



FOR IMMEDIATE RELEASE

## **Cineplex Inc. Reports First Quarter Results, Credit Facility Amendment and Director Changes**

**TORONTO, Canada**, June 29, 2020 (TSX: CGX) - Cineplex Inc. (“Cineplex” or the “Company”) today released its financial results for the three months ended March 31, 2020. The Company’s first quarter financial results were impacted by the COVID-19 pandemic, as the Company temporarily closed all of its theatres and location-based entertainment (“LBE”) venues effective March 16, 2020. Unless otherwise specified, all amounts are in Canadian dollars.

“These are clearly unique and unparalleled times,” said Ellis Jacob, President and CEO, Cineplex. “As a result of COVID-19, we closed all of our theatres and LBE venues in mid-March and as such we needed to shift our focus. Of paramount importance to us is, and always will be, the *safety of our employees and guests*. We put in place physical distancing procedures and ultimately closed our venues in accordance with mandated government requirements. We have spent the closure period developing an industry-leading program to ensure that our employees and guests will return to a safe environment. We focused on *immediate cash and expense mitigation strategies* to ensure that the benefits of minimizing cash burn would accrue through the full closure and reopening period. We focused on *growing and supporting our diversified and on-line businesses* which were not as impacted by the global COVID-19 shutdowns such as expanded food delivery services and our digital store. We focused on *partner support*, including government programs, service cessations and abatements from our landlords, government and supplier partners through the closure and reopening periods. We focused on ensuring that we *continued to meet the conditions of the Cineworld Arrangement Agreement*, until it was repudiated by Cineworld. Lastly, and as a result of Cineworld’s repudiation of the Arrangement Agreement, we focused on working with our financial partners to ensure that our *long-term liquidity needs are met*.”

“As of today, we are in the early days of our reopening process. While it is impossible to predict how long this crisis will last and how significant the impact will be on our business, we know guests miss the magic of the big screen and sound, and have a new appreciation for shared experiences with friends and family that can’t be replicated at home.

Throughout our history, Cineplex has demonstrated its agility and resiliency time and again. We are taking the necessary steps to navigate these uncertain times and remain focused on building a strong, well-positioned company for the future,” Mr. Jacob concluded.

### **Impact of the COVID-19 Pandemic**

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 physical 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.

In response to the outbreak of COVID-19, and 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 and directives are provided by Canadian public health authorities and applicable government authorities.

The COVID-19 pandemic has had a material negative effect on all aspects of Cineplex’s businesses resulting in material decreases in revenues, results of operations and cash flows. To mitigate the negative impact of COVID-19 and support its long-term stability, the Company has taken a variety of measures to reduce its expenses including:

- temporary layoffs of all hourly employees as well as a number of full-time employees who chose a temporary layoff rather than a salary reduction;
- reducing full-time employee salaries since March 21, 2020 by agreement with such employees;
- reducing non-essential discretionary operational expenditures (such as spending on marketing, travel and entertainment);
- reducing capital expenditures;
- implementing a more stringent review and approval process for all outgoing procurement and payment requests;
- proactively negotiating with landlords for rent relief, including abatements and converting fixed rent to variable rent depending on attendance, until attendance returns to previous levels;

- working with major suppliers and other business partners to modify the timing and amount of certain contractual payments;
- reviewing and applying for government subsidy programs where available, including the Canada Emergency Wage Subsidy (“CEWS”); and
- continuing the suspension of dividends.

### **Reopening Plans**

Since the closure of its theatres and LBE venues in March 2020, Cineplex has been diligently preparing for their safe reopening, with the health and wellbeing of its employees and guests being top priority. Cineplex has carefully re-examined all of its buildings and processes, so that when its theatres and LBE venues reopen, it will have implemented an industry-leading program with end-to-end health and safety protocols. At Cineplex’s theatres specifically, it will also be launching reserved seating in all auditoriums across the country to ensure proper physical distancing between its guests.

Cineplex has been able to maintain connections with its guests during the period of theatre and LBE venue closures through its online Cineplex Store and home delivery of food offerings via Uber Eats and Skip the Dishes, as well as through the SCENE loyalty program and social media channels. Cineplex will use these communication channels to ensure that its guests are made aware of when its theatres and LBE venues will reopen, and the various measures put in place to ensure their safety while enjoying a long-deserved outing.

Cineplex will take a gradual approach to reopening its consumer-facing segments in phases. The phases will be driven by government regulations around public gathering sizes and safety guidelines, the availability of first run film product, social norms around physical distancing and the attendance levels at theatres and other venues once reopened. Cineplex is also implementing a number of pricing and marketing strategies to entice its guests to return to theatres and LBE venues as the impact of the COVID-19 pandemic in the markets which it operates subsides. As a result of loosened provincial government restrictions on social gatherings in certain markets in which it operates, Cineplex resumed measured operations at The Rec Room in Winnipeg, Calgary and Edmonton during the week of June 15, 2020. Cineplex also reopened six theatres in Alberta on June 26, 2020, and will open select theatres across British Columbia, Saskatchewan, Quebec, New Brunswick, Nova Scotia and Newfoundland on July 3, 2020. Cineplex will continue to assess how long it should extend the closure of its other theatres and LBE venues across Canada as additional government directives and guidance from Canadian public health authorities are issued.

### **Credit Facility Waiver**

On June 29, 2020, Cineplex entered into an amendment agreement with its lenders. The amendment provides Cineplex with immediate financial covenant suspension in light of the COVID-19 pandemic and its effects on Cineplex’s businesses, which can be extended to the second and third quarters of 2020 upon certain conditions, including a minimum \$250 million new financing, a portion of the proceeds of which would be used to make certain mandatory permanent repayments of the existing indebtedness. As at June 29, 2020, an aggregate of \$664 million was outstanding under the Credit Facilities.

### **Other Matters**

**Non-cash impairment charges:** During the quarter-ended March 31, 2020 the Company recorded \$173.1 million in non-cash impairment charges related to goodwill (\$88.5 million), right-of-use assets (\$50.6 million) and property, equipment and leaseholds (\$33.9 million). The triggering event for the re-evaluation was COVID-19 and the mandatory closure of theatres. Key contributors to the magnitude of the charge include the stock price decline, the estimated losses to be incurred during the closure and re-opening period and estimates regarding the timeline and impacts as the business volumes return to normalized levels. The Company will re-evaluate the carrying value of its property, equipment and leaseholds at year-end with estimates based on the post reopening performance and expects to benefit from the exclusion of the near-term losses experienced to date in Q2 2020 and estimated in Q3 2020.

**Repudiation of the Arrangement Agreement with Cineworld:** On June 12, 2020, Cineworld delivered a notice to Cineplex purporting to terminate the Arrangement Agreement dated December 15, 2019 between Cineplex and Cineworld (the “Arrangement Agreement”). Cineplex believes that Cineworld had no legal basis to terminate the Arrangement Agreement and that instead, Cineworld breached the Arrangement Agreement and its other contractual obligations including when Cineworld repudiated the Arrangement Agreement on June 12, 2020. Cineplex expects to file a statement of claim in the Ontario courts in the near term seeking to recover damages arising from Cineworld’s repudiation and breaches of the Arrangement Agreement and its other contractual obligations and failure to complete the Transaction at \$34.00 per common share.

