

National CineMedia, Inc.

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

(dollars in millions)

(unaudited)

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 non-cash share-based compensation costs, impairment of long-lived assets, workforce reorganization costs, loss on termination of Regal ESA, satellite transition costs, system optimization costs and fees and expenses related to involvement in the Cineworld Proceeding and Chapter 11 Case. 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 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, non-cash share-based compensation programs, impairment of long-lived assets, workforce reorganization costs, loss on termination of Regal ESA, satellite transition costs, system optimization costs and fees and expenses related to involvement in the Cineworld Proceeding and Chapter 11 Case, 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 NCM LLC's business. In addition, Adjusted OIBDA has the limitation of not reflecting the effect of the Company's depreciation, amortization, share-based compensation costs, impairment of long-lived assets, workforce reorganization costs, loss on termination of Regal ESA, satellite transition costs, system optimization costs and fees and expenses related to involvement in the Cineworld Proceeding or Chapter 11 Case. Adjusted OIBDA should not be regarded as an alternative to operating income, net income or as indicators of operating performance, nor should it be considered in isolation of, or as substitutes 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 NCM LLC's debt agreement.

Unlevered free cash flow is not a financial measure calculated in accordance with GAAP in the United States. Unlevered free cash flow is net cash provided by or used in operating activities reduced by purchases of property and equipment, adjusted to exclude cash interest expense. Our management use this non-GAAP financial measure to evaluate operating performance, to forecast future results and as a basis for compensation. The Company believes this is an important supplemental measure of operating performance because it eliminates items that have less bearing on its operating performance and 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 this measure 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 cash flow policies. A limitation of this measure, however, is that it excludes purchases of property and equipment and cash interest expense. Unlevered free cash flow has the limitation of not reflecting the effect of the Company's cash interest expense and purchases of property and equipment. Unlevered free cash flow should not be regarded as an alternative to net cash provided by or used in operating activities or as indicators of operating performance, nor should it be considered in isolation of, or as substitutes for financial measures prepared in accordance with GAAP. The Company believes that net cash provided by or used in operating activities is the most directly comparable GAAP financial measure to unlevered free cash flow. 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 NCM LLC's debt agreement.

	Q1 2023	Q2 2023*	Q3 2023*	Q4 2023*	FY 2023*	Q1 2024	Q2 2024*	Q3 2024*
Operating (loss) income	\$ (30.6)	\$ (2.2)	\$ (150.7)	\$ 21.3	\$ (180.9)	\$ (22.7)	\$ (9.2)	\$ (7.5)
Depreciation expense	1.3	1.3	1.0	1.0	4.6	1.1	1.1	1.2
Amortization expense	6.2	6.2	7.8	9.6	29.8	9.5	9.4	9.5
Share-based compensation costs(1)	1.6	1.2	1.2	1.5	5.5	2.6	3.5	3.1
Impairment of long-lived assets(2)	—	—	9.6	(0.7)	8.9	—	—	—
Workforce reorganization costs (3)	—	—	—	—	—	1.5	1.4	0.2
Loss on termination of Regal ESA, net(4)	—	—	125.6	—	125.6	—	—	—
Satellite transition costs(5)	—	—	—	—	—	—	0.3	0.2
System optimization costs(6)	—	—	—	—	—	—	—	0.1
Fees and expenses related to the Cineworld Proceeding and Chapter 11 Case included within Operating Income(7)	10.6	6.0	16.8	7.1	59.2	2.3	1.1	2.0
Adjusted OIBDA	\$ (10.9)	\$ 12.5	\$ 11.3	\$ 39.8	\$ 52.7	\$ (5.7)	\$ 7.6	\$ 8.8
Total revenue	\$ 34.9	\$ 64.4	\$ 69.6	\$ 90.9	\$ 259.8	\$ 37.4	\$ 54.7	\$ 62.4
Adjusted OIBDA margin	-31.2%	19.4%	16.2%	43.8%	20.3%	-15.2%	13.9%	14.1%
Net cash provided by (used in) operating activities	\$ 10.4	\$ (5.9)	\$ (26.8)	\$ 15.6	\$ (6.7)	\$ 24.1	\$ 7.7	\$ (2.0)
Purchases of property and equipment	(1.0)	(0.1)	(0.6)	(1.6)	(3.3)	(1.5)	(1.3)	(0.6)
Unlevered free cash flow	\$ 9.4	\$ (6.0)	\$ (27.4)	\$ 14.0	\$ (10.0)	\$ 22.6	\$ 6.4	\$ (2.6)
Cash interest expense	12.2	—	—	0.3	12.5	0.2	0.3	0.2
Unlevered free cash flow	\$ 21.6	\$ (6.0)	\$ (27.4)	\$ 14.3	\$ 2.5	\$ 22.8	\$ 6.7	\$ (2.4)

(1) Share-based compensation costs are included in network operations, selling and marketing and administrative expense in the accompanying unaudited Condensed Consolidated Financial Statements.

