



National CineMedia, Inc. Reports Results for Fiscal Third Quarter 2022

November 7, 2022

Third quarter AOIBDA at top end of guidance and exceeds consensus estimates

Upfront advertising tracking towards strong finish at 85% of the historical average

CENTENNIAL, Colo.--(BUSINESS WIRE)--Nov. 7, 2022-- National CineMedia, Inc. (NASDAQ: NCMI) (the Company), the managing member and owner of 47.5% of National CineMedia, LLC (NCM LLC), the operator of the largest cinema advertising network reaching movie audiences in the U.S., announced today consolidated results for the fiscal third quarter ended September 29, 2022.

Q3 2022 Results

Total revenue for the third quarter ended September 29, 2022 increased 71.9% to \$54.5 million as compared to \$31.7 million for the comparable quarter last year. Operating loss improved to \$4.2 million for the third quarter of 2022 from operating loss of \$18.7 million for the third quarter of 2021. Adjusted OIBDA, a non-GAAP measure, improved to \$7.0 million for the third quarter of 2022 from negative \$8.2 million for the third quarter of 2021. Net loss for the third quarter of 2022 was \$8.9 million, or \$0.11 per diluted share, compared to net loss of \$15.2 million, or \$0.19 per diluted share, for the third quarter of 2021. As adjusted to exclude the loss on the re-measurement of the payable to founding members under the tax receivable agreement and advisor fees related to the Cineworld proceeding, net loss per diluted share for the quarter ended September 29, 2022 would have decreased to \$0.13 per diluted share and net loss per diluted share for the quarter ended September 30, 2021, would have remained the same. Adjusted OIBDA, adjusted net loss and adjusted loss per share are non-GAAP measures. See the tables at the end of this release for the reconciliations to the closest GAAP basis measurements.

Total revenue for the nine months ended September 29, 2022 increased 208.2% to \$157.5 million as compared to \$51.1 million for the nine months ended September 30, 2021. Operating loss improved to \$21.2 million for the nine months ended September 29, 2022 from \$76.6 million for the nine months ended September 30, 2021. Adjusted OIBDA, a non-GAAP measure, improved to \$15.2 million for the nine months ended September 29, 2022 from negative \$43.1 million for the nine months ended September 30, 2021. Net loss for the nine months ended September 29, 2022 was \$34.8 million, or \$0.43 per diluted share, compared to net loss of \$57.3 million, or \$0.72 per diluted share, for the nine months ended September 30, 2021. As adjusted to exclude the impairment of long-lived assets, loss on the re-measurement of the payable to founding members under the tax receivable agreement, advisor fees related to the Cineworld proceeding and sales force reorganization costs, net loss per diluted share for the nine months ended September 29, 2022 would have increased to \$0.33 per diluted share and net loss per diluted share for the nine months ended September 30, 2021 would have remained the same. Adjusted OIBDA, adjusted net loss and adjusted loss per share are non-GAAP measures. See the tables at the end of this release for the reconciliations to the closest GAAP basis measurements.

From the CEO

Commenting on the Company's third quarter 2022 operating results and future outlook, NCM CEO Tom Lesinski said, "We have just completed a highly successful upfront sales campaign and are happy to report the return of long time NCM clients across all key categories. This positive momentum is supported by a great slate of movies scheduled in the upcoming holiday season and throughout 2023. Along with our growing network attendance and encouraging trends in our KPIs, NCM is well positioned for continued success and growth."

2022 Outlook

For the fourth quarter of 2022, the Company expects to earn total revenue of \$85.0 million to \$95.0 million, compared to total revenue for the fourth quarter 2021 of \$63.5 million and Adjusted OIBDA in the range of \$32.0 million to \$42.0 million for the fourth quarter of 2022 compared to Adjusted OIBDA for the fourth quarter 2021 of \$18.4 million.

For the full year 2022, the Company expects to earn total revenue of \$242.5 million to \$252.5 million, compared to total revenue for the full year 2021 of \$114.6 million and Adjusted OIBDA in the range of \$47.3 million to \$57.3 million for the full year 2022 compared to Adjusted OIBDA for the full year 2021 of negative \$24.7 million.

