors risks and changing economic conditions on an ongoing basis and adapts its operating strategies as required.

For a complete discussion of the risks to which Cineplex is exposed, reference is made to the Corporation's Annual MD&A.

DIVIDENDS

Cineplex historically had a dividend practice of paying monthly dividends, subject to the discretion of the Board, noting that such practice may vary depending on, among other things, Cineplex's results of operations, cash requirements, financial condition, contractual restrictions, business opportunities, provisions of applicable law and other factors that the Board may deem relevant. Pursuant to the terms of the Arrangement Agreement, Cineplex paid its previously declared monthly dividend of \$0.150 per Common Share up to and including the cash dividend on the Common Shares declared in January 2020 and paid on February 28, 2020 to shareholders of record on January 31, 2020. In light of the repudiation of the Arrangement Agreement by Cineworld, the COVID-19 pandemic and the subsequent amendments to the Credit Facilities, the Corporation does not expect to pay dividends in the immediate future. Dividends previously paid or deemed to be paid were designated by Cineplex as "eligible dividends" for purposes of subsection 89(14) of the *Income Tax Act* (Canada), and similar provincial and territorial legislation.

The following table sets forth total amount of the dividends paid by the Corporation on the Common Shares during each of the last three financial years.

Year	Total Amount of Dividends Paid (per Common Share)
2020	\$0.30 (dividends paid in Jan and Feb only)
2019	\$1.775
2018	\$1.715

MARKET FOR SECURITIES

The outstanding Common Shares of the Corporation are listed for trading on the TSX under the symbol "CGX" and the Convertible Debentures are listed on the TSX under the symbol "CGX.DB.B".

TRADING PRICE AND VOLUME

The following table shows the monthly range of high and low prices per Common Share and total monthly volumes traded on the TSX during the year ended December 31, 2020.

Month	Price per Common Share Monthly High	Price per Common Share Monthly Low	Total Monthly Volume
January 2020	\$34.06	\$33.74	13,355,529
February 2020	\$33.90	\$32.51	14,672,805
March 2020	\$33.23	\$6.30	35,131,053
April 2020	\$16.93	\$10.29	13,400,061
May 2020	\$16.04	\$11.22	9,391,767
June 2020	\$16.90	\$7.63	21,932,761
July 2020	\$9.06	\$7.58	24,134,146
August 2020	\$10.37	\$7.60	20,411,189
September 2020	\$10.14	\$7.20	18,005,782
October 2020	\$7.37	\$4.32	25,530,675
November 2020	\$11.88	\$5.04	44,729,049
December 2020	\$11.25	\$8.11	27,932,104

The following table shows the monthly range of high and low prices per Convertible Debenture and total monthly volumes traded on the TSX during the year ended December 31, 2020.

Month	Price per Convertible Debenture Monthly High	Price per Convertible Debenture Monthly Low	Total Monthly Volume
July 17 – 31, 2020	\$100.50	\$97.50	110,560
August 2020	\$119.00	\$96.65	211,590
September 2020	\$117.00	\$99.94	133,880
October 2020	\$100.00	\$83.50	317,880
November 2020	\$123.00	\$87.00	198,340
December 2020	\$120.00	\$99.00	161,820

ACCOUNTING MATTERS

Some measures included in this Annual Information Form do not have a standardized meaning under generally accepted accounting principles (“GAAP”) and may not be comparable to similar measures provided by other issuers. In its 2020 reporting, the Corporation included the following non-GAAP measures because its management believes that they assist investors in assessing financial performance.

Management defines EBITDA as earnings before interest income and expense, income taxes and depreciation and amortization expense. Adjusted EBITDA excludes the change in fair value of financial instrument, (gain) loss on disposal of assets, foreign exchange, impairment of long-lived assets, goodwill and investments, the equity loss (income) of CDCP, the non-controlling interests’ share of adjusted EBITDA of TG-CPX Limited Partnership, and depreciation, amortization, interest and taxes of Cineplex’s other joint ventures and associates. Adjusted EBITDAaL modifies adjusted EBITDA to deduct current period cash rent paid or payable related to lease obligations net of quantified savings negotiated with landlords as a result of the COVID-19 closures, including savings negotiated after the period end. This includes agreements with landlords that are evidenced by way of written confirmation of the terms agreed upon to the date of approval of the Annual MD&A, and are in the process of being formally documented.

