

Cineplex Inc.

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

August 11, 2025

The following management's discussion and analysis ("MD&A") of Cineplex Inc.'s ("Cineplex") financial condition and results of operations should be read together with the consolidated financial statements and related notes (see Section 1, Overview of Cineplex). These financial statements, presented in Canadian dollars, were prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), defined as International Financial Reporting Standards ("IFRS") as set out in the Handbook of the Canadian Institute of Chartered Professional Accountants.

Unless otherwise specified, all information in this MD&A is as of June 30, 2025 and all amounts are in Canadian dollars.

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Non-GAAP and Other Financial Measures

Cineplex reports on certain non-GAAP measures, non-GAAP ratios, supplementary financial measures and total segments measures that are used by management to evaluate Cineplex's performance. In addition, non-GAAP measures are used in measuring compliance with debt covenants. Non-GAAP measures do not have standardized meaning under GAAP and may not be comparable to similar measures provided by other issuers. Cineplex includes these measures because management believes that they assist investors in assessing financial performance. The definition, calculation and reconciliation of non-GAAP measures are provided in Section 16 Non-GAAP and other financial measures.

Forward-Looking Statements

Certain information in this MD&A 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 and goals, and strategies to achieve such 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") and in Cineplex's management's discussion and analysis for the year ended December 31, 2024 (the "Annual MD&A") and in this MD&A. These 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, 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 adverse economic conditions; competition from alternative forms of entertainment and content delivery via streaming and other formats; the impacts of any pandemic, epidemic, natural disaster, governmental restrictions, strikes or the inability to procure materials and supplies; information concerning future purchases of Common Shares under Cineplex's normal course issuer bid ("NCIB"); the outcome of the litigation with respect to Cineplex's online booking fee (described in further detail in the Annual MD&A); and risks generally encountered in the relevant industry, competition, customer, legal, taxation and accounting matters.

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, including possible consequences of future epidemics, pandemics or changes in political or economic conditions. Additional information about factors that may cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the "Risks and Uncertainties" section of the Annual MD&A.

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 MD&A 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.sedarplus.ca.

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1. OVERVIEW OF CINEPLEX

Cineplex (TSX:CGX) is a top-tier Canadian brand that operates in the Film Entertainment and Content, Amusement and Leisure, and Media sectors. Cineplex offers a unique escape from the everyday to millions of guests through its circuit of 171 movie theatres and location-based entertainment venues. In addition to being Canada's largest and most innovative film exhibitor, the company operates Canada's favourite destination for 'Eats & Entertainment' (The Rec Room), complexes specially designed for teens and families (Playdium), and an entertainment concept that brings movies, amusement gaming, dining, and live performances together under one roof (Cineplex Junxion). It also operates successful businesses in cinema media (Cineplex Media), digital place-based media (Cineplex Digital Media or CDM), alternative programming (Cineplex Events) and motion picture distribution (Cineplex Pictures). Providing even more value for its guests, Cineplex is a partner in Scene+, Canada's largest entertainment and lifestyle loyalty program.

Proudly recognized as having one of the country's Most Admired Corporate Cultures, Cineplex employs over 10,000 people in its offices and venues across Canada.

As of June 30, 2025, Cineplex owned, leased or had a joint venture interest in 1,607 screens in 155 theatres from coast to coast as well as 16 location-based entertainment venues in seven provinces.

Cineplex								
Theatre locations and screens at June 30, 2025								
Province	Locations (i)	Screens	UltraAVX	IMAX Screens (ii)	VIP Auditoriums	D-BOX Auditoriums	Recliner Auditoriums	Other Screens (iii)
Ontario	66	710	42	14	48	48	116	14
Quebec	18	218	10	3	9	10	22	4
British Columbia	24	233	15	5	20	15	43	4
Alberta	18	195	19	3	16	16	93	7
Nova Scotia	9	80	1	1	—	2	—	1
Saskatchewan	6	54	4	—	3	3	16	1
Manitoba	5	49	3	1	3	4	16	1
New Brunswick	5	41	2	1	—	2	10	—
Newfoundland & Labrador	2	14	—	1	—	1	—	—
Prince Edward Island	2	13	—	—	—	1	—	—
TOTALS	155	1,607	96	29	99	102	316	32
Percentage of screens			6 %	2 %	6 %	6 %	20 %	2 %
(i) Includes <i>Junxion</i> theatres in Manitoba and Ontario.								
(ii) All IMAX screens are 3D enabled. Total 3D screens including IMAX screens are 821 screens or 51% of the circuit.								
(iii) Other screens includes 7 4DX screens, 5 <i>Cineplex Clubhouse</i> screens and 20 ScreenX screens.								

Cineplex - Theatres, screens and premium offerings in the last eight quarters								
	2025		2024				2023	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Theatres	155	156	156	155	156	158	158	158
Screens	1,607	1,617	1,617	1,612	1,618	1,631	1,631	1,631
UltraAVX Screens	96	96	96	97	97	98	97	97
IMAX Screens	29	29	29	27	27	26	26	25
VIP Auditoriums	99	99	99	99	99	99	99	99
D-BOX Auditoriums	102	101	101	102	102	102	102	102
Recliner Auditoriums	316	316	315	309	306	302	299	295
Other Screens	32	32	32	30	29	29	29	27

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Cineplex - LBE - at June 30, 2025 and 2024		2025		2024	
Province		<i>The Rec Room</i>	<i>Playdium</i>	<i>The Rec Room</i>	<i>Playdium</i>
Ontario		4	3	4	2
Quebec		1	—	—	—
Alberta		3	—	3	—
Manitoba		1	—	1	—
Newfoundland & Labrador		1	—	1	—
British Columbia		2	—	1	—
Nova Scotia		—	1	—	1
TOTALS		12	4	10	3

Sale of Player One Amusement Group

On November 22, 2023, Cineplex Entertainment Limited Partnership (“CELP”) announced that it had entered into a definitive share purchase agreement to sell 100% of the issued and outstanding shares of Player One Amusement Group Inc. (“P1AG”) for cash proceeds of \$155.0 million, subject to customary post-closing adjustments (the “Sale Transaction”). The Sale Transaction closed on February 1, 2024. On closing of the Sale Transaction, P1AG and CELP entered into a long-term agreement under which P1AG will continue to supply and service amusement games in Cineplex’s theatres and location-based entertainment venues. The proceeds from the Sale Transaction were used to repay bank debt. In connection with the sale of P1AG, Cineplex recognized total net income, net of taxes, from discontinued operations of \$68.0 million. That income included a material gain of \$67.2 million, net of income taxes.

P1AG continues to be a key supplier to Cineplex’s exhibition and location-based entertainment businesses and Cineplex does not anticipate changes to its amusement revenue generating activities and margins, or operating costs, or general and administrative costs as a result of the sale of P1AG.

Competition Tribunal Administrative Monetary Penalty

On September 23, 2024, the Competition Tribunal ordered Cineplex to pay an administrative monetary penalty and costs of \$39.2 million. The amount is presented separately on the statement of operations and balance sheet.

On October 23, 2024, Cineplex filed its Notice of Appeal with the Federal Court of Appeal and, with the Competition Bureau’s consent, was granted a stay regarding payment of the Competition Tribunal’s \$39.2 million administrative monetary penalty pending the Federal Court of Appeal’s decision. The appeal is currently scheduled to be heard on October 8, 2025.

The order and Cineplex’s response are discussed in more detail in the section titled “*Risks and Uncertainties*” in the Annual MD&A.

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1.2 FINANCIAL HIGHLIGHTS

Financial highlights	Second Quarter			Year to Date		
(in thousands of dollars, except theatre attendance in thousands of patrons and per share and per patron amounts)	2025	2024	Change (i)	2025	2024	Change (ii)
Total revenues	\$ 361,816	\$ 277,336	30.5%	\$ 626,099	\$ 572,095	9.4%
Theatre attendance	11,583	8,731	32.7%	19,975	18,550	7.7%
Net loss from continuing operations	\$ (2,198)	\$ (21,312)	-89.7%	\$ (38,813)	\$ (84,282)	-53.9%
Net income from discontinued operations, including gain on disposition	\$ —	\$ (127)	-100.0%	\$ —	\$ 68,003	-100.0%
Net loss (ii)	\$ (2,198)	\$ (21,439)	-89.7%	\$ (38,813)	\$ (16,279)	138.4%
Cash provided by continuing operating activities	\$ 55,791	\$ 997	NM	\$ 33,127	\$ 36,951	-10.3%
Box office revenues per patron ("BPP") (iii)	\$ 13.68	\$ 13.11	4.3%	\$ 13.04	\$ 12.91	1.0%
Concession revenues per patron ("CPP") (iii)	\$ 10.04	\$ 9.56	5.0%	\$ 9.66	\$ 9.24	4.5%
Adjusted EBITDA (iv)	\$ 76,476	\$ 42,472	80.1%	\$ 108,210	\$ 89,207	21.3%
Adjusted EBITDAaL (iv)	\$ 33,430	\$ 925	NM	\$ 22,618	\$ 5,510	310.5%
Adjusted EBITDAaL from discontinued operations (iv)	\$ —	\$ —	NM	\$ —	\$ 508	-100.0%
Adjusted EBITDAaL including discontinued operations (iv)	\$ 33,430	\$ 925	NM	\$ 22,618	\$ 6,018	275.8%
Adjusted EBITDAaL margin from continuing operations (v)	9.2 %	0.3 %	8.9%	3.6 %	1.0 %	2.6%
Adjusted free cash flow (iv)	\$ 15,372	\$ (13,049)	NM	\$ (10,352)	\$ (19,054)	-45.7%
Adjusted free cash flow per share (v)	\$ 0.242	\$ (0.205)	NM	\$ (0.163)	\$ (0.299)	-45.5%
Loss per share from continuing operations - basic (ii)	\$ (0.03)	\$ (0.33)	-90.9%	\$ (0.61)	\$ (1.32)	-53.8%
Earnings per share from discontinued operations - basic	\$ —	\$ —	NM	\$ —	\$ 1.07	-100.0%
Loss per share - basic (ii)	\$ (0.03)	\$ (0.33)	-90.9%	\$ (0.61)	\$ (0.25)	144.0%
Loss per share from continuing operations - diluted (ii)	\$ (0.03)	\$ (0.33)	-90.9%	\$ (0.61)	\$ (1.32)	-53.8%
Earnings per share from discontinued operations - diluted	\$ —	\$ —	NM	\$ —	\$ 1.07	-100.0%
Loss per share - diluted (ii)	\$ (0.03)	\$ (0.33)	-90.9%	\$ (0.61)	\$ (0.25)	144.0%
(i) Throughout this MD&A, changes in percentage amounts are calculated as 2025 value less 2024 value.						
(ii) 2025 includes expenses related to other transactions or litigation outside the normal course of business in the amount of \$0.2 million (2024 - \$0.5 million) for the second quarter and \$0.5 million (2024 - \$2.4 million) for year to date. The second quarter of 2024 includes the loss on the 2024 Refinancing of \$2.0 million and \$56.0 million for year to date.						
(iii) Represents a supplementary financial measure. See Section 16 Non-GAAP and other financial measures.						
(iv) Represents a non-GAAP financial measure. See Section 16 Non-GAAP and other financial measures.						
(v) Represents a non-GAAP ratio. See Section 16 Non-GAAP and other financial measures.						

Total revenues for the second quarter of 2025 increased by 30.5%, or \$84.5 million to \$361.8 million as compared to Cineplex's second quarter revenues of 2024 due to a stronger film slate during the quarter.

The increase in exhibition attendance in the second quarter of 2025 resulted in adjusted EBITDAaL of \$33.4 million, compared to adjusted EBITDAaL of \$0.9 million in the prior year.

1.3 KEY DEVELOPMENTS IN THE SECOND QUARTER OF 2025

The following describes certain key business initiatives undertaken and results achieved during 2025 in each of Cineplex's core business areas:

FILM ENTERTAINMENT AND CONTENT

Theatre Exhibition

- Reported second quarter box office revenues of \$158.5 million, an increase of \$44.0 million or 38.4% from \$114.5 million in the prior year, driven by a 32.7% increase in theatre attendance due to a strong film slate during the quarter, including *A Minecraft Movie*, *Lilo & Stitch* and *Mission: Impossible - The Final Reckoning*.
- Reported second quarter BPP of \$13.68, an all-time quarterly record, an increase of \$0.57 or 4.3% compared to the prior year of \$13.11 due to an increase in box office revenues from premium priced products.
- Implemented attendance driving initiatives during the quarter including VIP tickets at regular admission prices and \$5 Tuesdays.

Theatre Food Service

- Reported second quarter theatre food service revenues of \$116.3 million, an increase of \$32.8 million or 39.4% compared to the prior year, primarily due to a 32.7% increase in theatre attendance.
- Reported a second quarter CPP of \$10.04, an all-time quarterly record, an increase of \$0.48 or 5.0% compared to the prior year, primarily due to an increase in average transaction spend.

Alternative Programming and Distribution

- As part of the theatrical distribution partnership with Lionsgate, Cineplex Pictures (Cineplex's distribution business) distributed *Ballerina*, and *Hurry Up Tomorrow*.
- Continued a leadership position in alternative programming, with 6.6% of second quarter box office revenues coming from international films, compared to those films having a 2.0% North American share. Strong performing titles included, *Guru Nanak Jahaz* (Punjabi) of which Cineplex represented over 80% of the North American box office, *Kesari Chapter 2: The Untold Story Of Jallianwala Bagh* (Hindi), and *Sardaar Ji 3* (Punjabi).
- Event Cinema programming consisted of a variety of successful initiatives including the anime event *COLORFUL STAGE! The Movie: A Miku Who Can't Sing*, the theatrical releases of the popular television series finale *The Chosen: Last Supper Part 2* and *Part 3*, and the classic concert event *Pink Floyd at Pompeii – MCMLXXII* presented in IMAX.

MEDIA

- Reported second quarter media revenues of \$31.8 million, an increase of \$2.7 million or 9.1% compared to the prior year.

Cinema Media

- Reported second quarter cinema media revenues of \$19.3 million, an increase of \$0.8 million or 4.1% from the prior year primarily due to growth in showtime revenues.
- Continued to leverage opportunities in data and analytics to drive revenues.

Digital Place-Based Media

- Reported second quarter revenues of \$12.5 million, an increase of \$1.9 million or 17.8% from the prior year.
- Reported second quarter project revenues of \$4.2 million, an increase of \$0.7 million or 18.2%, compared to the prior year of \$3.6 million, which primarily consists of hardware sales and professional services.

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- Reported second quarter media and services revenues of \$8.2 million, an increase of \$1.2 million or 17.7%, compared to the prior year of \$7.0 million, which primarily consists of media advertising, sales of software and IT support.
- In May 2025, Cineplex Digital Media signed a ten-year agreement with the North Carolina Education Lottery to deploy a digital signage network across 1,500 retail locations and claim centers, with the opportunity to expand locations throughout its long-term partnership.

LOCATION-BASED ENTERTAINMENT

- Reported second quarter revenues and a second quarter record of \$33.2 million, an increase of \$3.8 million or 13.0% compared to the prior year due to three additional locations.
- Reported second quarter adjusted store level EBITDAaL of \$5.8 million, an increase of \$1.0 million or 21.8% compared to the prior year.

LOYALTY

- Membership in the Scene+ loyalty program was over 15 million members as at June 30, 2025.

CORPORATE

- Celebrated Pride month by hosting external in-person and virtual Pride-related events designed to uplift and empower the 2SLGBTQIA+ community and its allies. Cineplex employees donated to Rainbow Railroad, a global not-for-profit organization that helps at-risk 2SLGBTQIA+ people reach safety worldwide.
- Cineplex closed the sale of *Famous Players Prince Rupert Cinemas* located in Prince Rupert, British Columbia for proceeds of \$0.9 million on July 3, 2025.
- During the quarter, Cineplex implemented a cost reduction program including headcount reductions and efficiency improvements focused on leveraging technology investments and process optimization.
- On June 27, 2025, Cineplex announced President and CEO Ellis Jacob will retire on December 31, 2026.
- During the quarter, Rania Llewellyn was elected to the Board of Directors following Joan Dea's decision to not stand for re-election.

2. CINEPLEX'S BUSINESS AND STRATEGY

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

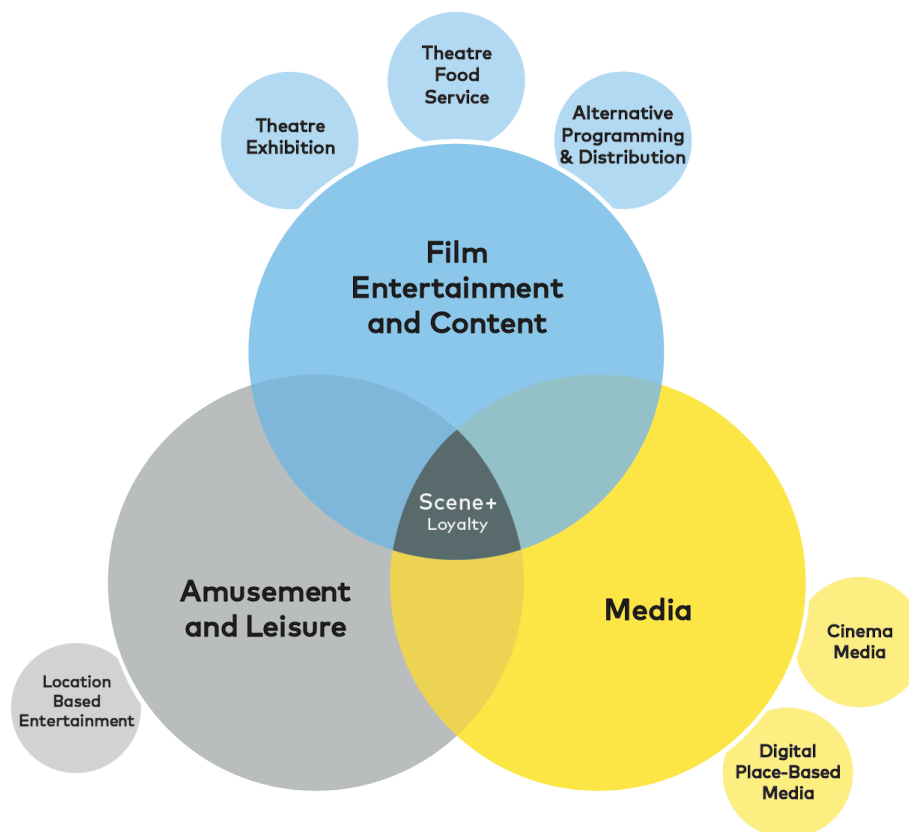
Cineplex's current operations are primarily conducted in three main areas: film entertainment and content, media, and amusement and leisure including location-based entertainment, all supported by the Scene+ loyalty program.

