



FOR IMMEDIATE RELEASE

Cineplex Inc. Reports Second Quarter Results Cineplex Theatres and Entertainment Venues Open Nationwide

TORONTO, Canada, August 12, 2021 (TSX: CGX) - Cineplex Inc. (“Cineplex” or the “Company”) today released its financial results for the three and six months ended June 30, 2021. Unless otherwise specified, all amounts are in Canadian dollars.

“The big screen is back! As of July 17, our entire circuit of theatres and entertainment venues were open, and guests are coming back in strong numbers to see movies the way they are meant to be seen,” said Ellis Jacob, President & CEO, Cineplex. “During the quarter, we remained prudent in managing costs and reduced our average monthly net cash burn to \$24 million for Q2, down from \$27 million in Q1, as our circuit continued to reopen across the country.”

“We have always focused on providing guests with exceptional experiences at a great value and coming out of the pandemic, it is even more important for us to drive habitual movie-going by making it easier and more accessible. That’s why, subsequent to quarter end, we launched Canada’s first of its kind movie subscription program called CineClub. For just \$9.99 a month members receive one regular admission ticket, 20% off concession purchases and a variety of other benefits and discounts across Cineplex theatres, the Cineplex Store and our entertainment venues nationwide.”

“Looking ahead, the recent box office results are very encouraging, as is the upcoming film release schedule. We continue to implement our VenueSafe measures so guests can feel comfortable returning to our venues with family and friends. We have prepared for this for many months and with our efforts to control costs and solidify our liquidity and financial position during the closure period, we have set the stage for a strong comeback.”

Second Quarter Financial Results

	2021	2020	Period over Period Change (i)
Total revenues (ii)	\$ 64.9 million	\$ 22.0 million	195.3%
Theatre attendance	1.1 million	— million	NM
Net loss from continuing operations (iii)	\$ (103.7) million	\$ (98.2) million	5.6%
Net loss from discontinued operations	\$ — million	\$ (0.7) million	-100.0%
Net loss (iii)	\$ (103.7) million	\$ (98.9) million	4.8%
Box office revenues per patron (“BPP”) (iv)	\$ 10.89	\$ 4.50	142.0%
Concession revenues per patron (“CPP”) (iv)	\$ 7.86	\$ 10.33	-23.9%
Adjusted EBITDA (iv)	\$ (16.9) million	\$ (41.3) million	-59.1
Adjusted EBITDAaL (iii) (iv)	\$ (53.2) million	\$ (72.5) million	-26.7
Adjusted EBITDAaL margin (iii) (iv)	(81.9) %	(329.9) %	248.0%
Adjusted free cash flow (iv)	\$ (65.9) million	\$ (53.8) million	22.6
Adjusted free cash flow per common share of Cineplex (“Share”) (iv)	\$ (1.041)	\$ (0.849)	22.6
Earnings per Share (“EPS”) from continuing operations - basic and diluted (iii)	\$ (1.64)	\$ (1.55)	5.8%
EPS from discontinued operations - basic and diluted	\$ —	\$ (0.01)	NM
EPS - basic and diluted (iii)	\$ (1.64)	\$ (1.56)	5.1%

Year to Date Financial Results

	2021	2020	Period over Period Change (i)
Total revenues (ii)	\$ 106.3 million	\$ 304.8 million	-65.1%
Theatre attendance	1.6 million	10.7 million	-85.4%
Net loss from continuing operations (iii)	\$ (193.4) million	\$ (272.4) million	-29.0%
Net loss from discontinued operations	\$ — million	\$ (5.0) million	-100.0%
Net loss (iii)	\$ (193.4) million	\$ (277.3) million	-30.3%
Box office revenues per patron ("BPP") (iv)	\$ 10.44	\$ 10.36	0.8%
Concession revenues per patron ("CPP") (iv)	\$ 7.40	\$ 6.79	9.0%
Adjusted EBITDA (iv)	\$ (47.0) million	\$ 5.2 million	NM
Adjusted EBITDAaL (iii) (iv)	\$ (115.3) million	\$ (70.1) million	64.3%
Adjusted EBITDAaL margin (iii) (iv)	(108.4) %	(23.0) %	-85.4%
Adjusted free cash flow (iv)	\$ (144.7) million	\$ (54.0) million	168.0%
Adjusted free cash flow per common share of Cineplex ("Share") (iv)	\$ (2.285)	\$ (0.853)	167.9%
Earnings per Share ("EPS") from continuing operations - basic and diluted (iii)	\$ (3.05)	\$ (4.30)	-29.1%
EPS from discontinued operations - basic and diluted	\$ —	\$ (0.08)	-100.0%
EPS - basic and diluted (iii)	\$ (3.05)	\$ (4.38)	-30.4%

- i. Period over period change calculated based on thousands of dollars except percentage and per share values. Changes in percentage amounts are calculated as 2021 value less 2020 value.
- ii. All amounts are from continuing operations.
- iii. 2021 includes expenses related to the Cineworld Transaction in the amount of \$2.6 million (2020 - \$1.1 million) for the second quarter and \$5.0 million (2020 - \$2.4 million) for the year-to date.
- iv. 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 SECOND QUARTER OF 2021

The following describes certain key business initiatives undertaken and results achieved during the first quarter of 2021 in each of Cineplex's core business areas:

FILM ENTERTAINMENT AND CONTENT

Theatre Exhibition

- Cineplex reported box office revenues of \$12.5 million primarily due to an increase in attendance in June as Cineplex was able to open more theatres as provinces began to reduce mandatory closures and ease capacity restrictions. Cineplex will continue to adjust operating capacity in accordance with government directives.
- BPP was \$10.89, an increase of \$6.39 or 142.0% due to new releases and premium offerings in the current period as compared to the prior period which focused on discounted pricing for older and more classic film products.
- Opened Quebec's second VIP Cinemas at *Cineplex Cinemas Forum and VIP* in downtown Montreal.

Theatre Food Service

- Theatre food service revenues continued to be materially negatively impacted by strict operating restrictions and mandatory closures of theatres. Cineplex continued to focus on food home delivery services and reported \$3.7 million of food delivery revenues in the quarter, as compared to \$3.3 million during the same quarter in 2020.
- Theatre food service revenues increased from \$0.1 million in the prior year period to \$9.0 million in the current quarter due to the gradual reopening of theatres in select provinces across Canada. CPP was \$7.86 in the current period.

Alternative Programming

- Alternative Programming (Cineplex Events) featured the release of the global anime box office hit *Demon Slayer: Mugen Train* and featured a curated series of films celebrating Pride month in June to recognize and amplify LGBTQ2+ voices and storytellers.

Digital Commerce

- Total registered users for Cineplex Store increased 19% from the prior year period, reaching 2.1 million registered users.
- Cineplex Store continues to benefit from PVOD releases.

MEDIA

- Cinema media revenue increased 50.3% to \$2.4 million when compared to the prior year period, mainly driven by the reopening of theatres during the latter part of the second quarter of 2021 resulting in increased pre-show and show-time advertising revenue.
- In spite of the increase from prior year, Media revenues continued to be negatively impacted by the mandatory closures of theatres, resulting in a decline in advertising revenues when compared to historical levels. During the quarter, Media revenues were primarily driven by digital place-based media revenues, specifically from network management, creative services and media hardware sales.