Cineplex’s management believes that adjusted EBITDAaL is an important supplemental measure of Cineplex’s profitability at an operational level and provides analysts and investors with comparability in evaluating and valuing Cineplex’s performance period over period. EBITDA, adjusted for various unusual items, is also used to define certain financial covenants in Cineplex’s Credit Facilities. Management calculates adjusted EBITDAaL margin by dividing adjusted EBITDAaL by total revenues.

EBITDA, adjusted EBITDA and adjusted EBITDAaL are non-GAAP measures generally used as an indicator of financial performance and they should not be seen as a measure of liquidity or a substitute for comparable metrics prepared in accordance with GAAP. Cineplex’s EBITDA, adjusted EBITDA and adjusted EBITDAaL may differ from similar calculations as reported by other entities and accordingly may not be comparable to EBITDA, adjusted EBITDA or adjusted EBITDAaL as reported by other entities.

For a complete discussion and reconciliation of the Corporation’s results in accordance with GAAP measures, reference is made to the Corporation’s Annual MD&A.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Corporation, or a subsidiary of the Corporation, is a defendant in various lawsuits arising in the ordinary course of business. From time to time, Cineplex is involved in disputes with landlords, suppliers, contractors, past employees and other third parties. Other than the Cineworld litigation detailed below, neither the Corporation nor its subsidiaries are involved in any other material legal proceeding or regulatory action.

On June 12, 2020, Cineworld delivered the Termination Notice to Cineplex purporting to terminate the Arrangement Agreement. In the Termination Notice, Cineworld alleged that Cineplex took certain actions that constituted breaches of Cineplex’s covenants under the Arrangement Agreement including failing to operate its business in the ordinary course. In addition, Cineworld alleged that a material adverse effect had occurred with respect to Cineplex. Cineworld’s repudiation of the Arrangement Agreement has been acknowledged by Cineplex and the Cineworld Transaction will not proceed. Cineplex vigorously denies Cineworld’s allegations. The Arrangement Agreement

explicitly excludes any “outbreaks of illness or other acts of God” from the definition of material adverse effect and all of Cineworld’s allegations stem from an outbreak of illness and act of God (COVID-19). Cineplex believes that Cineworld had no legal basis to terminate the Arrangement Agreement and that Cineworld breached the Arrangement Agreement and its other contractual obligations because, among other failures, it did not use reasonable best efforts to obtain ICA Approval as soon as reasonably practicable. If Cineworld had complied with its obligation to obtain ICA Approval, Cineplex believes the ICA Approval would have been obtained and the Cineworld Transaction would have closed well before the outside date for completion in the Arrangement Agreement. No amounts are due to be paid by Cineplex as a result of the Termination Notice and no amounts have been accrued in the financial statements with respect to the Termination Notice.

On July 3, 2020, Cineplex announced that it had commenced an action in the Ontario Superior Court of Justice against Cineworld and 1232743 B.C. Ltd. seeking damages arising from what Cineplex claims was a wrongful repudiation of the Arrangement Agreement. The claim seeks damages, including the approximately \$2.18 billion that Cineworld would have paid upon the closing of the Cineworld Transaction for Cineplex’s securities, reduced by the value of the Cineplex securities retained by its security holders, as well as compensation for other losses including the failure of Cineworld to repay or refinance Cineplex’s approximately \$664 million in debt and transaction expenses. Cineplex has also advanced alternative claims for damages for the loss of benefits to its security holders, and to require Cineworld to disgorge the benefits it improperly received by wrongfully repudiating the Cineworld Transaction.

Cineplex claims that Cineworld breached its contractual obligations and its duty of good faith and honesty in contractual performance. Cineworld purports to rely upon alleged adverse impacts of COVID-19 on Cineplex’s business to terminate the Arrangement Agreement, which it is not entitled to do. The contractual agreements between the parties expressly exclude outbreaks of illness, such as the COVID-19 pandemic, as a circumstance entitling Cineworld to terminate the Arrangement Agreement. Without any legal right to avoid its contractual obligations, Cineworld intentionally chose to breach its obligations, including its obligation to obtain ICA Approval.