Cineplex's key strategic areas of focus include:

- Continuing to enhance and expand Cineplex's presence as an entertainment destination for Canadians;
- Capitalizing on core media strengths and infrastructure to provide continued growth for Cineplex's media businesses both inside and outside theatres;
- Developing and scaling amusement and leisure concepts by extending existing capabilities and infrastructure;
- Driving value within businesses by leveraging opportunities to optimize value, realize synergies, implement customer-centric technology and leverage data across Cineplex ecosystems; and
- Pursuing opportunities that capitalize on Cineplex's core strengths.

Cineplex uses the Scene+ loyalty program and database as a strategic asset to link these areas of focus and drive customer acquisition and spending across all lines of business.

Diversified Entertainment and Media Company



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

While box office revenues (which include alternative programming) typically account for the largest portion of Cineplex's revenues, Cineplex has diversified its revenue streams through expanded theatre food service offerings, cinema media, digital place-based media, location-based entertainment, Cineplex Pictures, promotions and other revenue streams.

3. OVERVIEW OF OPERATIONS

Revenues

Cineplex generates revenues primarily from box office and food service sales. These revenues are affected primarily by theatre attendance levels and by changes in BPP and CPP. Box office revenue represented 43.8% of revenue in the second quarter of 2025.

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The following table presents the revenue mix for comparative periods:

Revenue mix % by period	Q2 2025	Q2 2024	Q2 2023 (i)	Q2 2022 (i)	Q2 2021 (i)
Box office	43.8 %	41.3 %	44.7 %	44.7 %	28.1 %
Food service	36.0 %	34.9 %	35.7 %	36.3 %	29.8 %
Media	8.8 %	10.5 %	7.1 %	8.7 %	21.2 %
Amusement	6.7 %	7.4 %	5.9 %	6.8 %	3.9 %
Other	4.7 %	5.9 %	6.6 %	3.5 %	17.0 %
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
(i) The results of discontinued operations (PIAG) have been excluded from prior period figures as applicable per IFRS 5 to conform to current period presentation. All amounts are from continuing operations unless noted. See Section 12 Accounting policies.					

Cineplex has three reportable segments: film entertainment and content, media, and location-based entertainment. The reportable segments are business units offering differing products and services and are managed separately due to their distinct natures and are based on the information used by Cineplex's chief operating decision makers.

Revenue mix % by period	Second Quarter		Year to Date	
	2025	2024	2025	2024
Film Entertainment and Content	82.1 %	79.0 %	78.9 %	79.9 %
Media	8.8 %	10.4 %	9.8 %	8.9 %
LBE	9.1 %	10.6 %	11.3 %	11.2 %
Total	100.0 %	100.0 %	100.0 %	100.0 %

A key component of Cineplex's business strategy is to position itself as the leading exhibitor in the Canadian market by providing guests with an exceptional entertainment experience.

The commercial appeal of the films and alternative content released during a given period, and the success of marketing as well as promotion for those films by film studios, distributors and content providers all drive theatre attendance. BPP is affected by the mix of film and alternative content product that appeals to certain audiences (such as children or seniors who pay lower ticket prices), ticket prices during a given period and the appeal of available premium priced product that increases BPP. While BPP is impacted by CineClub, the Cineplex Tuesdays program and the Scene+ loyalty program, these value offering programs are designed to increase theatre attendance frequency at Cineplex's theatres. Cineplex's main focus is to drive incremental visits to theatres, to employ a ticket price strategy which takes into account the local demographics at each theatre and to maximize BPP through premium offerings.

Food service revenues are comprised primarily of concession revenues, arising from food and beverage sales at theatre locations and LBE venues including *The Rec Room* and *Playdium*. In addition, food service revenues include home delivery services by Uber Eats, SkipTheDishes and DoorDash. CPP represents theatre food service revenues divided by theatre attendance, and is impacted by the theatre food service product mix, theatre food service prices, film genre, promotions, discounts for CineClub members, and the Scene+ loyalty program. CPP can fluctuate from quarter to quarter depending on the genre of film product playing. Cineplex believes the Scene+ and CineClub programs drive incremental purchase incidence, increasing overall revenues. Cineplex focuses primarily on growing CPP by optimizing the product offerings, improving operational excellence, improving the guest experience with enhancements to the Cineplex Mobile App and providing greater flexibility with online food and beverage ordering, and strategic pricing to increase purchase incidence and transaction value. Food service revenues from LBE include food and beverage revenues from the various bars and restaurants located throughout the venues.

Media revenues include both cinema media (Cineplex Media) and digital place-based media (CDM) revenues. Cineplex Media generates revenues primarily from selling pre-show and show-time advertising in Cineplex's theatres. Cineplex's media advertising arrangements are impacted by theatre attendance levels which drive impressions and ultimately impact media revenue generated by Cineplex. Additionally, Cineplex Media sells media

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placements throughout Cineplex's circuit including digital poster cases, as well as sponsorship and advertising in LBE venues. Cineplex Media also sells digital advertising for cineplex.com, the Cineplex mobile app and on third party networks operated by CDM. CDM designs, installs, maintains and operates digital signage networks in four verticals including DOOH in public spaces such as shopping malls and office towers, quick service restaurants, financial institutions and retailers. CDM advertising revenue is impacted by mall attendance which affect impressions and revenue generated.

Amusement revenues include revenues generated at LBE venues as well as XSCAPE Entertainment Centres and game rooms in theatres.

Cineplex generates other revenues from online booking fees, promotional activities, screenings, private parties, corporate events and breakage on gift card sales and prepaid products.

Cost of Sales and Expenses

Film cost represents the film rental fees paid to distributors for films exhibited in Cineplex's theatres. Film costs are calculated as a percentage of box office revenue and are dependent on various factors including the performance of the film. Film costs are accrued on the related box office receipts at either mutually agreed-upon terms established prior to the opening of a film, or estimated terms where a mutually agreed settlement is reached upon conclusion of a film's run, depending upon the film licensing arrangement. There can be significant variances in film cost percentage between quarters due to, among other things, the concentration of box office revenues amongst the top films in the period with stronger performing films typically having a higher film cost percentage.

Cost of food service represents the cost of concession items and other theatre food service items sold, and varies with changes in concession and other theatre food service revenues as well as the quantity and mix of concession and other food service offerings sold. Cost of food and beverages sold at LBE is also included in cost of food service.

Depreciation - right-of-use assets represents the depreciation of Cineplex's right-of-use assets related to leases. Depreciation is calculated on a straight-line basis from the date of commencement of the lease to the earlier of the end of the useful life of the asset or the end of the lease term.

Depreciation and amortization - other represents the depreciation and amortization of Cineplex's property, equipment and leaseholds, as well as certain of its intangible assets. Depreciation and amortization are calculated on a straight-line basis over the useful lives of the assets.

(Gain) loss on disposal of assets represents the gain recognized on assets or components of assets that were sold or otherwise disposed of.

Other costs are comprised of theatre occupancy expenses, other operating expenses and general and administrative expenses. These categories are described below.

Theatre occupancy expenses include lease related expenses, percentage rent, property related taxes, business related taxes and insurance and exclude cash rent accounted for as obligations or interest under IFRS 16, *Leases*.

Other operating expenses consist of fixed and variable expenses, with the largest component being theatre salaries and wages. Although theatre salaries and wages include a fixed cost component, these expenses vary in relation to revenues as theatre staffing levels are adjusted to handle fluctuations in theatre attendance. Other components of this category include cleaning, marketing which includes the cost of Scene+ points issued, advertising, media, LBE, loyalty, digital commerce, supplies and services, utilities, and maintenance. To the extent these costs are variable, they can be managed with changes in business volumes.

General and administrative expenses are primarily costs associated with managing Cineplex's business, including film buying, marketing and promotions, operations and theatre food service management, accounting and financial reporting, legal, treasury, design and construction, real estate development, communications and investor relations, digital and technology and administration. Included in these costs are payroll (including Cineplex's Incentive Plan

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costs), occupancy costs related to Cineplex's corporate offices, professional fees (such as public accountant and legal fees) and travel and related costs. Cineplex maintains general and administrative staffing and associated costs at a level that it deems appropriate to manage and support the size and nature of its theatre and LBE portfolio and its business activities.

Accounting for Joint Arrangements

The financial statements incorporate the operating results of joint arrangements in which Cineplex has an interest using either the equity accounting method (for joint ventures and associates) or recognizing Cineplex's share of the assets, liabilities, revenues and expenses in Cineplex's consolidated results (for joint operations).

Under IFRS 11, Cineplex's 33.3% interest in Scene+ and 50% share of one IMAX auditorium in Ontario are classified as joint ventures or associates. Through equity accounting, Cineplex's share of the results of operations for these joint ventures and associates are reported as a single item in the statements of operations, 'Share of income of joint ventures and associates'. Theatre attendance for the IMAX auditorium held in a joint venture is not reported in Cineplex's consolidated theatre attendance as the line-by-line results of the joint venture are not included in the relevant lines in the statement of operations.

In addition to the joint ventures which are equity accounted, Cineplex consolidates its 50% share of assets, liabilities, revenues and expenses of its joint operation which recognizes the revenues and costs of redemptions of points issued prior to the launch of Scene+.

Cineplex Inc.

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4. RESULTS OF OPERATIONS

Other than where disclosed, discussions of results and Non-GAAP financial measures, including EBITDA, adjusted EBITDA and adjusted EBITDAaL, in this MD&A are of continuing operations.

4.1. SELECTED FINANCIAL DATA

The following table presents summarized financial data for Cineplex for the three and six months ended June 30, 2025 and 2024 (expressed in thousands of dollars except shares outstanding, per share data and per patron data, unless otherwise noted):

	Three months ended June 30, 2025			Three months ended June 30, 2024			Six months ended June 30, 2025			Six months ended June 30, 2024		
			Variance (%)									Variance (%)
Box office revenues	\$ 158,475	\$ 114,478	38.4 %	\$ 260,386	\$ 239,539	8.7 %						
Food service revenues	130,375	96,658	34.9 %	221,864	198,484	11.8 %						
Media revenues	31,790	29,136	9.1 %	61,498	51,486	19.4 %						
Amusement revenues	24,183	20,541	17.7 %	52,683	46,317	13.7 %						
Other revenues	16,993	16,523	2.8 %	29,668	36,269	-18.2 %						
Total revenues	361,816	277,336	30.5%	626,099	572,095	9.4 %						
<u>Select Expenses</u>												
Film cost	87,643	60,296	45.4 %	141,798	125,123	13.3 %						
Cost of food service	30,838	23,240	32.7 %	54,251	47,744	13.6 %						
Depreciation - right-of-use assets	22,861	23,919	-4.4 %	46,067	48,390	-4.8 %						
Depreciation and amortization - other assets	20,655	21,064	-1.9 %	41,535	42,859	-3.1 %						
Gain on disposal of assets	(36)	(8,315)	-99.6 %	(190)	(8,706)	-97.8 %						
Other costs including employee benefits (a)	167,031	151,742	10.1 %	322,121	309,814	4.0 %						
Net loss from continuing operations	(2,198)	(21,312)	-89.7 %	(38,813)	(84,282)	-53.9 %						
Net income from discontinued operations, including gain on disposition (vi)	—	(127)	-100.0 %	—	68,003	-100.0 %						
Net loss (v)	(2,198)	(21,439)	-89.7 %	(38,813)	(16,279)	138.4 %						
Adjusted EBITDA (i)	\$ 76,476	\$ 42,472	80.1 %	\$ 108,210	\$ 89,207	21.3 %						
Adjusted EBITDAaL (i)	\$ 33,430	\$ 925	NM	\$ 22,618	\$ 5,510	310.5 %						
Adjusted EBITDAaL from discontinued operations (i)	\$ —	\$ —	NM	\$ —	\$ 508	-100.0 %						
Adjusted EBITDAaL including discontinued operations (i)	\$ 33,430	\$ 925	NM	\$ 22,618	\$ 6,018	275.8 %						
(a) Other costs include:												
Theatre occupancy expenses	19,579	19,053	2.8 %	38,252	38,300	-0.1 %						
Other operating expenses including employee benefits	125,572	114,335	9.8 %	243,102	232,126	4.7 %						
General and administrative expenses including employee benefits (v)	21,880	18,354	19.2 %	40,767	39,388	3.5 %						
Total other costs including employee benefits	\$ 167,031	\$ 151,742	10.1%	\$ 322,121	\$ 309,814	4.0 %						
Loss per share from continuing operations - basic (v)	\$ (0.03)	\$ (0.33)	-90.9 %	\$ (0.61)	\$ (1.32)	-53.8 %						
Earnings per share from discontinued operations - basic	\$ —	\$ —	NM	\$ —	\$ 1.07	-100.0 %						
Loss per share - basic (v)	\$ (0.03)	\$ (0.33)	-90.9 %	\$ (0.61)	\$ (0.25)	144.0 %						
Loss per share from continuing operations - diluted (v)	\$ (0.03)	\$ (0.33)	-90.9 %	\$ (0.61)	\$ (1.32)	-53.8 %						
Earnings per share from discontinued operations - diluted	\$ —	\$ —	NM	\$ —	\$ 1.07	-100.0 %						
Loss per share - diluted (v)	\$ (0.03)	\$ (0.33)	-90.9 %	\$ (0.61)	\$ (0.25)	144.0 %						
Total assets	\$ 2,211,536	\$ 2,247,472	-1.6 %	\$ 2,211,536	\$ 2,247,472	-1.6 %						
Long-term debt (iv)	\$ 740,113	\$ 733,026	1.0 %	\$ 740,113	\$ 733,026	1.0 %						
Weighted average shares outstanding at period end	63,430,021	63,684,281	-0.4 %	63,427,310	63,684,281	-0.4 %						
Adjusted free cash flow per share (ii)	\$ 0.242	\$ (0.205)	NM	\$ (0.163)	\$ (0.299)	-45.5 %						

Cineplex Inc.

Management's Discussion and Analysis

Box office revenue per patron (iii)	\$	13.68	\$	13.11	4.3 %	\$	13.04	\$	12.91	1.0 %
Concession revenue per patron (iii)	\$	10.04	\$	9.56	5.0 %	\$	9.66	\$	9.24	4.5 %
Film cost as a percentage of box office revenues		55.3%		52.7%	2.6 %		54.5%		52.2%	2.3 %
Theatre attendance (in thousands of patrons) (iii)		11,583		8,731	32.7 %		19,975		18,550	7.7 %
Theatre locations (at period end)		155		156	-0.6 %		155		156	-0.6 %
Theatre screens (at period end)		1,607		1,618	-0.7 %		1,607		1,618	-0.7 %

(i) Represents a non-GAAP financial measure. See Section 16 Non-GAAP and other financial measures.

(ii) Represents a non-GAAP ratio. See Section 16 Non-GAAP and other financial measures.

(iii) Represents a supplementary financial measure. See Section 16 Non-GAAP and other financial measures.

(iv) Represents the principal component as presented on the financial statements net of any equity component and unamortized costs of long-term debt, Convertible Debentures, and Notes Payable. Excludes share-based compensation, lease obligations, fair value of interest rate swap agreements, post-employment benefit obligations and other liabilities.

(v) 2025 includes expenses related to other transactions or litigation outside the normal course of business in the amount of \$0.2 million (2024 - \$0.5 million) for the second quarter and \$0.5 million (2024 - \$2.4 million) for year to date. The second quarter of 2024 includes the loss on the 2024 Refinancing of \$2.4 million and \$56.0 million for year to date.

(vi) The results of discontinued operations (PIAG) have been excluded from prior period figures as applicable per IFRS 5 to conform to current period presentation. All amounts are from continuing operations unless noted. See Section 12 Accounting policies.

Cineplex Inc.

Management's Discussion and Analysis

4.2. OPERATING RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025

Total revenues

Total revenues for the three months ended June 30, 2025 increased \$84.5 million or 30.5% to \$361.8 million as compared to the prior year. Total revenues for the six months ended June 30, 2025 increased \$54.0 million or 9.4% to \$626.1 million as compared to the prior year. 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 and other financial 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 Section 16 Non-GAAP and other financial measures.

Box office revenues

The following table highlights the movement in box office revenues, theatre attendance and BPP for the quarter and 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		
	2025	2024	Change	2025	2024	Change
Box office revenues	\$ 158,475	\$ 114,478	38.4%	\$ 260,386	\$ 239,539	8.7%
Theatre attendance (i)	11,583	8,731	32.7%	19,975	18,550	7.7%
Box office revenue per patron (i)	\$ 13.68	\$ 13.11	4.3%	\$ 13.04	\$ 12.91	1.0%
BPP excluding premium priced product (i)	\$ 11.55	\$ 11.35	1.8%	\$ 11.14	\$ 11.13	0.1%
Same theatre box office revenues (i)	\$ 157,578	\$ 114,181	38.0%	\$ 258,952	\$ 238,795	8.4%
Same theatre attendance (i)	11,514	8,701	32.3%	19,860	18,478	7.5%
% Total box from premium priced product (i)	46.2%	41.4 %	4.8%	42.0 %	41.3 %	0.7%

(i) Represents a supplementary financial measure. See Section 16 Non-GAAP and other financial measures.

Box office continuity	Second Quarter		Year to Date	
	Box Office	Theatre Attendance	Box Office	Theatre Attendance
2024 as reported	\$ 114,478	8,731	\$ 239,539	18,550
Same theatre attendance change	36,910	2,813	17,870	1,383
Impact of same theatre BPP change	6,488	—	2,287	—
New and acquired theatres (i)	819	62	1,308	103
Disposed and closed theatres (i)	(220)	(23)	(618)	(61)
2025 as reported	\$ 158,475	11,583	\$ 260,386	19,975

(i) See Section 16 Non-GAAP and other financial measures. Represents theatres opened, acquired, disposed or closed subsequent to the start of the prior year comparative period and is used to report on Cineplex's supplementary financial measures.

Second Quarter 2025 Top Cineplex Films			Second Quarter 2024 Top Cineplex Films		
	3D	% Box		3D	% Box
1 A Minecraft Movie	✓	19.1 %	1 Inside Out 2	✓	21.1 %
2 Lilo & Stitch	✓	10.5 %	2 Kingdom of the Planet of the Apes		7.5 %
3 Mission: Impossible - The Final Reckoning		9.9 %	3 The Fall Guy		6.2 %
4 Thunderbolts	✓	7.4 %	4 Godzilla x Kong: The New Empire	✓	5.8 %
5 How To Train Your Dragon	✓	7.4 %	5 Bad Boys: Ride or Die		4.9 %

Cineplex Inc.

