National CineMedia, Inc.

Reconciliation of Operating Income to Adjusted OIBDA, Adjusted OIBDA Margin and Free Cash Flow

(dollars in millions)

(unaudited)

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 before depreciation and amortization expense adjusted to also exclude amortization of intangibles recorded for network theater screen leases, non-cash share based compensation costs and Chief Executive Officer transition costs. Adjusted OIBDA margin is calculated by dividing Adjusted OIBDA by total revenue. Free Cash Flow represents Adjusted OIBDA, described above, plus integration payments, less capital expenditures. 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 and amortization policies, amortization of intangibles recorded for network theater screen leases, non-cash share based compensation programs, CEO turnover, interest rates, debt levels or income tax rates. A limitation of these measures, however, is that they exclude depreciation and amortization, 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 amortization of intangibles recorded for network theater screen leases, share based payment costs or costs associated with the resignation of the Company's former Chief Executive Officer. 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 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.

	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
Operating income	$ 153.9	$ 11.0	$ 40.2	$ 42.3	$ 60.8	$ 154.3	$ 10.9	$ 37.7	$ 40.0	$ 72.7	$ 161.3	$ 4.9	$ (23.8)	$ (21.3)	$ (20.8)	$ (61.0)	$ (28.3)
Depreciation expense	11.0	2.8	3.1	3.1	3.6	12.6	3.3	3.3	3.4	3.6	13.6	3.2	3.2	3.1	3.6	13.1	3.3
Amortization expense *(1)*	26.6	6.7	6.9	6.9	6.8	27.3	—	—	—	—	—	—	—	—	—	—	—
Amortization of intangibles recorded for network theater screen leases *(1)*	—	—	—	—	—	—	6.9	7.0	6.8	6.0	26.7	6.1	6.1	6.2	6.2	24.6	6.1
Share-based compensation costs *(2)*	11.2	2.8	2.1	1.3	1.6	7.8	0.8	2.1	1.4	1.2	5.5	0.2	0.1	0.8	1.1	2.2	2.7
CEO transition costs	0.6	—	—	—	3.4	3.4	0.2	0.1	0.1	—	0.4	—	—	—	—	—	—
Impairment of long-lived assets *(3)*	—	—	—	—	—	—	—	—	—	—	—	—	1.7	—	—	1.7	—
Early lease termination expense	1.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Adjusted OIBDA	$ 205.1	$ 23.3	$ 52.3	$ 53.6	$ 76.2	$ 205.4	$ 22.1	$ 50.2	$ 51.7	$ 83.5	$ 207.5	$ 14.4	$ (12.7)	$ (11.2)	$ (9.9)	$ (19.4)	$ (16.2)
Integration and encumbered theater payments	12.9					22.7					21.7					1.4	
Capital expenditures	(12.3)					(15.4)					(15.3)					(11.2)	
Free cash flow	$ 205.7					$ 212.7					$ 213.9					$ (29.2)	
Total revenue	$ 444.8	$ 80.2	$ 113.7	$ 110.1	$ 137.4	$ 441.4	$ 76.9	$ 110.2	$ 110.5	$ 147.2	$ 444.8	$ 64.7	$ 4.0	$ 6.0	$ 15.7	$ 90.4	$ 5.4
Adjusted OIBDA margin	46.1%	29.1%	46.0%	48.7%	55.5%	46.5%	28.8%	45.6%	46.8%	56.7%	46.7%	22.3%	-317.5%	-186.7%	-63.1%	-21.5%	-300.0%

(1) Following the adoption of ASC 842, as discussed in our current report on Form 10-Q filed with the SEC on May 6, 2019 for the quarter ended March 28, 2019, amortization of the ESA and affiliate intangible balances is considered a form of lease expense and has been reclassified to this account as of the adoption date, December 28, 2018. The Company adopted ASC 842 prospectively and thus, prior period balances remain within amortization expense.

(2) Share-based compensation costs are included in network operations, selling and marketing and administrative expense in the financial statements.

(3) The impairments of long-lived assets primarily relate to the write off of certain internally developed software.