

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: March 31, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-8625



READING INTERNATIONAL, INC.

(Exact name of Registrant as specified in its charter)

Nevada

State or other jurisdiction of incorporation or organization)

95-3885184

(IRS Employer Identification Number)

189 Second Avenue , Suite 2S

New York , New York

(Address of principal executive offices)

10003

(Zip Code)

Registrant's telephone number, including area code: **(213) 235-2240**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Nonvoting Common Stock, \$0.01 par value	RDI	The Nasdaq Stock Market LLC
Class B Voting Common Stock, \$0.01 par value	RDIB	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐ Accelerated Filer ☐ Non-Accelerated Filer ☒ Smaller Reporting Company ☒ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of May 14, 2024, there were

20,745,819

shares of Class A Nonvoting Common Stock, \$0.01 par value per share, and

1,680,590

shares of Class B Voting Common Stock, \$0.01 par value per share, outstanding.

READING INTERNATIONAL, INC. AND SUBSIDIARIES

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PART 1 – FINANCIAL INFORMATION

Item 1 - Financial Statements
READING INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands, except share information)

	March 31, 2024 (unaudited)	December 31, 2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 7,501	\$ 12,906
Restricted cash	831	2,535
Receivables	7,104	7,561
Inventories	1,318	1,648
Prepaid and other current assets	3,069	2,881
Land and property held for sale	460	11,179
Total current assets	20,283	38,710
Operating property, net	253,809	262,417
Operating lease right-of-use assets	172,201	181,542
Investment and development property, net	8,353	8,789
Investment in unconsolidated joint ventures	4,539	4,756
Goodwill	24,671	25,535
Intangible assets, net	1,944	2,038
Deferred tax asset, net	112	299
Other assets	8,948	8,965
Total assets	\$ 494,860	\$ 533,051
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 47,826	\$ 43,828
Film rent payable	5,481	6,038
Debt - current portion	41,464	34,484

Subordinated debt - current portion	393	586
Taxes payable - current	1,025	1,376
Deferred revenue	9,893	10,993
Operating lease liabilities - current portion	22,198	23,047
Other current liabilities	6,569	6,731
Total current liabilities	134,849	127,083
Debt - long-term portion	125,459	146,605
Subordinated debt, net	27,228	27,172
Noncurrent tax liabilities	6,234	6,586
Operating lease liabilities - non-current portion	171,793	180,898
Other liabilities	11,569	11,711
Total liabilities	\$ 477,132	\$ 500,055
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Class A non-voting common shares, par value \$		
0.01		
,		
100,000,000		
shares authorized,		
33,611,296		
issued and		
20,675,185		
outstanding at March 31, 2024 and		
33,602,627		
issued and		
20,666,516	237	237
outstanding at December 31, 2023		
Class B voting common shares, par value \$		
0.01		
,		
20,000,000		
shares authorized and		

1,680,590

17

17

issued and outstanding at March 31, 2024 and December 31, 2023

Nonvoting preferred shares, par value \$

0.01

,

12,000

shares authorized and

no

issued

or outstanding shares at March 31, 2024 and December 31, 2023

—

—

156,078

155,402

Additional paid-in capital

(

(

92,717

79,489

Retained earnings/(deficits)

)

)

(

(

40,407

40,407

Treasury shares

)

)

(

(

5,211

2,673

Accumulated other comprehensive income

)

)

17,997

33,087

Total Reading International, Inc. stockholders' equity

(

(

269

91

Noncontrolling interests

)

)

17,728

32,996

Total stockholders' equity

494,860

533,051

Total liabilities and stockholders' equity

\$

\$

See accompanying Notes to the Unaudited Consolidated Financial Statements.

READING INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited; U.S. dollars in thousands, except per share data)

	Three Months Ended March 31,	
	2024	2023
Revenue		
Cinema	\$ 41,271	\$ 41,987
Real estate	3,781	3,820
Total revenue	45,052	45,807
Costs and expenses		
Cinema	(40,720)	(41,654)
Real estate	(2,235)	(2,215)
Depreciation and amortization	(4,205)	(4,639)
General and administrative	(5,423)	(5,179)
Total costs and expenses	(52,583)	(53,687)
Operating income (loss)	7,531	7,880
Interest expense, net	(5,286)	(4,117)
Gain (loss) on sale of assets	1,125	—
Other income (expense)	341	174
Income (loss) before income tax expense and equity earnings of unconsolidated joint ventures	13,601	11,823
Equity earnings of unconsolidated joint ventures	25	19
Income (loss) before income taxes	13,626	11,804
Income tax benefit (expense)	223	480
Net income (loss)	\$ 13,403	\$ 11,324
Less: net income (loss) attributable to noncontrolling interests	(175)	(213)
Net income (loss) attributable to Reading International, Inc.	\$ 13,228	\$ 11,111
Basic earnings (loss) per share	\$ 0.59	\$ 0.50

	((
	0.59	0.50
Diluted earnings (loss) per share	\$	\$
Weighted average number of shares outstanding—basic	22,348,994	22,114,927
Weighted average number of shares outstanding—diluted	22,348,994	22,114,927

See accompanying Notes to the Unaudited Consolidated Financial Statements.

READING INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited; U.S. dollars in thousands)

	Three Months Ended March 31,	
	2024	2023
	((
Net income (loss)	\$ 13,403)	\$ 11,324)
	((
Foreign currency translation gain (loss)	2,592)	763)
	((
Gain (loss) on cash flow hedges	—	582)
	51	52
Other	((
	15,944)	12,617)
Comprehensive income (loss)	((
	175)	213)
Less: net income (loss) attributable to noncontrolling interests	((
	1	1
Less: comprehensive income (loss) attributable to noncontrolling interests	((
	15,768	12,403
Comprehensive income (loss)	\$)	\$)

See accompanying Notes to the Unaudited Consolidated Financial Statements.

READING INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; U.S. dollars in thousands)

	Three Months Ended March 31,	
	2024	2023
Operating Activities		
	((
Net income (loss)	\$ 13,403)	\$ 11,324)
<i>Adjustments to reconcile net income (loss) to net cash provided by operating activities:</i>		
	((
Equity earnings of unconsolidated joint ventures	25)	19)
(Gain) loss recognized on foreign currency transactions	5	—
(Gain) loss on sale of assets	1,125	—
Amortization of operating leases	5,414	5,523
Amortization of finance leases	10	8
Change in operating lease liabilities	(5,844)	(5,910)
Change in net deferred tax assets	157	11
Depreciation and amortization	4,205	4,639
Other amortization	505	400
Stock based compensation expense	678	443
<i>Net changes in operating assets and liabilities:</i>		
Receivables	335	1,333
	((
Prepaid and other assets	99)	2,142)
	((
Payments for accrued pension	171)	171)
	((
Accounts payable and accrued expenses	5,805	1,656)
	((
Film rent payable	463)	1,717)
	((
Taxes payable	295)	351)
	((
Deferred revenue and other liabilities	759)	1,321)
	((
Net cash provided by (used in) operating activities	2,770)	11,552)
Investing Activities		
	((
Purchases of and additions to operating and investment properties	1,926)	1,527)

	(
Contributions to unconsolidated joint ventures	31	—
)	
	9,594	—
Proceeds from sale of assets		(
	7,637	1,527
Net cash provided by (used in) investing activities)
Financing Activities		
	((
Repayment of borrowings	11,124	1,116
))
	((
Repayment of finance lease principal	10	8
))
	((
Capitalized borrowing costs	90	154
))
	((
(Cash paid) proceeds from the settlement of employee share transactions	1	131
))
	((
Net cash provided by (used in) financing activities	11,225	1,409
))
	((
Effect of exchange rate on cash and restricted cash	751	114
))
	((
Net increase (decrease) in cash and cash equivalents and restricted cash	7,109	14,602
))
	15,441	34,979
Cash and cash equivalents and restricted cash at the beginning of the period		
Cash and cash equivalents and restricted cash at the end of the period	\$ 8,332	\$ 20,377
Cash and cash equivalents and restricted cash consists of:		
Cash and cash equivalents	\$ 7,501	\$ 14,628
Restricted cash	831	5,749
	8,332	20,377
	\$	\$
Supplemental Disclosures		
Interest paid	\$ 4,858	\$ 4,374
Income taxes (refunded) paid	106	57
Non-Cash Transactions		
Additions to operating and investing properties through accrued expenses		
	2,475	3,127

See accompanying Notes to the Unaudited Consolidated Financial Statements.