Supplemental Information

Integration and other encumbered theater payments due primarily from AMC associated with Carmike Theaters for the quarter ended September 29, 2022 and September 30, 2021 and the nine months ended September 29, 2022 and September 30, 2021, were \$0.3 million, \$0.2 million, \$1.6 million and \$0.3 million, respectively. These payments were recorded as a reduction of an intangible asset on the Balance Sheet and are not included in operating results or Adjusted OIBDA.

Conference Call

The Company will host a conference call and audio webcast with investors, analysts and other interested parties November 7, 2022 at 5:00 P.M. Eastern Time. The live call can be accessed by dialing 1-888-394-8218 or for international participants 1-323-994-2093. Participants should register at least 15 minutes prior to the commencement of the call. Additionally, a live audio webcast will be available to interested parties at www.ncm.com under the Investor Relations section. Participants should allow at least 15 minutes prior to the commencement of the call to register, download and install necessary audio software.

The replay of the conference call will be available until midnight Eastern Time, November 21, 2022, by dialing 1-844-512-2921 or for international participants 1-412-317-6671, and entering conference ID 7196711.

About National CineMedia, Inc.

National CineMedia (NCM) is America's Movie Network. As the largest cinema advertising network in the U.S., we unite brands with young, diverse audiences through the power of movies and popular culture. NCM's *Noovie*® pre-show is presented exclusively in 47 leading national and regional

theater circuits including AMC Entertainment Inc. (NYSE:AMC), Cinemark Holdings, Inc. (NYSE:CNK) and Regal Entertainment Group (a subsidiary of Cineworld Group PLC, LON: CINE). NCM's cinema advertising network offers broad reach and unparalleled audience engagement with over 20,100 screens in over 1,600 theaters in 195 Designated Market Areas® (all of the top 50). NCM Digital and Digital-Out-Of-Home (DOOH) go beyond the big screen, extending in-theater campaigns into online, mobile, and place-based marketing programs to reach entertainment audiences. National CineMedia, Inc. (NASDAQ:NCMI) owns a 47.5% interest in, and is the managing member of, National CineMedia, LLC. For more information, visit www.ncm.com and www.noovie.com.

Forward-Looking Statements

This press release contains various forward-looking statements that reflect management's current expectations or beliefs regarding future events. Investors are cautioned that reliance on these forward-looking statements involves risks and uncertainties. Although the Company believes that the assumptions used in the forward-looking statements are reasonable, any of these assumptions could prove to be inaccurate and, as a result, actual results could differ materially from those expressed or implied in the forward-looking statements. The factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements are, among others, 1) level of theater attendance or viewership of the Noovie® pre-show; 2) changes to relationships with NCM LLC's founding members, including, without limitation, changes to contractual relationships with Regal Cinemas, Inc. and Regal CineMedia Holdings, LLC as a result of the pending Chapter 11 cases of those entities and their affiliated debtors and debtors in possession; 3) the impact of pandemics, epidemics or disease outbreaks, such as the novel coronavirus (COVID-19) and the success of actions taken to mitigate such situations, vaccine rollouts and potential changes to consumer behavior; 4) our need for additional funding, risks and uncertainties relating to our significant indebtedness; 5) the availability and predictability of major motion pictures displayed in theaters; 6) increased competition for advertising expenditures; 7) inability to implement or achieve new revenue opportunities; 8) failure to realize the anticipated benefits of the 2019 amendments to the Company's exhibitor service agreements with Regal and Cinemark; 9) technological changes and innovations; 10) economic conditions, including the level of expenditures on and perception of cinema advertising; 11) our ability to renew or replace expiring advertising and content contracts; 12) reinvestment in our network and product offerings may require significant funding and resulting reallocation of resources; 13) fluctuations in and timing of operating costs; and 14) changes in interest rates. In addition, the outlook provided does not include the impact of any future unusual or infrequent transactions; sales and acquisitions of operating assets and investments; any future non-cash impairments of intangible and fixed assets; amounts related to litigation or the related impact of taxes that may occur from time to time due to management decisions and changing business circumstances. The Company is currently unable to forecast precisely the timing and/or magnitude of any such amounts or events. Please refer to the Company's Securities and Exchange Commission filings, including the "Risk Factor" section of the Company's Annual Report on Form 10-K for the year ended December 30, 2021 and subsequent Quarterly Reports on Form 10-Q, for further information about these and other risks. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. The Company undertakes no obligation to update any forward-looking statement, whether as a result, of new information, future events or otherwise, except as required by law.