On July 6, 2020, Cineworld announced that it would defend Cineplex’s claim, and on September 2, 2020, filed its Statement of Defence and Counterclaim in which it denied Cineplex’s claims and advanced a counterclaim seeking reimbursement of an unspecified amount for costs incurred with respect to the transaction and an unspecified amount for punitive damages. Cineplex responded to Cineworld’s defence and counterclaim on September 15, 2020, denying all claims levied by Cineworld.

While a trial date has been set for September 2021, due to uncertainties inherent in litigation, it is not possible for Cineplex to predict the timing or final outcome of the legal proceedings against Cineworld or to determine the amount of damages, if any, that may be awarded. Further, even if Cineplex’s action against Cineworld is successful, Cineworld may not have the ability to pay the full amount of any damages awarded.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Directors, no “informed person” has had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any material transaction (or any proposed transaction) with Cineplex Entertainment LP, Cineplex Entertainment Corporation and the Corporation, in the past five years, except with respect to the Cineworld Transaction as described in the Arrangement Information Circular. “Informed person” means: (a) a Director or executive officer of the Corporation; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation; (c) any person or company who beneficially owns or controls or directs, directly or indirectly, 10% or more of the outstanding voting securities of the Corporation.

TRANSFER AGENT AND REGISTRAR

AST Trust Company (Canada) acts as transfer agent and registrar of Cineplex. The register of transfers of the securities of the Corporation is located at AST Trust Company (Canada)’s principal transfer office in Toronto.

MATERIAL CONTRACTS

Except for those contracts entered into in the ordinary course of business of the Partnership and the Corporation, the Partnership and/or the Corporation have entered into the following material contracts, each of which is available on SEDAR: (1) the Credit Agreement, including the First Amendment, Second Amendment and Third Amendment (see “Business of Cineplex – Credit Facilities”); (2) the Convertible Debenture Indenture (See “Capital Structure –

Convertible Debentures”); and (3) the Notes Indenture (See “Capital Structure – Senior Secured Second Lien Notes”).

INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, Toronto, Ontario, is the external auditor who prepared the independent auditors’ reports of registered public accounting firm to shareholders in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) (PCAOB) – which includes the reports on the Corporation’s consolidated financial statements and internal control over financial reporting. PricewaterhouseCoopers LLP is independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario, and is an independent registered public accounting firm with respect to Cineplex within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario. PricewaterhouseCoopers LLP has prepared an independent auditors’ report dated February 10, 2021 in respect of the Corporation’s consolidated balance sheets as at December 31, 2020 and December 31, 2019 and the consolidated statements of operations, comprehensive income, changes in equity and cash flows and the notes therein for the years then ended.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR. Additional information, including remuneration and indebtedness of Directors and officers of the Corporation and the principal holders of Common Shares, is contained in the Corporation’s information circular dated August 25, 2020 for its October 13, 2020 annual and special meeting of Shareholders, as filed by the Corporation on SEDAR. The Corporation will also file an updated information circular in the coming weeks for its upcoming annual meeting of Shareholders to be held on May 19, 2021. Additional financial information is provided in the Corporation’s financial statements and the Annual MD&A. For a copy of this Annual Information Form and the materials listed in the preceding paragraph, each is available for download on Cineplex’s investor relations website <http://ir.cineplex.com> or, to request a hardcopy, please contact:

Cineplex Inc.
1303 Yonge Street
Toronto, Ontario M4T 2Y9
Attention: Investor Relations

Telephone: (416) 323-6600
Fax: (416) 323-7245
Email: Melissa.Pressacco@cineplex.com

GLOSSARY OF TERMS

“**Adjusted EBITDA**” means EBITDA adjusted to exclude the change in fair value of financial instrument, (gain) loss on disposal of assets, foreign exchange, impairment of long-lived assets, goodwill and investments, the equity loss (income) of CDCP, the non-controlling interests’ share of adjusted EBITDA of TG-CPX Limited Partnership, and depreciation, amortization, interest and taxes of Cineplex’s other joint ventures and associates;

“**Adjusted EBITDAaL**” means adjusted EBITDA to deduct current period cash rent paid or payable related to lease obligations net of quantified savings negotiated with landlords as a result of the COVID-19 closures, including savings negotiated after the period end. This includes agreements with landlords that are evidenced by way of written confirmation of the terms agreed upon to the date of approval of the Annual MD&A, and are in the process of being formally documented.