READING INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 1 – Description of Business and Segment Reporting

Our Company

Reading International, Inc., a Nevada corporation (“RDI” and collectively with our consolidated subsidiaries and corporate predecessors, the “Company,” “Reading,” and “we,” “us,” or “our”) was incorporated in 1999. Our businesses, owned and operated through our various subsidiaries, consist primarily of:

- the development, ownership, and operation of cinemas in the United States, Australia, and New Zealand; and
- the development, ownership, operation and/or rental of retail, commercial and live venue real estate assets in Australia, New Zealand, and the United States.

Business Segments

Reported below are the operating segments of our Company for which separate financial information is available and evaluated regularly by the Chief Executive Officer, the chief operating decision-maker of our Company. As part of our real estate activities, we hold undeveloped land in urban and suburban centers in the United States and New Zealand.

The table below summarizes the results of operations for each of our business segments for the quarter ended March 31, 2024, and 2023, respectively. Operating expense includes costs associated with the day-to-day operations of the cinemas and the management of rental properties, including our live theatre assets.

(Dollars in thousands)	Three Months Ended March 31,	
	2024	2023
Revenue:		
Cinema exhibition	\$ 41,271	\$ 41,987
Real estate	4,933	5,065
	((
Inter-segment elimination	1,152	1,245
))
	\$ 45,052	\$ 45,807
Segment operating income (loss):		
	((
Cinema exhibition	\$ 4,165	\$ 4,612
))
Real estate	890	1,006
	((
	\$ 3,275	\$ 3,606

A reconciliation of segment operating income to income before income taxes is as follows:

(Dollars in thousands)	Three Months Ended March 31,	
	2024	2023
	((
Segment operating income (loss)	\$ 3,275	\$ 3,606
Unallocated corporate expense		
	((
Depreciation and amortization expense	102	179
))
	((
General and administrative expense	4,154	4,095
))
	((
Interest expense, net	5,286	4,117
))
	((
Equity earnings of unconsolidated joint ventures	25	19
))
	((
Gain (loss) on sale of assets	1,125	—
))
	341	174
Other income (expense)		

	((
	13,626	11,804
Income (loss) before income tax expense	\$)	\$)

Note 2 – Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of our Company's wholly-owned subsidiaries as well as majority-owned subsidiaries that our Company controls, and should be read in conjunction with our Company's Annual Report on Form 10-K as of and for the year ended December 31, 2023 ("2023 Form 10-K"). All significant intercompany balances and transactions have been eliminated on consolidation. These consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim reporting with the instructions for Form 10-Q and Rule 10-01 of Regulation S-X of the Securities and Exchange Commission ("SEC"). As such, they do not include all information and footnotes required by U.S. GAAP for complete financial statements. We believe that we have included all normal and recurring adjustments necessary for a fair presentation of the results for the interim period.

Operating results for the quarter ended March 31, 2024, are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and footnotes thereto. Significant estimates include (i) projections we make regarding the recoverability and impairment of our assets (including goodwill and intangibles), (ii) valuations of our derivative instruments, (iii) recoverability of our deferred tax assets, (iv) estimation of breakage and redemption experience rates, which drive how we recognize breakage on our gift card and gift certificates, and revenue from our customer loyalty program, and (v) estimation of our Incremental Borrowing Rate ("IBR") as relates to the valuation of our right-of-use assets and lease liabilities. Actual results may differ from those estimates .

Note 3 – Impacts on our Business Due to the COVID-19 Pandemic, the 2023 Hollywood Strikes, the Dramatic Interest Rate Rise and Increased Operating Costs, together with our Company's Resources

General

COVID-19 has materially impacted our business since the declaration of a global pandemic in March 2020. Having navigated mandated global closures during the pandemic, our cinema operations were, again, materially disrupted and materially adversely impacted by the 2023 strikes by the Writers Guild of America (WGA) and the American actors' union SAG-AFTRA (Screen Actors Guild-American Federation of Television and Radio Artists) (SAG) over labor disputes with the Alliance of Motion Picture and Television Producers (AMPTP). Also, between March 2022 and July 2023, the Federal Reserve increased the Federal Funds rate from

0.25
% to

5.5
%, which represented the fastest interest rate tightening in U.S. history.

Due to these and other factors, we are experiencing, among other things, soft cinema revenues, increasing costs related to inventory, labor and utilities, and many of our U.S. cinemas are obligated to repay rent deferrals to our landlords as negotiated in 2020-2024. In addition, some of our cinemas are facing automatic rent increases. Cost-reduction efforts in our cinema operating segment continue, including, but not limited to, restricting essential operating expenditures to the minimum levels necessary, reducing employment and utilities costs, and minimizing capital outlays. We continue to work with our landlords to manage our rent obligations. We believe that our film revenues have been adversely impacted by decisions by major film distributors to delay the release of major motion pictures during the 2023 Hollywood Strikes and by the unavailability of actors to promote those pictures that were released during this period. These adverse impacts have carried over into our first quarter.

Our Real Estate operating segment has been less impacted by the COVID-19 pandemic and is generating the expected cash flows.

Going Concern

We continue to evaluate the going concern assertion required by ASC 205-40 *Going Concern* as it relates to our Company. The evaluation of the going concern assertion involves firstly considering whether it is probable that our Company has sufficient resources, as at the issue date of the financial statements, to meet its obligations as they fall due for twelve months following the issue date. Should it be probable that there are not sufficient resources, we must determine whether it is probable that our plans will mitigate the consequential going concern substantial doubt. Our evaluation is informed by current liquidity positions, debt obligations, cash flow estimates, known capital and other expenditure requirements and commitments and our current business plan and strategies. Our Company's business plan - two businesses (real estate and cinema) in three countries (Australia, New Zealand and the U.S.) - has served us well since the onset of COVID-19 and is key to management's overall evaluation of ASC 205-40 *Going Concern*.

As of the end of the first quarter, 2024, we have \$

41.9
million of debt due in twelve months. At March 31, 2024, we have cash of \$

7.5
million and negative working capital of \$

114.6
million. In order to alleviate doubt that our Company will be able to generate sufficient cash flows for the coming twelve-months, these loans need to be refinanced and our revenues and net income need to improve through improved operations and asset monetization.

In April 2024, we exercised our first option to extend our Union Square financing facility, extending the maturity date of that loan (\$

47.1
million at March 31, 2024) to May 6, 2025. We also obtained an extension of our NAB facility (\$

65.2
million at March 31, 2024), extending the maturity date of that loan to July 31, 2026. This extension also includes a bridge loan in the amount of AU\$

20.0
million, maturing on March 31, 2025, subject to prepayment obligations from the net sales proceeds of certain assets. We are in discussions with and believe that we will be able to reach mutually acceptable terms with respect to our Santander (\$

8.0
million, due second quarter of 2024), Cinemas 123 (\$

20.9
million, due third quarter of 2024) and our Westpac (\$

8.3
million, due first quarter of 2025) credit facilities.

We believe that the global cinema industry will continue to improve in the last half of 2024 and 2025. This belief underpins our forecasts and cash flow projections. Our forecasts rely upon, among other things, the market reception to current films such as *Inside Out 2*, *Deadpool* and *Wolverine Despicable Me 4*, the current industry movie release schedule, which demonstrates an increased number of movies to be released from the major studios and other distributors and an improvement in the quality of the movie titles, and the public's demonstrable desire to attend movies in a theatrical environment. These named factors are both out of Management's control and are material, individually and in the aggregate, to the realization of Management's forecasts and expectations. In the event that our forecasts and cash flow estimates, and our reasonable refinancing expectations, do not come to fruition to the extent needed to provide sufficient funding, we are willing and able to pursue additional asset monetizations. Since 2021, we have demonstrated our ability to complete such real estate transactions.

In conclusion, as of the date of issuance of these financial statements, based on our evaluation of ASC 205-40 *Going Concern* and the current conditions and events, considered in the aggregate, and our various plans for enhancing liquidity and the extent to which those plans are progressing, we conclude that our plans are probable of being implemented and that they alleviate the substantial doubt about our Company's ability to continue as a going concern.

Impairment Considerations

Our Company considers that the events and factors described above constitute impairment indicators under *ASC 360 Property, Plant and Equipment*. At December 31, 2023, our Company performed a quantitative recoverability test of the carrying values of all its asset groups. Our Company estimated the undiscounted future cash flows expected to result from the use of these asset groups and found that no impairment charge was necessary. As noted above, the financial performance of our cinemas has been improving. This improved performance at an asset group level, and the impact of this performance on our impairment modelling, resulted in

no impairment charges being recognized for the first three months of 2024. Actual performance against our forecasts is dependent on several variables and conditions, many of which are subject to the uncertainties associated with among other things, the factors presented above, and as a result, actual results may materially differ from management's estimates.