This press release contains references to Non-GAAP financial measures including Adjusted OIBDA (Operating Income Before Depreciation and Amortization, Amortization of intangibles recorded for network theater screen leases, excluding share-based payment costs, advisor fees related to the Cineworld proceeding, certain sales force reorganization costs, impairment of long lived-assets, and CEO transition costs). A reconciliation of these measures is available in this press release and on the investor page of the Company's website at www.ncm.com.

NATIONAL CINEMEDIA, INC. Condensed Consolidated Statements of Income Unaudited (\$ in millions, except per share data)

	Quarter Ended		Nine Months Ended	
	September 29, 2022	September 30, 2021	September 29, 2022	September 30, 2021
Revenue	\$ 54.5	\$ 31.7	\$ 157.5	\$ 51.1
OPERATING EXPENSES:				
Advertising operating costs	6.3	5.2	19.3	9.9
Network costs	2.1	2.0	6.2	5.7
Theater access fees and revenue share to founding members	21.3	16.7	62.4	31.0
Selling and marketing costs	10.4	8.2	31.0	24.8
Administrative and other costs	10.8	9.6	30.2	29.4
Impairment of long-lived assets	—	—	5.8	—
Depreciation expense	1.5	2.5	5.1	8.4
Amortization of intangibles recorded for network theater screen leases	6.3	6.2	18.7	18.5
Total	<u>58.7</u>	<u>50.4</u>	<u>178.7</u>	<u>127.7</u>
OPERATING LOSS	<u>(4.2)</u>	<u>(18.7)</u>	<u>(21.2)</u>	<u>(76.6)</u>
NON-OPERATING EXPENSES:				
Interest on borrowings	19.8	16.6	57.3	48.2
Interest income	(0.1)	—	(0.1)	(0.1)
(Gain) loss on modification and retirement of debt, net	—	—	(5.9)	0.8
(Gain) loss on re-measurement of the payable to founding members under the tax receivable agreement	(2.2)	(1.8)	4.0	(3.2)
Other non-operating (income) expense	—	—	(0.2)	0.1
Total	<u>17.5</u>	<u>14.8</u>	<u>55.1</u>	<u>45.8</u>
LOSS BEFORE INCOME TAXES	<u>(21.7)</u>	<u>(33.5)</u>	<u>(76.3)</u>	<u>(122.4)</u>
Income tax expense	—	—	—	—
CONSOLIDATED NET LOSS	<u>(21.7)</u>	<u>(33.5)</u>	<u>(76.3)</u>	<u>(122.4)</u>
Less: Net loss attributable to noncontrolling interests	<u>(12.8)</u>	<u>(18.3)</u>	<u>(41.5)</u>	<u>(65.1)</u>
NET LOSS ATTRIBUTABLE TO NCM, INC.	<u>\$ (8.9)</u>	<u>\$ (15.2)</u>	<u>\$ (34.8)</u>	<u>\$ (57.3)</u>
NET LOSS PER NCM, INC. COMMON SHARE				
Basic	\$ (0.11)	\$ (0.19)	\$ (0.43)	\$ (0.72)

Diluted	\$	(0.11)	\$	(0.19)	\$	(0.43)	\$	(0.72)
WEIGHTED AVERAGE SHARES OUTSTANDING:								
Basic		81,605,806		80,359,723		81,371,370		79,652,152
Diluted		81,605,806		80,359,723		81,371,370		79,652,152
Dividends declared per common share	\$	0.03	\$	0.05	\$	0.11	\$	0.15

NATIONAL CINEMEDIA, INC.
Selected Condensed Balance Sheet Data
Unaudited (\$ in millions)

	As of	
	September 29, 2022	December 30, 2021
Cash, cash equivalents and marketable securities	\$ 74.8	\$ 102.5
Receivables, net	58.8	53.0
Property and equipment, net	12.7	21.3
Total assets	775.4	817.4
Borrowings, gross	1,129.8	1,108.0
Total equity/(deficit)	(453.8)	(383.5)
Total liabilities and equity	775.4	817.4