AMUSEMENT AND LEISURE

Amusement Solutions

- Reported second quarter revenues of \$22.2 million, an increase of \$18.5 million versus the prior year period as a result of reopenings of P1AG route locations and eased capacity restrictions primarily in the United States.

Location-based Entertainment

- Cineplex's LBE venues remained fully or partially closed for the majority of the second quarter due to government mandated lockdown measures and enforced operating restrictions at open locations resulting in a material negative impact on revenues during the quarter.
- During the latter part of the quarter, LBE venues (other than in Ontario) were able to gradually reopen while operating under mandated operating restrictions.

LOYALTY

- Membership in the SCENE loyalty program remained flat during the period ended June 30, 2021.

CORPORATE

- During the second quarter, Cineplex negotiated the sale of certain restrictive lease rights for total proceeds of \$6.4 million, of which \$3.2 million has been received as of June 30, 2021.
- In recognition of National Indigenous Peoples Day on June 21, Cineplex donated from every movie ticket sold, as well as from purchases made on the Cineplex Store, at *The Rec Room* and *Playdium* to imagineNATIVE – the world’s largest presenter of Indigenous screen content.

OPERATING RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

Total revenues

Total revenues for the three months ended June 30, 2021 increased \$42.9 million (195.3%) to \$64.9 million as compared to the prior year period. Total revenues for the six months ended June 30, 2021 decreased \$198.5 million (65.1%) to \$106.3 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 period 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 and the year to date (in thousands of dollars, except theatre attendance reported in thousands of patrons and per patron amounts, unless otherwise noted):

Box office revenues	Second Quarter			Year to Date		
	2021	2020	Change	2021	2020	Change
Box office revenues	\$ 12,498	\$ 27	NM	\$ 16,316	\$ 111,029	-85.3%
Theatre attendance (i)	1,148	6	NM	1,563	10,716	-85.4%
Box office revenue per patron (i)	\$ 10.89	\$ 4.50	142.0%	\$ 10.44	\$ 10.36	0.8%
BPP excluding premium priced product (i)	\$ 10.09	\$ 4.50	124.2%	\$ 9.73	\$ 9.33	4.3%
Same theatre box office revenues (i)	\$ 12,484	\$ 27	NM	\$ 16,296	\$ 110,112	-85.2%
Same theatre attendance (i)	1,146	6	NM	1,560	10,607	-85.3%
% Total box from premium priced product (i)	22.8%	—%	22.8%	20.2 %	28.7 %	-8.5%

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

Box office continuity	Second Quarter		Year to Date	
	Box Office	Theatre Attendance	Box Office	Theatre Attendance
2020 as reported	\$ 27	6	\$ 111,029	10,716
Same theatre attendance change	4,790	1,140	(93,912)	(9,047)
Impact of same theatre BPP change	7,667	—	96	—
Disposed and closed theatres (i)	14	2	(897)	(106)
2021 as reported	\$ 12,498	1,148	\$ 16,316	1,563

(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.

Second Quarter and Year to Date

Second Quarter 2021 Top Cineplex Films			Second Quarter 2020 Top Cineplex Films		
	3D	% Box		3D	% Box
1	F9: The Fast Saga	17.3 %	1	Bloodshot	21.1 %
2	A Quiet Place Part II	16.0 %	2	The Invisible Man	17.9 %
3	The Conjuring: The Devil Made Me Do It	10.2 %	3	Sonic The Hedgehog	15.9 %
4	Godzilla Vs. Kong	8.2 %	4	Bad Boys For Life	9.5 %
5	Cruella	7.9 %	5	Harley Quinn: Birds of Prey	7.0 %

Second Quarter 2021 Top Cineplex Films		3D	% Box	Second Quarter 2020 Top Cineplex Films		3D	% Box
1	F9: The Fast Saga		16.2 %	1	1917		12.0 %
2	A Quiet Place Part II		15.0 %	2	Star Wars: The Rise of Skywalker	✓	10.3 %
3	The Conjuring: The Devil Made Me Do It		9.6 %	3	Jumanji: The Next Level	✓	9.4 %
4	Godzilla Vs. Kong		7.7 %	4	Bad Boys For Life		9.3 %
5	Cruella		7.4 %	5	Sonic The Hedgehog		5.9 %

Box office revenues increased to \$12.5 million during the second quarter of 2021 as compared to a nominal amount recognized in the prior year period with only six theatres open in Alberta during June 2020. The increase in revenues is due to the gradual reopening of theatres across Cineplex's circuit during the latter part of the quarter as strict operating restrictions across Canada were eased, with the exception of theatres in Manitoba and Ontario which opened subsequent to June 30, 2021.

Cineplex's BPP for the period increased \$6.39, or 142.0% from \$4.50 in the prior period to \$10.89 in the current period. The increase in BPP was due to new releases and premium offerings in the current period as compared to the prior period which focused on discounted pricing for older and more classic film products.

Box office revenues for the six months ended June 30, 2021 were \$16.3 million, a decrease of \$94.7 million or 85.3% compared to the prior year. The decrease in box office revenues was primarily due to the decrease in attendance as a result of the government mandated restrictions that have kept theatres closed or operating below full capacity for a majority of the period. Prior year figures include the first quarter of 2020 during the majority of which Cineplex was operating at full capacity prior to the pandemic related closures.

Food service revenues

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

Food service revenues	Second Quarter			Year to Date		
	2021	2020	Change	2021	2020	Change
Food service - theatres	\$ 9,022	\$ 62	NM	\$ 11,561	\$ 72,743	-84.1%
Food delivery - theatres	3,676	3,024	NM	7,454	3,024	NM
Food service - LBE	516	87	NM	687	6,771	NM
Food delivery - LBE	44	83	NM	81	83	NM
Total food service revenues	\$ 13,258	\$ 3,256	307.2%	\$ 19,783	\$ 82,621	-76.1%
Theatre attendance (i)	1,148	6	NM	1,563	10,716	-85.4%
CPP (i) (ii)	\$ 7.86	\$ 10.33	-23.9%	\$ 7.40	\$ 6.79	9.0%
Same theatre food service revenues (i)	\$ 9,006	\$ 62	NM	\$ 11,536	\$ 72,074	-84.0%
Same theatre attendance (i)	1,146	6	NM	1,560	10,607	-85.3%

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

(ii) Food service revenue from LBE and delivery is not included in the CPP calculation.

Theatre food service revenue continuity	Second Quarter		Year to Date	
	Theatre Food Service	Theatre Attendance	Theatre Food Service	Theatre Attendance
2020 as reported	\$ 62	6	\$ 72,743	10,716
Same theatre attendance change	10,846	1,140	(61,631)	(9,047)
Impact of same theatre CPP change	(1,901)	—	932	—
Disposed and closed theatres (i)	15	2	(483)	(106)
2021 as reported	\$ 9,022	1,148	\$ 11,561	1,563

(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.

Second Quarter and Year to Date

Food service revenues are comprised primarily of concession revenues, which includes food service sales at theatre locations and through delivery services including Uber Eats and Skip the Dishes. Food service revenues also include food and beverage sales at *The Rec Room* and *Playdium*.