Our Company also considers that the events and factors described above continue to constitute impairment indicators under *ASC 350 Intangibles – Goodwill and Other*. Our Company performed a quantitative goodwill impairment test and determined that our goodwill was not impaired as of December 31, 2023. The test was performed at a reporting unit level by comparing each reporting unit's carrying value, including goodwill, to its fair value. The fair value of each reporting unit was assessed using a discounted cash flow model based on the budgetary revisions performed by management in response to COVID-19 and the developing market conditions. Given the continuing improvements in trading conditions,

no impairment charges were recorded in the first three months of 2024. Actual performance against our forecasts is dependent on several variables and conditions, including among other things, the factors presented above, and as a result, actual results may materially differ from management's estimates.

Note 4 – Operations in Foreign Currency

We have significant assets in Australia and New Zealand. Historically, we have conducted our Australian and New Zealand operations (collectively "foreign operations") on a self-funding basis, where we use cash flows generated by our foreign operations to pay for the expenses of those foreign operations. However, in recent periods, cash flows from our overseas operations have been used to cover our domestic general and administrative costs, interest expense, and loss from our domestic cinema operations. Our Australian and New Zealand assets and liabilities are translated from their functional currencies of Australian dollar ("AU\$") and New Zealand dollar ("NZ\$"), respectively, to the U.S. dollar based on the exchange rate as of March 31, 2024. The carrying value of the assets and liabilities of our foreign operations fluctuates as a result of changes in the exchange rates between the functional currencies of the foreign operations and the U.S. dollar. The translation adjustments are accumulated in the Accumulated Other Comprehensive Income in the Consolidated Balance Sheets.

Due to the natural-hedge nature of our funding policy with respect to our operating costs, we have not historically used derivative financial instruments to hedge against the risk of foreign currency exposure. We take a global view of our financial resources and are flexible in making use of resources from one jurisdiction in other jurisdictions.

Presented in the table below are the currency exchange rates for Australia and New Zealand:

	Foreign Currency / USD		
	As of and for the quarter ended March 31, 2024	As of and for the twelve months ended December 31, 2023	As of and for the quarter ended March 31, 2023
Spot Rate			
Australian Dollar	0.6524	0.6828	0.6704
New Zealand Dollar	0.5987	0.6340	0.6271
Average Rate			
Australian Dollar	0.6572	0.6647	0.6841
New Zealand Dollar	0.6124	0.6145	0.6299

Note 5 – Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing the net income attributable to our Company by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated by dividing the net income attributable to our Company by the weighted average number of common and common equivalent shares outstanding during the period and is calculated using the treasury stock method for equity-based compensation awards.

The following table sets forth the computation of basic and diluted EPS and a reconciliation of the weighted average number of common and common equivalent shares outstanding:

(Dollars in thousands, except share data)	Three Months Ended March 31,	
	2024	2023
Numerator:		
	((
	13,228	11,111
Net income (loss) attributable to Reading International, Inc.	\$)	\$)
Denominator:		
	22,348,994	22,114,927
Weighted average number of common stock – basic		
Weighted average dilutive impact of awards	—	—
	22,348,994	22,114,927
Weighted average number of common stock – diluted	((
	0.59	0.50
Basic earnings (loss) per share	\$)	\$)
	((
	0.59	0.50
Diluted earnings (loss) per share	\$)	\$)
	207,657	783,063
Awards excluded from diluted earnings (loss) per share		

Our weighted average number of common stock - basic increased, primarily as a result of the vesting of restricted stock units. We did

no

t repurchase any shares of Class A Common Stock during the first three months of 2024 and 2023.

Certain shares issuable under stock options and restricted stock units were excluded from the computation of diluted net income (loss) per share in periods when their effect was anti-dilutive; either because our Company incurred a net loss for the period, or the exercise price of the options was greater than the average market price of the common stock during the period, or the effect was anti-dilutive as a result of applying the treasury stock method.

Note 6 – Property and Equipment

Operating Property, net

Property associated with our operating activities as at March 31, 2024 and December 31, 2023, is summarized as follows:

(Dollars in thousands)	March 31, 2024	December 31, 2023
Land	\$ 59,696	\$ 61,095
Building and improvements	201,096	205,821
Leasehold improvements	50,320	53,984
Fixtures and equipment	148,276	155,156
Construction-in-progress	4,335	4,290
Total cost	463,723	480,346
	((
Less: accumulated depreciation	209,914	217,929

	253,809	262,417
Operating property, net	\$	\$

Depreciation expense for operating property was \$

4.1
million for the three months ended March 31, 2024, and \$

4.6
million for three months ended March 31, 2023.

Investment and Development Property, net

Our investment and development property as of March 31, 2024 and December 31, 2023, is summarized below:

<i>(Dollars in thousands)</i>	March 31, 2024	December 31, 2023
Land	\$ 3,642	\$ 3,856
Construction-in-progress (including capitalized interest)	4,711	4,933
Investment and development property	\$ 8,353	\$ 8,789

Construction-in-Progress – Operating and Investment Properties

Construction-in-Progress balances are included in both our operating and development properties. The balances of our major projects along with the movements for the three months ended March 31, 2024, are shown below:

(Dollars in thousands)	Balance, December 31, 2023	Additions during the period	Completed during the period	Foreign currency translation	Balance, March 31, 2024
				(
Courtenay Central development	6,412	—	—	355	6,057
			((
Cinema developments and improvements	1,658	88	35	14	1,697
			((
Other real estate projects	1,153	316	156	21	1,292
			((
Total	\$ 9,223	\$ 404	\$ 191	\$ 390	\$ 9,046

2024 Real Estate Monetizations

Beginning in 2020, we have on an ongoing basis reviewed our various real estate holdings in light of the fact that our cash flow from cinema operations has been adversely affected initially by the governmentally mandated cinema closings ordered in response to the COVID-19 pandemic and then by the lengthy 2023 Hollywood Strikes, and that our overall cash flow continues to be adversely affected by unprecedented increases in interest rates and the impact of inflation and government mandated labor cost increases on our cost of goods sold and cost of operations. Until cinema revenues return to normal and interest rates reduce, other sources of cash will be needed to support our operations and limited funds will be available for capital investment in our properties. Between the fourth quarter of 2020 and the fourth quarter of 2023, we classified as assets held for sale disposal groups and thereafter monetized the following real estate assets: The Auburn/Redyard Entertainment Themed Center ("ETC"), Manukau (land), Coachella (land), the Royal George Theatre, our property in Maitland, New South Wales, our Invercargill, New Zealand cinema and associated ancillary land, and our office building in Culver City (sold in February 2024). A 'disposal group' represents assets to be disposed of in a single transaction. A disposal group may represent a single asset, or multiple assets. As of December 31, 2023, we classified as assets held for sale our approximately

26.6

acre parcel of industrial land in Williamsport, Pennsylvania, historically used as a rail yard.

Discussed below are those real estate transactions affecting the presentation in our consolidated balance sheet as of March 31, 2024 and 2023, and the profitability determination in our consolidated statements of income for the three months ended March 31, 2024, and 2023.

Culver City, Los Angeles

In May 2023, we classified our Culver City administrative building, commonly known as 5995 Sepulveda Blvd., as held for sale. Our book value (as opposed to fair value) of the property was \$

10.8

million, being the lower of cost and fair value less costs to sell.

No

adjustments to the book value of the assets contained within this disposal group were required. The disposal group consisted of land, a building and various leasehold improvements. The sale was completed on February 23, 2024. The proceeds were used to discharge the \$

8.3

million first mortgage which the property was encumbered with.

The loss on sale of this property is calculated as follows:

(Dollars in thousands)	March 31 2024
Sales price	10,000
	(
Net book value	10,800
)
	(
Loss on sale, gross of direct costs	800
)
	(
Direct sale costs incurred	325
)
	(
Loss on sale, net of direct costs	1,125
	\$)

Disposal Groups Held for Sale

2483 Trenton Avenue, Williamsport, Pennsylvania

In June 2023, we classified our approximately

26.6

-acre industrial property at 2483 Trenton Avenue, Williamsport, Pennsylvania, as held for sale at the lower of cost and fair value less costs to sell. The current book value (as opposed to fair value) of the property is \$

460,000

. The property is part of our historic railroad operations, consisting of land and an

18,000

square foot industrial building, and certain rail bed improvements.

No

adjustments to the book value of the assets contained within this disposal group were required. We expect to complete the sale within 12 months.
The property is unencumbered by debt.