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Year to Date 2025 Top Cineplex Films			Year to Date 2024 Top Cineplex Films		
		3D % Box		3D % Box	
1	A Minecraft Movie	✓ 11.6 %	1	Dune: Part Two	✓ 11.2 %
2	Lilo & Stitch	✓ 6.4 %	2	Inside Out 2	✓ 10.1 %
3	Mission: Impossible - The Final Reckoning	6.0 %	3	Kung Fu Panda 4	✓ 6.9 %
4	Captain America: Brave New World	✓ 4.6 %	4	Godzilla x Kong: The New Empire	✓ 4.6 %
5	Thunderbolts	✓ 4.5 %	5	Kingdom of the Planet of the Apes	3.6 %

Second Quarter

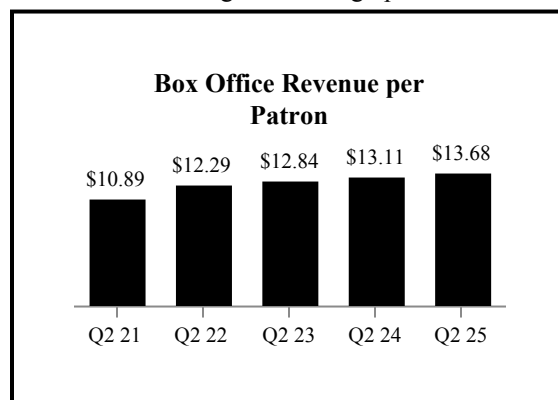
Box office revenues for the three months ended June 30, 2025 increased by \$44.0 million or 38.4% to \$158.5 million compared to \$114.5 million recorded in the prior year. This increase was primarily due to a 2.9 million or 32.7% increase in theatre attendance to 11.6 million, and an increase in BPP. The increase in theatre attendance in the second quarter of 2025 was driven by a stronger film slate compared to the same quarter in 2024, led by *A Minecraft Movie*, which had the largest opening weekend for a video game adaptation film generating \$163.0 million in revenue at the North American box office. Additionally, *Lilo & Stitch* had the third-biggest opening ever for a Disney live action reimagining.

BPP for the three months ended June 30, 2025 was an all-time quarterly record of \$13.68, an increase of \$0.57 or 4.3% from \$13.11 reported in the prior year. The increase in BPP is primarily due to an increase in premium priced products. Premium priced products accounted for 46.2% of the total box office during the second quarter, an increase from 41.4% in the prior year. The increase was due to the highly successful films released during the quarter, such as *A Minecraft Movie* and *Lilo & Stitch*, which drove guests to premium 3D content, and *Mission: Impossible - The Final Reckoning*, which drove guests to premium experiences, particularly in IMAX.

Year to Date

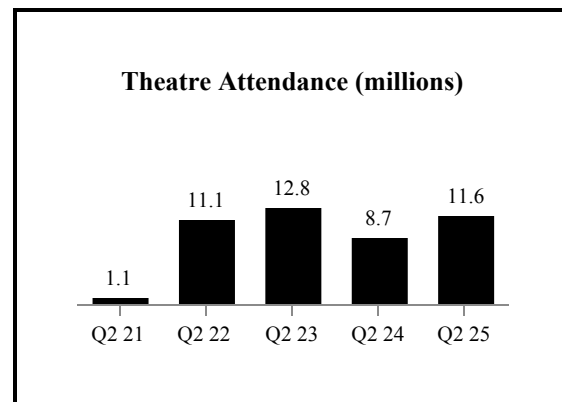
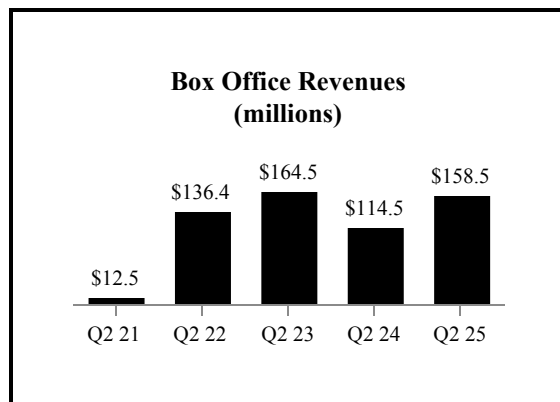
For the year to date period, box office revenues increased by \$20.8 million to \$260.4 million, compared to \$239.5 million recorded in the prior year period. This increase was primarily due to a 1.4 million or 7.7% increase in theatre attendance from 18.6 million to 20.0 million, as a result of stronger titles released during the year.

Cineplex's BPP for the period ended June 30, 2025 was \$13.04, which increased by \$0.13 or 1.0% from \$12.91 reported in the prior year period. This increase was due to inflationary and strategic pricing initiatives. Cineplex's main focus is to drive incremental visits to theatres, and employ a ticket price strategy which takes into account the local demographics at each theatre while maximizing BPP through premium offerings.



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Food service revenues

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

Food service revenues	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Food service - theatres	\$ 116,309	\$ 83,464	39.4 %	\$ 192,956	\$ 171,316	12.6 %
Food delivery - theatres	2,298	1,863	23.3 %	4,638	3,947	17.5 %
Food service - LBE	11,768	11,331	3.9 %	24,270	23,221	4.5 %
Total food service revenues	\$ 130,375	\$ 96,658	34.9 %	\$ 221,864	\$ 198,484	11.8 %
Theatre attendance (i)	11,583	8,731	32.7 %	19,975	18,550	7.7 %
CPP (i) (ii)	\$ 10.04	\$ 9.56	5.0 %	\$ 9.66	\$ 9.24	4.5 %
Same theatre food service revenues (i)	\$ 115,688	\$ 83,127	39.2 %	\$ 191,941	\$ 170,538	12.6 %
Same theatre attendance (i)	11,514	8,701	32.3 %	19,860	18,478	7.5 %

(i) Represents a supplementary financial measure. See Section 16 Non-GAAP and other financial measures.

(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
2024 as reported	\$ 83,464	8,731	\$ 171,316	18,550
Same theatre attendance change	26,872	2,813	12,762	1,383
Impact of same theatre CPP change	5,689	—	8,642	—
New and acquired theatres (i)	508	62	831	103
Disposed and closed theatres (i)	(224)	(23)	(595)	(61)
2025 as reported	\$ 116,309	11,583	\$ 192,956	19,975

(i) Represents theatres opened, acquired, disposed or closed subsequent to the start of the prior year comparative period and is used to report on Cineplex's supplementary financial measures. See Section 16 Non-GAAP and other financial measures

Cineplex Inc.

Management's Discussion and Analysis

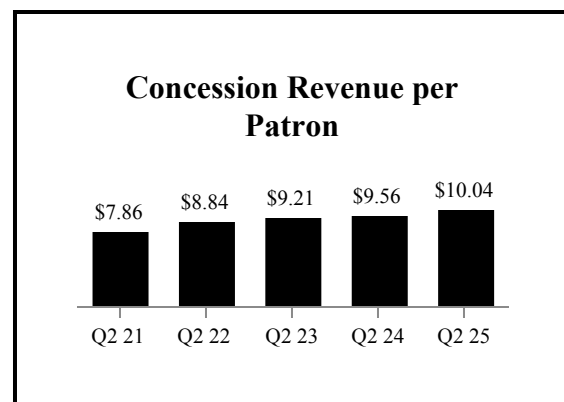
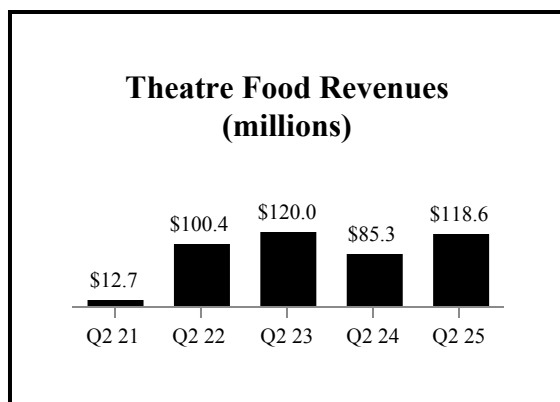
Food service revenues are comprised primarily of concession revenues, which includes food service sales at theatre locations, and through delivery services including Uber Eats, SkipTheDishes, and DoorDash. Food service revenues also include food and beverage sales at *The Rec Room* and *Playdium*.

Second Quarter

Food service revenues during the second quarter increased by \$33.7 million or 34.9% to \$130.4 million, compared to \$96.7 million recorded in the prior year. Theatre food service revenues during the second quarter increased by \$32.8 million or 39.4% to \$116.3 million as compared to the prior year primarily due to a 32.7% increase in theatre attendance. During the second quarter, CPP increased by \$0.48 or 5.0% from the prior year, to an all-time quarterly record of \$10.04 from \$9.56, primarily due to higher purchase incidence and higher average guest spend compared to the prior year. LBE food service revenues increased by \$0.4 million or 3.9% from \$11.3 million to a second quarter record of \$11.8 million, due to three additional locations that opened in the fourth quarter of 2024.

Year to Date

For the year to date period, food service revenues increased by \$23.4 million or 11.8%, from \$198.5 million to \$221.9 million, primarily due to a \$21.6 million increase in theatre food service revenues. The increase in theatre food service revenues is primarily due to an increase in theatre attendance, which increased by 1.4 million to 20.0 million. Cineplex's CPP during the year to date period was \$9.66, which increased by \$0.42 or 4.5%. LBE food service revenues increased by \$1.0 million or 4.5% from \$23.2 million to \$24.3 million, due to three additional locations that opened in the fourth quarter of 2024.



Media revenues

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

Media revenues	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Cinema media	\$ 19,311	\$ 18,546	4.1 %	\$ 36,459	\$ 30,971	17.7 %
Digital place-based media	12,479	10,590	17.8 %	25,039	20,515	22.1 %
Total media revenues	\$ 31,790	\$ 29,136	9.1%	\$ 61,498	\$ 51,486	19.4%
Theatre attendance (i)	11,583	8,731	32.7 %	19,975	18,550	7.7 %
Cinema media per patron (CMPP) (i)	\$ 1.67	\$ 2.12	-21.2 %	\$ 1.83	\$ 1.67	9.6 %

(i) Represents a supplementary financial measure. See Section 16 Non-GAAP and other financial measures.

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Second Quarter

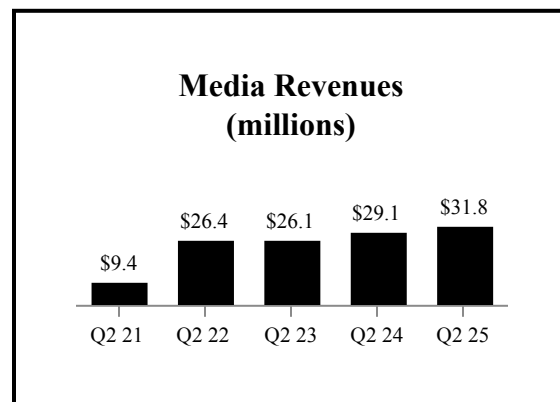
Total media revenues increased by \$2.7 million or 9.1% to \$31.8 million during the second quarter, compared to \$29.1 million recorded in the prior year. The increase during the second quarter consisted of \$0.8 million or 4.1% increase in cinema media revenues mainly driven by an increase in demand for showtime revenues despite challenges in the overall advertising market. Digital place-based media revenues increased \$1.9 million or 17.8%, which included an increase in digital out of home ("DOOH") media revenue across all mall networks and higher project installation revenues.

Cinema media per patron (CMPP) decreased by \$0.45 or 21.2% to \$1.67, compared to \$2.12 in the prior year, primarily due to the strength of family-oriented films during the quarter, which are less effective in attracting advertising spend given their core audience falls outside of key consumer demographics.

Year to Date

For the year to date period, total media revenues increased \$10.0 million or 19.4% to \$61.5 million. Cineplex's cinema media increased by \$5.5 million driven by an increase in demand for showtime advertising placements from clients in the pharmaceutical, financial services and tourism sectors. Digital place-based media revenues increased by \$4.5 million or 22.1% for the year to date period compared to the prior year period as a result of digital advertising on DOOH networks and higher project installation revenues.

For the year to date period, cinema media per patron (CMPP) increased by \$0.16 or 9.6% to \$1.83, compared to \$1.67 recorded in the prior year.



The following table shows a breakdown of the nature of digital place-based media revenues for the quarter and year to date (in thousands of dollars):

Digital place-based media revenues	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Project revenues (i)	\$ 4,243	\$ 3,590	18.2 %	\$ 8,028	\$ 6,442	24.6 %
Media and services revenues (ii)	8,236	7,000	17.7 %	17,011	14,073	20.9 %
Total digital place-based media revenues	\$ 12,479	\$ 10,590	17.8 %	\$ 25,039	\$ 20,515	22.1 %
(i) Project revenues include hardware sales and professional services.						
(ii) Media and services revenues include sales of software and its support as well as media advertising.						

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Amusement revenues

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

Amusement revenues	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Amusement revenue - LBE	\$ 20,613	\$ 17,375	18.6%	\$ 45,551	\$ 39,353	15.7%
Amusement revenue - theatres (i)	3,570	3,166	12.8%	7,132	6,964	2.4%
Total amusement revenues from continuing operations	\$ 24,183	\$ 20,541	17.7%	\$ 52,683	\$ 46,317	13.7%
(i) Cineplex receives a venue revenue share on games revenues earned at in-theatre game rooms and XScape Entertainment Centres. Amusement - theatres reports the total of this venue revenue share which is consistent with the historical presentation of Cineplex's amusement revenues.						

Second Quarter and Year to Date

Amusement revenues increased by \$3.6 million or 17.7% to a second quarter record of \$24.2 million, compared to \$20.5 million recorded in the prior year. This is primarily due to additional LBE locations that opened in the fourth quarter of 2024. For the year to date period, amusement revenues increased \$6.4 million or 13.7% to \$52.7 million, compared to \$46.3 million, also primarily due to three additional locations that opened in the fourth quarter of 2024. Following the sale of P1AG, Cineplex continues to receive a venue revenue share on games revenues earned at in-theatre gaming centres, under the same terms as the prior agreement.

The following table presents the LBE adjusted store level EBITDAaL for the quarter and year to date (in thousands of dollars):

LBE Summary	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Food service revenues	\$ 11,768	\$ 11,331	3.9%	\$ 24,270	\$ 23,221	4.5%
Amusement revenues	20,613	17,375	18.6%	45,551	39,353	15.7%
Media and other revenues	833	697	19.5%	1,512	1,326	14.0%
Total revenues	\$ 33,214	\$ 29,403	13.0%	\$ 71,333	\$ 63,900	11.6%
Cost of food service	3,250	3,151	3.1%	6,826	6,465	5.6%
Operating expenses before adjustments (i)	20,407	18,707	9.1%	41,567	37,440	11.0%
Cash rent related to lease obligations (ii)	3,758	2,785	34.9%	7,338	5,533	32.6%
Total expenses	\$ 27,415	\$ 24,643	11.2%	\$ 55,731	\$ 49,438	12.7%
Adjusted store level EBITDAaL (iii)	\$ 5,799	\$ 4,760	21.8%	\$ 15,602	\$ 14,462	7.9%
Adjusted store level EBITDAaL Margin (iv)	17.5 %	16.2 %	1.3%	21.9 %	22.6 %	-0.7%
(i) Includes operating costs of LBE. Pre-opening costs relating to LBE and overhead relating to management of LBE portfolio are not included.						
(ii) Cash rent that has been reallocated to offset the lease obligations.						
(iii) Represents a non-GAAP financial measure. See Section 16 Non-GAAP and other financial measures.						
(iv) Represents a non-GAAP ratio. See Section 16 Non-GAAP and other financial measures.						

Second Quarter

During the second quarter, revenues increased by \$3.8 million or 13.0% from \$29.4 million in the prior year to a second quarter record of \$33.2 million. The increase in revenue during the second quarter is primarily due to three additional locations compared to the prior year. Same store revenues were down 4.4% compared to prior year period (see Section 16, Non-GAAP and other financial measures).

During the second quarter, adjusted store level EBITDAaL increased by 21.8% from \$4.8 million in the prior year to \$5.8 million. The increase in adjusted store level EBITDAaL is primarily attributed to an increase in the number of locations compared to the prior year. Additionally, adjusted store level EBITDAaL margin was 17.5%, a 1.3 percentage point increase compared to the prior year margin of 16.2% in a traditionally lower quarter.

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Year to Date

For the year to date period, revenues increased by \$7.4 million or 11.6% from \$63.9 million in the prior year to \$71.3 million. The increase in revenue during the year to date period is primarily due to three additional locations compared to the prior year. Same store revenues were down 6.4% compared to the prior year (see Section 16, Non-GAAP and other financial measures).

Adjusted store level EBITDAaL for the year to date period increased by 7.9% from \$14.5 million in the prior year to \$15.6 million. The increase in adjusted store level EBITDAaL is primarily attributed to an increase in the number of locations compared to the prior year. Additionally, adjusted store level EBITDAaL margin was 21.9% during the year to date period, a 0.7 percentage point decrease compared to the prior year margin of 22.6%. The decrease in adjusted store level EBITDAaL margin is due to the ramp up of new locations that opened in late 2024.

Other revenues

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

Other revenues	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Online booking fees	\$ 6,239	\$ 4,234	47.4%	\$ 10,239	\$ 9,398	8.9%
Other revenues	10,754	12,289	-12.5%	19,429	26,871	-27.7%
Total other revenues	\$ 16,993	\$ 16,523	2.8%	\$ 29,668	\$ 36,269	-18.2%

The manner in which Cineplex displayed the online booking fee was contested by the Competition Bureau - not Cineplex's right to charge the online booking fee itself. Cineplex will continue to charge the online booking fee.

Second Quarter

The second quarter increase is primarily due to an increase in online booking fees related to an increase in attendance, and an increase in distribution revenues due to the successful release of *Ballerina*, compared to the same period in the prior year. This is offset by the inclusion of the Cineplex Store sales in the prior year which was sold on January 1, 2025.

Year to Date

The year to date decrease is primarily due to the inclusion of Cineplex Store sales in the prior year which was sold on January 1, 2025. This is offset by the increase in online booking fees related to an increase in attendance.

Film cost

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

Film cost	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Film cost	\$ 87,643	\$ 60,296	45.4%	\$ 141,798	\$ 125,123	13.3%
Film cost percentage (i)	55.3%	52.7%	2.6%	54.5%	52.2%	2.3%

(i) Represents a supplementary financial measure. See Section 16 Non-GAAP and other financial measures.

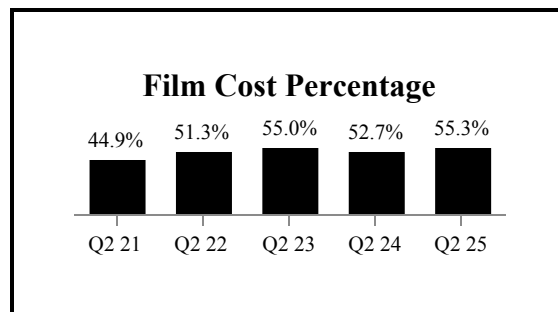
Cineplex Inc.

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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 which vary by title and distributor.

Second Quarter and Year to Date

The higher film cost during the second quarter and the year to date compared to the prior year, is due to the top films in the current year having higher settlement rates compared to the prior year.