Food services revenues have continued to be materially impacted by the government mandated closures of theatres and LBE venues as a result of COVID-19. During the period, indoor dining was either prohibited or subject to strict operating restrictions in most of the markets in which *The Rec Room* and *Playdium* operate, contributing to the material decrease in food service revenues when compared to historical levels. As a result of the gradual reopening of theatres in select provinces across Canada, food services revenues increased \$10.0 million to \$13.3 million during the quarter including food home delivery revenues of \$3.7 million, as compared to \$3.3 million reported in the second quarter of 2020, of which the majority was from home delivery revenue. CPP was \$7.86 in the current period.

Food service revenues for the six months ended June 30, 2021 were \$19.8 million, a decrease of \$62.8 million or 76.1% compared to the prior year, which included normal operations during the majority of the first quarter of 2020. The year to date decrease in food service revenues is due to the decrease in theatre attendance, limited concession menu options, and government mandated capacity restrictions at theatres and LBE venues.

Media revenues

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

Media revenues	Second Quarter			Year to Date		
	2021	2020	Change	2021	2020	Change
Cinema media	\$ 2,412	\$ 1,604	50.3%	\$ 4,311	\$ 18,866	-77.1%
Digital place-based media	6,989	6,276	11.4%	14,164	21,171	-33.1%
Total media revenues from continuing operations	\$ 9,401	\$ 7,880	19.3%	\$ 18,475	\$ 40,037	-53.9%
Media revenues from discontinued operations	—	220	-100.0%	—	602	-100.0%
Total media revenues	\$ 9,401	\$ 8,100	16.1%	\$ 18,475	\$ 40,639	-54.5%

Second Quarter and Year to Date

For the three months ended June 30, 2021, total media revenues from continuing operations increased \$1.5 million or 19.3% to \$9.4 million in the second quarter compared to the prior year period. During the second quarter, media revenues were primarily driven by digital place-based media revenues specifically from network management, creative services and media hardware sales.

For the six months ended June 30, 2021, media revenues from continuing operations were \$18.5 million, a decrease of \$21.6 million or 53.9% compared to the prior year. The decrease is primarily due to a \$14.6 million decrease in Cinema media revenue due to theatre closures and limited new releases subsequent to the first quarter of 2020, ultimately resulting in a sharp decline in show-time and pre-show advertising revenue. Digital place-based media revenues decreased \$7.0 million primarily due to lower media hardware sales and media revenue, further contributing to the overall decrease in total media revenues.

Amusement Revenues

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

Amusement revenues	Second Quarter			Year to Date		
	2021	2020	Change	2021	2020	Change
Amusement - P1AG excluding Cineplex exhibition and LBE (i)	\$ 20,446	\$ 3,687	NM	\$ 33,005	\$ 38,648	-14.6%
Amusement - Cineplex exhibition (i)	199	12	NM	271	2,208	-87.7%
Amusement - LBE	1,539	32	NM	2,782	10,212	-72.8%
Total amusement revenues	\$ 22,184	\$ 3,731	NM	\$ 36,058	\$ 51,068	-29.4%

(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.

Second Quarter and Year to Date

Amusement revenues increased \$18.5 million, to \$22.2 million during the second quarter of 2021 compared to the prior year period. The quarterly increase in revenues was primarily due to the reopening of P1AG US route locations at FECs and theatres.

For the year to date, amusement revenues decreased \$15.0 million or 29.4% when compared to the prior year period. The decrease was due to government mandated closures of Cineplex theatres, LBE venues and capacity restrictions on operating locations in Canada and the United States that have been in effect for a majority of the current period.

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 and the year to date (in thousands of dollars):

Other revenues	Second Quarter			Year to Date		
	2021	2020	Change	2021	2020	Change
Other revenues from continuing operations	\$ 7,585	\$ 7,094	6.9%	\$ 15,706	\$ 20,034	-21.6%
Other revenues from discontinued operations (i)	—	—	NM	—	199	NM
Total other revenues	\$ 7,585	\$ 7,094	6.9%	\$ 15,706	\$ 20,233	-22.4%

(i) Other revenues generated by WorldGaming Network LP.

Second Quarter and Year to Date

The quarterly increase in other revenues from continuing operations is primarily due to increases in revenues from SCENE which were partially offset by lower digital commerce sales.

The year to date decrease in other revenues from continuing operations was primarily due to lower digital commerce sales and breakage revenues relating to gift card sales compared to the prior year. The recognition of breakage revenue on gift card sales and related products has been suspended during the shut down. This was partially offset by increases in revenue generated from SCENE. In addition, the prolonged shut downs reduced other ancillary revenues generated from theatres, such as venue rentals.

Film cost

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

Film cost	Second Quarter			Second Quarter		
	2021	2020	Change	2021	2020	Change
Film cost	\$ 5,611	\$ 10	NM	\$ 6,846	\$ 56,510	-87.9%
Film cost percentage (i)	44.9%	37.0%	7.9%	42.0%	50.9%	-8.9%

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

Second Quarter and Year to Date

Film cost varies primarily with box office revenues and can vary from quarter to quarter usually based on the relative strength of the titles exhibited during the period, impacted by film cost terms varying by title and distributor. The increase in film cost in the second quarter over the prior year period was mainly due to the reopening of a limited number of theatres in the latter half of the period with new releases including *F9: The Fast Saga* and *A Quite Place, Part II* contributing to the increase in film cost percentage. In the prior year period, only six theatres were open in Alberta in late June, contributing to the nominal film cost recognized in the prior year period. The decrease in film cost and film cost percentage for the year to date period is due to limited releases of first run product and lower settlement rates on older and classic film product.

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 and the year to date (in thousands of dollars, except percentages and margins per patron):

Cost of food service	Second Quarter			Year to Date		
	2021	2020	Change	2021	2020	Change
Cost of food service - theatre	\$ 2,686	\$ 730	267.9%	\$ 4,019	\$ 20,931	-80.8%
Cost of food service - LBE	181	59	207.1%	260	2,067	-87.4%
Total cost of food service	\$ 2,867	\$ 789	263.4%	\$ 4,279	\$ 22,998	-81.4%
Theatre concession cost percentage (i)	21.2%	23.7%	-2.5%	21.1%	27.6%	-6.5%
LBE food cost percentage (i)	32.3%	34.7%	-2.4%	33.9%	30.2%	3.7%
Theatre concession margin per patron (i)	\$ 6.20	\$ —	NM	\$ 5.83	\$ 5.12	71.0%

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

Second Quarter and Year to Date

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 venues varies primarily with the volume of guests who visit the location as well as the quantity and mix between food and beverage items sold.

The quarterly increase in cost of food service is primarily due to the gradual reopening of theatres operating under capacity restrictions, compared to closures of theatres and LBE locations that remained in effect for a majority of the prior period. The cost of food service in the second quarter of 2020 was primarily driven by home deliveries. The year to date decrease in cost of food service is due to the impact of prolonged mandatory closures and operating restrictions placed on Cineplex’s theatres and LBE locations leading to a sharp decline in the year to date attendance, resulting in lower cost of food sales.