Note 7 – Leases

In all leases, whether we are the lessor or lessee, we define lease term as the non-cancellable term of the lease plus any renewals covered by renewal options that are reasonably certain of exercise based on our assessment of economic factors relevant to the lessee. The non-cancellable term of the lease commences on the date the lessor makes the underlying property in the lease available to the lessee, irrespective of when lease payments begin under the contract.

As Lessee

We have operating leases for certain cinemas, and finance leases for certain equipment assets. Our leases have remaining lease terms of 1 to 25 years, with certain leases having options to extend up to a further 20 years. Lease payments for our cinema operating leases consist of fixed base rent, and for certain leases, variable lease payments consisting of contracted percentages of revenue, changes in the relevant CPI, and/or other contracted financial metrics.

The components of lease expense were as follows:

(Dollars in thousands)	Three Months Ended March 31,	
	2024	2023
Lease cost		
Finance lease cost:		
Amortization of right-of-use assets	\$ 10	\$ 8
Interest on lease liabilities	1	—
Operating lease cost	7,801	8,208
Variable lease cost	511	271
Total lease cost	\$ 8,323	\$ 8,487

Supplemental cash flow information related to leases is as follows:

(Dollars in thousands)	Three Months Ended March 31,	
	2024	2023
Cash flows relating to lease cost		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for finance leases	\$ 11	\$ 9
Operating cash flows for operating leases	7,391	8,435
Right-of-use assets obtained in exchange for new operating lease liabilities	—	—

Supplemental balance sheet information related to leases is as follows:

(Dollars in thousands)	March 31, 2024	December 31, 2023
Operating leases		
Operating lease right-of-use assets	\$ 172,201	\$ 181,542
Operating lease liabilities - current portion	22,198	23,047
Operating lease liabilities - non-current portion	171,793	180,898
Total operating lease liabilities	\$ 193,991	\$ 203,945
Finance leases		
Property plant and equipment, gross	225	232
Accumulated depreciation	(152)	(177)

Property plant and equipment, net	\$ 73	\$ 55
Other current liabilities	41	40
Other long-term liabilities	32	43
Total finance lease liabilities	\$ 73	\$ 83
Other information		
Weighted-average remaining lease term - finance leases	2	2
Weighted-average remaining lease term - operating leases	11	11
Weighted-average discount rate - finance leases	7.07 %	7.07 %
Weighted-average discount rate - operating leases	4.63 %	4.62 %

The maturities of our leases were as follows:

<i>(Dollars in thousands)</i>	Operating leases	Finance leases
2024	\$ 30,740	\$ 44
2025	28,928	34
2026	26,990	—
2027	24,215	—
2028	21,433	—
Thereafter	116,048	—
Total lease payments	\$ 248,354	\$ 78
	((
Less imputed interest	54,363	5
))
Total	\$ 193,991	\$ 73

As Lessor

We have entered into various leases as a lessor for our owned real estate properties. These leases vary in length between 1 and 20 years, with certain leases containing options to extend at the behest of the applicable tenants. Lease components consist of fixed base rent, and for certain leases, variable lease payments consisting of contracted percentages of revenue, changes in the relevant CPI, and/or other contracted financial metrics. None of our leases grant any right to the tenant to purchase the underlying asset.

Lease income relating to operating lease payments was as follows:

<i>(Dollars in thousands)</i>	Three Months Ended March 31,	
	2024	2023
Components of lease income		
Lease payments	\$ 2,701	\$ 2,636
Variable lease payments	144	187
Total lease income	\$ 2,845	\$ 2,823

The book value of underlying assets under operating leases from owned assets was as follows:

<i>(Dollars in thousands)</i>	March 31, 2024	December 31, 2023
Building and improvements		
Gross balance	\$ 125,323	\$ 127,222
Accumulated depreciation	(23,414)	(23,270)
Net Book Value	\$ 101,909	\$ 103,952

The minimum contractual rent payments due on our leases were as follows:

<i>(Dollars in thousands)</i>	Operating leases
-------------------------------	---------------------

2024		7,105
	\$	
2025		9,461
2026		7,910
2027		7,131
2028		7,048
Thereafter		22,326
Total	\$	60,981

Note 8 – Goodwill and Intangible Assets

The table below summarizes goodwill by business segment as of March 31, 2024, and December 31, 2023.

<i>(Dollars in thousands)</i>	Cinema	Real Estate	Total
Balance at December 31, 2023	\$ 20,311	\$ 5,224	\$ 25,535
Foreign currency translation adjustment	(864)	—	(864)
Balance at March 31, 2024	\$ 19,447	\$ 5,224	\$ 24,671

Our Company is required to test goodwill and other intangible assets for impairment on an annual basis and, if current events or circumstances require them, on an interim basis. Our next annual evaluation of goodwill and other intangible assets is scheduled during the fourth quarter of 2024. To test the impairment of goodwill, our Company compares the fair value of each reporting unit to its carrying amount, including the goodwill, to determine if there is potential goodwill impairment. A reporting unit is generally one level below the operating segment. As of March 31, 2024, we were not aware that any events indicating potential impairment of goodwill had occurred outside of those described at *Note 3 – Impacts on our Business Due to the COVID-19 Pandemic, the 2023 Hollywood Strikes, the Dramatic Interest Rate Rise and Increased Operating Costs, together with our Company's Resources.*

The tables below summarize intangible assets other than goodwill, as of March 31, 2024, and December 31, 2023, respectively.

<i>(Dollars in thousands)</i>	As of March 31, 2024			Total
	Beneficial Leases	Trade Name	Other Intangible Assets	
Gross carrying amount	\$ 11,247	\$ 9,024	\$ 4,363	\$ 24,634
Less: Accumulated amortization	(11,070)	(7,997)	(3,615)	(22,682)
Less: Impairments	—	—	(8)	(8)
Net intangible assets other than goodwill	\$ 177	\$ 1,027	\$ 740	\$ 1,944

<i>(Dollars in thousands)</i>	As of December 31, 2023			Total
	Beneficial Leases	Trade Name	Other Intangible Assets	
Gross carrying amount	\$ 11,283	\$ 9,024	\$ 4,400	\$ 24,707
Less: Accumulated amortization	(11,089)	(7,961)	(3,611)	(22,661)
Less: Impairments	—	—	(8)	(8)
Net intangible assets other than goodwill	\$ 194	\$ 1,063	\$ 781	\$ 2,038

Beneficial leases obtained in business combinations where we are the landlord are amortized over the life of the relevant leases. Trade names are amortized based on the accelerated amortization method over their estimated useful life of 30 years, and other intangible assets are amortized over their estimated useful lives of up to 30 years (except for transferrable liquor licenses, which are indefinite-lived assets). The table below summarizes the amortization expense of intangible assets for the quarter ended March 31, 2024

<i>(Dollars in thousands)</i>	Three Months Ended March 31,	
	2024	2023
Beneficial lease amortization	\$ 21	\$ 15
Other amortization	60	53
Total intangible assets amortization	\$ 81	\$ 68

Note 9 – Investments in Unconsolidated Joint Ventures

Our investments in unconsolidated joint ventures are accounted for under the equity method of accounting.

The table below summarizes our active investment holdings in

two

(2) unconsolidated joint ventures as of March 31, 2024, and December 31, 2023:

<i>(Dollars in thousands)</i>	Interest	March 31, 2024	December 31, 2023
Rialto Cinemas	50.0 %	\$ 764	\$ 848
Mt. Gravatt	33.3 %	3,775	3,908
Total investments		\$ 4,539	\$ 4,756

For the quarter ended March 31, 2024 and 2023, the recognized share of equity earnings from our investments in unconsolidated joint ventures are as follows:

(Dollars in thousands)	Three Months Ended March 31,	
	2024	2023
	((
Rialto Cinemas	\$ 68)	\$ 41)
	43	60
Mt. Gravatt	(
	25	19
Total equity earnings	\$)	\$

Note 10 – Prepaid and Other Assets

Prepaid and other assets are summarized as follows:

(Dollars in thousands)	March 31, 2024	December 31, 2023
Prepaid and other current assets		
	1,907	1,813
Prepaid expenses	\$	\$
	597	802
Prepaid taxes		
	245	—
Income taxes receivable		
	302	249
Deposits		
	18	17
Investments in marketable securities		
	3,069	2,881
Total prepaid and other current assets	\$	\$
Other non-current assets		
	674	674
Other non-cinema and non-rental real estate assets		
	838	838
Investment in Reading International Trust I		
	7,426	7,445
Straight-line rent asset		
	10	8
Long-term deposits		
	8,948	8,965
Total other non-current assets	\$	\$

Note 11 – Income Taxes

The interim provision for income taxes is different from the amount determined by applying the U.S. federal statutory rate to consolidated income or loss before taxes. The differences are attributable to foreign tax rate differential, unrecognized tax benefits, and change in valuation allowance. Our effective tax rate was

1.6
% and

4.1
% for the three months ended March 31, 2024 and 2023, respectively. The difference is primarily due to an increase in reserve for unrecognized tax benefits in 2024. The forecasted effective tax rate is updated each quarter as new information becomes available.