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

Cost of food service	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Cost of food service - theatre	\$ 27,588	\$ 20,089	37.3 %	\$ 47,425	\$ 41,279	14.9 %
Cost of food service - LBE	3,250	3,151	3.1 %	6,826	6,465	5.6 %
Total cost of food service	\$ 30,838	\$ 23,240	32.7%	\$ 54,251	\$ 47,744	13.6%
Theatre concession cost percentage (i)	23.3%	23.5%	-0.2 %	24.0%	23.6%	0.4 %
LBE food cost percentage (i)	27.6%	27.8%	-0.2 %	28.1%	27.8%	0.3 %
Theatre concession margin per patron (i)	\$ 7.70	\$ 7.31	5.3 %	\$ 7.34	\$ 7.06	4.0 %

(i) Represents a supplementary financial measure. See Section 16 Non-GAAP and other financial measures.

Cost of food service at the theatres varies primarily with theatre attendance, the cost of food and materials purchased 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.

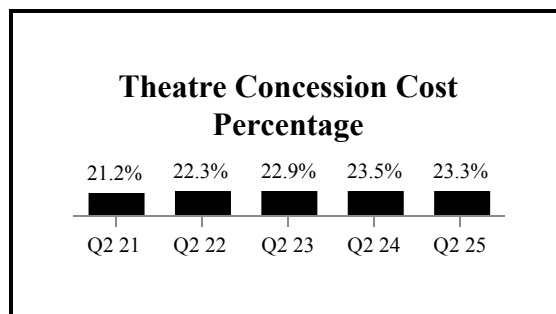
Second Quarter and Year to Date

The increase in cost of food service during the quarter and year to date period is positively correlated to the increase in food service revenues recognized during the quarter and year to date period. Despite the rise in theatre concession costs, theatre concession cost percentage decreased during the quarter and marginally increased during the year to date period compared to the prior year.

LBE food cost percentage remained flat during the quarter and year to date compared to the prior year.

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Depreciation and amortization

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

Depreciation and amortization expenses	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Depreciation of property, equipment and leaseholds	\$ 18,414	\$ 18,479	-0.4 %	\$ 37,091	\$ 37,697	-1.6 %
Amortization of intangible assets and other	2,241	2,585	-13.3 %	4,444	5,162	-13.9 %
Sub-total - depreciation and amortization - other assets	\$ 20,655	\$ 21,064	-1.9%	\$ 41,535	\$ 42,859	-3.1%
Depreciation - right-of-use assets	22,861	23,919	-4.4 %	46,067	48,390	-4.8 %
Total depreciation and amortization from continuing operations	\$ 43,516	\$ 44,983	-3.3%	\$ 87,602	\$ 91,249	-4.0%

Second Quarter and Year to Date

Depreciation of property, equipment and leaseholds decreased by \$0.1 million, or 0.4% during the second quarter and \$0.6 million, or 1.6% during the year to date period compared to the prior year periods due to fully depreciated assets.

Amortization of intangible assets decreased by \$0.3 million or 13.3% during the second quarter and \$0.7 million or 13.9% during the year to date period compared to the prior year periods due to fully depreciated assets and the sale of Cineplex Store in the first quarter of 2025.

Depreciation of right-of-use assets decreased by \$1.1 million or 4.4% during the second quarter and \$2.3 million or 4.8% during the year to date period compared to the prior year periods. The decrease was primarily due to modifications to lease agreements which reduced the related depreciation recognized.

Cineplex Inc.

Management's Discussion and Analysis

Loss (gain) on disposal of assets

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

Loss (gain) on disposal of assets	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Loss (gain) on disposal of assets	\$ (36)	\$ (8,315)	-99.6%	\$ (190)	\$ (8,706)	-97.8%

Second Quarter and Year to Date

The change in the loss on disposal of assets recognized during the second quarter and year to date is due to nominal activity on the disposal of Cineplex's assets in the second quarter, compared to the prior year which included a gain of \$8.7 million from the sale of underutilized land adjacent to a theatre.

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, and LBE businesses; 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 year to date (in thousands of dollars):

Other costs including employee benefits	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Theatre occupancy expenses	\$ 19,579	\$ 19,053	2.8%	\$ 38,252	\$ 38,300	-0.1%
Other operating expenses	125,572	114,335	9.8%	243,102	232,126	4.7%
General and administrative expenses	21,880	18,354	19.2%	40,767	39,388	3.5%
Total other costs	\$ 167,031	\$ 151,742	10.1%	\$ 322,121	\$ 309,814	4.0%

Theatre occupancy expenses

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

Theatre occupancy expenses	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Cash rent paid/payable (i)	\$ 36,265	\$ 35,908	1.0%	\$ 74,097	\$ 74,435	-0.5%
Other occupancy	19,616	18,841	4.1%	38,570	37,636	2.5%
Other adjustments (ii)	(461)	(90)	412.2%	(961)	91	NM
Total theatre occupancy including cash lease payments	\$ 55,420	\$ 54,659	1.4%	\$ 111,706	\$ 112,162	-0.4%
IFRS 16 adjustment (iii)	(35,841)	(35,606)	0.7%	(73,454)	(73,862)	-0.6%
Theatre occupancy as reported	\$ 19,579	\$ 19,053	2.8%	\$ 38,252	\$ 38,300	-0.1%

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

(ii) Other adjustments include amounts related to both theatre rent and other theatre occupancy costs including real estate taxes, business taxes and common area maintenance. They are isolated here to illustrate Cineplex's theatre rent and other theatre occupancy costs excluding these other adjustment items.

(iii) Cash rent paid/payable related to lease obligations.

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Theatre occupancy continuity	Second Quarter Occupancy	Year to Date Occupancy
2024 as reported	\$ 19,053	\$ 38,300
Impact of new and acquired theatres	180	270
Impact of disposed theatres	(189)	(440)
Same store rent change (i)	377	(146)
Other adjustments	(374)	(1,054)
Other	766	914
<u>Impact of IFRS 16:</u>		
Cash rent related to lease obligations	(234)	408
2025 as reported	\$ 19,579	\$ 38,252
(i) Represents a supplementary financial measure. See Section 16 Non-GAAP and other financial measures.		

Second Quarter and Year to Date

Theatre occupancy expenses remained flat during the second quarter and the year to date period compared to the prior year periods. Cash rent paid/payable related to lease obligations increased by 1.0% during the second quarter and decreased by 0.5% for the year to date period.

Other operating expenses

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

Other operating expenses	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Theatre payroll	\$ 42,676	\$ 35,780	19.3 %	\$ 79,641	\$ 74,202	7.3 %
Theatre operating expenses	29,720	29,175	1.9 %	58,281	58,300	— %
Media	17,011	15,113	12.6 %	33,696	28,867	16.7 %
LBE store level operating expenses (i)	24,165	21,492	12.4 %	48,905	42,973	13.8 %
LBE pre-opening (ii)	(135)	—	NM	355	—	NM
Redemption cost of legacy loyalty points	855	1,522	-43.8 %	1,913	3,543	-46.0 %
Marketing	1,971	1,901	3.7 %	4,212	3,673	14.7 %
Scene+ point issuance	7,150	5,115	39.8 %	11,788	10,456	12.7 %
Other (ii)	8,384	9,184	-8.7 %	16,178	19,607	-17.5 %
Other operating expenses including cash lease payments	\$ 131,797	\$ 119,282	10.5 %	\$ 254,969	\$ 241,621	5.5 %
IFRS 16 adjustment (iii)	(6,225)	(4,947)	25.8 %	(11,867)	(9,495)	25.0 %
Total other operating expenses from continuing operations	\$ 125,572	\$ 114,335	9.8 %	\$ 243,102	\$ 232,126	4.7 %
(i) Includes operating costs of LBE locations. Overhead relating to management of LBE portfolio are included in the 'Other' line.						
(ii) Other category includes direct costs of Cineplex Pictures and overhead costs related to LBE and other Cineplex internal departments.						
(iii) Cash rent paid/payable related to lease obligations of the LBE and digital place-based media businesses.						

Cineplex Inc.

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Other operating expenses continuity	Second Quarter	Year to Date
2024 as reported/revised	\$ 114,335	\$ 232,126
Impact of new and acquired theatres	251	472
Impact of disposed theatres	(179)	(561)
Same theatre payroll change (i)	6,842	5,414
Same theatre operating expenses change (i)	539	101
Media operating expenses change	1,898	4,829
LBE store level operating expenses change	2,673	5,932
LBE pre-opening change	(135)	355
Redemption cost of legacy loyalty points	(667)	(1,630)
Marketing change	70	539
Scene+ point issuance change	2,035	1,332
Other	(812)	(3,435)
Impact of IFRS 16:		
Cash rent related to lease obligations	\$ (1,278)	\$ (2,372)
2025 as reported	\$ 125,572	\$ 243,102
(i) See Section 16 Non-GAAP and other financial measures. These are measures included as part of Cineplex's supplementary financial measure calculations.		

Second Quarter

Other operating expenses increased by \$11.2 million or 9.8% during the second quarter compared to the prior year. The increase in theatre payroll expenses is correlated to an increase in theatre attendance, as well as the minimum wage increases across several provinces compared to the same period in the prior year. Media operating expenses increased by \$1.9 million primarily due to an increase in mall revenue share (venue rental share) expenses resulting from higher revenues, and LBE operating expenses increased which is correlated to an increase in revenues during the second quarter due to three additional locations compared to prior year.

Year to Date

For the year to date period, the overall increase in other operating expenses of \$11.0 million was primarily due to a \$5.9 million increase in LBE other operating expenses compared to the prior year due to the opening of three additional locations, media operating expenses increase of \$4.8 million due to an increase in revenues, and a \$5.4 million increase in theatre payroll due to minimum wage increases. This is offset by a \$1.6 million decrease in redemption costs of legacy loyalty points outstanding before the launch of the Scene+ program.

General and administrative expenses

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

G&A expenses	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
G&A excluding the following items	\$ 16,305	\$ 16,093	1.3 %	\$ 34,805	\$ 34,133	2.0 %
Restructuring	2,888	383	654.0 %	3,180	522	509.2 %
Transaction / Litigation costs	172	495	-65.3 %	513	2,412	-78.7 %
Long term incentive plan (LTIP) (i)	2,662	1,581	68.4 %	2,587	2,726	-5.1 %
Option plan	411	386	6.5 %	805	762	5.6 %
G&A expenses including cash lease payments	\$ 22,438	\$ 18,938	18.5 %	\$ 41,890	\$ 40,555	3.3 %
IFRS 16 adjustment (ii)	(558)	(584)	-4.5 %	(1,123)	(1,167)	-3.8 %
G&A expenses as reported	\$ 21,880	\$ 18,354	19.2 %	\$ 40,767	\$ 39,388	3.5 %
(i) LTIP includes the expense for RSUs and PSUs, as well as the expense for the executive and Board deferred share unit plans.						
(ii) Cash rent paid/payable included as part of lease obligations.						

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Second Quarter and Year to Date

G&A expenses increased by \$3.5 million or 19.2% during the second quarter and \$1.4 million or 3.5% for the year to date compared to the prior year periods. The increase is primarily due to \$2.9 million arising from a cost restructuring program implemented during the second quarter, as well as increased LTIP costs from an increase in the price of Cineplex's Common Shares. This increase is offset by lower transaction and litigation costs incurred outside of the normal course of business.

Share of (income) loss of joint ventures and associates

Cineplex's joint ventures and associates include its 33.3% interest in Scene+ (2024 - 33.3%) and 50% interest in one IMAX screen in Ontario (2024 - 50%).

The following table highlights the components of share of (income) loss of joint ventures and associates during the quarter and year to date (in thousands of dollars):

Share of loss (income) of joint ventures and associates	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Share of loss (income) of Scene+	\$ 97	\$ (166)	NM	\$ 208	\$ 755	-72.5 %
Share of (income) loss of other joint ventures and associates	(53)	(37)	43.2 %	(40)	(129)	-69.0 %
Total loss (income) of joint ventures and associates	\$ 44	\$ (203)	-121.7%	\$ 168	\$ 626	-73.2%

Second Quarter and Year to Date

Cineplex's (income) loss from its joint ventures and associates consisted primarily of \$0.1 million of loss related to Scene+ during the second quarter, and \$0.2 million of losses related to Scene+ during the year to date.

Interest expense

The following table highlights the movement in interest expense during the quarter and year to date (in thousands of dollars):

Interest expense	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Interest expense on long-term debt	\$ 15,481	\$ 15,436	0.3 %	\$ 30,577	\$ 29,717	2.9 %
Lease interest expense (i)	18,788	17,677	6.3 %	36,715	35,206	4.3 %
Financing fees	—	87	-100.0 %	117	823	-85.8 %
Sub-total - cash interest expense from continuing operations	\$ 34,269	\$ 33,200	3.2%	\$ 67,409	\$ 65,746	2.5%
Deferred financing fee accretion and other non-cash interest	44	43	2.3 %	88	87	1.1 %
Lease interest - non-cash	(99)	465	NM	(154)	846	NM
Accretion expense on Convertible Debentures and Notes Payable	1,866	1,578	18.3 %	3,645	7,091	-48.6 %
Interest rate swap - non-cash	—	—	NM	—	(1,020)	-100.0 %
Sub-total - non-cash interest expense from continuing operations	1,811	2,086	-13.2%	3,579	7,004	-48.9%
Total interest expense from continuing operations	\$ 36,080	\$ 35,286	2.3%	\$ 70,988	\$ 72,750	-2.4%
Total cash interest paid from continuing operations	\$ 19,217	\$ 25,074	-23.4%	\$ 67,916	\$ 59,935	13.3%

(i) Represents total cash interest paid and accrued cash interest related to lease obligations.

Lease interest expense breakdown	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Cash interest paid - lease obligation	\$ 18,789	\$ 17,682	6.3 %	\$ 36,715	\$ 35,210	4.3 %
Change in accrued interest - lease obligation	(1)	(5)	-80.0 %	—	(4)	-100.0 %
Total lease interest expense from continuing operations	\$ 18,788	\$ 17,677	6.3%	\$ 36,715	\$ 35,206	4.3%

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Second Quarter

Total interest expense increased by \$0.8 million or 2.3% for the quarter when compared to the prior year.

Year to Date

For the year to date period, interest expense decreased by \$1.8 million compared to the prior year period primarily due to lower accretion expense on the Convertible Debentures and Notes Payable. Additionally, the timing and amount of cash interest payments has changed with the 2024 Refinancing.

Interest income

The following table highlights interest income received during the quarter and year to date (in thousands of dollars):

Interest income	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Interest income	\$ 109	\$ 461	-76.4%	\$ 447	\$ 736	-39.3%

Foreign exchange

The following table highlights the movement in foreign exchange during quarter and year to date (in thousands of dollars):

Foreign exchange	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Foreign exchange (gain) loss from continuing operations	\$ 113	\$ 4	NM	\$ 308	\$ (232)	NM

Second Quarter

The movement in the foreign exchange during the second quarter was due to the change in the CAD/USD foreign exchange month end rate from 1.4376 at March 31, 2025 to 1.3643 at June 30, 2025.

Year to Date

For the six months ended June 30, 2025, the movement in foreign exchange was due to the change in the CAD/USD foreign exchange month end rate from 1.4389 at December 31, 2024 to 1.3643 at June 30, 2025.

Change in fair value of financial instruments

The following table highlights the movement in change in fair value of financial instruments during the quarter and year to date (in thousands of dollars):

Change in fair value of financial instruments	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Loss (income) on financial instruments recorded at fair value and loss on extinguishment of debt	\$ (480)	\$ 2,122	NM	\$ 1,370	\$ 54,068	-97.5%

Second Quarter and Year to Date

The change in the loss in the fair value of financial instruments recognized during the year to date of \$1.4 million is due to the change in fair value of the prepayment derivative related to the 2024 Notes (as defined in Section 6.4 Long-term debt) and the loss of the 2024 Refinancing included in the prior year.

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Income taxes

The following table highlights the movement in current and deferred income tax recovery during the quarter and year to date (in thousands of dollars):

Income taxes	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Current income tax expense (recovery)	\$ 12	\$ (2,112)	NM	\$ 15	\$ (2,752)	NM
Deferred income tax recovery	(638)	(7,934)	-92.0 %	(13,072)	(32,571)	-59.9 %
Provision for income taxes	\$ (626)	\$ (10,046)	-93.8%	\$ (13,057)	\$ (35,323)	-63.0%

At December 31, 2020 the recoverability of the net deferred income tax assets was uncertain and accordingly the net deferred tax assets were derecognized. During the second quarter of 2023, Cineplex assessed the recoverability of net deferred income tax assets and determined that the expected return to profitability provided a reasonable expectation that previously derecognized net deferred income tax assets will be utilized to offset future periods of taxable income, resulting in income tax recovery of approximately \$150.2 million relating to continuing operations. Cineplex had \$394.3 million of non-capital losses available based on income tax returns filed up to tax year 2024. The provision for income taxes in the second quarter reflects impact of timing differences for tax as compared to accounting.

Cineplex's combined statutory income tax rate at June 30, 2025 was 26.3% (2024 - 26.3%).

By Notice of Reassessment ("NOR") dated January 22, 2019, the Canada Revenue Agency ("CRA"), disallowed the deduction of \$26.6 million of losses of AMC Ventures Inc. ("AMC") that Cineplex had obtained on the acquisition of AMC in 2012. The disallowance of the losses, which offset taxable income generated in 2014, increased taxes and interest payable by approximately \$8.6 million, 50% of which was required to be paid immediately (interest continues to accrue on the unpaid amount). Cineplex disagrees with the CRA's position, and has filed an appeal to the Tax Court of Canada in respect of the NOR. On June 28, 2021, Cineplex received a response from the Attorney General of Canada representing the CRA confirming its position with respect to the disallowance of the losses. The appeal hearing is currently scheduled for November 2025 and Cineplex believes that it should prevail in defending its original filing position, although no assurance can be given in this regard as the appeal process proceeds.

Cineplex Inc.

Management's Discussion and Analysis

4.3. NET INCOME (LOSS), EBITDA AND ADJUSTED EBITDAaL (see Section 16 Non-GAAP and other financial measures)

The following table presents net income (loss), EBITDA, adjusted EBITDA and adjusted EBITDAaL for the six months ended June 30, 2025 as compared to the prior year (expressed in thousands of dollars, except adjusted EBITDAaL margin):

NET INCOME (LOSS), EBITDA AND ADJUSTED EBITDAaL	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Net loss from continuing operations (i)	\$ (2,198)	\$ (21,312)	-89.7%	\$ (38,813)	\$ (84,282)	-53.9%
Net (loss) income from discontinued operations, including gain on disposition	\$ —	\$ (127)	-100.0%	\$ —	\$ 68,003	-100.0%
Net loss (i)	\$ (2,198)	\$ (21,439)	-89.7%	\$ (38,813)	\$ (16,279)	138.4%
EBITDA	\$ 76,663	\$ 48,450	58.2%	\$ 106,273	\$ 43,658	143.4%
Adjusted EBITDA	\$ 76,476	\$ 42,472	80.1%	\$ 108,210	\$ 89,207	21.3%
Adjusted EBITDAaL	\$ 33,430	\$ 925	NM	\$ 22,618	\$ 5,510	310.5%
Adjusted EBITDAaL from discontinued operations	\$ —	\$ —	NM	\$ —	\$ 508	-100.0%
Adjusted EBITDAaL including discontinued operations	\$ 33,430	\$ 925	NM	\$ 22,618	\$ 6,018	275.8%
Adjusted EBITDAaL margin from continuing operations	9.2 %	0.3 %	8.9%	3.6 %	1.0 %	2.6%
(i) 2025 includes expenses related to other transactions or litigation outside the normal course of business in the amount of \$0.2 million (2024 - \$0.5 million) for the second quarter and \$0.5 million (2024 - \$2.4 million) for year to date. The second quarter of 2024 includes the loss on the 2024 Refinancing of \$2.0 million and \$56.0 million for year to date.						