**Director changes:** The Company also announced the appointment and return of Ms. Phyllis Yaffe to the Board of Directors. Ms. Yaffe previously served on the Board (including serving as a trustee of the predecessor entity, Cineplex Galaxy Income Fund) from

February 2008 through September 2016 and most recently served as Canada’s Consul General in New York from September 2016 through December 2019. Ms. Yaffe has been appointed to fill the role vacated by Mr. Ed Sonshine, who tendered his resignation in May 2020 after serving on the Board from January 2011. With Ms. Yaffe’s return to the Board, the Directors have elected that she return to the role of Chair and thank Ian Greenberg for his service as Chair during the period from 2016 to present.

## **First Quarter Financial Results**

	<b>2020</b>	<b>2019 Restated (i)</b>	<b>Period over Period Change (ii)</b>
Total revenues (iii)	\$ 282.8 million	\$ 364.6 million	-22.4%
Theatre attendance	10.7 million	15.0 million	-28.5%
Net loss from continuing operations (iv)	\$ (174.2) million	\$ (5.3) million	NM
Net loss from discontinued operations	\$ (4.3) million	\$ (2.0) million	NM
Net loss (iv) (v)	\$ (178.4) million	\$ (7.4) million	NM
Box office revenues per patron (“BPP”) (vi)	\$ 10.36	\$ 10.44	-0.8%
Concession revenues per patron (“CPP”) (vi)	\$ 6.79	\$ 6.35	6.9%
Adjusted EBITDA (iv) (vi)	\$ 46.5 million	\$ 78.7 million	-41.0%
Adjusted EBITDAaL (i) (iv) (vi)	\$ 2.4 million	\$ 35.7 million	-93.3%
Adjusted EBITDAaL margin (i) (iv) (vi)	0.8 %	9.8 %	-9.0%
Adjusted free cash flow (v)	\$ (0.2) million	\$ 30.1 million	NM
Adjusted free cash flow per common share of Cineplex (“Share”) (vi)	\$ (0.003)	\$ 0.474	NM
Earnings per Share (“EPS”) from continuing operations - basic and diluted (iv)	\$ (2.75)	\$ (0.09)	NM
EPS from discontinued operations - basic and diluted	\$ (0.07)	\$ (0.03)	NM
EPS - basic and diluted* (iv)	\$ (2.82)	\$ (0.12)	NM

- i. Certain prior period figures have been restated as applicable per IFRS 5 to conform to current period presentation.
- ii. Period over period change calculated based on thousands of dollars except percentage and per share values. Changes in percentage amounts are calculated as 2020 value less 2019 value.
- iii. All amounts are from continuing operations.
- iv. 2020 includes expenses related to the Cineworld Transaction in the amount of \$1.3 million.
- v. Net loss for 2020 was negatively impacted by impairment of long-lived assets and goodwill of \$173.1 million.
- vi. Adjusted EBITDA, adjusted EBITDAaL, adjusted EBITDAaL margin, adjusted free cash flow per common share of Cineplex, BPP and CPP are measures that do not have a standardized meaning under generally accepted accounting principles (“GAAP”). These measures as well as other Non-GAAP financial measures reported by Cineplex are defined in the ‘Non-GAAP Financial Measures’ section at the end of this news release.

## **KEY DEVELOPMENTS IN THE FIRST QUARTER OF 2020**

The following describes certain key business initiatives undertaken and results achieved during the first quarter of 2020 in each of Cineplex’s core business areas:

### **FILM ENTERTAINMENT AND CONTENT**

#### *Theatre Exhibition*

- Reported first quarter box office revenues of \$111.0 million, a decrease of \$45.5 million (29.1%) from \$156.5 million reported in the prior year period due to the 28.5% decrease in theatre attendance from 15.0 million in 2019 to 10.7 million in the first quarter of 2020 due mainly to the closure of the theatre circuit in March as a result of COVID-19. The prior year was also a tough comparator due to the success of *Captain Marvel* which was released in the second week of March 2019.
- BPP was \$10.36, a decrease of \$0.08 (0.8%) versus the prior year period BPP of \$10.44.
- Opened two new ScreenX auditoriums: *Scotiabank Theatre Halifax* in Nova Scotia and *CPX Ottawa* in Ontario.

#### *Theatre Food Service*

- Reported first quarter theatre food service revenues of \$72.7 million, a decrease of \$22.5 million (23.6%) from \$95.2 million reported in the prior year period as a result of the decrease in theatre attendance.
- CPP was \$6.79 for the period, a first quarter record for Cineplex, and \$0.44 (6.9%) higher than the prior year period.
- During the quarter, Cineplex expanded alcohol beverage service to an additional four theatres, now totaling 91 (excluding VIP)
- During the quarter, added five additional locations to the Uber Eats delivery platform, and seven additional locations to Skip the Dishes platform.

- Home delivery from the theatres continued despite the theatre closures with 106 locations serviced by Uber Eats and 137 by Skip the Dishes.

#### *Alternative Programming*

- First quarter Alternative Programming (Cineplex Events) included the theatrical release of the feature film *The Last Full Measure*, performances from The Metropolitan Opera and The Bolshoi Ballet. Spotlight events included *André Rieu: 70 Years Young*, along with the anime features *Weathering With You* and *My Hero Academia: Heroes Rising*.
- Cineplex International film programming featured several strong performing Hindi and Punjabi-language titles in select markets across the country. Due to theatres closures in China in late January, the Canadian distribution of several strong holiday Chinese titles were postponed.

#### *Digital Commerce*

- With theatre closures and accelerated home entertainment release dates, the Cineplex Store saw a substantial growth in activity with total registered users for Cineplex Store increasing 37% in the first quarter of 2020 as compared to the prior year period.
- Cineplex Store registered a 107% increase in device activation over the prior year period.
- Quarterly active users of the Cineplex Store increased by 43% as compared to the prior year period.

#### **MEDIA**

- Reported first quarter media revenues of \$32.2 million, a decrease of \$2.5 million, or 7.3% as compared to the prior year period.

#### *Cinema Media*

- Reported first quarter cinema media revenues of \$17.3 million, a decrease of \$3.8 million (18.1%) compared to the prior year period primarily due to lower show-time and pre-show advertising as a result of the theatre closures.

#### *Digital Place-Based Media*

- Reported a first quarter record with revenues of \$14.9 million, an increase of \$1.3 million (9.3%) compared to the prior year period due to higher project installation revenues and recurring revenue.

#### **AMUSEMENT AND LEISURE**

##### *Amusement Solutions*

- Reported first quarter revenues of \$37.2 million (\$2.2 million from Cineplex theatre gaming and \$35.0 million from all other sources of revenues), a decrease of \$13.3 million (26.4%) as compared to the prior year period. The decrease was due to a drop in route revenues in Canada and the United States as a result of the closure of operating locations and a decrease in equipment sales with the economic shutdown across all markets as a result of COVID-19.

##### *Location Based Entertainment*

- *The Rec Room* reported first quarter revenues of \$17.7 million which included food service revenues of \$6.7 million, amusement revenues of \$10.2 million and other revenues of \$0.8 million, an increase of \$1.3 million (7.7%) as compared to the prior year period. The growth was due to an increase in locations from seven in 2019 to ten in 2020 which was substantially offset by the closure of LBE locations in mid-March as a result of COVID-19.
- Opened *The Rec Room* at *Seasons of Tuxedo* in Winnipeg, Manitoba, on February 18, 2020, the eighth location of *The Rec Room*.
- Began rollout of home delivery from LBE locations via Skip the Dishes in response to the location closures.

#### **LOYALTY**

- Membership in the SCENE loyalty program increased by 0.1 million members in the period, reaching 10.4 million members at March 31, 2020.
- Announced a first-of-its-kind partnership between the National Basketball Association (NBA), Tangerine Bank and SCENE that makes SCENE the official entertainment loyalty partner of the NBA in Canada.

## OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2020

### Total revenues

Total revenues for the three months ended March 31, 2020 decreased \$81.8 million (22.4%) to \$282.8 million as compared to the prior year period. A discussion of the factors affecting the changes in box office, food service, media, amusement and other revenues for the two periods is provided below.

Non-GAAP measures discussed throughout this MD&A, including adjusted EBITDA, adjusted EBITDAaL, adjusted store level EBITDAaL, adjusted EBITDAaL margin, adjusted store level EBITDAaL margin, adjusted free cash flow, theatre attendance, BPP, premium priced product, same theatre metrics, CPP, film cost percentage, food service cost percentage and concession margin per patron are defined and discussed in Non-GAAP measures section of this news release.

### Box office revenues

The following table highlights the movement in box office revenues, theatre attendance and BPP for the quarter (in thousands of dollars, except theatre attendance reported in thousands of patrons and per patron amounts, unless otherwise noted):

Box office revenues	First Quarter		
	2020	2019	Change
Box office revenues	\$ 111,002	\$ 156,496	-29.1%
Theatre attendance (i)	10,710	14,988	-28.5%
Box office revenue per patron (i)	\$ 10.36	\$ 10.44	-0.8%
BPP excluding premium priced product (i)	\$ 9.33	\$ 9.03	3.3%
Canadian industry revenues (ii)			-36.0%
Same theatre box office revenues (i)	\$ 109,347	155,888	-29.9%
Same theatre attendance (i)	10,580	14,917	-29.1%
% Total box from premium priced product (i)	28.7%	40.9%	-12.2%

(i) See Non-GAAP measures section of this news release.  
(ii) Source: Gross box office receipts (inclusive of all taxes) from The Movie Theatre Association of Canada industry data adjusted for calendar quarter dates.

Box office continuity	First Quarter	
	Box Office	Theatre Attendance
2019 as reported	\$ 156,496	14,988
Same theatre attendance change	(45,331)	(4,338)
Impact of same theatre BPP change	(1,209)	—
New and acquired theatres (i)	1,654	130
Disposed and closed theatres (i)	(608)	(70)
2020 as reported	\$ 111,002	10,710

(i) See Non-GAAP measures section of this news release. Represents theatres opened, acquired, disposed or closed subsequent to the start of the prior year comparative period.

First Quarter 2020 Top Cineplex Films		3D	% Box	First Quarter 2019 Top Cineplex Films		3D	% Box
1	1917		9.7%	1	Captain Marvel	✓	16.3%
2	Star Wars: The Rise Of Skywalker	✓	9.2%	2	How To Train Your Dragon: The Hidden World	✓	7.2%
3	Jumanji: The Next Level	✓	9.1%	3	Aquaman	✓	7.0%
4	Bad Boys For Life		8.7%	4	The Lego Movie 2: The Second Part	✓	5.1%
5	Sonic The Hedgehog		6.4%	5	Spider-Man: Into The Spider-Verse	✓	4.3%

Box office revenues decreased \$45.5 million, or 29.1%, to \$111.0 million during the first quarter of 2020, compared to \$156.5 million reported in the same period in 2019. The decrease was due to the 28.5% decrease in theatre attendance to 10.7 million guests and the impact of lower BPP. The theatre attendance decrease was due to the temporary closures of all theatres on March 16, 2020 as a result of COVID-19. The week prior to the temporary closure of all theatres, Cineplex also reduced the maximum allowable capacity of theatres by a minimum of 50%.

During the first two months of the quarter, Cineplex attendance exceeded the prior year period due in part to the success of *1917* and the carryover strength of *Star Wars: The Rise Of Skywalker* and *Jumanji: The Next Level* from the fourth quarter of 2019. March 2019 would have been a tough comparator without the theatre closures due to a lack of high profile movies originally scheduled to open in March 2020 while the prior year included the highly successful *Captain Marvel*.

BPP for the three months ended March 31, 2020 was \$10.36, a \$0.08 decrease (0.8%) from the prior year period. The decrease in BPP was primarily due to a lower percentage of box office revenue from premium priced offerings as compared to the prior year period. In the prior year period, all of the top five films were available in the 3D format, whereas only two films in the current year period were available in the 3D format. The BPP excluding premium priced product increased 3.3% from \$9.03 to \$9.33 due to ticket price increases in select markets.

### Food service revenues

The following table highlights the movement in food service revenues, theatre attendance and CPP for the quarter (in thousands of dollars, except theatre attendance and same theatre attendance reported in thousands of patrons and per patron amounts):

Food service revenues	First Quarter		
	2020	2019	Change
Food service - theatres	\$ 72,681	\$ 95,172	-23.6%
Food service - LBE	6,684	7,886	-15.2%
Total food service revenues	\$ 79,365	\$ 103,058	-23.0%
Theatre attendance (i)	10,710	14,988	-28.5%
CPP (i) (ii)	\$ 6.79	\$ 6.35	6.9%
Same theatre food service revenues (i)	\$ 71,518	\$ 94,761	-24.5%
Same theatre attendance (i)	10,580	14,917	-29.1%
(i) See Non-GAAP measures section of this news release.			
(ii) Food service revenue from LBE is not included in the CPP calculation.			

Theatre food service revenue continuity	First Quarter	
	Theatre Food Service	Theatre Attendance
2019 as reported	\$ 95,172	14,988
Same theatre attendance change	(27,556)	(4,338)
Impact of same theatre CPP change	4,312	—
New and acquired theatres (i)	1,164	130
Disposed and closed theatres (i)	(411)	(70)
2020 as reported	\$ 72,681	10,710
(i) See Non-GAAP measures section of this news release. Represents theatres opened, acquired, disposed or closed subsequent to the start of the prior year comparative period.		

Food service revenues are comprised primarily of concession revenues, which includes food service sales at theatre locations. Food service revenues also include food and beverage sales at *The Rec Room*. Food service revenues decreased \$23.7 million, or 23.0% mainly as a result of the \$22.5 million (23.6%) decrease in theatre food service revenue. The decrease in theatre food service revenue resulted from the 28.5% decrease in theatre attendance, partially offset by the 6.9% (\$0.44) increase in CPP to \$6.79. Food services revenues from location-based entertainment locations decreased \$1.2 million (15.2%) compared to the prior year period to \$6.7 million. The decrease in revenues was due to the temporary closures of all theatres and LBE venues across Canada as a result of COVID-19.

Despite the closures, Cineplex has focused on its expanded home delivery service of concession products and alcohol. Cineplex will continue to optimize food service products and offerings on the restaurant side of the location-based entertainment business upon the re-opening of locations.

CPP of \$6.79 is a first quarter record for Cineplex. Expanded offerings outside of core food service products, including offerings at Cineplex's VIP Cinemas and *Outtakes* locations and expanded beverage service, have contributed to increased visitation and higher average transaction values, resulting in the record CPP in the period.

## Media revenues

The following table highlights the movement in media revenues for the quarter (in thousands of dollars):

Media revenues	First Quarter		
	2020	2019 Restated	Change
Cinema media	\$ 17,262	\$ 21,076	-18.1%
Digital place-based media	14,895	13,630	9.3%
Total media revenues from continuing operations	\$ 32,157	\$ 34,706	-7.3%
Media revenues from discontinued operations	382	307	24.4%
Total media revenues	\$ 32,539	\$ 35,013	-7.1%

Total media revenues from continuing operations decreased \$2.5 million (7.3%) compared to the prior year period to \$32.2 million. Cinema media revenues decreased \$3.8 million (18.1%) compared to the prior year period primarily due to lower show-time and pre-show revenues in the month of March as a result of the temporary closures of all theatres as a result of COVID-19. This decrease was partially offset by a 9.3% or \$1.3 million increase in digital place-based media revenues to a first quarter record of \$14.9 million as a result of higher project installation revenues occurring prior to the shutdown of businesses in North America impacting the digital media client base and recurring revenue from software and network management services.