Note 12 – Borrowings

Our Company's borrowings at March 31, 2024 and December 31, 2023, net of deferred financing costs and including the impact of interest rate derivatives on effective interest rates, are summarized below:

As of March 31, 2024

<i>(Dollars in thousands)</i>						
Denominated in USD	Maturity Date	Contractual Facility	Balance, Gross	Balance, Net ⁽¹⁾	Stated Interest Rate	Effective Interest Rate
Trust Preferred Securities (US)	April 30, 2027	\$ 27,913	\$ 27,913	\$ 27,228	9.58 %	9.58 %
Bank of America Credit Facility (US)	August 18, 2025	17,750	17,750	17,665	11.50 %	11.50 %
Cinemas 1, 2, 3 Term Loan (US)	October 1, 2024	20,928	20,928	20,739	8.83 %	8.83 %
Minetta & Orpheum Theatres Loan (US)	June 1, 2024	8,000	8,000	7,984	7.00 %	7.00 %
Union Square Financing (US)(2)	May 6, 2024	55,000	47,141	47,087	12.52 %	12.52 %
Purchase Money Promissory Note (US)	September 18, 2024	393	393	393	5.00 %	5.00 %
Denominated in foreign currency ("FC") ⁽³⁾						
NAB Corporate Term Loan (AU)(2)	July 31, 2025	65,240	65,240	65,162	6.10 %	6.10 %
Westpac Bank Corporate (NZ)	January 1, 2025	8,286	8,286	8,286	8.20 %	8.20 %
		\$ 203,510	\$ 195,651	\$ 194,544		

(1) Net of deferred financing costs amounting to \$

1.1
million.

(2) This facility was amended after March 31, 2024. See the discussion below.

(3) The contractual facilities and outstanding balances of the foreign currency denominated borrowings were translated into U.S. dollars based on the applicable exchange rates as of March 31, 2024.

As of December 31, 2023						
(Dollars in thousands)	Maturity Date	Contractual Facility	Balance, Gross	Balance, Net ⁽¹⁾	Stated Interest Rate	Effective Interest Rate
Denominated in USD						
Trust Preferred Securities (US)	April 30, 2027	\$ 27,913	\$ 27,913	\$ 27,172	9.65 %	9.65 %
Bank of America Credit Facility (US)(3)	September 4, 2024	20,200	20,200	20,080	11.00 %	11.00 %
Cinemas 1, 2, 3 Term Loan (US)	October 1, 2024	21,008	21,008	20,780	8.84 %	8.84 %
Minetta & Orpheum Theatres Loan (US)	June 1, 2024	8,000	8,000	8,000	8.34 %	8.34 %
U.S. Corporate Office Term Loan (US)	January 1, 2027 May 6, 2024	8,401	8,401	8,356	4.64 % / 4.44 %	4.64 % / 4.44 %
Union Square Financing (US)		55,000	47,141	46,925	12.53 %	12.53 %
Purchase Money Promissory Note (US)	September 18, 2024	586	586	586	5.00 %	5.00 %
Denominated in foreign currency ("FC")(2)						
NAB Corporate Term Loan (AU)	July 31, 2025	68,276	68,276	68,173	6.11 %	6.11 %
Westpac Bank Corporate (NZ)	January 1, 2025	8,775	8,775	8,775	8.20 %	8.20 %
Total		\$ 218,159	\$ 210,300	\$ 208,847		

(1) Net of deferred financing costs amounting to \$

1.5
million.

(2) The contractual facilities and outstanding balances of the foreign currency denominated borrowings were translated into U.S. dollars based on the applicable exchange rates as of December 31, 2023.

(3) This financing facility was extended after December 31, 2023.

Our loan arrangements are presented, net of the deferred financing costs, on the face of our consolidated balance sheet as follows:

Balance Sheet Caption (Dollars in thousands)	March 31, 2024	December 31, 2023
Debt - current portion	\$ 41,464	\$ 34,484
Debt - long-term portion	125,459	146,605
Subordinated debt - current portion	393	586
Subordinated debt - long-term portion	27,228	27,172
Total borrowings	\$ 194,544	\$ 208,847

Bank of America Credit Facility

Our Bank of America facility was amended on March 27, 2024, to among other terms and conditions, (i) extend the Maturity Date to August 18, 2025, (ii) require a \$

275,000 principal paydown, (iii) eliminate the minimum liquidity covenant, (iv) reduce the principal amortization amounts and provide a principal holiday period, and (v) require certain paydowns on the sale of certain real estate assets. Interest is charged at

% above the Bank of America Prime rate, which itself has a floor of

1.0

%. Payment-in-kind interest at a rate of

0.5

% commenced on January 1, 2024, and will continue until December 31, 2024, increasing to

1.5

% on January 1, 2025, until the facility is repaid in full. This loan is subject to mandatory prepayment out of a portion of the net proceeds realized by us in the event that we determine to sell certain specified assets.

Minetta and Orpheum Theatres Loan

On November 1, 2023, our \$

8.0

million loan with Santander Bank, which is secured by our Minetta and Orpheum Theatres, matured. On January 26, 2024, we extended this loan for a further six months to June 1, 2024, while a full refinancing is pursued.

Cinemas 1,2,3 Term Loan

Our Cinemas 1,2,3 Term Loan is held by Sutton Hill Properties LLC ("SHP"), a

75

% owned subsidiary of RDI. On September 29, 2023, we extended the maturity of this loan from October 3, 2023, to October 1, 2024. The loan is with Valley National Bank, carries an interest rate of

3.50

% above monthly SOFR, with a floor of

7.50

%, and includes provisions for a prepaid interest reserve.

Union Square Financing

On May 7, 2021, we closed on a new three year \$

55.0

million loan facility with Emerald Creek Capital secured by our

44

Union Square property and certain limited guarantees. Following the phase out of LIBOR, the facility bears a variable interest rate of TERM SOFR plus

6.9

% and includes provisions for a prepaid interest and property tax reserve fund. On April 23, 2024, we executed the first 12 month extension on this loan, taking the maturity to May 6, 2025. The loan has one remaining 12-month option to extend, and may be repaid at any time, without the payment of any premium. As this option is within our control, we will continue to keep the loan classified as long-term.

Purchase Money Promissory Note

On September 18, 2019, we purchased for \$

5.5
million

407,000

shares of our Class A Common Stock in a privately negotiated transaction under our Share Repurchase Program. Of this amount, \$

3.5

million was paid by the issuance of a Purchase Money Promissory Note, which bears an interest rate of

5.0

% per annum, payable in equal quarterly payments of principal plus accrued interest. The Purchase Money Promissory Note matures on September 18, 2024 .

U.S. Corporate Office Term Loan

We repaid this \$

8.4

million loan in full in February 2024, with a portion of the proceeds from the sale of our Culver City office building.

Debt denominated in foreign currencies

Westpac Bank Corporate Credit Facility (NZ)

Our Westpac Corporate Credit Facility for NZ\$

13.8

million matures on January 1, 2025 . The facility currently carries an interest rate and line of credit charge of

2.40

% above the Bank Bill Bid Rate and

1.65

% respectively. Westpac has waived the requirement to test certain covenants for each quarter since the third quarter of 2020, including the quarter ending March 31, 2024.

Australian NAB Corporate Term Loan (AU)

Prior to March 31, 2024, our Revolving Corporate Markets Loan Facility with National Australia Bank ("NAB") matured on July 31, 2025 . It currently consists of (i) a AU\$

100.0

million Corporate Loan facility at

1.75

% above BBSY, of which AU \$

60.0

million is revolving and AU\$

40.0

million is core and (ii) a Bank Guarantee Facility of AU\$

5.0

million at a rate of

1.9

% per annum.

On April 4, 2024, we amended this facility, which now matures on July 31, 2026 . As part of the amendment, we obtained an additional AU\$

20.0

million corporate loan facility which matures on March 31, 2025 (or earlier, upon the sale of certain assets), and modified certain covenants. We are also required, from March 31, 2025, to make quarterly repayments of AU\$

1.5

million against the AU\$

100.0

million Corporate Loan facility, until maturity date, representing permanent reductions in that facility's ceiling. The bank guarantee facility was reduced to AU\$

3.0

million.