Second Quarter

Net loss from continuing operations for the second quarter of 2025 was \$2.2 million, compared to net loss from continuing operations of \$21.3 million in the prior year. The increase in net income from continuing operations is primarily due to an increase in theatre attendance and exhibition revenues compared to the prior year.

The increased exhibition attendance in the second quarter of 2025 resulted in an adjusted EBITDAaL from continuing operations of \$33.4 million compared to \$0.9 million in the prior year.

Year to Date

Net loss from continuing operations for the six months ended June 30, 2025 was \$38.8 million compared to net loss from continuing operations of \$84.3 million in the prior year period. The movement in net loss was primarily a result of an increase in theatre attendance and exhibition revenues compared to the prior year, as well as the loss incurred in the prior year on the 2024 Refinancing.

Adjusted EBITDAaL from continuing operations for the six months ended June 30, 2025 was \$22.6 million compared to \$5.5 million in the prior year period. The increase was primarily due to an increase in theatre attendance and exhibition revenues compared to the prior year.

Cineplex Inc.

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5. BALANCE SHEETS

The following sets out significant changes to Cineplex's consolidated balance sheets during the six months ended June 30, 2025 as compared to December 31, 2024 (in thousands of dollars):

	June 30, 2025	December 31, 2024	Change (\$)	Change (%)
Assets				
Current assets				
Cash and cash equivalents	\$ 42,065	\$ 83,871	\$ (41,806)	-49.8%
Trade and other receivables	65,396	116,533	(51,137)	-43.9%
Income taxes receivable	5,423	5,529	(106)	-1.9%
Inventories	17,376	20,724	(3,348)	-16.2%
Prepaid expenses and other current assets	20,006	11,003	9,003	81.8%
	150,266	237,660	(87,394)	-36.8%
Non-current assets				
Property, equipment and leaseholds	369,118	399,115	(29,997)	-7.5%
Right-of-use assets	802,082	773,372	28,710	3.7%
Deferred income taxes	162,620	149,547	13,073	8.7%
Interests in joint ventures	8,455	6,771	1,684	24.9%
Intangible assets	80,645	81,132	(487)	-0.6%
Goodwill	620,300	620,300	—	—%
Derivative financial instrument	18,050	19,420	(1,370)	-7.1%
	\$ 2,211,536	\$ 2,287,317	\$ (75,781)	-3.3%
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 173,870	\$ 236,612	\$ (62,742)	-26.5%
Provision for Competition Tribunal administrative monetary penalty	39,215	39,215	—	—%
Income taxes payable	92	92	—	—%
Deferred revenue and other	180,030	189,989	(9,959)	-5.2%
Lease obligations	86,336	88,669	(2,333)	-2.6%
	479,543	554,577	(75,034)	-13.5%
Non-current liabilities				
Share-based compensation	12,742	12,689	53	0.4%
Long-term debt	740,113	736,468	3,645	0.5%
Lease obligations	1,041,775	1,010,505	31,270	3.1%
Post-employment benefit obligations	7,137	6,889	248	3.6%
Other liabilities	5,818	5,889	(71)	-1.2%
	2,287,128	2,327,017	(39,889)	-1.7%
Shareholders' deficit				
Total shareholders' deficit	(75,592)	(39,700)	(35,892)	90.4%
	\$ 2,211,536	\$ 2,287,317	\$ (75,781)	-3.3%

Cash and cash equivalents. Cash and cash equivalents includes operations petty cash and outstanding deposits and fluctuates with business activities. The balance at June 30, 2025 is lower than the prior period due to working capital and operating results.

Trade and other receivables. The decrease in trade and other receivables is primarily due to the collection of trade receivables from the sale of gift cards, vouchers and media sales from the 2024 holiday period. December represents the highest volume month for gift card and voucher sales.

Income taxes receivable. The decrease in income taxes receivable is primarily due to timing of installments and estimated taxable income.

Inventories. The decrease in inventories is primarily due to concession inventories. The overall movement remains fairly consistent with the prior period.

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Prepaid expenses and other current assets. The increase in prepaid expenses and other current assets is primarily due to prepayments for real estate taxes and the 2025 technology service contracts extending into the next period.

Property, equipment and leaseholds. The decrease in property, equipment and leaseholds is due to amortization expense (\$37.1 million) in excess of additions to new build and other capital expenditures (\$7.7 million) and maintenance capital expenditures (\$5.5 million).

Right-of-use assets. The increase in right-of-use assets is due to lease additions, extensions and modifications (\$74.8 million), offset by amortization expense of \$46.1 million.

Deferred income taxes. The increase in net deferred income taxes is primarily due to an increase in non-capital losses.

Interests in joint ventures. The increase in interest in joint ventures is primarily due to \$1.9 million of capital contributions made to Cineplex's investment in Scene+, net of \$0.2 million losses in 2025.

Intangible assets. The decrease in intangible assets is due to the capitalization of software development costs (\$4.6 million), offset by amortization expense (\$4.4 million), and asset dispositions (\$0.8 million).

Goodwill. There was no change in goodwill for the quarter.

Derivative financial instrument. The decrease in derivative financial instrument reflects the \$5.6 million derecognition of the derivative associated with the 2021 Notes, and the recognition of a \$10.1 million fair value derivative related to the 2024 Notes prepayment option. The derivative value decreased by \$1.4 million to \$18.1 million at June 30, 2025.

Accounts payable and accrued expenses. The decrease in accounts payable and accrued expenses is primarily due to timing of the settlement of year end liabilities.

Share-based compensation. The increase in share-based compensation is primarily due to the impact of the change in the Common Share price, which was \$11.60 per share at June 30, 2025 as compared to \$12.20 at December 31, 2024 (see Section 8 Share activity). Additionally, 2024 PSU and RSU grants will be cash settled and included as part of this liability.

Income taxes payable. The decrease in income taxes payable is immaterial for this quarter.

Deferred revenue and other. The decrease in deferred revenue is primarily due to the redemption and associated breakage of gift cards and vouchers in excess of current period sales.

Lease obligations. The increase in lease obligations is primarily due to \$78.8 million new, extended, and modified leases which is partially offset by \$86.4 million payment of lease obligations.

Long-term debt. Long-term debt consists of the Credit Facility (nil drawn at June 30, 2025), Convertible Debentures and 2024 Notes (each as described in Section 6.4 Long-term debt).

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6. LIQUIDITY AND CAPITAL RESOURCES

6.1. OPERATING ACTIVITIES

Cash flow is generated primarily from film entertainment (the sale of admission tickets and food service sales), media sales and services, location-based entertainment revenues (amusement and food service sales) and other revenues. Generally, this provides Cineplex with positive working capital, since certain cash revenues are normally collected in advance of the payment of certain expenses. Box office revenues are directly related to the success and appeal of the film product produced and distributed by the studios. The following table highlights the movements in cash from operating activities for the three and six months ended June 30, 2025 and 2024 (in thousands of dollars):

Cash flows provided by (used in) operating activities	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Net loss from continuing operations	\$ (2,198)	\$ (21,312)	\$ 19,114	\$ (38,813)	\$ (84,282)	\$ 45,469
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation and amortization of other assets (i)	20,655	21,064	(409)	41,535	42,859	(1,324)
Depreciation of right-of-use assets	22,861	23,919	(1,058)	46,067	48,390	(2,323)
Interest rate swap agreements - non-cash interest	—	—	—	—	(1,020)	1,020
Accretion of Convertible Debentures and notes payable	1,866	1,578	288	3,645	7,091	(3,446)
Other non-cash interest (ii)	(55)	508	(563)	(66)	933	(999)
Gain on disposal of assets	(36)	(8,315)	8,279	(190)	(8,706)	8,516
Deferred income taxes recovery	(638)	(7,934)	7,296	(13,072)	(32,571)	19,499
Non-cash share-based compensation	927	1,234	(307)	3,108	2,092	1,016
Loss (gain) on fair value of financial instruments and extinguishment of debt	(480)	2,122	(2,602)	1,370	54,068	(52,698)
Financing fees	—	(87)	87	(117)	(17,871)	17,754
Net change in interests in joint ventures and associates	97	(166)	263	209	755	(546)
Net cash received from unwinding swap	—	—	—	—	4,583	(4,583)
Changes in operating assets and liabilities	12,792	(11,614)	24,406	(10,549)	20,630	(31,179)
Net cash provided by operating activities from continuing operations	\$ 55,791	\$ 997	\$ 54,794	\$ 33,127	\$ 36,951	\$ (3,824)
(i) Includes depreciation of property, equipment and leaseholds and amortization of intangible assets.						
(ii) Includes accretion of asset retirement obligations and non-cash interest costs on lease obligations.						

Second Quarter

Cash provided by operating activities during the second quarter of 2025 was \$55.8 million compared to cash provided by operating activities of \$1.0 million in the prior year. The increase is primarily due to greater revenues and the timing of settlement of operating assets and liabilities in the period, particularly accounts receivable, accounts payable and deferred revenue in the second quarter compared to the prior year.

Year to Date

For the six months ended June 30, 2025, cash provided by operating activities was \$33.1 million compared to \$37.0 million in the prior year. The decrease is primarily due to timing of settlement of operating assets and liabilities, particularly accounts receivable, accounts payable, and deferred revenue during the year to date period.

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6.2. INVESTING ACTIVITIES

The following table highlights the movements in cash used in investing activities for the three and six months ended June 30, 2025 and 2024 (in thousands of dollars):

Cash flows used in investing activities	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Proceeds from disposal of assets, including asset related insurance recoveries	\$ 899	\$ 11,886	\$ (10,987)	\$ 1,917	\$ 12,689	\$ (10,772)
Purchases of property, equipment and leaseholds	(7,658)	(19,733)	12,075	(24,598)	(35,090)	10,492
Intangible assets additions	(2,255)	(2,634)	379	(4,638)	(4,815)	177
Tenant inducements	1,386	897	489	4,221	3,074	1,147
Investment in joint ventures and associates	—	(3,333)	3,333	(1,892)	(4,533)	2,641
Net cash used in investing activities from continuing operations	\$ (7,628)	\$ (12,917)	\$ 5,289	\$ (24,990)	\$ (28,675)	\$ 3,685

Second Quarter and Year to Date

Cash used in investing activities during the second quarter of 2025 was \$7.6 million, as compared to \$12.9 million in the prior year. Cash used in investing activities during six months ended June 30, 2025 was \$25.0 million, as compared to \$28.7 million in the prior year. The decrease is primarily due to higher proceeds from disposal of capital assets, net of higher purchases of equipment and leaseholds in the prior year.

Cineplex continues to focus on managing capital expenditures and believes that it has adequate liquidity to fund operations in the regions in which Cineplex operates. Components of capital expenditures include (in thousands of dollars):

Capital expenditures	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Gross capital expenditures	\$ 7,658	\$ 19,733	\$ (12,075)	\$ 24,598	\$ 35,090	\$ (10,492)
Less: tenant inducements	(1,386)	(897)	(489)	(4,221)	(3,074)	(1,147)
Net capital expenditures	\$ 6,272	\$ 18,836	\$ (12,564)	\$ 20,377	\$ 32,016	\$ (11,639)
Net capital expenditures consists of:						
Growth and acquisition capital expenditures (i)	\$ 609	\$ 12,317	\$ (11,708)	\$ 1,990	\$ 21,797	\$ (19,807)
Tenant inducements	(1,386)	(897)	(489)	(4,221)	(3,074)	(1,147)
Media growth capital expenditures	—	20	(20)	—	70	(70)
Premium formats (ii)	(195)	3,391	(3,586)	173	4,919	(4,746)
Maintenance capital expenditures	3,490	2,141	1,349	5,509	4,395	1,114
Other (iii)	3,754	1,864	1,890	16,926	3,909	13,017
	\$ 6,272	\$ 18,836	\$ (12,564)	\$ 20,377	\$ 32,016	\$ (11,639)

(i) Growth and acquisition capital expenditures include expenditures on the construction of new Exhibition and LBE locations.

(ii) Premium formats include capital expenditures for recliner seating, IMAX, UltraAVX, 3D, 4DX and ScreenX.

(iii) Primary component of Other is the impact of the timing of cash payments relating to the purchases of property, equipment and leaseholds.

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6.3. FINANCING ACTIVITIES

The following table highlights the movements in cash from financing activities for the three and six months ended June 30, 2025 and 2024 (in thousands of dollars):

Cash flows used in financing activities	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Repayments under credit facility, net	\$ —	\$ —	\$ —	—	(298,000)	\$ 298,000
Repayments of lease obligations - principal	(23,834)	(23,573)	(261)	(49,728)	(49,342)	(386)
Issuance of 2024 Notes payable	—	—	—	—	575,000	(575,000)
Settlement of former Notes payable	—	—	—	—	(254,688)	254,688
Settlement of Convertible Debentures	—	—	—	—	(102,350)	102,350
Net cash used in financing activities from continuing operations	\$ (23,834)	\$ (23,573)	\$ (261)	\$ (49,728)	\$ (129,380)	\$ 79,652

Second Quarter

Cash flows used in financing activities were \$23.8 million during the second quarter of 2025, as compared to \$23.6 million in the prior year.

Year to Date

Cash flows used in financing activities were \$49.7 million during the six months ended June 30, 2025, as compared to cash flows used in financing activities of \$129.4 million in the prior year. The movement was primarily due to the full redemption of the 2021 Notes; partial redemption of the Convertible Debentures; and repayment in full and termination of the Eight Amended and Restated Credit Agreement in the prior year. Refer to Section 6.4 Long-term debt. For the year to date period, no purchases of Common Shares were made under the NCIB.

6.4. LONG-TERM DEBT

Long-term debt consists of the following as at June 30, 2025 and December 31, 2024:

	June 30, 2025		December 31, 2024	
	Book Value	Face Value	Book Value	Face Value
Credit Facilities	\$ —	\$ —	\$ —	—
Convertible Debentures - 7.75% due March 1, 2030	165,113	216,250	161,468	216,250
Notes payable - 7.625% due March 31, 2029	575,000	575,000	575,000	575,000
Total	\$ 740,113	\$ 791,250	\$ 736,468	\$ 791,250

(i) Book value represents the carrying value of the debt component, which is the initial fair value of the instrument, plus cumulative accretion.

Credit facilities

2024 Credit Facility

On March 4, 2024, Cineplex entered into a new credit agreement with a syndicate of banks led by Scotiabank (the “**2024 Credit Agreement**”), terminating and replacing the Eighth Amended and Restated Credit Agreement in its entirety. The 2024 Credit Agreement provides for a new \$100 million “covenant-lite” revolving credit facility with a maturity date of March 4, 2027 (the “**2024 Credit Facility**”).

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At Cineplex's election, borrowings under the 2024 Credit Agreement will bear interest at a floating rate based on the Canadian dollar prime rate, U.S. Base Rate, SOFR (Secured Overnight Financing Rate) or CORRA (Canadian Overnight Repo Rate Average) plus, in each case, an applicable margin to those rates. Borrowings are available in either Canadian or US dollars.

The 2024 Credit Agreement does not contain financial maintenance covenants, unless borrowings utilized under the agreement (including issued letters of credit) exceed 40% (the "Utilization Threshold") of the total available credit facility measured as at the end of a fiscal quarter of Cineplex. In the event that Utilization Threshold is exceeded, Cineplex will be required to maintain a Total Leverage Ratio of not greater than 4.75 to 1 thereafter until the borrowings drop below 40% utilization.

As a so-called "covenant-lite" credit facility, as long as the Utilization Threshold has not been exceeded, the 2024 Credit Agreement does not restrict the discretion of Cineplex's management with respect to matters such as the payment of dividends or making certain other payments, making investments, loans and guarantees and otherwise being able to sell or dispose of assets. Cineplex's ability to take such actions when the Utilization Threshold has been exceeded requires that Cineplex's Total Leverage Ratio be less than 4.25 to 1.00, on a pro forma basis after giving effect to such payment or transaction.

The obligations under the 2024 Credit Agreement are guaranteed jointly and severally, by Cineplex and each direct or indirect restricted subsidiary of Cineplex, other than certain excluded immaterial subsidiaries.

This summary of the 2024 Credit Facility is qualified in its entirety by reference to the provisions of the Credit Agreement which contains a complete statement of those terms and conditions, and was filed on SEDAR+ on March 4, 2024.

The 2024 Credit Facility is drawn upon and repaid on a regular basis and as such is presented on a net basis in the Statement of Cash flows.

	Available	Drawn	Reserved	Remaining
Revolving Facility	\$ 100.0	\$ —	\$ 7.7	\$ 92.3

At June 30, 2025, Cineplex was subject to a margin of 3.25% (2024 - 2.75%) on the prime rate and margin of 4.25% (2024 - 3.75% on bankers' acceptances) on the CORRA advances and SOFR advances, plus a 0.25% (2024 - 0.25%) per annum fee for letters of credit issued. Cineplex pays a commitment fee on the daily unadvanced portion of the 2024 Credit Agreement, which will vary based on the Total Leverage Ratio and was 0.85% at June 30, 2025 (2024 - 0.75%).

Convertible debentures

Cineplex's 7.75% convertible unsecured subordinated debentures are due March 1, 2030 (the "**Convertible Debentures**"), with interest paid semi-annually on March 1 and September 1.

The Convertible Debentures are not redeemable by Cineplex prior to March 1, 2027. On or after March 1, 2027 and prior to March 1, 2029, Cineplex may, at its option, redeem the Convertible Debentures in whole or in part from time to time provided that the volume weighted average trading price of the Common Shares on the TSX during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. On or after March 1, 2029, the Convertible Debentures may be redeemed in whole or in part from time to time at the option of Cineplex at a price equal to their principal amount plus accrued and unpaid interest. Redemption may be in the form of cash or in the form of shares, at the option of Cineplex.

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At the holder's option, the Convertible Debentures may be converted into shares at a conversion price of \$10.29 per share at any time prior to the close of business on the earlier of: (i) five business days prior to the Maturity Date, and (ii) if called for redemption, five business days immediately preceding the date fixed for redemption of the Convertible Debentures, at a conversion price to be determined at the time of pricing. Holders who convert their Convertible Debentures into shares will receive accrued and unpaid interest for the period from the date of the latest interest payment date to the date of conversion. Conversion of outstanding Convertible Debentures will result in the issuance of shares from treasury.