NATIONAL CINEMEDIA, INC.
Operating Data
Unaudited

	Quarter Ended		September 30, 2021	
	September 29, 2022	September 30, 2021	September 29, 2022	September 30, 2021
Total Screens (100% Digital) at Period End (1)(5)	20,201	16,155	20,776	16,500
Founding Member Screens at Period End (2)(5)				
	Quarter Ended		Nine Months Ended	
	September 29, 2022	September 30, 2021	September 29, 2022	September 30, 2021
<i>(in millions)</i>				
Total Attendance for Period (3)(5)	106.6	75.7	306.8	138.6
Founding Member Attendance for Period (4)(5)	86.5	60.6	247.6	109.3
Capital Expenditures (6)	\$ 0.8	\$ 0.9	\$ 2.4	\$ 4.3

- (1) Represents the total screens within NCM LLC's advertising network.
- (2) Represents the total founding member screens.
- (3) Represents the total attendance within NCM LLC's advertising network.
- (4) Represents the total attendance within NCM LLC's advertising network in theaters operated by the founding members.
- (5) Excludes screens and attendance associated with certain AMC Carmike theaters for each period presented.
- (6) Includes certain other implementation costs associated with cloud computing arrangements.

NATIONAL CINEMEDIA, INC.
Operating Data
Unaudited
(In millions, except advertising revenue per attendee, margin and per share data)

	Quarter Ended		Nine Months Ended	
	September 29, 2022	September 30, 2021	September 29, 2022	September 30, 2021
Revenue breakout:				
National advertising revenue	\$ 39.7	\$ 22.6	\$ 116.7	\$ 34.3
Local and regional advertising revenue	9.8	5.7	26.4	10.8
Total advertising revenue (excluding beverage)	\$ 49.5	\$ 28.3	\$ 143.1	\$ 45.1
Total revenue	\$ 54.5	\$ 31.7	\$ 157.5	\$ 51.1
Per attendee data:				
National advertising revenue per attendee	\$ 0.372	\$ 0.299	\$ 0.380	\$ 0.247
Local and regional advertising revenue per attendee	\$ 0.092	\$ 0.075	\$ 0.086	\$ 0.078
Total advertising revenue (excluding beverage) per attendee	\$ 0.464	\$ 0.374	\$ 0.466	\$ 0.325
Total revenue per attendee	\$ 0.511	\$ 0.419	\$ 0.513	\$ 0.369

Total attendance (1)	106.6	75.7	306.8	138.6
Other operating data:				
Operating loss	\$ (4.2)	\$ (18.7)	\$ (21.2)	\$ (76.6)
Adjusted OIBDA (2)	\$ 7.0	\$ (8.2)	\$ 15.2	\$ (43.1)
Adjusted OIBDA margin (2)	12.8 %	(25.9)%	9.7 %	(84.3)%
Loss per share - basic	\$ (0.11)	\$ (0.19)	\$ (0.43)	\$ (0.72)
Loss per share - diluted	\$ (0.11)	\$ (0.19)	\$ (0.43)	\$ (0.72)
Adjusted loss per share - diluted (2)	\$ (0.13)	\$ (0.19)	\$ (0.33)	\$ (0.72)

(1) Represents the total attendance within NCM LLC's advertising network. Excludes screens and attendance associated with certain AMC Carmike theaters for all periods presented.

(2) Adjusted OIBDA, Adjusted OIBDA margin and adjusted loss per share are not financial measures calculated in accordance with GAAP in the United States. See attached tables for the non-GAAP reconciliations.