Note 13 – Other Liabilities

Other liabilities are summarized as follows:

<i>(Dollars in thousands)</i>		March 31, 2024	December 31, 2023
Current liabilities			
Lease liability		\$ 5,900	\$ 5,900

Accrued pension	525	684
Security deposit payable	70	74
Finance lease liabilities	41	40
Other	33	33
Other current liabilities	6,569	6,731
Other liabilities		
Lease make-good provision	5,929	6,050
Accrued pension	2,678	2,646
Deferred rent liability	1,273	1,314
Environmental reserve	1,656	1,656
Acquired leases	1	2
Finance lease liabilities	32	43
Other non-current liabilities	11,569	11,711

Pension Liability – Supplemental Executive Retirement Plan

Details of our Supplemental Executive Retirement Plan are disclosed in *Note 13 – Pension and Other Liabilities* in our 2022 Form 10-K.

Included in our current and non-current liabilities are accrued pension costs of \$

3.2 million on March 31, 2024. The benefits of our pension plan are fully vested and therefore

no

service costs were recognized for the three months ended March 31, 2024, and 2023. Our pension plan is unfunded.

During the quarter ended March 31, 2024, the interest cost was \$

44,000

, and the actuarial loss was \$

52,000

. During the quarter ended March 31, 2023, the interest cost was \$

50,000

, and the actuarial loss was \$

52,000

Note 14 – Accumulated Other Comprehensive Income

The following table summarizes the changes in each component of accumulated other comprehensive income attributable to RDI:

<i>(Dollars in thousands)</i>	Foreign Currency Items	Unrealized Gain (Losses) on Available- for-Sale Investments	Accrued Pension Service Costs	Total
	((((
Balance at January 1, 2024	\$ 986)	\$ 18)	\$ 1,669)	\$ 2,673)
	((((
Net current-period other comprehensive income (loss)	2,592)	2)	52)	2,538)
	((((
Balance at March 31, 2024	\$ 3,578)	\$ 16)	\$ 1,617)	\$ 5,211)

Note 15 – Commitments and Contingencies

Litigation Matters

We are currently involved in certain legal proceedings and, to the extent required, have accrued estimates of probable and estimable losses for the resolution of these claims, including legal costs.

- Where we are the *plaintiffs*, we accrue legal fees as incurred on an on-going basis and make no provision for any potential settlement amounts until received. In Australia, the prevailing party is usually entitled to recover its attorneys' fees, which recoveries typically work out to be approximately 60% of the amounts actually spent where first-class legal counsel is engaged at customary rates. Where we are a plaintiff, we have likewise made no provision for the liability for the defendant's attorneys' fees in the event we are determined not to be the prevailing party.
- Where we are the *defendants*, we accrue for probable damages that insurance may not cover as they become known and can be reasonably estimated, as permitted under ASC 450-20 *Loss Contingencies*. In our opinion, any claims and litigation in which we are currently involved are not reasonably likely to have a material adverse effect on our business, results of operations, financial position, or liquidity. It is possible, however, that future results of the operations for any particular quarterly or annual period could be materially affected by the ultimate outcome of the legal proceedings. From time to time, we are involved with claims and lawsuits arising in the ordinary course of our business that may include contractual obligations, insurance claims, tax claims, employment matters, and anti-trust issues, among other matters.

Environmental and Asbestos Claims on Reading Legacy Operations

Certain of our subsidiaries were historically involved in railroad operations, coal mining, and manufacturing. Also, certain of these subsidiaries appear in the chain-of-title of properties that may suffer from pollution. Accordingly, certain of these subsidiaries have, from time to time, been named in and may in the future be named in various actions brought under applicable environmental laws. Also, we are in the real estate development business and may encounter from time to time environmental conditions at properties that we have acquired for development and which will need to be addressed in the future as part of the development process. These environmental conditions can increase the cost of such projects and adversely affect the value and potential for profit of such projects. We do not currently believe that our exposure under applicable environmental laws is material in amount.

From time to time, there are claims brought against us relating to the exposure of former employees to asbestos and/or coal dust. These are generally covered by an insurance settlement reached in September 1990 with our insurance providers. However, this insurance settlement does not cover litigation by people who were not employees of our historic railroad operations and who may claim direct or second-hand exposure to asbestos, coal dust and/or other chemicals or elements now recognized as potentially causing cancer in humans. Our known exposure to these types of claims, asserted or probable of being asserted, is not material.

Note 16 – Non-controlling Interests

These are composed of the following enterprises:

- Australia Country Cinemas Pty Ltd. -

25

% noncontrolling interest owned by Panorama Group International Pty Ltd;

- Shadow View Land and Farming, LLC -

50

% noncontrolling membership interest owned by the estate of Mr. James J. Cotter, Sr. (the “Cotter Estate”); and,

- Sutton Hill Properties, LLC -

25

% noncontrolling interest owned by Sutton Hill Capital, LLC (which in turn is

50

% owned by the Cotter Estate).

The components of noncontrolling interests are as follows:

<i>(Dollars in thousands)</i>	March 31, 2024	December 31, 2023
Australian Country Cinemas, Pty Ltd	\$ 60	\$ 76
Shadow View Land and Farming, LLC	2	2
Sutton Hill Properties, LLC	327	165
	<u>269</u>	<u>91</u>
Noncontrolling interests in consolidated subsidiaries	\$ 269	\$ 91

The components of income attributable to noncontrolling interests are as follows:

<i>(Dollars in thousands)</i>	Three Months Ended March 31,	
	2024	2023
Australian Country Cinemas, Pty Ltd	\$ 13	\$ 10
Shadow View Land and Farming, LLC	—	—
Sutton Hill Properties, LLC	162	223
Net income (loss) attributable to noncontrolling interests	\$ 175	\$ 213

Summary of Controlling and Noncontrolling Stockholders' Equity

A summary of the changes in controlling and noncontrolling stockholders' equity is as follows:

	Common Stock				Additional	Retained		Accumulated	Reading		Total
<i>(Dollars in thousands, except shares)</i>	Class A Non- Voting Shares	Class A Par Value	Class B Voting Shares	Class B Par Value	Paid-In Capital	Earnings (Accumulated Deficit)	Treasury Shares	Other Comprehensive Income (Loss)	International Inc. Stockholders' Equity	Noncontrolling Interests	Stockholders' Equity
At January 1, 2024	20,664	\$ 237	1,681	\$ 17	\$ 155,402	\$ 79,489	\$ 40,407	\$ 2,673	\$ 33,087	\$ 91	\$ 32,996
Net income (loss)	—	—	—	—	—	13,228	—	—	13,228	175	13,403
Other comprehensive income, net	—	—	—	—	—	—	—	2,538	2,538	3	2,541
Share-based compensation expense	—	—	—	—	678	—	—	—	678	—	678
Restricted Stock Units	9	—	—	—	2	—	—	—	2	—	2
At March 31, 2024	20,673	\$ 237	1,681	\$ 17	\$ 156,078	\$ 92,717	\$ 40,407	\$ 5,211	\$ 17,997	\$ 269	\$ 17,728

	Common Stock				Additional	Retained		Accumulated	Reading		Total
<i>(Dollars in thousands, except shares)</i>	Class A Non- Voting Shares	Class A Par Value	Class B Voting Shares	Class B Par Value	Paid-In Capital	Earnings (Accumulated Deficit)	Treasury Shares	Other Comprehensive Income (Loss)	International Inc. Stockholders' Equity	Noncontrolling Interests	Stockholders' Equity

upon recommendation of the Company's board of directors, approved the First Amendment to the 2020 Stock Incentive Plan, increasing the number of Class A Common Stock reserved for issuance under the 2020 Plan by an additional

971,807
shares.

Under the 2020 Plan, the Company may grant stock options and other share-based payment awards of our Class A Common Stock to eligible employees, directors and consultants. At March 31, 2024, there were

1,468,375
shares of Class A Common Stock available for issuance under the 2020 Plan, which includes shares from the 2010 Plan that become available for issuance due to the forfeiture of then outstanding out of the money stock options.

Stock options are granted at exercise prices equal to the grant-date market prices and typically expire no later than five years from the grant date. In contrast to a stock option where the grantee buys our Company's share at an exercise price determined on the grant date, a restricted stock unit ("RSU") entitles the grantee to receive

one
share for every RSU based on a vesting plan, typically between one year and four years from grant. As discussed further below, a performance component has been added to certain of the RSUs granted to management. At the time the options are exercised or RSUs vest and are settled, at the discretion of management, we will issue treasury shares or make a new issuance of shares to the option or RSU holder.