Depreciation and amortization

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

Depreciation and amortization expenses	Second Quarter			Year to Date		
	2021	2020	Change	2021	2020	Change
Depreciation of property, equipment and leaseholds	\$ 25,197	\$ 28,373	-11.2%	\$ 51,980	\$ 59,062	-12.0%
Amortization of intangible assets and other assets	2,538	3,386	-25.0%	5,264	6,659	-20.9%
Sub-total - depreciation and amortization - other assets	\$ 27,735	\$ 31,759	-12.7%	\$ 57,244	\$ 65,721	-12.9%
Depreciation - right-of-use assets	25,737	34,185	-24.7%	52,055	69,718	-25.3%
Total depreciation and amortization	\$ 53,472	\$ 65,944	-18.9%	\$ 109,299	\$ 135,439	-19.3%

Second Quarter and Year to Date

The quarterly depreciation of property, equipment and leaseholds decreased \$3.2 million, or 11.2%, to \$25.2 million during the second quarter of 2021 compared to the prior year period, and a year to date decrease of \$7.1 million, or 12.0%, to \$52.0 million compared to the prior year. The decrease was due primarily to fully depreciated property, equipment and leaseholds.

The quarterly and year to date decrease in amortization of intangible assets and other assets as compared to the prior year periods is due to fully amortized intangible assets.

The quarterly and year to date decrease of \$8.4 million and \$17.7 million in depreciation of right-of-use assets is primarily due to modifications to lease agreements as a result of COVID-19 which reduced the corresponding right-of-use asset and relating depreciation recognized.

Impairment of long-lived assets, goodwill and investments

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

Impairment of long-lived assets and goodwill	Second Quarter			Year to Date		
	2021	2020	Change	2021	2020	Change
Impairment of property, equipment and leaseholds	\$ —	\$ —	NM	\$ —	\$ 33,949	NM
Impairment of right-of-use assets	—	—	NM	—	50,610	NM
Impairment of goodwill	—	—	NM	—	88,495	NM
Impairment of long-lived assets and goodwill	\$ —	\$ —	NM	\$ —	\$ 173,054	NM

Second Quarter and Year to Date

Cineplex generally performs its annual test for impairment of goodwill and indefinite-lived intangible assets in the fourth quarter, in accordance with the policy described in its annual consolidated financial statements. Assessment of impairment for long-lived assets, including property, equipment, leaseholds, right-of-use assets, intangible assets and goodwill is performed more frequently as specific events or circumstances dictate triggering events and changes in circumstances indicate that the carrying amount of the asset group may not be fully recoverable.

On June 30, 2021, Cineplex reassessed the underlying key assumptions and inputs used during the impairment testing completed at December 31, 2020 and determined that there were no material changes in those key judgements and conclusions.

In early 2020, in response to the outbreak of the COVID-19 pandemic as declared by the WHO, governmental authorities announced mandated closure of schools, public facilities and non-essential businesses. Consequently, effective March 16, 2020 and continuing throughout the remainder of the year, Cineplex had to either temporarily close its theatres and location-based entertainment venues or operate with strict capacity restrictions across Canada, resulting in material decreases in revenues, results of operations and cash flows and a material decrease in Cineplex's market value due to a sharp decline in its share price. These represented triggering events at each balance sheet date in 2020. As a result of the triggering events, Cineplex performed impairment testing and recognized non-cash impairment charges in each of the three months ended March 31, September 30, and December 31, 2020 as follows:

Impairment of long-lived assets, goodwill and investments	2020			
	Q1	Q3	Q4	Total
Impairment of property, equipment and leaseholds	\$ 33,949	\$ —	\$ 5,243	\$ 39,192
Impairment of right-of-use assets	50,610	—	21,236	71,846
Impairment of goodwill	88,495	65,634	26,906	181,035
Impairment of investments	—	—	2,790	2,790
Impairment of long-lived assets, goodwill and investments	\$ 173,054	\$ 65,634	\$ 56,175	\$ 294,863

In assessing long-lived assets and goodwill for impairment, Cineplex compared the aggregate recoverable amount of the assets included in the relevant Cash Generating Units ("CGUs") to their respective carrying amounts. The recoverable amount was determined based on the fair value less costs of disposal of the groups CGUs.

The determination of fair value less costs of disposal is sensitive to the growth rates, discount rates, and long-term growth rates used. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ, depending on economic conditions and other events. Accordingly, it is reasonably possible that future changes in assumptions may negatively impact future assessments of the recoverable amount for groups of CGUs.

Despite the reopening of all of Cineplex's venues by the third quarter of 2021, ongoing restrictions on capacity limit Cineplex's ability to resume full operations for the foreseeable future. In addition, if the return to more regular business continues to be

delayed for longer than currently anticipated as a result of actions outside of the control of management, including but not limited to additional changes to the film slate release schedule, ongoing government restrictions impacting the re-opening of entertainment venues and future impacts caused by more transmissible variants, management's estimates of operating results and further cash flows for the forecasted period may be negatively impacted. As a result, cash flows may be insufficient to support the recoverability of goodwill and long lived assets in certain CGUs, thus requiring further impairment charges. Cineplex will continue to evaluate the recoverability of goodwill at the cash generating unit level on an annual basis during its fourth quarter and whenever events or changes in circumstances indicate there may be a potential impairment.

Impairment of intangible assets - discontinued operations

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

Impairment of intangible assets - discontinued operations	Second Quarter			Year to Date		
	2021	2020	Change	2021	2020	Change
Impairment of intangible assets - discontinued operations	\$ —	\$ 21	NM	\$ —	\$ 5,156	NM

Intangible assets included in assets held for sale were written down prior to disposition to reflect their expected net realizable value in the prior period. On June 29, 2020, Cineplex sold all of its interest in WorldGaming Network LP for a nominal amount. No other operations were classified as a discontinued operation in the current period.

Loss (gain) on disposal of assets

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

Loss (gain) on disposal of assets	Second Quarter			Year to Date		
	2021	2020	Change	2021	2020	Change
Loss (gain) on disposal from continuing operations	\$ 179	\$ 478	-62.6%	\$ (29,881)	\$ 1,295	NM
Loss on disposal from discontinued operations	—	129	-100.0%	—	129	-100.0%
Loss (gain) on disposal of assets	\$ 179	\$ 607	-70.5%	\$ (29,881)	\$ 1,424	NM

The year to date change in the loss (gain) on disposal of assets as compared to the prior year period is due to the sale of the head office buildings for gross proceeds of \$57.0 million completed in the first quarter of 2021. Cineplex will continue to occupy its head office buildings as a tenant.

Other costs

Other costs include three main sub-categories of expenses; theatre occupancy expenses, which capture 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 include 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 and the year to date (in thousands of dollars):

Other costs	Second Quarter			Year to Date		
	2021	2020	Change	2021	2020	Change
Theatre occupancy expenses	\$ 5,349	\$ 17,735	-69.8%	\$ 12,131	\$ 35,706	-66.0%
Other operating expenses	53,790	35,038	53.5%	101,596	169,586	-40.1%
General and administrative expenses	14,213	9,402	51.2%	28,330	14,431	96.3%
Total other costs from continuing operations	\$ 73,352	\$ 62,175	18.0%	\$ 142,057	\$ 219,723	-35.3%
Other costs from discontinued operations	—	606	-100.0%	—	2,212	-100.0%
Total other costs	\$ 73,352	\$ 62,781	16.8%	\$ 142,057	\$ 221,935	-36.0%

Theatre occupancy expenses

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

Theatre occupancy expenses	Second Quarter			Year to Date		
	2021	2020	Change	2021	2020	Change
Cash rent paid/payable (i) (iv)	\$ 25,530	\$ 37,659	-32.2%	\$ 47,752	\$ 78,015	-38.8%
Other occupancy	12,204	18,368	-33.6%	26,511	36,804	-28.0%
One-time items (ii)	(2,237)	(561)	298.8%	(3,219)	(1,140)	182.4%
Total theatre occupancy including cash lease payments paid/payable	\$ 35,497	\$ 55,466	-36.0%	\$ 71,044	\$ 113,679	-37.5%
Cash rent related to lease obligations (iii)	(30,148)	(37,731)	-20.1%	(58,913)	(77,973)	-24.4%
Theatre occupancy as reported	\$ 5,349	\$ 17,735	-69.8%	\$ 12,131	\$ 35,706	-66.0%

(i) Represents the cash payments for theatre rent paid or payable 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 2021 year to date balance includes \$0.8 million (2020 - \$0.7 million) of cash rent paid not pertaining to the current period. See Non-GAAP measures section of this news release.