“**Annual MD&A**” means the Corporation’s year-end Management’s Discussion and Analysis dated February 10, 2021 for the fiscal year ended December 31, 2020;

“**Arrangement Agreement**” means the arrangement agreement made as of December 15, 2019, among the Corporation, Cineworld Group plc, and 1232743 B.C. Ltd (including the schedules thereto) as it may be amended, modified or supplemented from time to time in accordance with its terms;

“**Arrangement Information Circular**” means the management information circular of the Corporation dated January 3, 2020 prepared in connection with a special meeting of Shareholders held on February 11, 2020 to consider the Arrangement, together with all appendices thereto;

“**Board**” means the board of directors of the Corporation;

“**BPP**” means total box office revenues divided by total paid theatre attendance;

“**CDCP**” means Canadian Digital Cinema Partnership;

“**CDM**” means Cineplex Digital Media Inc.;

“**Chair**” means the committee-appointed member to act as Chair of the committee;

“**Cineplex**” means Cineplex Inc. and its subsidiaries;

“**Cineplex Entertainment LP**” means Cineplex Entertainment Limited Partnership;

“**Cineplex Store**” means www.CineplexStore.com;

“**Cineworld**” has the meaning ascribed to it under “General Development of the Business”;

“**Cineworld Transaction**” has the meaning ascribed to it under “General Development of the Business”;

“**COC**” means Cineplex Odeon Corporation;

“**Common Shares**” means common shares of the Corporation;

“**Corporation**” means Cineplex Inc.;

“**COVID-19**” has the meaning ascribed to it under “Explanatory Notes”;

“**CPP**” means total theatre food service revenues divided by total paid theatre attendance;

“**Credit Agreement**” has the meaning ascribed to it under “General Development of the Business”;

“**Credit Facilities**” means the Revolving Facility and the Term Facility under the Credit Agreement;

“**Convertible Debentures**” has the meaning ascribed to it under “Capital Structure – Convertible Debentures”;

“**Convertible Debenture Indenture**” has the meaning ascribed to it under “Capital Structure – Convertible Debentures”;

“**Director**” or “**Directors**” means the directors of the Corporation or any one of them;

“**EBITDA**” means earnings before interest income and expense, income taxes, depreciation and amortization expense;

“**First Amendment**” has the meaning ascribed to it under “General Development of the Business”;

“**GAAP**” means generally accepted accounting principles;

“**Galaxy**” means Galaxy Entertainment Inc.;

“**ICA Approval**” means approval required to be obtained under the *Investment Canada Act* pursuant to the terms of the Arrangement Agreement;

“**LBE**” has the meaning ascribed to it under “Explanatory Notes”;

“**LIBOR**” means a benchmark rate banks charge each other for short term loans;

“**LP Units**” means the limited partnership units of Cineplex Entertainment LP;

“**Notes**” has the meaning ascribed to it under “Capital Structure – Senior Secured Second Lien Notes”;

“**Notes Indenture**” has the meaning ascribed to it under “Capital Structure – Senior Secured Second Lien Notes”;

“**Notes Offering**” has the meaning ascribed to it under “Capital Structure – Senior Secured Second Lien Notes”;

“**OBCA**” means the *Business Corporations Act* (Ontario);

“**PIAG**” has the meaning ascribed to it under “General Development of the Business”;

“**Partnership**” means Cineplex Entertainment Limited Partnership;

“**Preferred Shares**” means preferred shares of the Corporation;

“**Revolving Facility**” has the meaning ascribed to it under “Business of Cineplex – Credit Facilities”;

“**Sale and Leaseback Transaction**” has the meaning ascribed to it under “General Development of the Business”;

“**Scotiabank**” means the Bank of Nova Scotia;

“**SCENE**” has the meaning ascribed to it under “General Development of the Business”;

“**Second Amendment**” has the meaning ascribed to it under “General Development of the Business”;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval at www.sedar.com;

“**Shareholders**” means the holders of Common Shares;

“**Term Facility**” has the meaning ascribed to it under “Business of Cineplex – Credit Facilities”;

“**Termination Notice**” means the notice delivered by Cineworld on June 12, 2020, purporting to terminate the Arrangement Agreement.