Stock Options

We have estimated the grant-date fair value of our stock options using the Black-Scholes option-valuation model, which takes into account assumptions such as the dividend yield, the risk-free interest rate, the expected stock price volatility, and the expected life of the options. We expensed the estimated grant-date fair values of options over the vesting period on a straight-line basis. Based on our historical experience, the "deemed exercise" of expiring in-the-money options and the relative market price to strike price of the options, we have not estimated any forfeitures of vested or unvested options.

Stock options to purchase

207,657
shares of Class A Common Stock were issued to the Board of Directors upon their reelection to the Board in December 2023 for their services for their 2024 term.

No

other stock options were granted in 2023 or during the first quarter of 2024.

For the three months ended March 31, 2024, and 2023, we recorded a compensation expense of \$

49,000
and \$

9,000
, respectively, with respect to our prior stock option grants. At March 31, 2024, the total unrecognized estimated compensation expense related to non-vested stock options was \$

147,000
, which we expect to recognize over a weighted average vesting period of 0.75 years. The intrinsic, unrealized value of all options outstanding vested and expected to vest, at March 31, 2024, was nil, as the closing price of our Class A Common Stock on that date was \$

1.82

The following table summarizes the number of options outstanding and exercisable as of March 31, 2024, and December 31, 2023:

	Outstanding Stock Options - Class A Shares			
	Number of Options Class A	Weighted Average Exercise Price Class A	Weighted Average Remaining Years of Contractual Life Class A	Aggregate Intrinsic Value Class A
Balance - December 31, 2022	327,498	\$ 15.87	1.24	\$ —
Granted	207,657	1.92	—	—
Exercised	—	—	—	—
	(
	122,376	—	—	—
Forfeited)	—	—	—
Balance - December 31, 2023	412,779	\$ 14.19	1.79	\$ —
Granted	—	—	—	—
Exercised	—	—	—	—
	(
	205,122	—	—	—
Forfeited)	—	—	—

Restricted Stock Units

The following table summarizes the status of RSUs granted to date as of March 31, 2024:

Grant Date	Restricted Stock Units					
	RSU Grants (in units)		Total Grants	Vested, March 31, 2024	Unvested, March 31, 2024	Forfeited, March 31, 2024
	Directors	Management				
Opening balance	265,755	793,353	1,059,108	839,176	156,278	63,654
April 18, 2022	—	428,899	428,899	75,721	306,638	46,540
December 15, 2022	73,683	—	73,683	73,683	—	—
April 11, 2023	—	413,536	413,536	—	404,504	9,032
April 21, 2023	—	237,719	237,719	—	229,194	8,525
April 28, 2023	—	20,427	20,427	—	20,427	—
Total	339,438	1,893,934	2,233,372	988,580	1,117,041	127,751

Time vested RSU awards to management typically vest

25

% on the anniversary of the grant date and the remainder over a period of four years. Beginning in 2020, a performance component has been added to certain of the RSUs granted to management, which vest on the third anniversary of their grant date based on the achievement of certain performance metrics. From 2021 onwards, RSUs have two vesting structures, which include time vesting and performance vesting. The majority of RSUs vest

75

% evenly over a period of four years, with the remaining

25

% contingent upon the achievement of certain performance metrics, vesting in full on the third anniversary of the date of the grant. In the case of our Chief Executive Officer, RSUs vest

50

% evenly over a period of four years with the remaining

50

%, contingent upon the achievement of certain performance metrics, vesting in full on the third anniversary of the grant date. On April 11 and April 21, 2023, the Board of Directors determined that our Company was not in a position to pay cash bonuses that would otherwise have been earned by certain members of management under our Company's Incentive Compensation Plan for 2022, and authorized the issuance in lieu of such cash bonuses

85,139

RSUs, vesting on April 11, 2024 and

52,360

RSUs, vesting on April 21, 2024.

For the three months ended March 31, 2024, and 2023, we recorded compensation expense of \$

628,000

and \$

434,000

, respectively. The total unrecognized compensation expense related to the non-vested RSUs was \$

3.0

million as of March 31, 2024, which we expect to recognize over a weighted average vesting period of 1.29 years.

Stock Repurchase Program

Our Stock Repurchase Program expired on March 10, 2024.

No

stock has been repurchased by our Company since March 10, 2020.

Note 18 – Hedge Accounting

As of March 31, 2024, and December 31, 2023, our Company held no derivative instruments. The Company held interest rate derivatives in the first quarter of 2023. The changes in fair value of that instrument were recorded in Other Comprehensive Income and released into interest expense in the same period(s) in which the hedged transactions affect earnings. In the quarter ended March 31, 2024 and March 31, 2023, respectively, the derivative instruments affected Comprehensive Income as follows:

(Dollars in thousands)	Location of Loss Recognized in Income on Derivatives	Three Months Ended March 31	
		2024	2023
Interest rate contracts	Interest expense	\$ —	\$ 564
Total		\$ —	\$ 564

(Dollars in thousands)		Amount	
		Three Months Ended March 31	
		2024	2023
Interest rate contracts	\$	—	\$ 18
Total	\$	—	\$ 18

Line Item		Amount	
		Three Months Ended March 31	
		2024	2023
Interest expense	\$	—	\$ 564
Total	\$	—	\$ 564

Note 19 – Fair Value Measurements

ASC 820, *Fair Value Measurement* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The statement requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- ☐ Level 1: Quoted market prices in active markets for identical assets or liabilities;
- ☐ Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and,
- ☐ Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The following tables summarize our financial liabilities that are carried at cost and measured at fair value on a non-recurring basis as of March 31, 2024, and December 31, 2023, by level within the fair value hierarchy.

(Dollars in thousands)		Fair Value Measurement at March 31, 2024			
	Carrying Value ⁽¹⁾	Level 1	Level 2	Level 3	Total
Notes payable	\$ 167,345	\$ —	\$ —	\$ 168,391	\$ 168,391
Subordinated debt	28,306	—	—	27,771	27,771
	\$ 195,651	\$ —	\$ —	\$ 196,162	\$ 196,162

(Dollars in thousands)		Fair Value Measurement at December 31, 2023			
	Carrying Value ⁽¹⁾	Level 1	Level 2	Level 3	Total
Notes payable	\$ 181,801	\$ —	\$ —	\$ 148,325	\$ 148,325
Subordinated debt	28,499	—	—	27,832	27,832
	\$ 210,300	\$ —	\$ —	\$ 176,157	\$ 176,157

(1) These balances are presented before any deduction for deferred financing costs.

The following is a description of the valuation methodologies used to estimate the fair value of our financial assets and liabilities. There have been no changes in the methodologies used as of March 31, 2024, and December 31, 2023.

- ☐ **Level 1** investments in marketable securities primarily consist of investments associated with the ownership of marketable securities in U.S. and New Zealand. These investments are valued based on observable market quotes on the last trading date of the reporting period.
- ☐ **Level 2** derivative financial instruments are valued based on discounted cash flow models that incorporate observable inputs such as interest rates and yield curves from the derivative counterparties. The credit valuation adjustments associated with our non-performance risk and counterparty credit risk are incorporated in the fair value estimates of our derivatives. As of March 31, 2024, and December 31, 2023, we concluded that the credit valuation adjustments were not significant to the overall valuation of our derivatives.

- **Level 3** borrowings include our secured and unsecured notes payable, trust preferred securities and other debt instruments. The borrowings are valued based on discounted cash flow models that incorporate appropriate market discount rates. We calculated the market discount rate by obtaining period-end treasury rates for fixed-rate debt, or LIBOR for variable-rate debt, for maturities that correspond to the maturities of our debt, adding appropriate credit spreads derived from information obtained from third-party financial institutions. These credit spreads take into account factors such as our credit rate, debt maturity, types of borrowings, and the loan-to-value ratios of the debt.

Our Company's financial instruments also include cash, cash equivalents, receivables and accounts payable. The carrying values of these financial instruments approximate the fair values due to their short maturities. Additionally, there were

no

transfers of assets and liabilities between levels 1, 2, or 3 during the quarter ended March 31, 2024, and March 31, 2023.

Note 20 – Subsequent Events

On April 4, 2024, we executed an amendment to our NAB facility, and on April 23, 2024, we exercised the first of our

two

12 -month extension options on our Union Square facility. See Note 12.

In April 2024, our Board of Directors authorized management to enter into an AU\$20 million bridge loan with NAB, due on March 31, 2025, to be repaid from the proceeds of a sale of our Cannon Park ETC and authorized management to proceed with the sale of that property.