The foregoing is a summary of the key terms of the Convertible Debentures. This summary is qualified in its entirety by reference to the provisions of the Convertible Debentures trust indenture which contains a complete statement of those terms and conditions. The trust indenture for the Convertible Debentures and the Supplemental Indenture were filed on SEDAR+ on July 15, 2020 and March 4, 2024, respectively.

The fair value of the liability component of the Convertible Debentures was assessed at inception based on an estimated market discount rate of 14.88%, and will be accreted to the full face value of \$216.3 million over the term of the Convertible Debentures. The residual value of \$54.3 million (\$70.2 million net of \$15.8 million deferred income taxes) was allocated to the equity component less the pro-rata portion of transaction costs as prescribed by IFRS 9, *Financial instruments* and IAS 32, *Financial instruments: Presentation*.

The Unaccreted deferred financing fees and discount as at June 30, 2025 related to the 7.75% Convertible Debentures due March 1, 2030 is \$51.1 million.

Cineplex recorded cash interest expense on the Convertible Debentures of \$4.2 million and \$8.3 million during the three and six months ended June 30, 2025, respectively (2024 - \$4.2 million and \$8.4 million, respectively) and accretion expense of \$1.9 million and \$3.6 million during the three and six months ended June 30, 2025, respectively (2024 - \$1.6 million and \$6.7 million, respectively), both of which are included as part of the interest expense in the consolidated statement of operations.

As at June 30, 2025, Cineplex has \$216.25 million principal amount of Convertible Debentures outstanding.

Notes Payable

The 2021 Notes and the 2024 Notes (together, the "Notes Payable") (as applicable) payable are as follows:

	June 30, 2025	December 31, 2024
Face value of Notes Payable ⁽ⁱ⁾	\$ 575,000	\$ 575,000
Unaccreted deferred financing fees and discount ⁽ⁱⁱ⁾	—	—
Notes payable	<u>\$ 575,000</u>	<u>\$ 575,000</u>

(i) See descriptions of the 2021 Notes and the 2024 Notes below.

(ii) No accretion of the 2024 Notes is required as the notes were initially recognized at face value. The underwriter's fees and financial asset derivative had equal values of \$10.1 million.

Cineplex recorded cash interest expense on the Notes Payable of \$10.9 million and \$21.6 million during the three and six months ended June 30, 2025, respectively (2024 - \$10.9 million and \$17.4 million respectively) and recorded accretion expense during the three and six months ended June 30, 2025, respectively, of nil (2024 - \$nil and \$0.4 million, respectively), both of which are included as part of interest expense in the consolidated statement of operations. As at June 30, 2025, Cineplex has \$575.0 million principal amount of 2024 Notes outstanding. Cineplex's derivative financial instrument on the outstanding 2021 Notes and 2024 Notes, as applicable, relates to the early prepayment option that fluctuates in value based on market interest rates. The fair value of the embedded derivative was determined using an option pricing model with observable market inputs and are consistent with accepted methods for valuing financial instruments. Cineplex has estimated the fair value of this embedded derivative at \$18.1 million as at June 30, 2025 (2024 - \$19.4 million) which is presented on the consolidated balance sheets as a derivative financial instrument.

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2024 Notes

On March 4, 2024, in connection with the 2024 Refinancing, Cineplex closed a private placement offering of \$575.0 million aggregate principal amount of 7.625% senior secured notes due March 31, 2029 (the "2024 Notes"). The 2024 Notes were issued pursuant to an indenture entered into among Cineplex and TSX Trust Company, as trustee and collateral agent, dated March 4, 2024 (the "2024 Notes Indenture"). Interest is paid semi-annually on March 31 and July 31.

The 2024 Notes contain a number of prepayment options, and Cineplex recognized a fair value derivative asset of \$10.1 million on issuance. Issuance costs of \$10.1 million resulted in the 2024 Notes being presented at face value on the balance sheet, and no non-cash interest will be recognized.

The 2024 Notes are fully and unconditionally guaranteed, jointly and severally, by Cineplex and each direct or indirect restricted subsidiary of Cineplex that is a borrower or guarantees the obligations of Cineplex or any other borrower under the 2024 Credit Facility.

At any time from and after January 31, 2026, Cineplex may, at its option, redeem the 2024 Notes, in whole or in part, at the redemption prices set forth in the 2024 Notes Indenture, plus accrued and unpaid interest thereon to, but excluding, the applicable redemption date. In addition, at any time prior to January 31, 2026, Cineplex may, at its option, on one or more occasions, redeem up to 40% of the aggregate principal amount of the 2024 Notes at a redemption price equal to 107.625% of the aggregate principal amount thereof redeemed plus accrued and unpaid interest thereon to, but excluding, the applicable redemption date, with the net cash proceeds of one or more equity offerings; provided that (a) the aggregate principal amount of the 2024 Notes outstanding immediately after the occurrence of each such redemption is equal to not less than 60% of the original aggregate principal amount of the 2024 Notes; and (b) each such redemption occurs within 90 days of the date of closing of each such equity offering. If Cineplex sells certain assets without applying the proceeds in a permitted manner within 365 days of receipt thereof, Cineplex must make an offer to each holder of 2024 Notes to purchase all or a portion of its Notes at 100% of the aggregate principal amount of the 2024 Notes so repurchased plus accrued and unpaid interest to, but not including, the date of repurchase. If Cineplex undergoes certain change of control events, Cineplex must make an offer to repurchase the 2024 Notes at a purchase price equal to 101% of the aggregate principal amount of the 2024 Notes so repurchased plus accrued and unpaid interest to, but not including, the date of repurchase.

If Cineplex, any guarantor or other payor is required to withhold or deduct any amount for or on account of taxes from any payment made under or with respect to the 2024 Notes or any guarantee, as the case may be, Cineplex, such guarantor or other payor, as applicable, will pay (together with such payment) such additional amounts as may be necessary so that the net amount received by each holder or beneficial owner of a 2024 Note after such withholding or deduction (including any such withholding or deduction from such additional amounts) will not be less than the amount the holder or beneficial owner would have received if such taxes had not been withheld or deducted (subject to certain exceptions).

In addition to the restrictions on asset sales and change of control events described above, the 2024 Notes Indenture contains covenants that restrict, among other things, Cineplex's ability to incur liens other than permitted liens, make restricted payments, incur certain indebtedness and enter into certain transactions with affiliates, in each case, subject to certain conditions.

The 2024 Notes Indenture contains customary events of default substantially similar to those set out in the trust indenture governing the 2021 Notes, and as more specifically set out in the 2024 Notes Indenture. Upon the occurrence of an event of default under the 2024 Notes Indenture, the trustee thereunder, acting on the instruction of the requisite majority of holders of the 2024 Notes, and subject to the Intercreditor Agreement, would be entitled to accelerate all amounts outstanding under the 2024 Notes and, upon such acceleration, to instruct the collateral agent under the Intercreditor Agreement to enforce the security granted to the lenders by Cineplex and the guarantors. Following repayment of the lenders under the 2024 Credit Facility and any other priority lien obligations under the Intercreditor Agreement, the holders of the 2024 Notes would then be repaid from the proceeds of such security, using all available assets. Only after such repayment and the payment of any other secured and unsecured creditors would the holders of common shares of Cineplex (the "Common Shares") receive any proceeds from the liquidation of Cineplex's assets.

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The foregoing is a summary of the key terms of the 2024 Notes. This summary is qualified in its entirety by reference to the provisions of the 2024 Notes Indenture which contains a complete statement of those terms and conditions. The 2024 Notes Indenture was filed on SEDAR+ on March 4, 2024.

Security and Ranking

The obligations under both the 2024 Credit Facility and the 2024 Notes are secured by charges granted in favour of TSX Trust Company, as collateral agent, over substantially all of the personal and real property owned by Cineplex and its subsidiaries that are guarantors of such debt, other than certain excluded immaterial subsidiaries. The priorities of the liens securing the obligations under the 2024 Credit Agreement and the 2024 Notes are governed by the terms of a collateral agent and intercreditor agreement (the "Intercreditor Agreement"). Pursuant to the Intercreditor Agreement and the security granted in connection therewith: (i) the 2024 Notes rank effectively junior, to the extent of the value of the collateral, to Cineplex's and the guarantor's obligations under the 2024 Credit Agreement and any other priority lien debt set out therein; (ii) rank *pari passu* in right of payment with all existing and future senior indebtedness of Cineplex and the guarantors and senior in right of payment to any future subordinated indebtedness of Cineplex and the guarantors; (iii) rank effectively senior to any existing and future unsecured obligations of Cineplex and the guarantors to the extent of the value of the collateral securing the 2024 Notes (subject to the prior payment of any priority lien debt including under the 2024 Credit Agreement); and (iv) are structurally subordinated to all existing and future indebtedness, claims of holders of preferred stock and other liabilities of subsidiaries of Cineplex that do not guarantee the 2024 Notes.

6.5. FUTURE OBLIGATIONS

Cineplex has aggregate gross capital commitments of \$11.5 million (\$9.4 million net of tenant inducements) related to the completion of construction of one location-based entertainment location and other premium experiences.

Management will continue to assess its future capital spending taking into consideration its legal commitments, and requirements of the business on a short and long-term basis and believes that it has adequate liquidity to fund operations.

Cineplex conducts a significant part of its operations in leased premises. Cineplex's leases generally provide for minimum rent and a number of the leases also include percentage rent based primarily upon sales volume. Cineplex's leases may also include escalation clauses, guarantees and certain other restrictions, and generally require it to pay a portion of the real estate taxes and other property operating expenses. Initial lease terms generally range from 15 to 20 years and contain various renewal options, generally in intervals of five to ten years.

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7. ADJUSTED FREE CASH FLOW AND DIVIDENDS (see Section 16 Non-GAAP and other financial measures)

7.1. ADJUSTED FREE CASH FLOW

The following table illustrates adjusted free cash flow per share for the three and six months ended June 30, 2025 and 2024 and measures relevant to the discussion of adjusted free cash flow per share (expressed in thousands of dollars except shares outstanding):

	Second Quarter			Year to Date		
	2025	2024	Change	2025	2024	Change
Cash flows provided by operating activities from continuing operations	\$ 55,791	\$ 997	NM	\$ 33,127	\$ 36,951	-10.3%
Net loss from continuing operations (ii)	\$ (2,198)	\$ (21,312)	-89.7%	\$ (38,813)	\$ (84,282)	-53.9%
Standardized free cash flow (i)	\$ 49,032	\$ (6,850)	NM	\$ 10,446	\$ 14,550	-28.2%
Adjusted free cash flow (i)	\$ 15,372	\$ (13,049)	NM	\$ (10,352)	\$ (19,054)	-45.7%
Average number of Common Shares outstanding	63,430,021	63,684,281	-0.4%	63,427,310	63,684,281	-0.4%
Adjusted free cash flow per share (i)	\$ 0.242	\$ (0.205)	NM	\$ (0.163)	\$ (0.299)	\$ (0.455)
(i) Represents a non-GAAP financial measure. See Section 16 Non-GAAP and other financial measures.						
(ii) 2025 includes expenses related to other transactions or litigation outside the normal course of business in the amount of \$0.2 million (2024 - \$0.5 million) for the second quarter and \$0.5 million (2024 - \$2.4 million) for year to date. The second quarter of 2024 includes the loss on the 2024 Refinancing of \$2.4 million and \$56.0 million for year to date.						

Adjusted free cash flow per share increased during the second quarter and year to date period due to working capital movements.

7.2. DIVIDENDS

Cineplex's dividend policy is subject to the discretion of the Board and may vary depending on, among other things, Cineplex's results of operations, cash requirements, financial condition, contractual restrictions, business opportunities, provisions of applicable law and other factors that the Board may deem relevant. Cineplex does not expect to return to paying dividends until liquidity has improved and a target leverage ratio of 2.5x to 3.0x is achieved. Cineplex has not paid any dividends after the dividend that was paid on February 28, 2020.

8. SHARE ACTIVITY

Share capital balances at June 30, 2025 and 2024 and transactions during the periods are as follows: (expressed in thousands of dollars except share amounts):

	Shares	Amount
	Number of Common Shares issued and outstanding	Share capital
Balance - December 31, 2024	63,423,010	\$ 853,667
Issuance of Common Shares on exercise of options	14,858	167
Balance - June 30, 2025	63,437,868	\$ 853,834

	Shares	Amount
	Number of Common Shares issued and outstanding	Share capital
Balance - December 31, 2023	63,684,281	\$ 856,696
Balance - June 30, 2024	63,684,281	\$ 856,696

Cineplex Inc.

Management's Discussion and Analysis

Normal Course Issuer Bid (NCIB)

On August 22, 2024, the Toronto Stock Exchange (the "TSX") accepted Cineplex's notice of intention to commence the NCIB. Under the NCIB, Cineplex proposes to purchase, as opportunities arise from time to time, up to 6,318,345 Common Shares, or approximately 10% of its public float of 63,183,455 Common Shares issued and outstanding as of August 20, 2024. Purchases under the NCIB will be made through the facilities of the TSX or through alternative Canadian trading systems and in accordance with applicable regulatory requirements at a price per Common Share equal to the market price at the time of acquisition.

Cineplex was permitted to begin purchasing Common Shares under the NCIB on or about August 26, 2024 and the bid will terminate on August 25, 2025 or such earlier time as Cineplex completes its purchases pursuant to the bid or provides notice of termination. Any Common Shares purchased under the NCIB will be cancelled upon their purchase. Cineplex intends to fund the purchases out of its available cash.

In connection with the NCIB, Cineplex has established an automatic share purchase plan (the "Plan"), effective August 26, 2024, with its designated broker that contains specified parameters regarding how its Common Shares may be purchased under the NCIB during times when the Cineplex would ordinarily not be permitted to purchase Common Shares due to regulatory restrictions or self-imposed blackout periods. Cineplex may elect to suspend or discontinue its NCIB in accordance with certain conditions set forth in the Plan.

Cineplex commenced the NCIB because the Board of Directors believes that the market price of the Common Shares does not reflect Cineplex's intrinsic value and the repurchase of Common Shares would be in the best interests of Cineplex and its shareholders, and would represent an attractive and appropriate use of available funds. Decisions regarding the amount and timing of future purchases of Common Shares will be based on market conditions, share price and other factors.

Omnibus Incentive Plan

On November 12, 2020, Cineplex's Board approved an Omnibus Incentive Plan (the "Incentive Plan"). This plan supersedes the former incentive plans (collectively, the "Legacy Plan") that included Options, Performance Share Units ("PSUs") and Restricted Share Units ("RSUs"). All employees and consultants are eligible to participate in the Incentive Plan. The Incentive Plan consists of stock options, RSUs and PSUs. Awards of RSUs and PSUs granted during a service year will be subject to a service period as determined by management at the time of issuance. The aggregate number of Common Shares that may be issued under the Incentive Plan is 7,291,449 provided that no more than 3,500,000 Common Shares may be issued in aggregate pursuant to the settlement of RSUs and PSUs. Common Shares underlying options that were issued under the Legacy Plan and are subsequently cancelled will be available to be issued under the Incentive Plan. The base share equivalents granted as RSU and PSU awards attract compounding notional dividends at the same rate as outstanding shares, which are notionally re-invested as additional base share equivalents. PSU and RSU awards may be settled in Common Shares issued from treasury, cash, or a mix of Common Shares and cash, at Cineplex's option at the time of settlement. Awards outstanding under prior plans shall remain in full force and effect under the prior plans according to their respective terms. Under the prior plans, the effects of changes in estimates of performance results are recognized in the year of change. As at June 30, 2025, 2,873,451 (2024 - 70,661) Common Shares are available to be issued under the Incentive Plan. At Cineplex's annual and special meeting of shareholders held on May 21, 2025, Cineplex received shareholder approval to increase the number of Common Shares available for issuance under the Incentive Plan by 3,400,000 Common Shares.

Cineplex Inc.

Management's Discussion and Analysis

Stock Options

Stock options issued under the Incentive Plan are administered by the Cineplex's Board. The Board establishes the exercise price at the time each option is granted, which in all cases to not be less than the market price on the grant date. All of the options must be exercised over specified periods not to exceed ten years from the date granted. Options issued under the Incentive Plan may be exercised for cash or on a cashless basis, both of which result in the issuance of Common Shares from treasury. Options granted are accounted for as equity-settled.

Cineplex recognized employee benefits expense of \$0.4 million and \$0.8 million with respect to options during the three and six months ended June 30, 2025, respectively (2024 - \$0.4 million and \$0.8 million, respectively).

A summary of option activities for the six months ended June 30, 2025 and 2024 is as follows:

	2025			2024	
	Weighted average remaining contractual life (years)	Number of underlying shares	Weighted average exercise price	Number of underlying shares	Weighted average exercise price
Options outstanding - January 1	6.54	2,735,869	\$ 15.00	2,360,605	16.51
Granted		454,511	11.28	641,553	8.03
Exercised		(54,177)	8.26	—	—
Forfeited		(128,144)	14.21	(108,829)	16.37
Options outstanding – December 31	6.57	3,008,059	\$ 14.59	2,893,329	\$ 14.63
Options vested and exercisable		1,861,422		1,400,782	

Upon cashless exercises, the options exercised in excess of Common Shares issued are cancelled and returned to the pool available for future grants. At June 30, 2025, 1,424,801 options (2024 - 706,661) are available for grant.

RSU and PSU awards

	PSU Share equivalents granted	RSU Share equivalents granted	PSU Share equivalents minimum payout	PSU Share equivalents maximum payout
2025 LTIP awards granted in Q1 2025	299,250	404,536	—	598,500
2024 LTIP awards granted in Q1 2024	381,265	541,347	—	762,530
2023 LTIP awards granted in Q1 2023	307,551	477,254	—	615,102

RSU

During the first quarter of 2025, Cineplex issued 404,536 equity settled RSUs with a fair value of \$11.28 per unit (total fair value of \$4.6 million on issuance). The fair value was initially assessed based on Cineplex's closing Common Share price on the grant date. The value of the award is reflected in non-current share-based compensation liability on the balance sheet.

The RSUs issued will vest in the third quarter of 2027. The unvested value of the RSUs is reflected in contributed surplus.

Cineplex Inc.

Management's Discussion and Analysis

PSU

During the first quarter of 2025, Cineplex issued 299,250 equity settled PSUs with a fair value of \$11.28 per unit (total fair value of \$3.4 million on issuance). The fair value was assessed based on Cineplex's closing Share price on the grant date. The PSU awards issued will vest in the third quarter of 2027. The unvested value of the PSUs is reflected in contributed surplus.

Compensation expense is recorded based on the number of units expected to vest, the current market price of Cineplex's Common Shares, and the application of a performance multiplier that ranges from a minimum of zero to a maximum of two. Performance multipliers are developed based on Total Shareholder Return percentile rank relative to a select peer group and composite group. Participants will receive fully paid Common Shares issued from treasury that can vary depending on the achievement of established performance targets. Performance conditions are reflected in Cineplex's estimate of the grant-date fair value for equity instruments granted.