“**Third Amendment**” has the meaning ascribed to it under “General Development of the Business”;

“**Topgolf**” means the partnership of TG-CPX Canada LP, owned by Cineplex Inc. and Topgolf Canada Holdings, a UK company; and

TSX” means the Toronto Stock Exchange.

SCHEDULE A

CINEPLEX INC. AUDIT COMMITTEE - TERMS OF REFERENCE

The following Audit Committee (“**Committee**”) terms of reference (the “**Terms of Reference**”) have been adopted by the Board of Directors (the “**Board**”) of Cineplex Inc. (collectively, with its subsidiaries and affiliates, the “**Corporation**”).

The Committee consists of members of the Corporation’s Board to assist the Board in its oversight activities. The purpose of the Committee is to assist the Board in fulfilling its responsibilities, which include the oversight and supervision of:

- the integrity of the Corporation’s accounting and financial reporting practices and procedures;
- the adequacy of the Corporation’s internal accounting controls and procedures;
- the quality and integrity of the Corporation’s financial statements; and
- the independence and performance of the Corporation’s external auditors (the “**Auditors**”).

1. COMPOSITION

The Board shall elect the Committee annually from among its members. The Committee shall be composed of at least three members of the Board, who are each: (i) “independent directors” (as defined below) and (ii) “financially literate” (as defined below), or will become so within a reasonable period of time following his or her appointment to the Committee.

If a member of the Committee ceases to be an independent director for reasons outside that member’s reasonable control, that member is exempt from the requirement to be an independent director until the later of: (a) the next annual meeting of the Board; or (b) the date that is six months from the occurrence of the event which caused the member to not be an independent director, provided that the Board has determined that appointing such member to the Committee will not materially adversely affect the ability of the Committee to act independently.

Where the death, disability or resignation of a member of the Committee has resulted in a vacancy on the Committee that the Board is required to fill, a member appointed to fill such vacancy is exempt from the requirements to be independent and financially literate for a period ending the later of: (a) the next annual meeting of the Corporation; and (b) the date that is six months from the day the vacancy was created, provided that the Board has determined that appointing such member to the Committee will not have a material, adverse effect on the ability of the Committee to act independently.

2. REPORTS

The Committee shall report to the Board on a regular basis and, in any event, before the public disclosure by the Corporation of its quarterly and annual financial results. The reports of the Committee shall include any issues of which the Committee is aware with respect to the quality or integrity of the Corporation’s financial statements, its compliance with legal or regulatory requirements, and the performance and independence of the Auditors.

3. RESPONSIBILITIES

Subject to the powers and duties of the Board, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board:

A. Financial Statements and Other Financial Information

The Committee shall:

- (i) review the Corporation’s annual audited financial statements and related documents prior to any public disclosure of such information;

- (ii) review the Corporation's interim unaudited financial results and related documents prior to any public disclosure;
- (iii) following a review, with management of the Corporation and the Auditors, of the annual and interim financial statements and related documents, recommend to the Board the approval of such financial statements and related documents;
- (iv) review, with management of the Corporation and/or the Auditors, all critical policies and practices used, as well as significant management estimates and judgments and any changes in accounting policies or financial reporting requirements, that may affect the Corporation's financial statements;
- (v) review, with management of the Corporation and/or the Auditors, the treatment in the financial statements of any significant transactions, and other potentially difficult matters;
- (vi) review a summary provided by the Corporation's legal counsel of the status of any material pending or threatened litigation, claims and assessments;
- (vii) discuss the annual financial statements and the Auditors' report thereon with officers of the Corporation and the Auditors; and
- (viii) review the other annual financial reporting documents, as well as management's discussion and analysis and earnings press releases, of the Corporation prior to any disclosure to the public.