Digital place-based media had a total of 15,285 locations as of March 31, 2020.

## Amusement Revenues

The following table highlights the movement in amusement revenues for the quarter (in thousands of dollars):

Amusement revenues	First Quarter		
	2020	2019 Restated	Change
Amusement - P1AG excluding Cineplex exhibition and LBE (i)	\$ 34,961	\$ 47,673	-26.7%
Amusement - Cineplex exhibition (i)	2,196	2,784	-21.1%
Amusement - LBE	10,180	8,043	26.6%
Total amusement revenues	\$ 47,337	\$ 58,500	-19.1%
(i) Cineplex receives a venue revenue share on games revenues earned at in-theatre game rooms and XSCAPE Entertainment Centres. Amusement - Cineplex exhibition reports the total of this venue revenue share which is consistent with the historical presentation of Cineplex's amusement revenues. Amusement - P1AG excluding Cineplex exhibition and LBE reflects P1AG's gross amusement revenues, net of the venue revenue share paid to Cineplex reflected in Amusement - Cineplex exhibition above.			

Amusement revenues decreased 19.1%, or \$11.2 million, to \$47.3 million in the first quarter of 2020 compared to the prior year period. The decrease was due to the temporary closures of P1AG route locations, Cineplex theatres and location-based entertainment locations as well as a decline in equipment sales in March 2020 as third parties were impacted by the COVID-19 closures. This decrease was partially offset by an increase in location-based entertainment amusement revenues as a result of additional operating locations during the first quarter of 2020 (ten locations) as compared to the prior year period (seven locations).

Prior to the temporary closures, P1AG was reporting growth in period over period results for Family Entertainment Centres ("FEC") route locations in North America, and theatre locations in Canada.

## Other revenues

The following table highlights the other revenues which includes revenues from the Cineplex Store, promotional activities, screenings, private parties, corporate events, breakage on gift card sales and revenues from management fees for the quarter (in thousands of dollars):

Other revenues	First Quarter		
	2020	2019 Restated	Change
Other revenues from continuing operations	\$ 12,940	\$ 11,864	9.1%
Other revenues from discontinued operations	199	7	NM
Total other revenues	\$ 13,139	\$ 11,871	10.7%

Other revenues from continuing operations increased 9.1% in the first quarter of 2020 compared to the prior year period due primarily to higher volume of digital commerce sales, partially offset by a decrease in venue rental revenue.

## Film cost

The following table highlights the movement in film cost and the film cost percentage for the quarter (in thousands of dollars, except film cost percentage):

Film cost	First Quarter		
	2020	2019	Change
Film cost	\$ 56,500	\$ 78,721	-28.2%
Film cost percentage (i)	50.9%	50.3%	0.6%
(i) See Non-GAAP measures section of this news release.			

Film cost varies primarily with box office revenues, and can vary from quarter to quarter based on the relative strength of the titles exhibited during the period. This is due to film cost terms varying by title and distributor. Film cost percentage during the first quarter of 2020 was 50.9%, a 0.6% increase from the prior year period.

## Cost of food service

The following table highlights the movement in cost of food service and food service cost as a percentage of food service revenues (“concession cost percentage”) for both theatres and LBE for the quarter (in thousands of dollars, except percentages and margins per patron):

Cost of food service	First Quarter		
	2020	2019	Change
Cost of food service - theatre	\$ 20,201	\$ 21,271	-5.0%
Cost of food service - LBE	2,008	2,165	-7.3%
Total cost of food service	\$ 22,209	\$ 23,436	-5.2%
Theatre concession cost percentage (i)	27.8%	22.4%	5.4%
LBE food cost percentage (i)	30.0%	27.5%	2.5%
Theatre concession margin per patron (i)	\$ 4.90	\$ 4.93	-0.6%
(i) See Non-GAAP measures section of this news release.			

Cost of food service at the theatres varies primarily with theatre attendance as well as the quantity and mix of offerings sold. Cost of food service at LBE varies primarily with the volume of guests who visit the locations as well as the quantity and mix of food and beverage items sold.

The decrease in the theatres and location-based entertainment cost of food was due to lower food service revenues for both segments as a result of the temporary closure of venues in March 2020 as a result of COVID-19. With the closure of locations, Cineplex donated perishable food items that it would be unable to use to those in need, including local food banks. This resulted in increased costs in the quarter with theatre concession cost percentage increasing from 22.4% to 27.8% and the LBE food cost percentage from 27.5% to 30.0%.

The theatre concession margin per patron decreased 0.6% from \$4.93 in the first quarter of 2019 to \$4.90 in the same period in 2020.

## Depreciation and amortization

The following table highlights the movement in depreciation and amortization expenses during the quarter (in thousands of dollars):

Depreciation and amortization expenses	First Quarter		
	2020	2019	Change
Depreciation of property, equipment and leaseholds	\$ 30,689	\$ 28,766	6.7%
Amortization of intangible assets and other	3,273	2,867	14.2%
Sub-total - depreciation and amortization - other assets	\$ 33,962	\$ 31,633	7.4%
Depreciation - right-of-use assets	35,533	36,462	-2.5%
Total depreciation and amortization from continuing operations	\$ 69,495	\$ 68,095	2.1%
Depreciation and amortization from discontinued operations	—	1,222	-100.0%
Total depreciation and amortization	\$ 69,495	\$ 69,317	0.3%



The quarterly increase in depreciation of property, equipment and leaseholds from continuing operations of \$1.9 million (6.7%) is primarily due to investments in the amusement and leisure businesses.

The increase of \$0.4 million (14.2%) in the amortization of intangible assets from continuing operations was primarily due to internally developed software for digital products including the Cineplex mobile app and website platform.

### Impairment of long-lived assets and goodwill

The following table highlights the movement in impairment of long-lived assets and goodwill during the quarter (in thousands of dollars):

Impairment of long-lived assets and goodwill	First Quarter		
	2020	2019	Change
Impairment of property, equipment and leaseholds	\$ (33,949)	\$ —	NM
Impairment of right-of-use assets	(50,610)	—	NM
Impairment of goodwill	(88,495)	—	NM
Impairment of long-lived assets and goodwill	\$ (173,054)	\$ —	NM

The closure of its operations on March 16, 2020 as a result of the declaration of a global pandemic, was identified as a triggering event for purposes of testing long-lived assets and goodwill for impairment. Carrying values of assets were tested for recoverability measured as the fair value based on internal budgets which reflect the negative impact of COVID-19 on Cineplex's current and future results. Where the carrying value of assets at March 31, 2020 was assessed as exceeding the recoverable value of those assets at that point in time, an impairment has been recognized. Because impairments are measured at a point in time, the impact of COVID-19 on the 2020 results, which will be reflected in the results of operations in 2020, has also impacted the measurement of recoverable value, and is therefore included in the impairment calculation. Where an impairment has been recorded with respect to a long-lived asset, it will be reversed when and if the recoverable value of the related asset increases. Management will monitor and re-assess the recoverable value of the impaired assets, reversing the impairments where it increases. Impairments recorded with respect to goodwill cannot be reversed.

