



**FOR IMMEDIATE RELEASE**

## **Cineplex Announces Commencement of Litigation Against Cineworld**

TORONTO, ON, July 3, 2020 – Cineplex Inc. (“Cineplex”) (TSX: CGX) announces that it has commenced an action in the Ontario Superior Court of Justice against Cineworld Group plc and 1232743 B.C. Ltd. (collectively, “Cineworld”), seeking damages after Cineworld wrongfully repudiated the transaction to acquire Cineplex at a price of \$34 per share (the “Arrangement”).

Cineplex’s statement of claim was issued by the Ontario court and was served on Cineworld today. The claim seeks damages, including the approximately \$2.18 billion that Cineworld would have paid upon the closing of the Arrangement for Cineplex’s securities, reduced by the value of the Cineplex securities retained by its securityholders, 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 securityholders, and to require Cineworld to disgorge the benefits it improperly received by wrongfully repudiating the Arrangement.

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, 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. Without any legal right to avoid its contractual obligations, Cineworld intentionally chose to breach its obligations, including its obligation to seek timely regulatory approval for the Arrangement under the Investment Canada Act. On June 12, 2020, Cineworld purported to terminate Arrangement and unilaterally withdrew the request for Investment Canada Act approval.

Cineworld’s actions to prevent the Arrangement from closing in light of the COVID-19 pandemic is nothing more than a case of buyer’s remorse. While Cineplex honoured all of its obligations under the Arrangement, Cineworld did not.

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.

-30-

#### **Caution Regarding Forward-Looking Statements**

Certain information included in this news release 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.

By their very nature, forward-looking statements involve inherent risks and uncertainties, including those described in Cineplex's Annual Information Form ("AIF"), its MD&A for the year ended December 31, 2019 and for the first quarter ended March 31, 2020 (collectively, the "MD&A"). 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 location-based entertainment 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; and 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; 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 Cineplex's MD&A.

Cineplex does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable Canadian securities law. 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 news release are made as of the date hereof and are qualified by these cautionary statements. Additional information, including Cineplex's AIF and MD&A, can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **About Cineplex**

Cineplex (TSX: CGX) 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 ("LBE") 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 “CDM”) and amusement solutions (Player One Amusement Group “P1AG”). Additionally, Cineplex operates an LBE business through Canada’s newest destinations for ‘Eats & Entertainment’ (The Rec Room), and entertainment complexes specifically designed for teens and families (Playdium). Cineplex is a joint venture partner in SCENE, Canada’s largest entertainment loyalty program.

Proudly recognized as having one of the country’s Most Admired Corporate Cultures, Cineplex employs approximately 13,000 people in its offices across Canada and the United States. To learn more visit [Cineplex.com](http://Cineplex.com) or download the Cineplex App.

**Media Relations contact:**

Sarah Van Lange  
Executive Director, Communications  
[PressRoom@Cineplex.com](mailto:PressRoom@Cineplex.com)

**Investor Relations contact:**

Melissa Pressacco  
Senior Manager, Communications and Investor Relations  
[InvestorRelations@Cineplex.com](mailto:InvestorRelations@Cineplex.com)