B. Financial Reporting Control Systems

The Committee shall:

- (i) require management of the Corporation to implement and maintain appropriate internal controls, and use reasonable efforts to satisfy itself as to the adequacy of the Corporation's policies for the management of risk, the preservation of assets and the fulfillment of legislative and regulatory requirements;
- (ii) annually review and report to the Board the development and adequacy of the Corporation enterprise risk management processes;
- (iii) annually, in consultation with management, the Auditors and, if applicable, the officer or employee responsible for the internal audit function, review, evaluate and assess the adequacy and integrity of the Corporation's financial reporting processes and internal controls;
- (iv) discuss significant financial risk, exposures and the steps management of the Corporation has taken to monitor, control and report such exposures;
- (v) if applicable, meet separately with the officer or employee of the Corporation (or a subsidiary of the Corporation) responsible for the internal audit function to discuss any matters that the Committee or Auditors believe should be discussed in private;
- (vi) annually review and report to the Board on organizational structure and succession planning and management development matters for the finance department of the Corporation;
- (vii) submit to the Board any recommendations the Committee may have from time to time with respect to financial reporting, accounting procedures, policies and internal controls;
- (viii) review reports from senior officers of the Corporation outlining any significant changes in financial risks facing the Corporation;
- (ix) review the management letter of the Auditors and the responses to suggestions made;
- (x) review any new appointments to senior positions of the Corporation (or a subsidiary of the Corporation) with financial reporting responsibilities;

- (xi) satisfy itself that adequate procedures are in place for the review of the Corporation's disclosure of the Corporation's financial information extracted or derived from the Corporation's financial statements (other than the financial statements, management's discussion and analysis and earnings press releases) and periodically assess the adequacy of those procedures;
- (xii) establish procedures for: (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation (or a subsidiary of the Corporation) of concerns regarding questionable accounting or auditing matters;
- (xiii) review and approve the Corporation's hiring policies regarding employees and former employees of the present and former Auditors of the issuer; and
- (xiv) obtain assurance from Auditors regarding the overall control environment and the adequacy of accounting system controls.

C. External Auditor

The Committee shall:

- (i) review the audit plan with the Auditors;
- (ii) discuss in private with the Auditors matters affecting the conduct of their audit and other corporate matters;
- (iii) review the performance and the remuneration of the Corporation's Auditors;
- (iv) recommend to the Board, each year, the retention or replacement of the Auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation;
- (v) if there is a plan to change Auditors, review all issues related to the change and the steps planned for an orderly transition;
- (vi) annually review and recommend for approval by the Board, the terms of engagement and the remuneration of the Auditors;
- (vii) oversee the work of the Auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the Auditors regarding financial reporting;
- (viii) discuss, with the Corporation's Auditors, the quality of the Corporation's accounting principles;
- (ix) meet with the Corporation's Auditors on a regular basis in the absence of management;
- (x) relay its expectations to the Corporation's Auditors from time to time including its expectations that: (i) any disagreements of a material nature with management be brought to the attention of the Committee; (ii) the Auditors are accountable to the Committee and the Board, as representatives of the shareholders and must report directly to the Committee; (iii) any irregularities in the financial information must be reported to the Committee; (iv) the Auditors explain the process undertaken by them in auditing or reviewing the Corporation's financial disclosure; (v) the Auditors disclose to the Committee any significant changes to accounting policies or treatment of the Corporation; (vi) the Auditors disclose to the Committee any reservations they may have about the financial statements or their access to materials and/or persons in reviewing or auditing such statements; and (vii) the Auditors disclose any conflict of interest that may arise in their engagement;
- (xi) review, at least annually, the non-audit services provided by the Auditors for the purposes of getting assurance that the performance of such services will not compromise the independence of the Auditors; and

- (xii) pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by its Auditors¹ provided that the Committee may delegate to one or more of its independent members the authority to pre-approve non-audit services in satisfaction of this requirement. The pre-approval of non-audit services by any member of the Committee to whom authority has been delegated must be presented to the full Committee at its first scheduled meeting following such pre-approval.

4. **STRUCTURE**

- a) The Committee shall appoint one of its members to act as Chair of the Committee (the “**Chair**”). The Chair will appoint a secretary who will keep minutes of all meetings (the “**Secretary**”). The Secretary does not have to be a member of the Committee or a member of the Board and can be changed by simple notice from the Chair;
- b) The Committee will meet as many times as is necessary to carry out its responsibilities but in no event will the Committee meet less than four times per year. Meetings will be at the call of the Chair. Notwithstanding the foregoing, the Auditors of the Corporation or any member of the Committee may call a meeting of the Committee on not less than 48 hours’ notice;
- c) No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. A majority of the members of the Committee shall constitute a quorum provided that if the number of members of the Committee is an even number one half of the number of members plus one shall constitute a quorum;
- d) Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a member of the Board. Subject to the foregoing, each member of the Committee shall hold such office until the next annual meeting of the Corporation’s shareholders after his or her election as a member of the Committee;
- e) The Auditors shall be entitled to receive notice of every meeting of the Committee and, at the expense of the Corporation, to attend and be heard thereat;
- f) The Committee shall keep regular minutes of proceedings and shall cause them to be recorded in books kept for that purpose, and shall report the same to the Board at such times as the Board may, from time to time, require;
- g) The time at which and the place where the meetings of the Committee shall be held, the calling of meetings and the procedure in all respects of such meeting shall be determined by the Committee, unless otherwise provided for in the bylaws of the Corporation, or otherwise determined by resolution of the Board; and
- h) The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