### Impairment of intangible assets - discontinued operations

The following table highlights the movement in impairment of intangible assets - discontinued operations during the quarter (in thousands of dollars):

Impairment of intangible assets - discontinued operations	First Quarter		
	2020	2019	Change
Impairment of intangible assets - discontinued operations	\$ 5,135	\$ —	NM

Intangible assets included in assets held for sale were written down to reflect their expected net realizable value.

### Loss on disposal of assets

The following table shows the movement in the loss on disposal of assets during the quarter (in thousands of dollars):

Loss on disposal of assets	First Quarter		
	2020	2019	Change
Loss on disposal of assets	\$ 817	\$ 477	71.3%

### Other costs

Other costs include three main sub-categories of expenses: theatre occupancy expenses, which capture the rent and associated occupancy costs for Cineplex's theatre operations; other operating expenses, which include the costs related to running Cineplex's film entertainment and content, media, as well as amusement and leisure; and general and administrative expenses, which includes costs related to managing Cineplex's operations, including head office expenses. Please see the discussions below for more details on these categories.

The following table highlights the movement in other costs for the quarter (in thousands of dollars):

Other costs	First Quarter		
	2020	2019 Restated	Change
Theatre occupancy expenses	\$ 17,971	\$ 18,407	-2.4%
Other operating expenses	134,548	146,569	-8.2%
General and administrative expenses	5,029	18,852	-73.3%
Total other costs from continuing operations	\$ 157,548	\$ 183,828	-14.3%
Other costs from discontinued operations	1,606	1,614	-0.5%
Total other costs	\$ 159,154	\$ 185,442	-14.2%

### Theatre occupancy expenses

The following table highlights the movement in theatre occupancy expenses for the quarter (in thousands of dollars):

Theatre occupancy expenses	First Quarter		
	2020	2019	Change
Cash rent - theatre (i) (iv)	\$ 40,356	\$ 39,879	1.2%
Other occupancy	18,437	18,418	0.1%
One-time items (ii)	(580)	(179)	224.0%
Total theatre occupancy including cash lease payments	\$ 58,213	\$ 58,118	0.2%
Cash rent related to lease obligations (iii)	(40,242)	(39,711)	1.3%
Theatre occupancy as reported	\$ 17,971	\$ 18,407	-2.4%

(i) Represents the cash payments for theatre rent during the quarter.

(ii) One-time items include amounts related to both theatre rent and other theatre occupancy costs. They are isolated here to illustrate Cineplex's theatre rent and other theatre occupancy costs excluding these one-time, non-recurring items.

(iii) Cash rent that has been reallocated to offset the lease obligations.

(iv) The 2020 balance includes \$1.1 million (2019 - \$1.1 million) of cash rent paid not pertaining to the current period. See Non-GAAP measures section of this news release.

Theatre occupancy continuity	First Quarter Occupancy
2019 as reported	\$ 18,407
Impact of new and acquired theatres	677
Impact of disposed theatres	(235)
Same theatre rent change (i)	62
One-time items	(400)
Other	(9)
Impact of IFRS 16 adoption:	
Cash rent related to lease obligations	(531)
2020 as reported	\$ 17,971
(i) See Non-GAAP measures section of this news release.	

Theatre occupancy expenses as reported decreased \$0.4 million (2.4%) during the first quarter of 2020 compared to the prior year period. This decrease was primarily due to one-time occupancy related credits recognized in the first quarter of 2020.

### Other operating expenses

The following table highlights the movement in other operating expenses during the quarter (in thousands of dollars) with the prior period presentation restated to provide comparability to the impact of application of IFRS 5:

Other operating expenses	First Quarter		
	2020	2019 Restated	Change
Theatre payroll	\$ 31,430	\$ 36,710	-14.4%
Theatre operating expenses	26,489	28,562	-7.3%
Media	18,911	16,742	13.0%
PIAG	34,422	40,965	-16.0%
LBE (i)	13,076	11,148	17.3%
LBE pre-opening (ii)	745	691	7.8%
SCENE	2,573	5,038	-48.9%
Marketing	2,921	2,851	2.5%
Other (iii)	8,735	8,174	6.9%
Other operating expenses including cash lease payments	\$ 139,302	\$ 150,881	-7.7%
Cash rent related to lease obligations (iv)	(4,754)	(4,312)	10.3%
Other operating expenses from continuing operations	\$ 134,548	\$ 146,569	-8.2%
Other operating expenses from discontinued operations	1,606	1,614	-0.5%
Total other operating expenses	\$ 136,154	\$ 148,183	-8.1%
(i) Includes operating costs of LBE locations. Overhead relating to management of LBE portfolio are included in the 'Other' line.			
(ii) Includes pre-opening costs of LBE.			
(iii) Other category includes overhead costs related to LBE and other Cineplex internal departments.			
(iv) Cash rent that has been reallocated to offset the lease obligations.			

Other operating continuity from continuing operations	First Quarter Other Operating
2019 as restated	\$ 146,569
Impact of new and acquired theatres	779
Impact of disposed theatres	(269)
Same theatre payroll change (i)	(5,680)
Same theatre operating expenses change (i)	(2,183)
Media operating expenses change	2,169
PIAG operating expenses change	(6,543)
LBE operating expenses change	1,928
LBE pre-opening change	54
SCENE change	(2,465)
Marketing change	70
Other	560
Impact of IFRS 16 adoption:	
Cash rent related to lease obligations	(441)
2020 as reported	\$ 134,548
(i) See Non-GAAP measures section of this news release.	

Other operating expenses from continuing operations during the first quarter of 2020 decreased \$12.0 million or 8.2% compared to the prior year period. The overall decrease was as a result of the temporary closure of theatres and PIAG route locations leading to a decrease in business volumes in March 2020. The decreases were partially offset by an increase in LBE, media and other expenses. The growth in LBE operating expenses was due to an increase in the number of operating locations (with ten locations operating as compared to seven in the prior year period), partially offset by the closure of all LBE locations in March 2020 as a result of COVID-19. The growth in Media expenses was due to increased Cineplex Digital Media project installations rolled out prior to widespread business closures. The increase in other expenses was mainly due to higher digital commerce business volumes. Same theatre payroll expenses decreased as a result of the temporary layoff of theatre staff with the theatre closures in March. The reduction was partially offset by a voluntary lump-sum payment made to laid off staff to bridge the period until government programs including employment insurance, were available to them.

### General and administrative expenses

The following table highlights the movement in general and administrative ("G&A") expenses during the quarter, including Share-based compensation costs, and G&A expenses net of these costs (in thousands of dollars):

G&A expenses	First Quarter		
	2020	2019	Change
G&A excluding LTIP and option plan expense	\$ 17,254	\$ 17,828	-3.2%
Restructuring	360	—	NM
Transaction costs (i)	1,271	—	NM
LTIP (ii)	(11,437)	762	NM
Option plan	(2,241)	389	NM
G&A expenses including cash lease payments	\$ 5,207	\$ 18,979	-72.6%
Cash rent included as part of lease obligations (iii)	(178)	(127)	40.2%
G&A expenses as reported	\$ 5,029	\$ 18,852	-73.3%
(i) Transaction costs include out-of-pocket expenses.			
(ii) LTIP includes the expense for the LTIP program as well as the expense for the executive and Board deferred share unit plans.			
(iii) Cash rent that has been reallocated to offset the lease obligations.			

G&A expenses decreased \$13.8 million (72.6%) during the first quarter of 2020 compared to the prior year period primarily due to a \$12.2 million decrease in LTIP expense and a \$2.6 million decrease in Option plan expense. The impact of the COVID-19 pandemic on Cineplex's business led to a sharp decline in the Share price. Share based compensation reflects the fair value of the share price which fell to \$11.70 per Share at March 31, 2020. With the termination of the Arrangement Agreement, options have been reclassified to being accounted for as equity-settled and both LTIP and option expenses have been accounted for over their former vesting period. Transaction costs of \$1.3 million were incurred during the quarter with respect to the Cineworld Transaction.