Theatre occupancy continuity	Second Quarter Occupancy	Year to Date Occupancy
2020 as reported	\$ 17,735	\$ 35,706
Impact of disposed theatres	(472)	(1,013)
Same theatre rent change (i)	(7,179)	(18,477)
One-time items	(1,647)	(2,078)
Other	(10,671)	(21,067)
<u>Impact of IFRS 16 adoption:</u>		
Cash rent paid/payable related to lease obligations	7,583	19,060
2021 as reported	\$ 5,349	\$ 12,131

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

Second Quarter

Total theatre occupancy decreased \$12.4 million or 69.8% during the second quarter of 2021 compared to the prior year period. This decrease was primarily due to the rent relief measures Cineplex has undertaken with landlord partners resulting in lower theatre rent related expense including common area maintenance and taxes as compared to the prior year period. In addition, Cineplex recognized realty tax subsidies of \$5.2 million and rent subsidies of \$4.7 million during the quarter, further reducing theatre occupancy expenses. Cineplex expects to continue to benefit from subsidy relief in the third quarter as a result of the extension periods for both the CERS and CEWS programs to October 23, 2021.

Year to Date

For the year to date period, theatre occupancy expenses decreased \$23.6 million or 66.0% compared to the prior year. This decrease was primarily due to lower theatre rent related expense including common area maintenance and taxes as compared to the prior year period. Cineplex recognized realty tax subsidies of \$9.6 million and rent subsidies of \$11.2 million, contributing to the decrease in theatre occupancy expenses.

Other operating expenses

The following table highlights the movement in other operating expenses during the quarter and the year to date (in thousands of dollars):

Other operating expenses	Second Quarter			Year to Date		
	2021	2020	Change	2021	2020	Change
Theatre payroll	\$ 5,473	\$ 234	2239.0%	\$ 9,108	\$ 31,664	-71.2%
Theatre operating expenses	8,078	8,812	-8.3%	17,431	35,301	-50.6%
Media	7,959	6,816	16.8%	16,243	25,727	-36.9%
P1AG	19,687	9,604	105.0%	35,257	44,026	-19.9%
LBE (i)	3,939	4,810	-18.1%	7,757	17,886	-56.6%
LBE pre-opening (ii)	678	179	278.7%	906	924	-2.0%
SCENE	5,654	1,635	245.8%	10,398	4,208	147.1%
Marketing	1,123	1,059	6.0%	2,240	3,980	-43.7%
Other (iii)	5,630	6,670	-15.6%	11,150	15,405	-27.6%
Other operating expenses including cash lease payments paid/payable	\$ 58,221	\$ 39,819	46.2%	\$ 110,490	\$ 179,121	-38.3%
Cash rent related to lease obligations (iv)	(4,431)	(4,781)	-7.3%	(8,894)	(9,535)	-6.7%
Other operating expenses from continuing operations	\$ 53,790	\$ 35,038	53.5%	\$ 101,596	\$ 169,586	-40.1%
Other operating expenses from discontinued operations	—	606	-100.0%	—	2,212	-100.0%
Total other operating expenses	\$ 53,790	\$ 35,644	50.9%	\$ 101,596	\$ 171,798	-40.9%
(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	Second Quarter Other Operating	Year to Date Other Operating
2020 as reported	\$ 35,038	\$ 169,586
Impact of disposed theatres	(164)	(756)
Same theatre payroll change (i)	5,291	(22,201)
Same theatre operating expenses change (i)	(622)	(17,469)
Media operating expenses change	1,143	(9,484)
P1AG operating expenses change	10,083	(8,769)
LBE operating expenses change	(871)	(10,129)
LBE pre-opening change	499	(18)
SCENE change	4,019	6,190
Marketing change	64	(1,740)
Other	(1,040)	(4,255)
<u>Impact of IFRS 16 adoption:</u>		
Cash rent related to lease obligations	350	\$ 641
2021 as reported	\$ 53,790	\$ 101,596
(i) See Non-GAAP measures section of this news release.		

Second Quarter

Other operating expenses increased \$18.8 million during the second quarter of 2021 or 53.5% compared to the prior year period. The increase was primarily driven by increases in P1AG other operating expenses of \$10.1 million as a result of the gradual reopening of P1AG US route locations. During the second quarter of 2020, prolonged government mandated closures and operating restrictions resulted in closures and operating levels far below normal for a majority of the period. In addition, Cineplex recognized increases in theatre payroll of \$5.2 million as a result of the reopening of theatres and \$4.0 million higher SCENE costs related to third-party redemption costs. Cineplex has begun the gradual reopening of theatres across Canada in accordance with provincial government directives and will adjust operating levels as permitted by applicable authorities. Cineplex received \$15.8 million of subsidies in the current period, comprised of \$12.8 million of payroll subsidies of which \$7.0 million was offset against theatre payroll, and \$3.0 million of non-theatre rent, realty tax and utilities subsidies.

Year to Date

The overall decrease in other operating expenses from continuing operations from the prior year resulted from the temporary closures and subsequent operating restrictions on theatres, LBE locations and P1AG route locations beginning in March 2020. Cineplex received \$30.2 million of subsidies in the current period, comprised of \$24.7 million of payroll subsidies of which \$13.1 million was offset against theatre payroll, and \$5.5 million of non-theatre rent, realty tax and utility subsidies.

General and administrative expenses

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

G&A expenses	Second Quarter			Year to Date		
	2021	2020	Change	2021	2020	Change
G&A excluding the following items	\$ 9,940	\$ 9,949	-0.1%	\$ 20,558	\$ 27,203	-24.4%
Restructuring	—	75	-100.0%	—	435	-100.0%
Transaction / Litigation costs	2,591	1,098	136.0%	5,021	2,369	111.9%
LTIP (i)	1,795	(1,572)	NM	3,099	(13,009)	NM
Option plan	445	47	846.8%	844	(2,194)	NM
G&A expenses including cash lease payments	\$ 14,771	\$ 9,597	53.9%	\$ 29,522	\$ 14,804	99.4%
Cash rent paid/payable included as part of lease obligations (ii)	(558)	(195)	186.2%	(1,192)	(373)	219.5%
G&A expenses as reported	\$ 14,213	\$ 9,402	51.2%	\$ 28,330	\$ 14,431	96.3%
(i) LTIP includes the expenses for RSUs and PSUs, as well as the expense for the executive and Board deferred share unit plans.						
(ii) Cash rent that has been reallocated to offset the lease obligations.						