5. **INDEPENDENT ADVICE**

- a) In discharging its mandate, the Committee shall have the authority to retain (and authorize the payment by the Corporation of) and receive advice from special legal, accounting or other advisors.

¹ The Committee may satisfy the pre-approval requirement if: (a) the aggregate amount of all the non-audit services that were not pre-approved constitutes no more than five per cent (5%) of the total amount of revenues paid by the Corporation to its Auditors during the fiscal year in which the services are provided; (b) the services were not recognized by the Corporation at the time of the engagement to be non-audit services; and (c) the services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.

6. ANNUAL EVALUATION

At least annually, the Committee shall, in a manner it determines to be appropriate:

- a) perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with these Terms of Reference; and
- b) review and assess the adequacy of these Terms of Reference and recommend to the Board any improvements to the Terms of Reference that the Committee determines to be appropriate.

7. DEFINITIONS

- a) “**financially literate**” means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.
- b) “**independent director**” means a Director who has no direct or indirect “material relationship” (as defined below) with the Corporation.
- c) “**material relationship**” means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director’s independent judgment. Without limiting the generality of the foregoing, the following persons are considered to have a material relationship with the Corporation:
 - (i) a person who is, or has been within the last three years, an employee or executive officer of the Corporation, or any of its predecessor, subsidiary or affiliated entities;
 - (ii) a person whose immediate family member is, or has been within the last three years, an executive officer of the Corporation, or any of its predecessor, subsidiary or affiliated entities;
 - (iii) a person who is: (x) a partner² of the Corporation’s internal or external auditor; (y) is employed by the firm that is the Corporation’s internal or external auditor; or (z) was within the last three years a partner or employee of that firm and personally worked on the Corporation’s audit (or that of its predecessor entity) within that time;
 - (iv) a person whose spouse, minor child or stepchild, or child or stepchild who shares a home with a person who: (i) is a partner of the firm that is the Corporation’s internal or external auditor; (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice; or (iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation’s audit(or that of its predecessor entity) within that time;
 - (v) a person who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Corporation’s current executive officers serves or served at that same time on the entity’s compensation committee;
 - (vi) a person who has a relationship with the Corporation or its affiliated entities pursuant to which such person may accept, directly or indirectly³, any consulting, advisory or other

² “partner” does not include a fixed income partner whose interest in the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with an internal or external auditor if the compensation is not contingent in any way on continued services.

³ The indirect acceptance by a person of a consulting, advisory or other compensatory fee includes acceptance of a fee by: (a) a person’s spouse, minor child or stepchild or a child or stepchild who shares the person’s home; or (b) an entity in which such person is a partner, member, an officer such as a managing director occupying a comparable position or executive officer or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in such case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Corporation or any subsidiary or affiliated entity of the Corporation.

compensatory fee from the Corporation or any subsidiary entity of the Corporation, other than as remuneration for acting in his or her capacity as a member of the Board or any other Board committee, or as part-time chair or vice chair of the Board or any Board committee;

- (vii) a person who received, or whose immediate family member who is employed as a member of executive management of the Corporation or any of its subsidiary entities received, more than \$75,000 in direct compensation from the Corporation or its subsidiary entities during any 12 month period within the last three years, other than: (i) as remuneration for acting in his or her capacity as member of the Board or any Board committee; or (ii) as fixed amounts of compensation under a retirement plan for prior service with the Corporation or any of its subsidiary entities if the compensation is not contingent in any way on continued service; and
- (viii) a person who is an affiliated entity of the Corporation or any of its predecessor or subsidiary entities.

Confirmed March 10, 2021