#### **EARNINGS BEFORE INTEREST, INCOME TAXES, DEPRECIATION AND AMORTIZATION ("EBITDA") (see Non-GAAP measures section of this news release)**

The following table presents EBITDA, adjusted EBITDA and adjusted EBITDAaL for the three months ended March 31, 2020 as compared to the prior year periods (expressed in thousands of dollars, except adjusted EBITDAaL margin):

EBITDA	First Quarter		
	2020	2019 Restated	Change
EBITDA	\$ (126,135)	\$ 78,170	NM
Adjusted EBITDA	\$ 46,472	\$ 78,742	-41.0%
Adjusted EBITDAaL (i)	\$ 2,390	\$ 35,652	-93.3%
Adjusted EBITDAaL margin (i)	0.8%	9.8%	-9.0%
(i) Prior period figures have been revised to conform to current period presentation. See Reconciliation section of the MD&A.			

Adjusted EBITDAaL for the first quarter of 2020 decreased \$33.3 million, or 93.3%, as compared to the prior year period. The decrease compared to the prior year period was primarily due to the impact of the COVID-19 government imposed restrictions and resulting closure of substantially all of Cineplex businesses in March 2020. Adjusted EBITDAaL margin, calculated as Adjusted EBITDAaL divided by total revenues, was 0.8% in the current period, a decrease of 9.0% from 9.8% in the prior year period.

#### **ADJUSTED FREE CASH FLOW (see Non-GAAP measures section of this news release)**

For the first quarter of 2020, adjusted free cash flow per common share of Cineplex was \$0.00 as compared to \$0.47 in the prior year period. The declared dividends per common share of Cineplex were \$0.15 in the first quarter of 2020 and \$0.44 in the prior year period. During the 12 months ended March 31, 2020, Cineplex generated adjusted free cash flow per Share of \$2.18, compared to \$2.74 in the prior 12 month period. Cineplex declared dividends per Share of \$1.50 and \$1.74, respectively, in each 12 month period. The payout ratios for these periods were 68.7% and 63.3%, respectively.

#### **NON-GAAP FINANCIAL MEASURES**

##### **EBITDA and Adjusted Free Cash Flow**

EBITDA and adjusted free cash flow are not measures recognized by GAAP and do not have standardized meanings in accordance with such principles. Therefore, EBITDA and adjusted free cash flow may not be comparable to similar measures presented by other issuers.

EBITDA is calculated by adding back to net income or net loss, income tax expense, depreciation and amortization expense, and interest income from continuing operations. Adjusted EBITDA excludes the change in fair value of financial instrument, loss on

disposal of assets, foreign exchange, impairment of long-lived assets and goodwill, 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 related to lease obligations.

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.

Adjusted free cash flow is a non-GAAP measure generally used by Canadian corporations, as an indicator of financial performance and it should not be seen as a measure of liquidity or a substitute for comparable metrics prepared in accordance with GAAP. For a detailed reconciliation of net income or net loss to EBITDA, adjusted EBITDA and adjusted EBITDAaL and from cash provided by operating activities to adjusted free cash flow, please refer to Cineplex's management's discussion and analysis filed on [www.sedar.com](http://www.sedar.com).

### **Earnings per Share Metrics**

Cineplex has presented basic and diluted earnings per share net of this item to provide a more comparable earnings per share metric between the current periods and prior year periods. In the non-GAAP measure, earnings is defined as net income or net loss excluding the change in fair value of financial instrument.

### **Per Patron Revenue Metrics**

Cineplex reviews per patron metrics as they relate to box office revenue and theatre food service revenue such as BPP, CPP, BPP excluding premium priced product, and concession margin per patron, as these are key measures used by investors to value and assess Cineplex's performance, and are widely used in the theatre exhibition industry. Management of Cineplex defines these metrics as follows:

**Theatre Attendance:** Theatre attendance is calculated as the total number of paying patrons that frequent Cineplex's theatres during the period.

**BPP:** Calculated as total box office revenues divided by total paid theatre attendance for the period.

**BPP excluding premium priced product:** Calculated as total box office revenues for the period, less box office revenues from 3D, 4DX, UltraAVX, VIP and IMAX product; divided by total paid theatre attendance for the period, less paid theatre attendance for 3D, 4DX, UltraAVX, VIP, ScreenX and IMAX product.

**CPP:** Calculated as total theatre food service revenues divided by total paid total theatre attendance for the period.

**Premium priced product:** Defined as 3D, 4DX, UltraAVX, IMAX, ScreenX and VIP film product.

**Theatre concession margin per patron:** Calculated as total theatre food service revenues less total theatre food service cost, divided by theatre attendance for the period.

### **Same Theatre Analysis**

Cineplex reviews and reports same theatre metrics relating to box office revenues, theatre food service revenues, theatre rent expense and theatre payroll expense, as these measures are widely used in the theatre exhibition industry as well as other retail industries.

Same theatre metrics are calculated by removing the results for all theatres that have been opened, acquired, closed or otherwise disposed of subsequent to the start of the prior year comparative period. For the three months ended March 31, 2020 the impact of the two locations that have been opened or acquired and two locations that have been closed or otherwise disposed of have been excluded, resulting in 163 theatres being included in the same theatre metrics.

### **Cost of sales percentages**

Cineplex reviews and reports cost of sales percentages for its two largest revenue sources, box office revenues and food service revenues as these measures are widely used in the theatre exhibition industry. These measures are reported as film cost percentage and concession cost percentage, respectively, and are calculated as follows:

**Film cost percentage:** Calculated as total film cost expense divided by total box office revenues for the period.

**Theatre concession cost percentage:** Calculated as total theatre food service costs divided by total theatre food service revenues for the period.

**LBE food cost percentage:** Calculated as total LBE food costs divided by total LBE food service revenues for the period.

*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 ("Annual MD&A") and in this 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; 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).*

## FIRST QUARTER 2020 ANALYST CONFERENCE CALL

You are cordially invited to participate in a conference call with the management of Cineplex (TSX: CGX) to review our first quarter. **Ellis Jacob, President and Chief Executive Officer and Gord Nelson, Chief Financial Officer**, will host the call scheduled for:

**Tuesday, June 30, 2020  
8:00 am Eastern Time**

In order to participate in the conference call, please dial 647-490-5367, or from outside Toronto and from the U.S., dial 1-800-367-2403 at least five to 10 minutes prior to 8:00 a.m. ET. Please quote the conference confirmation code 3382128 to access the call.

If you cannot participate in a live mode, a replay will be available. Please dial 647-436-0148, or from outside Toronto and from the U.S., dial 1-888-203-1112. The replay passcode is 3382128.

The replay will begin at 11:00 a.m. ET on Tuesday, June 30, 2020 and end at 11:00 a.m. ET on Tuesday, July 7, 2020.

Note that media are welcome to join the call in listen-only mode.

- 30 -

### 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 “PIAG”). 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.