NATIONAL CINEMEDIA, INC.
Non-GAAP Reconciliations
Unaudited

Adjusted OIBDA and Adjusted OIBDA Margin

Adjusted Operating Income Before Depreciation and Amortization ("Adjusted OIBDA") and Adjusted OIBDA margin are not financial measures calculated in accordance with GAAP in the United States. Adjusted OIBDA represents operating income (loss) before depreciation expense adjusted to also exclude amortization of intangibles recorded for network theater screen leases and non-cash share-based compensation costs, impairment of long-lived assets, advisor fees related to the Cineworld proceeding and certain sales force reorganization costs. Adjusted OIBDA margin is calculated by dividing Adjusted OIBDA by total revenue. Our management uses these non-GAAP financial measures to evaluate operating performance, to forecast future results and as a basis for compensation. The Company believes these are important supplemental measures of operating performance because they eliminate items that have less bearing on its operating performance and so highlight trends in its core business that may not otherwise be apparent when relying solely on GAAP financial measures. The Company believes the presentation of these measures is relevant and useful for investors because it enables them to view performance in a manner similar to the method used by the Company's management, helps improve their ability to understand the Company's operating performance and makes it easier to compare the Company's results with other companies that may have different depreciation policies, amortization of intangibles recorded for network theater screen leases, non-cash share based compensation programs, costs related to sales force reorganization, impairments of long-lived assets, advisor fees related to the Cineworld proceeding, executive transition costs, interest rates, debt levels or income tax rates. A limitation of these measures, however, is that they exclude depreciation and amortization of intangibles recorded for network theater screen leases, which represent a proxy for the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in the Company's business. In addition, Adjusted OIBDA has the limitation of not reflecting the effect of the Company's share-based payment costs, impairments of long-lived assets, costs related to sales force reorganization, executive transition costs or advisor fees related to the Cineworld proceeding. Adjusted OIBDA should not be regarded as an alternative to operating income, net income or as an indicator of operating performance, nor should it be considered in isolation of, or as a substitute for financial measures prepared in accordance with GAAP. The Company believes that operating income (loss) is the most directly comparable GAAP financial measure to Adjusted OIBDA. Because not all companies use identical calculations, these non-GAAP presentations may not be comparable to other similarly titled measures of other companies, or calculations in the Company's debt agreement.

The Company has not provided a reconciliation of the forward-looking non-GAAP Adjusted OIBDA measure to forward-looking GAAP operating income due to the inability to predict the amount and timing of impacts outside of the Company's control, such as the ongoing COVID-19 pandemic, on certain items, including the timing of revenue and charges reflected in our reconciliation of historic numbers, the amount of which, based on historical experience, could be significant and are difficult to reasonably predict. Accordingly, a reconciliation of this non-GAAP measure is not available without unreasonable effort.

The following table reconciles operating loss to Adjusted OIBDA for the periods presented (dollars in millions):

	Quarter Ended		Nine Months Ended	
	September 29, 2022	September 30, 2021	September 29, 2022	September 30, 2021
Operating loss	\$ (4.2)	\$ (18.7)	\$ (21.2)	\$ (76.6)
Depreciation expense	1.5	2.5	5.1	8.4
Amortization of intangibles recorded for network theater screen leases	6.3	6.2	18.7	18.5
Share-based compensation costs (1)	2.1	1.7	5.1	6.5
Impairment of long-lived assets (2)	—	—	5.8	—
Sales force reorganization costs (3)	—	—	0.4	—
Executive transition costs (4)	—	0.1	—	0.1
Advisor fees related to the Cineworld proceeding (5)	1.3	—	1.3	—
Adjusted OIBDA	<u>\$ 7.0</u>	<u>\$ (8.2)</u>	<u>\$ 15.2</u>	<u>\$ (43.1)</u>
Total revenue	<u>\$ 54.5</u>	<u>\$ 31.7</u>	<u>\$ 157.5</u>	<u>\$ 51.1</u>
Adjusted OIBDA margin	<u>12.8 %</u>	<u>(25.9)%</u>	<u>9.7 %</u>	<u>(84.3)%</u>
Adjusted OIBDA	\$ 7.0	\$ (8.2)	\$ 15.2	\$ (43.1)
Integration and encumbered theater payments	0.3	0.2	1.6	0.3
Adjusted OIBDA after integration and encumbered theater payments	<u>\$ 7.3</u>	<u>\$ (8.0)</u>	<u>\$ 16.8</u>	<u>\$ (42.8)</u>

- (1) Share-based compensation costs are included in network operations, selling and marketing and administrative expense in the accompanying financial tables as shown in the following table (dollars in millions).

	Quarter Ended		Nine Months Ended	
	September 29, 2022	September 30, 2021	September 29, 2022	September 30, 2021
Share-based compensation costs included in network costs	\$ 0.2	\$ 0.2	\$ 0.5	\$ 0.5
Share-based compensation costs included in selling and marketing costs	0.5	0.4	1.2	1.4
Share-based compensation costs included in administrative and other costs	1.3	1.1	3.4	4.6
Total share-based compensation costs	<u>\$ 2.1</u>	<u>\$ 1.7</u>	<u>\$ 5.1</u>	<u>\$ 6.5</u>

- (2) The impairment of long-lived assets primarily relates to the write down of internally-developed software no longer in use.
(3) Sales force reorganization costs represent redundancy costs associated with changes to the Company's sales force implemented during the first quarter of 2022.
(4) Executive transition costs represent costs associated with the search for a new Company CFO during the third quarter of 2021.
(5) Advisor and legal fees incurred in connection with the Company's involvement in the Cineworld proceeding during the third quarter of 2022.