Incentive Plan costs are estimated at the grant date based on expected performance results then accrued and recognized on a graded basis over the vesting period. Forfeitures are estimated to be nominal, based on historical forfeiture rates. Cineplex recognized compensation expense of \$1.8 million and \$3.3 million for the three and six months ended June 30, 2025, respectively (2024 - \$1.5 million and \$3.1 million, respectively) under the Incentive Plan relating to RSUs and PSUs. At June 30, 2025, \$5.7 million (2024 - \$1.8 million) was included in share-based compensation liability and \$5.5 million in contributed surplus (2024 - \$6.7 million).

Deferred equity units

Members of the Board and certain officers of Cineplex may elect to defer a portion of their compensation in the form of deferred equity units. Cineplex recognized compensation expense of \$0.9 million and a recovery of \$0.8 million during the three and six months ended June 30, 2025, respectively (2024 - \$0.1 million expense and \$0.4 million recovery, respectively) associated with the deferred equity units. At June 30, 2025, \$7.0 million (2024 - \$4.6 million) was included in non-current share-based compensation liability.

9. SEASONALITY AND QUARTERLY RESULTS

Historically, Cineplex's revenues have been seasonal, coinciding with the timing of major film releases as the most marketable motion pictures were traditionally released during the summer and holiday seasons in Canada. This caused changes from quarter to quarter in theatre attendance, affecting theatre exhibition and Cinema Media revenues and operating cash flows. The timing, quantity, and quality of film releases can have a significant impact on Cineplex's results of operations, and the results of one period are not necessarily indicative of future results. Cineplex's diversification into other businesses such as digital media and location-based entertainment, which are not dependent on motion picture content, has contributed to reduce the impact of this seasonality on Cineplex's consolidated results. To meet working capital requirements during lower revenue quarters, Cineplex can draw upon the 2024 Credit Facility, which had nil drawn at June 30, 2025 and had cash on hand of \$42.1 million available as of June 30, 2025, subject to restrictions described above (Section 6.4 Long-term debt).

Cineplex Inc.

Management's Discussion and Analysis

Summary of Quarterly Results (in thousands of dollars except per share, per patron, theatre attendance and theatre location and screen data, unless otherwise noted):

	2025		2024				2023	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3 (iv)
Revenues								
Box office revenues	\$ 158,475	\$101,911	\$147,728	\$174,884	\$114,478	\$125,061	\$123,841	\$188,233
Food service revenues	130,375	91,489	120,309	143,259	96,658	101,826	104,453	146,228
Media revenues	31,790	29,708	51,924	31,421	29,136	22,350	41,302	28,957
Amusement revenues	24,183	28,500	22,448	23,926	20,541	25,776	22,502	26,158
Other revenues	16,993	12,675	20,334	22,110	16,523	19,746	22,980	24,964
	361,816	264,283	362,743	395,600	277,336	294,759	315,078	414,540
Expenses								
Film cost	87,643	54,155	78,628	100,175	60,296	64,827	65,357	101,510
Cost of food service	30,838	23,413	27,088	33,294	23,240	24,504	25,786	33,220
Depreciation - right-of-use assets	22,861	23,206	22,467	23,303	23,919	24,471	22,259	21,894
Depreciation and amortization - other	20,655	20,880	20,439	20,491	21,064	21,795	21,819	21,959
(Gain) loss on disposal of assets	(36)	(154)	218	836	(8,315)	(391)	1,553	128
Other costs	167,031	155,090	169,748	173,366	151,742	158,072	156,394	162,885
	328,992	276,590	318,588	351,465	271,946	293,278	293,168	341,596
Subtotal	\$ 32,824	\$(12,307)	\$ 44,155	\$ 44,135	\$ 5,390	\$ 1,481	\$ 21,910	\$ 72,944
Adjusted EBITDA (i)	\$ 76,476	\$ 31,734	\$ 84,749	\$ 89,969	\$ 42,472	\$ 46,735	\$ 65,902	\$116,448
Adjusted EBITDAaL (i)	\$ 33,430	\$(10,812)	\$ 40,275	\$ 47,482	\$ 925	\$ 4,585	\$ 24,178	\$ 74,614
Net (loss) income from continuing operations	\$ (2,198)	\$(36,615)	\$ 3,332	\$(24,734)	\$(21,312)	\$(62,970)	\$(12,102)	\$ 24,467
Net (loss) income from discontinued operations, including gain on disposition	—	—	—	—	(127)	68,130	3,148	5,279
Net (loss) income (iii)	\$ (2,198)	\$(36,615)	\$ 3,332	\$(24,734)	\$(21,439)	\$ 5,160	\$ (8,954)	\$ 29,746
(Loss) earnings per share from continuing operations - basic	\$ (0.03)	\$ (0.58)	\$ 0.05	\$ (0.39)	\$ (0.33)	\$ (0.99)	\$ (0.19)	\$ 0.39
Earnings per share from discontinued operations - basic	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1.07	\$ 0.05	\$ 0.08
(Loss) earnings per share - basic	\$ (0.03)	\$ (0.58)	\$ 0.05	\$ (0.39)	\$ (0.33)	\$ 0.08	\$ (0.14)	\$ 0.47
(Loss) earnings per share from continuing operations - diluted	\$ (0.03)	\$ (0.58)	\$ 0.05	\$ (0.39)	\$ (0.33)	\$ (0.99)	\$ (0.19)	\$ 0.34
Earnings per share from discontinued operations - diluted	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1.07	\$ 0.05	\$ 0.06
(Loss) earnings per share - diluted	\$ (0.03)	\$ (0.58)	\$ 0.05	\$ (0.39)	\$ (0.33)	\$ 0.08	\$ (0.14)	\$ 0.40
Cash (used in) provided by operating activities from continuing operations	\$ 55,791	\$(22,664)	\$105,754	\$ 16,374	\$ 997	\$ 35,954	\$ 83,385	\$ 36,646
Cash used in investing activities from continuing operations	(7,628)	(17,362)	(24,129)	(15,552)	(12,917)	(15,758)	(19,331)	(8,786)
Cash (used in) provided by financing activities from continuing operations	(23,834)	(25,894)	(29,722)	(25,704)	(23,573)	(105,807)	(27,790)	(53,916)
Effect of exchange rate differences on cash from continuing operations	(213)	(2)	176	(37)	39	55	(68)	64
Net change in cash from continuing operations	\$ 24,116	\$(65,922)	\$ 52,079	\$(24,919)	\$(35,454)	\$(85,556)	\$ 36,196	\$(25,992)
Cash flows (used in) provided by discontinued operations	\$ —	\$ —	\$ —	\$ —	\$ (127)	\$141,182	\$(18,562)	\$ 5,029
BPP (ii)	\$ 13.68	\$ 12.14	\$ 13.26	\$ 13.19	\$ 13.11	\$ 12.74	\$ 12.90	\$ 12.00
CPP (ii)	\$ 10.04	\$ 9.13	\$ 9.41	\$ 9.85	\$ 9.56	\$ 8.95	\$ 9.28	\$ 8.44
Film cost percentage (ii)	55.3 %	53.1 %	53.2 %	57.3 %	52.7 %	51.8 %	52.8 %	53.9 %
Theatre attendance (in thousands of patrons) (ii)	11,583	8,392	11,141	13,255	8,731	9,819	9,599	15,690
Theatre locations (at period end)	155	156	156	155	156	158	155	155

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Theatre screens (at period end)	1,607	1,617	1,617	1,612	1,618	1,631	1,612	1,612
(i) Represents a non-GAAP financial measure. See Section 16 Non-GAAP and other financial measures.								
(ii) Represents a supplementary financial measure. See Section 16 Non-GAAP and other financial measures.								
(iii) 2025 includes expenses related to other transactions or litigation outside the normal course of business in the amount of \$0.2 million (2024 - \$0.5 million) for the second quarter and \$0.5 million (2024 - \$2.4 million) for year to date. The second quarter of 2024 includes the loss on the 2024 Refinancing of \$2.0 million and \$56.0 million for year to date.								
(iv) The results of discontinued operations (PIAG) have been excluded from prior period figures as applicable per IFRS 5 to conform to current period presentation. All amounts are from continuing operations unless noted. See Section 12 Accounting policies.								

Summary of adjusted free cash flow by quarter

Management calculates adjusted free cash flow per share as follows (see Section 16 Non-GAAP and other financial measures, for a discussion of adjusted free cash flow) (in thousands of dollars except per share data and number of Common Shares outstanding):

	2025		2024				2023	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3 (iii)
Cash provided by (used in) operating activities	\$ 55,791	\$ (22,664)	\$ 105,754	\$ 16,374	\$ 997	\$ 35,954	\$ 83,385	\$ 36,646
Less: Total capital expenditures net of proceeds on sale of assets	(6,759)	(15,922)	(22,586)	(14,135)	(7,847)	(14,554)	(18,595)	(6,897)
Standardized free cash flow	49,032	(38,586)	83,168	2,239	(6,850)	21,400	64,790	29,749
Add/(Less):								
Changes in operating assets and liabilities	(12,792)	23,341	(50,952)	40,150	11,614	(32,244)	(47,152)	51,380
Changes in operating assets and liabilities of joint ventures	(53)	12	(82)	(27)	(37)	(92)	(732)	229
Provision for Competition Tribunal's administrative monetary penalty	—	—	—	(39,215)	—	—	—	—
Principal component of lease obligations	(23,834)	(25,894)	(25,127)	(23,663)	(23,573)	(25,769)	(24,135)	(24,916)
Principal portion of cash rent paid not pertaining to current period	(422)	1,274	(410)	(409)	(410)	1,237	(398)	(397)
Growth capital expenditures and other	3,269	13,903	16,200	11,358	5,706	12,300	8,220	4,198
Share of income of joint ventures, net of non-cash depreciation	172	109	(2,530)	1,204	414	(621)	(1,640)	(476)
Financing fees	—	117	—	—	87	17,784	—	—
Adjusted free cash flow (i)	\$ 15,372	\$ (25,724)	\$ 20,267	\$ (8,363)	\$ (13,049)	\$ (6,005)	\$ (1,047)	\$ 59,767
Average number of Common Shares outstanding	63,430,021	63,424,568	63,324,212	63,652,129	63,684,281	63,684,281	63,477,036	63,376,721
Adjusted free cash flow per share (ii)	\$ 0.242	\$ (0.406)	\$ 0.320	\$ (0.131)	\$ (0.205)	\$ (0.094)	\$ (0.016)	\$ 0.943
(i) Represents a non-GAAP financial measure. See Section 16 Non-GAAP and other financial measures.								
(ii) Represents a non-GAAP ratio. See Section 16 Non-GAAP and other financial measures.								
(iii) The results of discontinued operations (PIAG) have been excluded from prior period figures as applicable per IFRS 5 to conform to current period presentation. All amounts are from continuing operations unless noted. See Section 12 Accounting policies.								

10. RELATED PARTY TRANSACTIONS

Cineplex may have transactions in the normal course of business with entities whose management, directors or trustees are also directors of Cineplex. Any such transactions are in the normal course of operations and are measured at market-based exchange amounts. Unless otherwise noted, these transactions are not considered related party transactions for financial statement purposes.

11. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTIES

Cineplex makes estimates and assumptions concerning the future that may not equal actual results. The following are the estimates and judgments applied by management that most material impact Cineplex's consolidated financial statements. These estimates and judgments have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Goodwill and long lived assets - recoverable amount

Cineplex tests at least annually whether goodwill suffered any impairment. Assessment of impairment for long-lived assets, including property, equipment, leaseholds, right-of-use assets, intangible assets and goodwill is performed 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. Management makes assumptions and estimates in determining the recoverable amount of its long lived assets and groups of CGUs' goodwill, including significant key assumptions relating to attendance and the related revenue growth rates and discount rates. Further, other assumptions are required pertaining to variable and fixed cash flows, and operating margins.

At the end of each future reporting period Cineplex will assess whether there are indications that the impairment loss recognized for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, Cineplex will estimate the recoverable amount of that asset and may reverse previously recorded impairment.

Revenue recognition - gift cards and prepaid certificates

Management estimates the value of gift cards that are not expected to be redeemed by customers, based on the terms of the gift cards and historical redemption patterns, including industry data. The estimates are reviewed annually, or when evidence indicates the existing estimate is not valid.

Income taxes

The timing of reversal of timing differences and the expected income allocation to various tax jurisdictions within Canada affect the effective income tax rate used to compute the deferred income tax asset. During the second quarter of 2023, Cineplex assessed the recoverability of net deferred income tax assets and determined that the continued strong return to profitability provided a reasonable expectation that previously derecognized net deferred income tax assets will be utilized to offset future periods of taxable income, resulting in income taxes recovery of approximately \$150.2 million. In addition, management occasionally estimates the current or future deductibility of certain expenditures, affecting current or deferred income tax balances and expenses.

Lease terms

Some leases of property contain extension options exercisable by Cineplex up to one year before the end of the non-cancellable contract period. Where practicable, Cineplex seeks to include extension options in new leases to provide operational flexibility. In determining the lease term, Cineplex considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed upon a trigger by a significant event or a significant change in circumstances.

12. ACCOUNTING POLICIES

Basis of preparation and measurement

Cineplex prepares its unaudited interim condensed consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), applicable to the preparation of interim financial statements, under International Accounting Standard 34, *Interim Financial Reporting*. The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires that management exercise judgment in applying Cineplex's accounting policies. The disclosures contained in these unaudited interim condensed consolidated financial statements do not contain all requirements of IFRS Accounting Standards for annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2024. These unaudited interim condensed consolidated financial statements follow the same accounting policies and methods of application as the audited financial statements for the year ended December 31, 2024, with the exception of accounting standards adopted in the current quarter.

Accounting standards issued

Management of Cineplex reviews all changes to the IFRS when issued. The International Accounting Standards Board ("IASB") has published a number of amendments to existing accounting standards effective for years beginning on or after January 1, 2025. The following amendments have been adopted or are being evaluated by Cineplex:

IFRS 8, Disclosure of Revenues and Expenses for Reportable Segments

In July 2024, the IASB approved an Interpretations Committee agenda decision in relation to segment reporting. The decision deals with specified items of revenue and expenses that need to be disclosed for each reportable segment. As a result of this agenda decision Cineplex made updates to the expenses disclosed for each reportable segment.

IAS 21, Lack of Exchangeability

In August 2023, the IASB issued amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates in relation to Lack of Exchangeability*. The amendments require entities to apply a consistent approach in assessing whether a currency can be exchanged into another currency and in determining the exchange rate to use and the disclosures to provide when it cannot. These amendments are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. Cineplex assessed the impact of the amendments and determined there to be no material impact on the consolidated financial statements.

IFRS 9, Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*. The amendments relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with Environmental, Social, and Governance (ESG)-linked features. The IASB also amended disclosure requirements relating to investments in equity instruments designated at FVOCI and added disclosure requirements for financial instruments with contingent features. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. Cineplex has determined that the changes have no material impact on Cineplex's consolidated financial statements.

IFRS 18, *Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued the new standard IFRS 18, *Presentation and Disclosure in Financial Statements* that will replace IAS 1, *Presentation of Financial Statements*. The new standard introduces newly defined subtotals on the income statement, requirements for aggregation and disaggregation of information, and disclosure of Management Performance Measures (MPMs) in the financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. Cineplex is assessing the impacts to the consolidated financial statements.

13. RISKS AND UNCERTAINTIES

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

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

Any discussion about risks should be read in conjunction with "Forward-Looking Statements". The principal risks and uncertainties described in the Annual MD&A have not materially changed since December 31, 2024. For a detailed discussion on the risks and uncertainties relating to Cineplex, see the section titled "*Risks and Uncertainties*" in the Annual MD&A.

14. CONTROLS AND PROCEDURES

14.1. DISCLOSURE CONTROLS AND PROCEDURES

Cineplex's management is responsible for establishing and maintaining disclosure controls and procedures for Cineplex as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. Management has designed such disclosure controls and procedures, or caused them to be designed under its supervision, to provide reasonable assurance that material information relating to Cineplex, including its consolidated subsidiaries, is made known to the Chief Executive Officer and the Chief Financial Officer by others within those entities, particularly during the period in which the annual filings are being prepared.

14.2. INTERNAL CONTROLS OVER FINANCIAL REPORTING

Cineplex's management is responsible for designing and evaluating the effectiveness of internal controls over financial reporting for Cineplex as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. Management has designed such internal controls over financial reporting using the Integrated Control - Integrated Framework: 2017 issued by the Committee of Sponsoring Organizations of the Treadway Commission, or caused them to be designed under its supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS Accounting Standards.

Cineplex Inc.

Management's Discussion and Analysis

There has been no change in Cineplex's internal controls over financial reporting that occurred during the most recently completed interim period that has materially affected, or is reasonably likely to materially affect, Cineplex's internal control over financial reporting.

15. OUTLOOK

The following discussion is qualified in its entirety by the caution regarding forward-looking statements at the beginning of this MD&A and Section 13 Risks and uncertainties.

FILM ENTERTAINMENT AND CONTENT

Theatre Exhibition

While a number of films shifted release to 2025 due to production delays and release date changes related to the impact of the writers' and actors' strikes, the impact of the strikes is now largely behind the industry with stronger content slate anticipated in the periods ahead. Cineplex believes that compelling content will continue to strengthen consumer enthusiasm for the theatrical movie-going experience and will bring people to Cineplex theatres for the balance of 2025. In 2025, there is a strong slate of films scheduled for release including: *Freakier Friday*, *The Conjuring: Last Rites*, *Downton Abbey: The Grand Finale*, *One Battle After Another*, *Tron: Ares*, *The Black Phone 2*, *The Running Man*, *Predator: Badlands*, *Wicked: For Good*, *Zootopia 2*, *Five Nights at Freddy's 2*, *The SpongeBob Movie: Search for SquarePants*, and *Avatar: Fire and Ash*. In addition, Cineplex remains encouraged by the commitments from non-traditional studios and international content which further validate the importance of the cinematic experience and the role theatrical exhibition plays in elevating content to its full potential. In 2025, the number of wide releases is projected to increase compared to 2024.

Cineplex continues to focus on providing guests with a variety of premium viewing options through which to enjoy the theatre experience. These premium-priced offerings, which include UltraAVX, VIP Cinemas, IMAX, D-BOX, 3D, 4DX, Cineplex Clubhouse and ScreenX generate higher revenues per patron and expand the customer base. Cineplex believes that these premium formats provide an enhanced guest experience and will continue to charge a ticket price premium for films and events presented in these formats. Cineplex will continue to expand those offerings throughout its circuit during 2025 and beyond. In addition, Cineplex offers CineClub membership, providing members with benefits accessible across Cineplex's businesses nationwide including Cineplex theatres, and LBE venues.