### For further information:

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**Cineplex Inc.**  
**Interim Condensed Consolidated Balance Sheets**  
**(Unaudited)**  
**(expressed in thousands of Canadian dollars)**

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	<b>March 31,</b>	<b>December 31,</b>
	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 7,144	\$ 26,080
Trade and other receivables	80,273	168,065
Income taxes receivable	5,860	9,757
Inventories	30,631	30,995
Prepaid expenses and other current assets	14,317	14,226
Fair value of interest rate swap agreements	—	1,022
Assets held for sale	985	6,573
	<hr/>	<hr/>
	139,210	256,718
<b>Non-current assets</b>		
Property, equipment and leaseholds	627,526	662,798
Right-of-use assets	1,143,062	1,232,849
Deferred income taxes	63,984	14,197
Fair value of interest rate swap agreements	—	472
Interests in joint ventures and associates	23,203	28,221
Intangible assets	89,022	88,367
Goodwill	729,111	816,790
	<hr/>	<hr/>
	\$ 2,815,118	\$ 3,100,412
	<hr/>	<hr/>



**Cineplex Inc.**  
**Interim Condensed Consolidated Balance Sheets ... continued**  
**(Unaudited)**  
**(expressed in thousands of Canadian dollars)**

	<b>March 31,</b>	<b>December 31,</b>
	<b>2020</b>	<b>2019</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 143,871	\$ 220,188
Share-based compensation	2,463	25,681
Dividends payable	—	9,500
Income taxes payable	1,017	1,183
Deferred revenue	195,659	222,998
Lease obligations	115,032	106,352
Fair value of interest rate swap agreements	3,335	1,874
Liabilities related to assets held for sale	978	2,808
	<u>462,355</u>	<u>590,584</u>
<b>Non-current liabilities</b>		
Share-based compensation	5,595	—
Long-term debt	665,000	625,000
Fair value of interest rate swap agreements	17,228	10,837
Lease obligations	1,231,864	1,261,243
Post-employment benefit obligations	10,469	10,678
Other liabilities	9,066	9,813
Deferred income taxes	1,411	1,263
	<u>1,940,633</u>	<u>1,918,834</u>
<b>Total liabilities</b>	<u>2,402,988</u>	<u>2,509,418</u>
<b>Equity</b>		
Share capital	852,379	852,379
Deficit	(452,223)	(264,310)
Hedging reserves and other	(131)	(131)
Contributed surplus	7,996	4,052
Cumulative translation adjustment	4,219	(887)
	<u>412,240</u>	<u>591,103</u>
Total equity attributable to owners of Cineplex	<u>412,240</u>	<u>591,103</u>
Non-controlling interests	(110)	(109)
	<u>412,130</u>	<u>590,994</u>
<b>Total equity</b>	<u>412,130</u>	<u>590,994</u>
	<u>\$ 2,815,118</u>	<u>\$ 3,100,412</u>

**Cineplex Inc.**  
**Interim Condensed Consolidated Statements of Operations**  
**(Unaudited)**  
**(expressed in thousands of Canadian dollars, except per share amounts)**

	<b>Three months ended March 31,</b>	
	<b>2020</b>	<b>2019 Restated</b>
<b>Revenues</b>		
Box office	\$ 111,002	\$ 156,496
Food service	79,365	103,058
Media	32,157	34,706
Amusement	47,337	58,500
Other	12,940	11,864
	<u>282,801</u>	<u>364,624</u>
<b>Expenses</b>		
Film cost	56,500	78,721
Cost of food service	22,209	23,436
Depreciation - right-of-use assets	35,533	36,462
Depreciation and amortization - other assets	33,962	31,633
Loss on disposal of assets	817	477
Other costs	157,548	183,828
Share of income of joint ventures and associates	735	(369)
Interest expense - lease obligations	11,678	12,220
Interest expense - other	16,886	5,417
Interest income	(72)	(74)
Foreign exchange	(1,927)	361
Impairment of long-lived assets and goodwill	173,054	—
	<u>506,923</u>	<u>372,112</u>
<b>Loss from continuing operations before income taxes</b>	<u>(224,122)</u>	<u>(7,488)</u>
<b>Provision for income taxes</b>		
Current	(233)	766
Deferred	(49,734)	(2,925)
	<u>(49,967)</u>	<u>(2,159)</u>
<b>Net loss from continuing operations</b>	<u>\$ (174,155)</u>	<u>\$ (5,329)</u>
Net loss from discontinued operations, net of taxes	<u>(4,259)</u>	<u>(2,031)</u>
<b>Net loss</b>	<u>\$ (178,414)</u>	<u>\$ (7,360)</u>
<b>Net loss from continuing operations attributable to:</b>		
Owners of Cineplex	\$ (174,154)	\$ (5,319)
Non-controlling interests	(1)	(10)
<b>Net loss from continuing operations</b>	<u>\$ (174,155)</u>	<u>\$ (5,329)</u>
<b>Net loss attributable to:</b>		
Owners of Cineplex	\$ (178,413)	\$ (7,350)
Non-controlling interests	(1)	(10)
<b>Net loss</b>	<u>\$ (178,414)</u>	<u>\$ (7,360)</u>
<b>Net loss per share attributable to owners of Cineplex - basic and diluted:</b>		
Continuing operations	\$ (2.75)	\$ (0.09)
Discontinued operations	(0.07)	(0.03)
<b>Total operations</b>	<u>\$ (2.82)</u>	<u>\$ (0.12)</u>

**Cineplex Inc.**  
**Interim Condensed Consolidated Statements of Comprehensive Income**  
**(Unaudited)**  
**(expressed in thousands of Canadian dollars)**

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	<b>Three months ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
		<b>Restated</b>
<b>Net loss from continuing operations</b>	\$ (174,155)	\$ (5,329)
<b>Other comprehensive income (loss) from continuing operations</b>		
<i>Items that will be reclassified subsequently to net income:</i>		
Income (loss) on hedging instruments	—	(7,794)
Associated deferred income taxes (expense) recovery	—	2,093
Foreign currency translation adjustment	5,644	(1,557)
<b>Other comprehensive income (loss)</b>	5,644	(7,258)
<b>Comprehensive loss from continuing operations</b>	(168,511)	(12,587)
Net loss from discontinued operations, net of taxes	(4,259)	(2,031)
Foreign currency translation adjustment from discontinued operations	(538)	43
<b>Comprehensive loss</b>	\$ (173,308)	\$ (14,575)
<b>Comprehensive loss from continuing operations attributable to:</b>		
Owners of Cineplex	\$ (168,510)	\$ (12,577)
Non-controlling interests	(1)	(10)
<b>Comprehensive loss</b>	\$ (168,511)	\$ (12,587)
<b>Comprehensive loss attributable to:</b>		
Owners of Cineplex	\$ (173,307)	\$ (14,565)
Non-controlling interests	(1)	(10)
<b>Comprehensive loss</b>	\$ (173,308)	\$ (14,575)

**Cineplex Inc.**  
**Interim Condensed Consolidated Statements of Changes in Equity**  
**(Unaudited)**  
**(expressed in thousands of Canadian dollars)**  
**For the three months ended March 31, 2020 and 2019**