Second Quarter and Year to Date

G&A expenses during the three months ended June 30, 2021 increased \$4.8 million as compared to the prior year period. This was primarily a result of an increase in LTIP expense due to the increase in Cineplex’s Share price during the quarter from \$11.91 at March 31, 2021 to \$14.90 at June 30, 2021 as compared to the decrease in the Share price in the second quarter of 2020. Cineplex also incurred \$2.6 million (2020 - \$1.1 million) of costs related to litigation arising from the Cineworld Transaction during the period. Employee benefit costs were reduced by \$2.8 million (2020 - \$3.8 million) under the CEWS program.

G&A expenses for the year to date period increased \$13.9 million compared to the prior year period. The change was primarily due to a significant decrease in LTIP expense in the prior period due to the share decline in Cineplex’s share price as a result of the impact of the COVID-19 pandemic on Cineplex’s business, which fell from \$33.90 at the beginning of the prior year period to \$8.04 per Share at June 30, 2020. Cineplex incurred year to date costs relating to litigation arising from the Cineworld Transaction of \$5.0 million (2020 - \$2.4 million). Employee salary and benefit costs were reduced by \$5.7 million (2020 - \$3.8 million) under the CEWS program in 2021.

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 and six months ended June 30, 2021 as compared to the prior year period (expressed in thousands of dollars, except adjusted EBITDAaL margin):

EBITDA	Second Quarter			Year to Date		
	2021	2020	Change	2021	2020	Change
EBITDA	\$ (17,700)	\$ (45,715)	-61.3 %	\$ (20,224)	\$ (171,850)	-88.2%
Adjusted EBITDA	\$ (16,902)	\$ (41,313)	-59.1 %	\$ (47,007)	\$ 5,159	NM
Adjusted EBITDAaL	\$ (53,165)	\$ (72,532)	-26.7 %	\$ (115,255)	\$ (70,142)	64.3%
Adjusted EBITDAaL margin	(81.9)%	(329.9)%	248.0 %	(108.4)%	(23.0)%	-85.4%

Adjusted EBITDAaL for the second quarter of 2021 was a loss of \$(53.2) million compared to a loss of the \$(72.5) million for the prior year period. The change primarily due to reopening of a limited number of theatres and LBE venues during the latter half of June 2021 in addition to increased amusement revenues from route operations in the United States where restrictions in certain states were reduced or lifted earlier in the quarter. Substantially all of Cineplex businesses remained closed in the second quarter of 2020 due to the impact of COVID-19 government imposed restrictions.

For the six months ended June 30, 2021, adjusted EBITDAaL was a loss of \$(115.3) million as compared to a loss of \$(70.1) million for the same period in 2020. The change was primarily due to the impact of the COVID-19 government imposed restrictions and resulting closures of substantially all of Cineplex businesses during the majority of the six months ended June 30, 2021, as compared to prior year period where Cineplex operated at full capacity until restrictions and closures began in March 2020. Adjusted EBITDAaL margin is calculated as adjusted EBITDAaL divided by total revenues.

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

For the second quarter of 2021, adjusted free cash flow per common share of Cineplex was \$(1.04) as compared to \$(0.85) in the prior year period. The declared dividends per common share of Cineplex were \$nil in the second quarter of 2021 and \$nil in the prior year period. During the 12 months ended June 30, 2021, Cineplex generated adjusted free cash flow per Share of \$(3.60), compared to \$0.53 in the prior 12 month period. Cineplex declared dividends per Share of \$0.00 and \$1.05, respectively, in each 12 month period. The payout ratios for these periods were 0.0% and 199.7%, 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 (gain) on disposal of assets, foreign exchange, impairment of long-lived assets, goodwill and investments, the equity loss 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 financial statements and 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.

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.

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 attributable to Cineplex excluding the change in fair value of financial instruments.

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 ScreenX 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 (excluding temporary government-mandated shutdowns) or otherwise disposed of subsequent to the start of the prior year comparative period. For the three months ended June 30, 2021 the impact of four locations that have been closed or otherwise disposed of have been excluded, resulting in 156 theatres being included in the same theatre metrics. For the six months ended June 30, 2021 the impact of the four locations that have been closed or otherwise disposed of have been excluded, resulting in 156 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.

Lease-related cash saving

Quantified savings negotiated with landlords as a result of the COVID-19 disclosures. This includes agreements that are evidenced by way of written confirmation of the terms agreed upon to the date of the MD&A, and are in the process of formally documented.

Net cash burn

Calculated as adjusted EBITDAaL less cash interest expense (excluding amounts with respect to lease obligations), provision for income taxes and net capital expenditures.

Net cash burn	Last Fifteen Months	2021		2020		
		Q2	Q1	Q4	Q3	Q2
Adjusted EBITDAaL	\$ (300,460)	\$ (53,165)	\$ (62,090)	\$ (65,948)	\$ (46,725)	\$ (72,532)
Cash interest expense excluding lease obligations	(61,641)	(15,701)	(13,429)	(13,412)	(11,317)	(7,782)
Provision for incomes taxes	63,292	—	—	12,355	16,497	34,440
Net capital expenditures	(31,565)	(3,021)	(5,055)	(7,272)	(8,198)	(8,019)
Total net cash burn	\$ (330,374)	\$ (71,887)	\$ (80,574)	\$ (74,277)	\$ (49,743)	\$ (53,893)
Average monthly net cash burn	\$ (22,025)	\$ (23,962)	\$ (26,858)	\$ (24,759)	\$ (16,581)	\$ (17,964)

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. 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 or operational restrictions 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 introduction of social distancing measures and restrictions including those on capacity. Restrictions imposed in many of the markets in which Cineplex operates are gradually being lifted as vaccination rates increase across the country, providing clearer visibility for the reopening of Cineplex's business and the return to normalcy. 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 Cineplex's Annual Information Form ("AIF"), and MD&A for the year ended December 31, 2020 ("Annual MD&A") and in this news release. 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; 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, Cineplex undertakes 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 Annual MD&A, can be found on SEDAR at www.sedar.com.

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:

Cineplex Inc. Q2 2021 Analyst Conference Call Details:

Date: Thursday, August 12, 2021

Time: 10:00 a.m. Eastern Daylight Time

Audio Webcast: Available [here](#) or on the Company's investor website homepage at <http://ir.cineplex.com/>.
The webcast will be available for one year.

Analysts who cover the Company, should use the dial-in option to participate in the live question period: 647-484-0477 (Toronto) or 1-800-458-4121 (Canada/US Toll-free), conference code: 2579120.

All attendees should join the event 5-10 minutes prior to the scheduled start time. When prompted, please provide the confirmation code or event title. Media are welcome to join the call in listen-only mode.

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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 10,000 people in its offices across Canada and the United States. To learn more visit Cineplex.com or download the Cineplex App.