Adjusted Net Loss and Loss per Share

Adjusted net loss and loss per share are not financial measures calculated in accordance with GAAP in the United States. Adjusted net loss and loss per share are calculated using reported net loss and loss per share and exclude the sales force reorganization costs, impairment of long-lived assets and loss on re-measurement of the payable to the founding members under the tax receivable agreement. Our management uses these non-GAAP financial measures as an additional tool to evaluate operating performance. The Company believes these are important supplemental measures of operating performance because they eliminate items that have less bearing on its operating performance and so highlight trends in its core business that may not otherwise be apparent when relying solely on GAAP financial measures. The Company believes the presentation of these measures is relevant and useful for investors because it enables them to view performance in a manner similar to a method used by the Company's management and helps improve their ability to understand the Company's operating performance. Adjusted net loss and loss per share should not be regarded as alternatives to net loss and loss per share or as indicators of operating performance, nor should they be considered in isolation of, or as substitutes for financial measures prepared in accordance with GAAP. The Company believes that net loss and loss per share are the most directly comparable GAAP financial measures. Because not all companies use identical calculations, these presentations may not be comparable to other similarly titled measures of other companies.

The following table reconciles as reported net loss and loss per share to adjusted net loss and loss per share excluding the impairment of long-lived assets, sales force reorganization costs, executive transition costs, advisor fees related to the Cineworld proceeding and loss on re-measurement of the payable to founding members under the tax receivable agreement for the periods presented (dollars in millions):

	Quarter Ended		Nine Months Ended	
	September 29, 2022	September 30, 2021	September 29, 2022	September 30, 2021
Net loss as reported	\$ (8.9)	\$ (15.2)	\$ (34.8)	\$ (57.3)
Impairment of long-lived assets (1)	—	—	5.8	—
Sales force reorganization costs (2)	—	—	0.4	—
Executive transition costs (3)	—	0.1	—	0.1
Advisor fees related to the Cineworld proceeding (4)	1.3	—	1.3	—
Effect of noncontrolling interests (52.5%, 51.8%, 52.5% and 51.8%, respectively)	(0.7)	(0.1)	(3.9)	(0.1)
Effect of provision for income taxes (0.0%, 0.0%, 0.0% and 0.0% blended rates, respectively) (5)	—	—	—	—
Loss (gain) on re-measurement of the payable to founding members under the tax receivable agreement (6)	(2.2)	—	4.0	—
Net effect of adjusting items	<u>\$ (1.6)</u>	<u>\$ —</u>	<u>\$ 7.6</u>	<u>\$ —</u>
Net loss excluding adjusting items	<u>\$ (10.5)</u>	<u>\$ (15.2)</u>	<u>\$ (27.2)</u>	<u>\$ (57.3)</u>
Weighted Average Shares Outstanding as reported				
Diluted	81,605,806	80,359,723	81,371,370	79,652,152
Diluted loss per share as reported	\$ (0.11)	\$ (0.19)	\$ (0.43)	\$ (0.72)
Net effect of adjusting items	(0.02)	—	0.10	—
Diluted loss per share excluding adjusting items	<u>\$ (0.13)</u>	<u>\$ (0.19)</u>	<u>\$ (0.33)</u>	<u>\$ (0.72)</u>

- (1) The impairment of long-lived assets primarily relates to the write down of internally-developed software no longer in use.
(2) Sales force reorganization costs represents redundancy costs associated with changes to the Company's sales force implemented during the first quarter of 2022.
(3) Executive transition costs represent costs associated with the search for a new Company CFO during the third quarter of 2021.
(4) Advisor and legal fees incurred in connection with the Company's involvement in the Cineworld proceeding during the third quarter of 2022.
(5) The rates utilized to tax effect the adjusting items represent the effective tax rates for the respective periods.
(6) The loss (gain) on the re-measurement of the payable to the founding members is related to the change in our payable to the founding members under the tax receivable agreement resulting from a change in projected taxable income before TRA deductions for the years ended December 29, 2022 and December 30, 2021.

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INVESTOR CONTACT:

Dan Dorenkamp
800-844-0935
investors@ncm.com

MEDIA CONTACT:

Pam Workman
press@ncm.com

Source: National CineMedia, Inc.