	Share capital	Contributed surplus	Hedging reserves and other	Cumulative translation adjustment	Deficit	Non- controlling interests	Total
<b>January 1, 2020</b>	\$ 852,379	\$ 4,052	\$ (131)	\$ (887)	\$ (264,310)	\$ (109)	\$ 590,994
Net loss	—	—	—	—	(178,413)	(1)	(178,414)
Other comprehensive income	—	—	—	5,106	—	—	5,106
<b>Total comprehensive loss</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5,106</b>	<b>(178,413)</b>	<b>(1)</b>	<b>(173,308)</b>
Dividends declared	—	—	—	—	(9,500)	—	(9,500)
Conversion to cash-settled option plan	—	3,944	—	—	—	—	3,944
<b>March 31, 2020</b>	<b>\$ 852,379</b>	<b>\$ 7,996</b>	<b>\$ (131)</b>	<b>\$ 4,219</b>	<b>\$ (452,223)</b>	<b>\$ (110)</b>	<b>\$ 412,130</b>
<b>January 1, 2019</b>	<b>\$ 852,379</b>	<b>\$ 7,815</b>	<b>\$ (3,678)</b>	<b>\$ 2,301</b>	<b>\$ (179,721)</b>	<b>\$ (85)</b>	<b>\$ 679,011</b>
Net loss	—	—	—	—	(7,350)	(10)	(7,360)
Other comprehensive loss	—	—	(5,701)	(1,514)	—	—	(7,215)
<b>Total comprehensive loss</b>	<b>—</b>	<b>—</b>	<b>(5,701)</b>	<b>(1,514)</b>	<b>(7,350)</b>	<b>(10)</b>	<b>(14,575)</b>
Dividends declared	—	—	—	—	(27,550)	—	(27,550)
Share option expense	—	389	—	—	—	—	389
TGLP non-controlling interests recognized on formation	—	—	—	—	—	33	33
<b>March 31, 2019</b>	<b>\$ 852,379</b>	<b>\$ 8,204</b>	<b>\$ (9,379)</b>	<b>\$ 787</b>	<b>\$ (214,621)</b>	<b>\$ (62)</b>	<b>\$ 637,308</b>

**Cineplex Inc.**  
**Interim Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**  
**(expressed in thousands of Canadian dollars)**

	<b>Three months ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
		<b>Restated</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net loss from continuing operations	\$ (174,155)	\$ (5,329)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of property, equipment and leaseholds, and intangible assets	33,962	31,633
Depreciation of right-of-use assets	35,533	36,462
Unrealized foreign exchange	(1,429)	250
Interest rate swap agreements - non-cash interest	9,386	(558)
Other non-cash interest	349	559
Loss on disposal of assets	817	477
Deferred income taxes	(49,734)	(2,925)
Non-cash share-based compensation	3,944	389
Impairment of long-lived assets and goodwill	173,054	—
Net change in interests in joint ventures and associates	1,891	(1,686)
Changes in operating assets and liabilities	(10,428)	2,155
Net cash provided by operating activities	<u>23,190</u>	<u>61,427</u>
<b>Investing activities</b>		
Purchases of property, equipment and leaseholds	(37,503)	(32,361)
Intangible assets additions	(3,721)	(1,496)
Tenant inducements	11,877	615
Net cash received from CDCP	3,128	5,474
Net cash used in investing activities	<u>(26,219)</u>	<u>(27,768)</u>
<b>Financing activities</b>		
Dividends paid	(19,000)	(27,550)
Borrowings under credit facilities, net	40,000	26,000
Repayments of lease obligations - principal	(33,819)	(32,484)
Financing fees	—	(243)
Net cash used in financing activities	<u>(12,819)</u>	<u>(34,277)</u>
Effect of exchange rate differences on cash	(950)	60
Decrease in cash and cash equivalents from continuing operations	(16,798)	(558)
Cash flows used in discontinued operations	(2,138)	(807)
<b>Cash and cash equivalents - Beginning of period</b>	<u>26,080</u>	<u>25,242</u>
<b>Cash and cash equivalents - End of period</b>	<u>\$ 7,144</u>	<u>\$ 23,877</u>
<b>Supplemental information</b>		
Cash paid for interest - lease obligation	\$ 11,355	\$ 11,687
Cash paid for interest - other	\$ 5,479	\$ 5,895
Cash paid for income taxes, net	\$ 1,482	\$ 17,861

**Cineplex Inc.**  
**Interim Condensed Consolidated Supplemental Information**  
**(Unaudited)**  
**(expressed in thousands of Canadian dollars)**

**Reconciliation to Adjusted EBITDAaL**

	<b>Three months ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
		<b>Restated</b>
<b>Net loss from continuing operations</b>	<b>\$ (174,155)</b>	<b>\$ (5,329)</b>
Depreciation and amortization - other	33,962	31,633
Depreciation - right-of-use assets	35,533	36,462
Interest expense - lease obligations	11,678	12,220
Interest expense - other	16,886	5,417
Interest income	(72)	(74)
Current income tax (recovery) expense	(233)	766
Deferred income tax recovery	(49,734)	(2,925)
<b>EBITDA from continuing operations</b>	<b>\$ (126,135)</b>	<b>\$ 78,170</b>
Loss on disposal of assets	817	477
CDCP equity loss (income) (i)	590	(317)
Foreign exchange (gain) loss	(1,927)	361
Impairment of long-lived assets and goodwill	173,054	—
Non-controlling interest adjusted EBITDA	1	11
Depreciation and amortization - joint ventures and associates (ii)	24	29
Taxes and interest of joint ventures and associates (ii)	48	11
<b>Adjusted EBITDA from continuing operations</b>	<b>\$ 46,472</b>	<b>\$ 78,742</b>
Cash rent related to lease obligation (iii)	(45,174)	(44,150)
Cash rent paid not pertaining to current period	1,092	1,060
<b>Adjusted EBITDAaL (iv)</b>	<b>\$ 2,390</b>	<b>\$ 35,652</b>

(i) CDCP equity loss (income) not included in adjusted EBITDA as CDCP is a limited-life financing vehicle that is funded by virtual print fees collected from distributors.

(ii) Includes the joint ventures and associates with the exception of CDCP (see (i) above).

(iii) Balance of cash rents that have been reallocated to offset the lease obligations.

(iv) See Non-GAAP measures section of this news release.

**Cineplex Inc.****Interim Condensed Consolidated Supplemental Information****(Unaudited)****(expressed in thousands of Canadian dollars, except number of shares and per share data)****Adjusted Free Cash Flow**

	<b>Three months ended March 31,</b>	
	<b>2020</b>	<b>2019 Restated</b>
<b>Cash provided by operating activities</b>	<b>\$ 23,190</b>	<b>\$ 61,427</b>
Less: Total capital expenditures net of proceeds on sale of assets	(37,503)	(32,361)
Standardized free cash flow	(14,313)	29,066
Add/(Less):		
Changes in operating assets and liabilities (i)	10,428	(2,155)
Changes in operating assets and liabilities of joint ventures and associates (i)	(1,156)	1,317
Principal component of lease obligations	(33,819)	(32,484)
Principal portion of cash rent paid not pertaining to current period	1,071	1,037
Growth capital expenditures and other (ii)	34,526	27,692
Share of income of joint ventures and associates, net of non-cash depreciation	(73)	92
Non-controlling interest	1	11
Net cash received from CDCP (iii)	3,128	5,474
<b>Adjusted free cash flow</b>	<b>\$ (207)</b>	<b>\$ 30,050</b>
Average number of Shares outstanding	63,333,238	63,333,238
<b>Adjusted free cash flow per Share</b>	<b>\$ (0.003)</b>	<b>\$ 0.474</b>
<b>Dividends declared</b>	<b>\$ 0.150</b>	<b>\$ 0.435</b>

(i) Changes in operating assets and liabilities are not considered a source or use of adjusted free cash flow.

(ii) Growth capital expenditures and other represent expenditures on Board approved projects, exclude maintenance capital expenditures, and are net of proceeds on asset sales. Cineplex's revolving facility is available to fund Board approved projects.

(iii) Excludes the share of income of CDCP, as CDCP is a limited-life financing vehicle funded by virtual print fees collected from distributors.

Cash invested into CDCP, as well as cash distributions received from CDCP, are considered to be uses and sources of adjusted free cash flow.