Cineplex will continue to use data analytics and marketing personalization to drive theatrical and LBE visitation, and food and gaming purchase incidence. Cineplex continues to hold its North American leadership position in alternative programming, with 6.6% of second quarter box office revenues coming from international films, compared to those films having a 2.0% North-American share.

Cineplex is also focused on maintaining and improving the guest experience, including recliner seating, and will continue to expand those offerings throughout its circuit. VIP Cinemas and other premium viewing options are a key component to Cineplex's theatre exhibition strategy, and continue to be valued by audiences.

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Management's Discussion and Analysis

Theatre Food Service

Cineplex's core focus is on operational execution, marketing and providing the optimal product mix to provide further growth in this area. As part of this strategy, Cineplex continues to expand its product offering through its in-house brands across the circuit, as well as leveraging digital menu board technologies which provide guests with enhanced messaging during visits to the theatre food service locations and expanding VIP cinema menu offerings. Cineplex also leverages mobile technology to enhance the food service experience in its theatres and has VIP in-seat ordering. Cineplex continues to focus on its home delivery services of concessions in partnership with Uber Eats, SkipTheDishes, and DoorDash.

Alternative Programming & Distribution

Cineplex Pictures focuses on the acquisition of feature film rights for both theatrical release and in home release in Canada for various licensors for all markets or selected markets within Canada. Cineplex extended its theatrical distribution partnership with Lionsgate until December 31, 2026. Upcoming films that will be distributed as part of the extended partnership with Lionsgate include: *The Long Walk*, *The Strangers: Chapter 2*, *Good Fortune*, *Now You See Me: Now You Don't*, and *The Housemaid*.

Cineplex offers a wide variety of alternative programming, including international film programming; the popular *Metropolitan Opera Live in HD* series; sports programming; and various concert performances by popular recording artists. Cineplex continues to look for compelling content to offer as alternative content to attract a wider audience to its locations, in addition to adding dedicated event screens.

MEDIA

Cinema Media

Research has shown that cinema media advertising reaches the most sought-after demographics, as well as Canada's high-income households and educated populations. In March of 2024, Cineplex Media released the results of its proprietary Canadian Cinema Attention Results from Lumen, and the results demonstrated the superior impact of the big screen in terms of advertising viewability, attention to the creative and brand recall. With a strong slate for 2025 and beyond, Cineplex believes its cinema media business will continue to grow through its advertising and attention metrics and innovative media opportunities within Cineplex's theatres, including data services to clients. Cineplex Media also sells media for CDM DOOH clients and LBE. Cineplex Media's revenues are impacted by venue traffic, economic factors, and client marketing strategies. Despite challenges in the overall advertising market due to economic uncertainty, trade matters, and consumer confidence, Cineplex has experienced increased cinema media revenues mainly driven by an increase in demand for showtime revenues. Cineplex expects the challenging advertising market to persist in the near-term. As attendance rebounds, Cineplex expects advertisers to continue to leverage cinema channels and data to better serve advertising customers and grow revenues.

Cineplex Media's membership and collaboration with COMMB will enhance audience measurement capabilities, providing DOOH advertisers with accurate, privacy-compliant, and COMMB-accredited measurement and reporting.

Digital Place-Based Media

Cineplex's digital place-based media business will continue to roll out its world-class solutions in quick service restaurants, financial services and retail sectors as well as immersive DOOH media networks. The DOOH coverage in Canada includes 95 malls and 9 of the top 10 busiest malls in Canada and is supported by the COMMB certification. Cineplex will continue to explore opportunities across North America, in order to better service its current customer base, to attract new clients and roll out retail media networks. As a result of newly acquired clients, including the North Carolina Education Lottery ten year agreement signed in May 2025, Cineplex expects continued strong performance for the remainder of 2025. Cineplex believes that the strengths of its digital place-based media business makes Cineplex a leader in the indoor digital signage industry and provides a platform for significant growth throughout North America.

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Management's Discussion and Analysis

AMUSEMENT AND LOCATION-BASED ENTERTAINMENT

Amusement

Cineplex continues to enhance the guest experience through in-theatre gaming, including XSCAPE amusement revenues and meeting strong consumer demand for out-of-home entertainment.

Location-Based Entertainment

Cineplex's LBE business features entertainment destination locations that cater to a wide range of guests through *The Rec Room*, a social entertainment destination targeting millennials featuring a wide range of entertainment options including redemption, video, recreational gaming, attractions, and a live entertainment venue for watching a wide range of entertainment programming, and *Playdium*, complexes specially designed for teens and families. *The Rec Room* is complemented with an upscale casual dining environment, as well as an expansive bar with a wide range of digital monitors and a large screen for watching sporting events and bookings for corporate events. Cineplex will continue to add attractions to enhance the guest experience and build new locations to drive growth.

Cineplex experienced a decline in same store LBE revenues compared to the prior year, largely due to broader economic headwinds, including temporary shifts in discretionary spending and consumer behaviour. These impacts are expected to moderate as inflationary pressures ease and macroeconomic conditions stabilize. Cineplex anticipates improved performance driven by a recovery in consumer confidence, strategic marketing efforts aimed at increasing visitation, and continued operational efficiencies.

LOYALTY

Membership in the Scene+ loyalty program continued to exceed over 15 million members as at June 30, 2025. The growth in the Scene+ loyalty program provides Cineplex with opportunities to grow its customer base across all of its businesses, including Scene+ ability to engage members who are not existing Cineplex customers.

FINANCIAL OUTLOOK

Cineplex remains confident in the long-term fundamentals of theatrical exhibition and the other businesses it operates. Over the last year, Cineplex executed several important strategic initiatives designed to reduce leverage, improve financial flexibility, and position Cineplex for accelerated long-term growth.

On October 23, 2024, Cineplex filed its Notice of Appeal with the Federal Court of Appeal and, with the Competition Bureau's consent, was granted a stay regarding payment of the Competition Tribunal's \$39.2 million administrative monetary penalty pending the Federal Court of Appeal's decision. Cineplex is diligently conducting all necessary court filings and other preliminary matters in preparation for the appeal hearing scheduled for October 8, 2025.

While Cineplex anticipates the potential impact of US and Canadian import tariffs to be minimal, as 99.4% of its revenue is generated within Canada, the full effects of any tariffs are currently uncertain and may have impacts on the business depending on the outcome of the final regulations.

Although the current uncertainty in macroeconomic conditions may impact certain Cineplex businesses, it remains confident in the resilience of its core business. The movie exhibition industry has historically demonstrated counter-cyclical characteristics, with attendance and box office performance often remaining stable or even improving during economic downturns as consumers seek affordable entertainment options. Significant changes in foreign exchange and borrowing costs both have minimal impacts on Cineplex's business given that U.S. dollar-denominated purchases constitute a small portion of its total expenditures, and the majority of Cineplex's interest-bearing debt carries fixed interest rates. These factors position Cineplex to deliver stable performance despite broader economic uncertainties.

16. NON-GAAP AND OTHER FINANCIAL MEASURES

National Instrument 52-112, *Non-GAAP and Other Financial Measures Disclosure* ("NI 52-112") imposes obligations regarding disclosure of non-GAAP financial measures, non-GAAP ratios, and other financial measures. Cineplex reports on certain non-GAAP measures, non-GAAP ratios, supplementary financial measures and total segment measures that are used by management to evaluate Cineplex's performance. The following measures included in this MD&A do not have a standardized meaning under GAAP and may not be comparable to similar measures provided by other issuers. Cineplex includes these measures because management believes that they assist investors in assessing financial performance. These non-GAAP and other financial measures are used throughout this report and are defined below.

NON-GAAP FINANCIAL MEASURES

A non-GAAP financial measure is defined in NI 52-112 as a financial measure disclosed that (a) depicts the historical or expected future financial performance, financial position or cash flow of an entity, (b) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity, (c) is not disclosed in the financial statements of the entity, and (d) is not a ratio, fraction, percentage or similar representation.

NON-GAAP RATIOS

A non-GAAP ratio is defined in NI 52-112 as a financial measure disclosed that (a) is in the form of a ratio, fraction, percentage or similar representation, (b) has a non-GAAP financial measure as one or more of its components, and (c) is not disclosed in the financial statements.

Below are non-GAAP financial measures or non-GAAP ratios for continuing operations that are reported by Cineplex.

16.1. EBITDA, ADJUSTED EBITDA AND ADJUSTED EBITDAaL

Management defines EBITDA as earnings before interest income and expense, income taxes and depreciation and amortization expense. Adjusted EBITDA excludes the change in fair value of financial instrument, loss (gain) on disposal of assets, foreign exchange, and impairment, depreciation, amortization, interest and taxes of Cineplex's other joint ventures and associates, and other items that do not in management's view represent a factor relevant to the ongoing performance of the business such as the Competition Tribunal's administrative monetary penalty. Adjusted EBITDAaL modifies adjusted EBITDA to deduct current period cash rent paid or payable related to lease obligations.

Subsequent to the adoption of IFRS 16, *Leases*, by Cineplex effective January 1, 2019, the calculation of EBITDA no longer includes a charge for amounts paid or payable with respect to leased property and equipment. Given the majority of Cineplex's businesses are carried on in leased premises, Cineplex introduced the measure of adjusted EBITDAaL which includes a deduction for cash rent paid/payable 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 2024 Credit Facility. Management calculates adjusted EBITDAaL margin by dividing adjusted EBITDAaL by total revenues.

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

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Management's Discussion and Analysis

Adjusted Store Level EBITDAaL Metrics

Cineplex reviews and reports adjusted EBITDAaL at the location level for LBE which is calculated as total LBE revenues from all locations less total LBE operating expenses, which excludes pre-opening costs and overhead relating to the management of LBE.

Adjusted Store Level EBITDAaL Margin

Calculated as adjusted store level EBITDAaL divided by total revenues for LBE for the period.

The following represents management's calculation of EBITDA, adjusted EBITDA, and adjusted EBITDAaL (expressed in thousands of dollars):

Reconciliation of reported net income (loss) to adjusted EBITDAaL	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Net loss (ii)	\$ (2,198)	\$ (21,312)	\$ (38,813)	\$ (84,282)
Depreciation and amortization - other	20,655	21,064	41,535	42,859
Depreciation - right-of-use assets	22,861	23,919	46,067	48,390
Interest expense - lease obligations	18,689	18,142	36,561	36,052
Interest expense - other	17,391	17,144	34,427	36,698
Interest income	(109)	(461)	(447)	(736)
Current income tax (recovery) expense	12	(2,112)	15	(2,752)
Deferred income tax recovery	(638)	(7,934)	(13,072)	(32,571)
EBITDA	\$ 76,663	\$ 48,450	\$ 106,273	\$ 43,658
Gain on disposal of assets, including businesses	(36)	(8,315)	(190)	(8,706)
Loss (income) on financial instruments recorded at fair value and loss on extinguishment of debt	(480)	2,122	1,370	54,068
Foreign exchange (gain) loss	113	4	308	(232)
Depreciation and amortization - joint ventures and associates	211	203	439	404
Taxes and interest of joint ventures and associates	5	8	10	15
Adjusted EBITDA	\$ 76,476	\$ 42,472	\$ 108,210	\$ 89,207
Cash rent paid/payable related to lease obligations	(42,624)	(41,137)	(86,444)	(84,524)
Cash rent paid not pertaining to current period	(422)	(410)	852	827
Adjusted EBITDAaL (i)	\$ 33,430	\$ 925	\$ 22,618	\$ 5,510
Adjusted EBITDAaL from discontinued operations (i)(iii)	\$ —	\$ —	\$ —	\$ 508
Adjusted EBITDAaL including discontinued operations (i)	\$ 33,430	\$ 925	\$ 22,618	\$ 6,018
(i) See Section 16 Non-GAAP and other financial measures. (ii) 2025 includes expenses related to other transactions or litigation outside the normal course of business in the amount of \$0.2 million (2024 - \$0.5 million) for the second quarter and \$0.5 million (2024 - \$2.4 million) for year to date. The second quarter of 2024 includes the loss on the 2024 Refinancing of \$2.0 million and \$56.0 million for year to date. (iii) The results of discontinued operations (PIAG) have been excluded from prior period figures as applicable per IFRS 5 to conform to current period presentation. All amounts are from continuing operations unless noted. See Section 12 Accounting policies.				

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16.2. ADJUSTED FREE CASH FLOW

Free cash flow is a non-GAAP measure generally used by Canadian corporations as an indicator of financial performance and it should not be viewed as a measure of liquidity or a substitute for comparable metrics prepared in accordance with GAAP. Standardized free cash flow adjusts the amount of cash from operating activities to deduct capital expenditures net of proceeds on sale of assets in ordinary business operations. Standardized free cash flow is a non-GAAP measure recommended by the CICA in its 2008 interpretive release, *Improved Communication with Non-GAAP Financial Measures: General Principles and Guidance for Reporting EBITDA and Free Cash Flow*, and is designed to enhance comparability. Adjusted free cash flow is also a non-GAAP measure used by Cineplex to modify standardized free cash flow to exclude certain cash flow activities and to measure the amount available for activities such as repayment of debt, dividends to owners and investments in future growth through acquisitions. Adjusted free cash flow includes repayments of lease obligations that represented the principal portion of rent expenses that were included in net income calculation prior to the adoption of accounting standard IFRS 16, *Leases*, by Cineplex. Given that the materiality of the principal portion of the rent expenses and comparability of adjusted free cash flow disclosure for comparative periods, adjusted free cash flow also adjusts standardized free cash flow to deduct principal amount of repayment of lease obligation.

Cineplex presents standardized free cash flow and adjusted free cash flow per share because they are key measures used by investors to value and assess Cineplex. Cineplex's management defines adjusted free cash flow as standardized free cash flow adjusted for certain items, and considers adjusted free cash flow the amount available for distribution to shareholders. Standardized free cash flow is defined by the CICA as cash from operating activities as reported in the GAAP financial statements, less total capital expenditures minus proceeds from the disposition of capital assets other than those of discontinued operations, as reported in the GAAP financial statements; and dividends, when stipulated, unless deducted in arriving at cash flows from operating activities. The standardized free cash flow calculation excludes common dividends and other distributions that are declared at the Board's discretion.

Management calculates adjusted free cash flow per share as follows (expressed in thousands of dollars except shares outstanding and per share data):

Reconciliation of reported cash provided by (used in) operating activities to adjusted free cash flow per share	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Cash provided by operating activities	\$ 55,791	\$ 997	\$ 33,127	\$ 36,951
Less: Total capital expenditures net of proceeds on sale of assets and insurance recoveries	(6,759)	(7,847)	(22,681)	(22,401)
Standardized free cash flow	49,032	(6,850)	10,446	14,550
Add/(Less):				
Changes in operating assets and liabilities (i)	(12,792)	11,614	10,549	(20,630)
Changes in operating assets and liabilities of joint ventures and associates (i)	(53)	(37)	(41)	(129)
Repayments of lease obligations - principal	(23,834)	(23,573)	(49,728)	(49,342)
Principal portion of cash rent paid not pertaining to current period	(422)	(410)	852	827
Growth capital expenditures and other (ii)	3,269	5,706	17,172	18,006
Share of income of joint ventures and associates, net of non-cash depreciation	172	414	281	(207)
Financing fees	—	87	117	17,871
Adjusted free cash flow	\$ 15,372	\$ (13,049)	\$ (10,352)	\$ (19,054)
Average number of Common Shares outstanding	63,430,021	63,684,281	63,427,310	63,684,281
Adjusted free cash flow per share	\$ 0.242	\$ (0.205)	\$ (0.163)	\$ (0.299)
(i) Changes in operating assets and liabilities are not considered a source or use of adjusted free cash flow. Refer to note 12, Changes in operating assets and liabilities of Cineplex's 2024 Annual Consolidated Financial Statements for further details.				
(ii) Growth capital expenditures and other represent expenditures on Board approved projects, exclude maintenance capital expenditures and are net of proceeds on asset sales and insurance recoveries. The 2024 Credit Facility (discussed above in Section 6.4 Long-term debt) is available to Cineplex to fund Board approved projects.				

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Alternatively, the calculation of adjusted free cash flow using adjusted EBITDAaL as a reference point would be as follows (expressed in thousands of dollars):

Reconciliation of adjusted EBITDAaL to adjusted free cash flow	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Adjusted EBITDAaL	\$ 33,430	\$ 925	\$ 22,618	\$ 5,510
Adjust for:				
Interest expense - other	(17,391)	(17,144)	(34,427)	(36,698)
Interest rate swap agreements - non-cash interest	—	—	—	(1,020)
Accretion of convertible debentures and notes payable	1,866	1,578	3,645	7,091
Non-cash share-based compensation	927	1,234	3,108	2,092
Foreign exchange	(113)	(4)	(308)	232
Interest income	109	461	447	736
Maintenance capital expenditures	(3,490)	(2,141)	(5,509)	(4,395)
Cash received from unwinding swap	—	—	—	4,583
Current income taxes	(12)	2,112	(15)	2,752
Cash foreign exchange	46	(70)	89	63
Adjusted free cash flow	\$ 15,372	\$ (13,049)	\$ (10,352)	\$ (19,054)

SUPPLEMENTARY FINANCIAL MEASURES

Supplementary financial measures are financial measures that are not (a) presented in the financial statements and (b) are, or are intended to be, disclosed periodically to depict the historical or expected future financial performance, financial position or cash flow, that is not a non-GAAP financial measure or a non-GAAP ratio as defined in the instrument. Below are supplementary financial measures that Cineplex uses to depict its financial performance, financial position or cash flows.

Earnings (loss) per Share Metrics

Cineplex has presented basic and diluted earnings (loss) per share net of this item to provide a more comparable loss per share metric between the current periods and prior year periods. In the non-GAAP and other financial measures, 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, theatre food service revenue and cinema media revenue such as BPP, CPP, BPP excluding premium priced product, concession margin per patron, and CMPP, as these are key measures used by investors to value and assess Cineplex's performance, and are widely used in the theatre exhibition industry. Cineplex's management 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 theatre attendance for the period.

CMPP: Calculated as total cinema media revenues divided by total paid 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.

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Management's Discussion and Analysis

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 June 30, 2025 the impact of one location that was opened or acquired and four locations that were closed or otherwise disposed of have been excluded, resulting in 154 theatres being included in the same theatre metrics. For the six months ended June 30, 2025 the impact of one location that was opened or acquired and four locations that were closed or otherwise disposed of have been excluded, resulting in 154 theatres being included in the same theatre metrics.

Same LBE Analysis

Cineplex reviews and reports same store LBE metrics relating to food service revenues, amusement revenues, media and other revenues, as these measures are widely used by comparable businesses in the industry.

Same store LBE metrics are calculated by removing the results for all LBE venues 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 June 30, 2025 the impact of three locations that was opened or acquired have been excluded, resulting in 13 LBE venues being included in the same LBE metrics. For the six months ended June 30, 2025 the impact of three locations that was opened or acquired have been excluded, resulting in 13 LBE venues 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.