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

	June 30,		December 31,
	2021		2020
Assets			
Current assets			
Cash and cash equivalents	\$ 29,202	\$	16,254
Trade and other receivables	44,517		51,834
Income taxes receivable	10,809		66,551
Inventories	21,609		21,712
Prepaid expenses and other current assets	13,514		11,613
	<hr/>		<hr/>
	119,651		167,964
Non-current assets			
Property, equipment and leaseholds	500,311		555,340
Right-of-use assets	812,707		881,418
Interests in joint ventures and associates	3,852		8,644
Intangible assets	84,364		84,922
Goodwill	635,352		635,582
	<hr/>		<hr/>
	\$ 2,156,237	\$	2,333,870
	<hr/>		<hr/>

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

	June 30,		December 31,
	2021		2020
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	\$ 91,071	\$	82,992
Share-based compensation	824		482
Income taxes payable	1,946		802
Deferred revenue	224,932		219,983
Lease obligations	110,775		97,259
Fair value of interest rate swap agreements	9,151		7,202
	<u>438,699</u>		<u>408,720</u>
Non-current liabilities			
Share-based compensation	4,907		2,670
Long-term debt	755,996		725,271
Fair value of interest rate swap agreements	12,383		19,157
Lease obligations	1,033,396		1,073,666
Post-employment benefit obligations	10,637		11,503
Other liabilities	68,527		68,649
	<u>1,885,846</u>		<u>1,900,916</u>
Total liabilities	<u>2,324,545</u>		<u>2,309,636</u>
Shareholders' (deficit) equity			
Share capital	852,448		852,379
Deficit	(1,096,786)		(903,394)
Hedging reserves and other	(131)		(131)
Contributed surplus	77,571		75,882
Cumulative translation adjustment	(1,410)		(502)
Total shareholders' (deficit) equity	<u>(168,308)</u>		<u>24,234</u>
	<u>\$ 2,156,237</u>	\$	<u>2,333,870</u>

Cineplex Inc.

Interim Condensed Consolidated Statements of Operations

(Unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Revenues				
Box office	\$ 12,498	\$ 27	\$ 16,316	\$ 111,029
Food service	13,258	3,256	19,783	82,621
Media	9,401	7,880	18,475	40,037
Amusement	22,184	3,731	36,058	51,068
Other	7,585	7,094	15,706	20,034
	<u>64,926</u>	<u>21,988</u>	<u>106,338</u>	<u>304,789</u>
Expenses				
Film cost	5,611	10	6,846	56,510
Cost of food service	2,867	789	4,279	22,998
Depreciation - right-of-use assets	25,737	34,185	52,055	69,718
Depreciation and amortization - other assets	27,735	31,759	57,244	65,721
Loss (gain) on disposal of assets	179	478	(29,881)	1,295
Other costs	73,352	62,175	142,057	219,723
Share of loss of joint ventures and associates	1,052	3,192	3,466	3,927
Interest expense - lease obligations	14,741	11,353	29,100	23,031
Interest expense - other	17,899	9,719	31,564	26,605
Interest income	(108)	(57)	(134)	(129)
Foreign exchange	365	1,059	595	(868)
Change in fair value of financial instruments	(800)	—	(800)	—
Impairment of long-lived assets and goodwill	—	—	—	173,054
	<u>168,630</u>	<u>154,662</u>	<u>296,391</u>	<u>661,585</u>
Loss from continuing operations before income taxes	<u>(103,704)</u>	<u>(132,674)</u>	<u>(190,053)</u>	<u>(356,796)</u>
Provision for income taxes				
Current	—	(7,632)	3,339	(7,865)
Deferred	—	(26,808)	—	(76,542)
	<u>—</u>	<u>(34,440)</u>	<u>3,339</u>	<u>(84,407)</u>
Net loss from continuing operations	<u>\$ (103,704)</u>	<u>\$ (98,234)</u>	<u>\$ (193,392)</u>	<u>\$ (272,389)</u>
Net loss from discontinued operations, net of taxes	<u>—</u>	<u>(693)</u>	<u>—</u>	<u>(4,952)</u>
Net loss	<u>\$ (103,704)</u>	<u>\$ (98,927)</u>	<u>\$ (193,392)</u>	<u>\$ (277,341)</u>
Net loss from continuing operations attributable to:				
Owners of Cineplex	\$ (103,704)	\$ (98,230)	\$ (193,392)	\$ (272,384)
Non-controlling interests	—	(4)	—	(5)
Net loss from continuing operations	<u>\$ (103,704)</u>	<u>\$ (98,234)</u>	<u>\$ (193,392)</u>	<u>\$ (272,389)</u>
Net loss attributable to:				
Owners of Cineplex	\$ (103,704)	\$ (98,923)	\$ (193,392)	\$ (277,336)
Non-controlling interests	—	(4)	—	(5)
Net loss	<u>\$ (103,704)</u>	<u>\$ (98,927)</u>	<u>\$ (193,392)</u>	<u>\$ (277,341)</u>
Net loss per share attributable to owners of Cineplex - basic and diluted:				
Continuing operations	\$ (1.64)	\$ (1.55)	\$ (3.05)	\$ (4.30)
Discontinued operations	—	(0.01)	—	(0.08)
Total operations	<u>\$ (1.64)</u>	<u>\$ (1.56)</u>	<u>\$ (3.05)</u>	<u>\$ (4.38)</u>

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Net loss from continuing operations	\$ (103,704)	\$ (98,234)	\$ (193,392)	\$ (272,389)
Other comprehensive (loss) income from continuing operations				
<i>Items that will be reclassified subsequently to net income:</i>				
Foreign currency translation adjustment	(480)	(2,259)	(908)	3,385
Recognition of currency translation adjustment on disposition of discontinued operations	—	(160)	—	(160)
Other comprehensive (loss) income from continuing operations	(480)	(2,419)	(908)	3,225
Comprehensive loss from continuing operations	(104,184)	(100,653)	(194,300)	(269,164)
Net loss from discontinued operations, net of taxes	—	(693)	—	(4,952)
Foreign currency translation adjustment from discontinued operations	—	545	—	7
Comprehensive loss	\$ (104,184)	\$ (100,801)	\$ (194,300)	\$ (274,109)
Comprehensive loss from continuing operations attributable to:				
Owners of Cineplex	\$ (104,184)	\$ (100,649)	\$ (194,300)	\$ (269,159)
Non-controlling interests	—	(4)	—	(5)
	\$ (104,184)	\$ (100,653)	\$ (194,300)	\$ (269,164)
Comprehensive loss attributable to:				
Owners of Cineplex	\$ (104,184)	\$ (100,797)	\$ (194,300)	\$ (274,104)
Non-controlling interests	—	(4)	—	(5)
	\$ (104,184)	\$ (100,801)	\$ (194,300)	\$ (274,109)

Cineplex Inc.

Interim Condensed Consolidated Statements of Changes in Equity

(Unaudited)

(expressed in thousands of Canadian dollars)

For the periods ended June 30, 2021 and 2020

	Share capital	Contributed surplus	Hedging reserves and other	Cumulative translation adjustment	Deficit	Non-controlling interests	Total
January 1, 2021	\$ 852,379	\$ 75,882	\$ (131)	\$ (502)	\$ (903,394)	\$ —	\$ 24,234
Net loss	—	—	—	—	(193,392)	—	(193,392)
Other comprehensive loss	—	—	—	(908)	—	—	(908)
Total comprehensive loss	—	—	—	(908)	(193,392)	—	(194,300)
Share option expense	—	844	—	—	—	—	844
PSU/RSU expense	—	974	—	—	—	—	974
Settlement for cancelled options	—	(60)	—	—	—	—	(60)
Issuance of shares on exercise of options	69	(69)	—	—	—	—	—
June 30, 2021	\$ 852,448	\$ 77,571	\$ (131)	\$ (1,410)	\$ (1,096,786)	\$ —	\$ (168,308)
January 1, 2020	\$ 852,379	\$ 4,052	\$ (131)	\$ (887)	\$ (264,310)	\$ (109)	\$ 590,994
Net loss	—	—	—	—	(277,336)	(5)	(277,341)
Other comprehensive income	—	—	—	3,392	(160)	—	3,232
Total comprehensive loss	—	—	—	3,392	(277,496)	(5)	(274,109)
Dividends declared	—	—	—	—	(9,500)	—	(9,500)
Share option expense	—	160	—	—	—	—	160
Conversion to equity-settled option plan	—	3,944	—	—	—	—	3,944
June 30, 2020	\$ 852,379	\$ 8,156	\$ (131)	\$ 2,505	\$ (551,306)	\$ (114)	\$ 311,489

Cineplex Inc.