(2) The impairment of long-lived assets primarily relates to the write down of certain intangible assets related to a purchased affiliate and leasehold improvements no longer in use.

(3) Workforce reorganization costs represents redundancy costs associated with changes to the Company's workforce primarily implemented during the first quarter of 2024, as well as related office relocations.

(4) The net impact of Regal's termination of the ESA resulting from the disposal of the intangible asset partially offset by the surrender of Regal's ownership in the Company and the forgiveness of prepetition claims.

(5) One-time costs of transitioning satellite providers in the second and third quarter of 2024.

(6) System optimization costs represents costs incurred related to a one-time assessment of the technology surrounding the Company's programmatic offerings incurred in the third quarter of 2024.

(7) Advisor and legal fees and expenses incurred in connection with the Company's involvement in the Cineworld Proceeding and Chapter 11 Case and related litigation during the first, second and third quarter of 2024, as well as retention related expenses and retainers to the members of the special and restructuring committees of the Company's Board of Directors during the first, second and third quarter of 2023.

* With respect to operating data, all activity during NCM LLC's financial restructuring from April 11, 2023, to August 7, 2023, when NCM LLC was deconsolidated from NCM, Inc., represents activity and balances for NCM, Inc. standalone. All activity and balances prior to the deconsolidation of NCM LLC on April 11, 2023, and after the reconsolidation of NCM LLC on August 7, 2023, represent NCM, Inc. consolidated, inclusive of NCM LLC. The operating results for NCM LLC, which management believes better represent the Company's historical consolidated performance, are presented within this reconciliation

National CineMedia, Inc.**Reconciliation of Operating Expense to Adjusted Operating Expense***(dollars in millions)**(unaudited)*

Adjusted Operating Expense represents operating expense adjusted to exclude depreciation and amortization expense, non-cash share-based compensation costs, workforce reorganization costs, satellite transition costs, system optimization costs and fees and expenses related to involvement in the Cineworld proceeding and Chapter 11 case. Our management use this non-GAAP financial measure to evaluate operating performance, and to forecast future results. The Company believes this is an important supplemental measure of operating performance because it eliminates items that have less bearing on its operating performance and 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 this measure 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, non-cash share-based compensation programs, workforce reorganization costs, satellite transition costs, system optimization costs and fees and expenses related to involvement in the Cineworld proceeding and Chapter 11 case, interest rates, debt levels or income tax rates. A limitation of this measure, 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 NCM LLC's business. In addition, Adjusted Operating Expense has the limitation of not reflecting the effect of the Company's depreciation, amortization, non-cash share-based compensation costs, workforce reorganization costs, satellite transition costs, system optimization costs and fees and expenses related to involvement in the Cineworld proceeding and Chapter 11 case. Adjusted OIBDA should not be regarded as an alternative to operating income, net income or as indicators of operating performance, nor should it be considered in isolation of, or as substitutes for financial measures prepared in accordance with GAAP. The Company believes that operating expense is the most directly comparable GAAP financial measure to Adjusted Operating Expense. 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 NCM LLC's debt agreement.

	Q1 2024	Q2 2024*	Q3 2024*
Operating expense	\$ 60.1	\$ 63.9	\$ 69.9
Depreciation expense	(1.1)	(1.1)	(1.2)
Amortization expense	(9.5)	(9.4)	(9.5)
Share-based compensation costs (1)	(2.6)	(3.5)	(3.1)
Workforce reorganization costs (2)	(1.5)	(1.4)	(0.2)
Satellite transition costs (3)	—	(0.3)	(0.2)
System optimization costs (4)	—	—	(0.1)
Fees and expenses related to the Cineworld Proceeding and Chapter 11 Case included within Operating Income (5)	(2.3)	(1.1)	(2.0)
Adjusted Operating Expense	\$ 43.1	\$ 47.1	\$ 53.6

(1) Share-based compensation costs are included in network operations, selling and marketing and administrative expense in the accompanying unaudited Condensed Consolidated Financial Statements.

(2) Workforce reorganization costs represents redundancy costs associated with changes to the Company's workforce primarily implemented during the first quarter of 2024, as well as related office relocations.

(3) One-time costs of transitioning satellite providers in the second and third quarter of 2024.

(4) System optimization costs represents costs incurred related to a one-time assessment of the technology surrounding the Company's programmatic offerings incurred in the third quarter of 2024.

(5) Advisor and legal fees and expenses incurred in connection with the Company's involvement in the Cineworld Proceeding and Chapter 11 Case and related litigation during the first, second and third quarter of 2024, as well as retention related expenses and retainers to the members of the special and restructuring committees of the Company's Board of Directors during the first, second and third quarter of 2023.

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