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Cash provided by (used in)				
Operating activities				
Net loss from continuing operations	\$ (103,704)	\$ (98,234)	\$ (193,392)	\$ (272,389)
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization - other assets	27,735	31,759	57,244	65,721
Depreciation - right-of-use assets	25,737	34,185	52,055	69,718
Unrealized foreign exchange	245	739	456	(690)
Interest rate swap agreements - non-cash interest	(1,849)	1,909	(5,377)	11,295
Accretion of Debentures and Notes Payable	4,021	—	7,759	—
Other non-cash interest	177	328	624	677
Loss (gain) on disposal of assets	179	478	(29,881)	1,295
Deferred income taxes	—	(26,808)	—	(76,542)
Non-cash share-based compensation	1,194	160	1,818	4,104
Change in fair value of financial instruments	(800)	—	(800)	—
Impairment of long-lived assets, goodwill and investments	—	—	—	173,054
Net change in interests in joint ventures and associates	1,576	4,178	4,792	6,069
Changes in operating assets and liabilities	62,622	69,401	86,203	58,973
Net cash provided by (used in) operating activities	17,133	18,095	(18,499)	41,285
Investing activities				
Proceeds from disposal of assets, net	3,252	50	59,916	50
Purchases of property, equipment and leaseholds	(5,026)	(14,441)	(13,741)	(51,944)
Intangible assets additions	(1,992)	(1,760)	(5,078)	(5,481)
Tenant inducements	2,005	6,422	5,665	18,299
Net cash received from CDCP	—	782	—	3,910
Net cash (used in) provided by investing activities	(1,761)	(8,947)	46,762	(35,166)
Financing activities				
Dividends paid	—	—	—	(19,000)
Borrowings (repayments) under credit facilities, net	13,000	(1,000)	(221,000)	39,000
Repayments of lease obligations - principal	(19,086)	(993)	(38,543)	(34,812)
Issuance of notes payable, net	—	—	243,996	—
Financing fees	—	(800)	(321)	(800)
Net cash used in financing activities	(6,086)	(2,793)	(15,868)	(15,612)
Effect of exchange rate differences on cash	413	560	553	(390)
Increase (decrease) in cash and cash equivalents from continuing operations	9,699	6,915	12,948	(9,883)
Cash flows used in discontinued operations	—	(253)	—	(2,391)
Cash and cash equivalents - Beginning of period	19,503	7,144	16,254	26,080
Cash and cash equivalents - End of period	\$ 29,202	\$ 13,806	\$ 29,202	\$ 13,806
Supplemental information				
Cash paid for interest - lease obligation	\$ 14,167	\$ 166	\$ 26,772	\$ 11,521
Cash paid for interest - other	\$ 5,918	\$ 5,964	\$ 21,512	\$ 11,443
Cash received for income taxes, net	\$ (49,028)	\$ (12,997)	\$ (53,515)	\$ (11,515)

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

Reconciliation to Adjusted EBITDAaL

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Net loss from continuing operations	\$ (103,704)	\$ (98,234)	\$ (193,392)	\$ (272,389)
Depreciation and amortization - other	27,735	31,759	57,244	65,721
Depreciation - right-of-use assets	25,737	34,185	52,055	69,718
Interest expense - lease obligations	14,741	11,353	29,100	23,031
Interest expense - other	17,899	9,719	31,564	26,605
Interest income	(108)	(57)	(134)	(129)
Current income tax (recovery) expense	—	(7,632)	3,339	(7,865)
Deferred income tax recovery	—	(26,808)	—	(76,542)
EBITDA from continuing operations	\$ (17,700)	\$ (45,715)	\$ (20,224)	\$ (171,850)
Loss (gain) on disposal of assets	179	478	(29,881)	1,295
Change in fair value of financial instruments	(800)	—	(800)	—
CDCP equity loss (i)	1,043	2,784	3,281	3,374
Foreign exchange loss (gain)	365	1,059	595	(868)
Impairment of long-lived assets and goodwill	—	—	—	173,054
Non-controlling interest adjusted EBITDA	—	4	—	5
Depreciation and amortization - joint ventures and associates (ii)	—	20	—	44
Taxes and interest of joint ventures and associates (ii)	11	57	22	105
Adjusted EBITDA from continuing operations	\$ (16,902)	\$ (41,313)	\$ (47,007)	\$ 5,159
Cash rent paid/payable related to lease obligations (iii)	(35,137)	(42,706)	(68,998)	(87,880)
Negotiated lease-related cash savings for the period (iii) (iv)	(751)	11,851	—	11,851
Cash rent paid not pertaining to current period	(375)	(364)	750	728
Adjusted EBITDAaL (iv)	\$ (53,165)	\$ (72,532)	\$ (115,255)	\$ (70,142)

(i) CDCP equity loss 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 with the exception of CDCP (see (i) above).

(iii) The cash rent paid or payable includes negotiated lease obligations savings of \$nil (2020 - \$11.8 million) through June 30, 2021.

(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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Cash provided by (used in) operating activities	\$ 17,133	\$ 18,095	\$ (18,499)	\$ 41,285
Less: Total capital expenditures net of proceeds on sale of assets	(4,992)	(14,391)	(13,707)	(51,894)
Standardized free cash flow	12,141	3,704	(32,206)	(10,609)
Add/(Less):				
Changes in operating assets and liabilities (i)	(62,622)	(69,401)	(86,203)	(58,973)
Changes in operating assets and liabilities of joint ventures and associates (i)	(524)	(986)	(1,326)	(2,142)
Principal component of lease obligations	(19,086)	(993)	(38,543)	(34,812)
Principal portion of cash rent paid not pertaining to current period	(369)	(357)	737	714
Growth capital expenditures and other (ii)	4,511	13,777	12,972	48,303
Share of income (loss) of joint ventures and associates, net of non-cash depreciation	2	(331)	(163)	(404)
Non-controlling interest	—	4	—	5
Net cash received from CDCP (iii)	—	782	—	3,910
Adjusted free cash flow	\$ (65,947)	\$ (53,801)	\$ (144,732)	\$ (54,008)
Average number of Shares outstanding	63,339,618	63,333,238	63,337,300	63,333,238
Adjusted free cash flow per Share	\$ (1.041)	\$ (0.849)	\$ (2.285)	\$ (0.853)
Dividends declared	\$ —	\$ —	\$ —	\$ 0.150

(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 Cineplex to fund Board approved projects.

(iii) Excludes the share of loss 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.