This MD&A should be read in conjunction with the accompanying unaudited consolidated financial statements included in Part I, Item 1 (Financial Statements). The foregoing discussions and analyses contain certain forward-looking statements. Please refer to the "Cautionary Statement Regarding Forward-Looking Statements" included at the conclusion of this section and our "Risk Factors" set forth in our 2023 Form 10-K, Part 1 – Financial Information, Item 1A and the Risk Factors set out below.

Item 2 – Management's Discussion and Analysis ("MD&A") of Financial Condition and Results of Operations

The MD&A should be read in conjunction with our consolidated financial statements and related notes in this Report.

Business Overview & Updates

We continue to be optimistic about the current trajectory of our cinema business and the cinema industry as a whole. Although we remain positive, we are currently, and have in recent years, been impacted by multiple factors, such as COVID-19, the 2023 Hollywood Strikes and current macroeconomic situations. These factors are largely beyond our control, and continue to adversely impact the profitability of our global cinema segment when compared to pre-pandemic levels:

- Cinema patronage levels that have not yet returned to the pre-pandemic levels;
- The number of movies released by the major Hollywood studios and other distributors, while increasing from pandemic levels, have not yet returned to their higher pre-pandemic levels;
- The duration of the exclusive theatrical release window is under continuing pressure from cable and streaming;
- Inflationary pressures, ongoing supply chain issues and increased operating expenses arising post-pandemic continue to push up our variable costs while we encounter consumer resistance to higher ticket prices;
- Labor costs continue to increase due to inflation and labor shortages and government mandates;
- Increased fixed costs for third party cinema rents, some of which are increasing due to fixed rent escalations, some of which are fixed and some of which are adjusted by reference to changes in the cost of living index, which are exacerbated by having to also pay our COVID-19 related rent deferrals for the periods of time when our operations were closed or restricted;
- Reserve banks in the U.S., Australia and New Zealand have increased interest rates causing our cost of borrowing to increase materially; and
- Declines in exchange rates for the Australian and New Zealand currencies when compared to the U.S. Dollar.

In addition to the above factors influencing the revenue streams of our global cinema business, we are closely monitoring the repercussions of the 2023 Hollywood strikes on our operations. While we celebrated the resolution of the strikes, we acknowledge that their aftermath will continue to impact our global cinema business throughout 2024, primarily due to production delays and the rescheduling of theatrical release dates. Several notable titles initially slated for 2024 have been postponed to 2025, including *Captain America: Brave New World*, *Thunderbolts*, Disney's *Snow White, Elia*, *Mission: Impossible 8*, *SpongeBob SquarePants*, and James Cameron's eagerly awaited *Avatar* sequel. However, the remaining 2024 film lineup remains robust, featuring highly anticipated releases that are expected to continue driving audiences to our big screens, including: *Inside Out 2*, *Deadpool & Wolverine*, *Joker: Folie à Deux*, *Wicked*, and *Gladiator 2*.

Despite the above factors, we believe that with (i) the re-recognition by the major studios, and other distributors, including streamers such as Amazon and Apple, of the economic importance of the theatrical release of movies, (ii) the increasing quantity and quality of films being released to the cinemas compared to pandemic levels and (iii) the expansion of certain movie audiences (such as audiences for concert films and faith based films), the long term prospects for our industry are positive. Still, it is generally recognized that there are currently too many cinemas in the U.S., and we are reviewing and culling our poor performers where possible. Fortunately, most of our cinemas are in strong markets which are not, in our view, over-screened and we believe that oversupply is less of an issue in post-pandemic Australia and New Zealand. We have confidence that in the next few years, we will return to being able to again use our cinema cash flow to support our real estate development activities.

We are continuing to address the challenges of the post-COVID world. For instance, we are (i) increasing and improving our automated and self-service options at the cinema level to reduce labor costs, (ii) continuing to focus on our food and beverage offerings and now have liquor licenses for every U.S. cinema, and (iii) continuing to expand our alternative content program with the intention of attracting a broader and more diversified range of patrons.

We are also continuing to reduce our fixed costs of operation by closing non-performing cinemas upon the expiration of their current lease terms. In addition, in light of potential impacts to the movie release schedule in the next few years due to the 2023 Hollywood Strikes, we are in the process of seeking occupancy relief from existing cinema landlords.

In the beginning of 2024, recognizing a reduction in our corporate demand for administrative space, we streamlined our operations by divesting our administrative building in Culver City, California. This strategic move freed up approximately \$1.2 million in cash reserves after covering mortgage settlements, brokerage commissions, and transactional fees. It is our expectation that this asset disposition will yield savings of approximately \$1.5 million in operational and holding expenses between now and the end of 2025.

Additionally, we anticipate sustained improvements in the operational performance of our cinemas as our global circuit continues its recovery. One driving factor for this optimism is the ongoing expansion and refinement of our F&B menus. Notably, as mentioned above, in 2023, our U.S. circuit became 100% licensed for the sale of liquor, beer and wine. Looking ahead, we are committed to obtaining liquor licenses and enriching our F&B offerings across our circuits in Australia and New Zealand. This strategic focus underscores our dedication to enhancing the overall cinema experience for our valued customers.

Recent Box Office Improvements

Despite the impact from the 2023 Hollywood Strikes, the end of the first quarter of 2024 delivered stronger box office results. Audiences were treated to the eagerly anticipated return of beloved franchises, with highlights including the success of *Dune: Part Two*. Surpassing its predecessor's performance from 2021, *Dune: Part Two* has soared to over \$710 million in worldwide grosses, solidifying its place as one of the most successful IMAX releases of all time. Adding to the excitement, after an eight-year hiatus, the fourth installment of the Kung Fu Panda franchise delighted audiences worldwide. *Kung Fu Panda 4* has generated over \$529 million in worldwide grosses, pushing the franchise past the \$2 billion mark and securing its position as the seventh highest-grossing animated franchise ever. Further bolstering the box office of Q1 2024 was the highly anticipated biopic, *Bob Marley: One Love*. Premiering on February 14th, the film made history as the highest-grossing Valentine's Day opener ever, pulling in over \$14 million in domestic grosses on its debut. As of today, *Bob Marley: One Love* has amassed over \$177 million in worldwide grosses. Finishing off the first quarter of 2024, *Godzilla x Kong: The New Empire* has also generated over \$558 million in worldwide grosses since its release on March 29.

The success of these films not only bolsters our confidence in the enduring strength of the global cinema industry but also underscores its resilience in the face of persistent challenges, including rescheduled release dates, labor shortages, supply chain disruptions, and escalating costs. The unwavering enthusiasm of moviegoers for the cinematic experience has been instrumental in driving this success. As we venture into the second quarter of the year, we are poised to capitalize on this momentum with another compelling movie lineup. Audiences can anticipate a diverse range of releases, including *Inside Out 2*, *The Garfield Movie*, *A Quiet Place: Day One* and *Bad Boys: Ride or Die*.

Real Estate Developments

In the United States, during the first quarter of 2022, we leased to Petco Animal Supplies Stores, Inc. ("Petco"), the cellar, ground floor, and second floor of our 44 Union Square property, representing approximately 42 percent of the leasable area of that building. Petco is in possession of the space and began paying cash rent in December 2022. Petco's 44 Union Square flagship store opened on June 1, 2023.

We recognize that the lingering effects of the pandemic on the office leasing market in New York City, coupled with the slow pace of the "return to office" effort, have presented challenges in finding an office tenant for the space at 44 Union Square. As a result, we are also exploring non-office and alternative uses for the remaining space within the building. To bolster our efforts, we recently engaged George Comfort & Sons as our exclusive leasing broker for the remaining space. Leveraging their esteemed reputation and extensive experience in New York City real estate, we are optimistic about their ability to bring fresh perspectives and innovative strategies to

attract tenants to 44 Union Square. We remain prepared for any leasing opportunities that may arise. With mortgage financing already secured for the project, we are well-positioned to cover leasing and tenant improvement costs upon securing a tenant.

As of March 31, 2024, all of our tenants were currently open for business at our Australian and New Zealand properties. Most of the rentable retail portions of our Courtenay Central location in New Zealand continue to be closed due to seismic concerns, however one tenant remains open and trading. Furthermore, there is also one tenant trading on our Wakefield property. Our open land areas in Wellington are generating parking revenues.

Our development endeavors have largely been put on hold (other than advancing certain predevelopment work). Our limited capital expenditures during 2023 and the first quarter of 2024 have been largely focused on the enhancement of our existing cinemas.

With respect to our assets in Wellington, New Zealand, we were approached by the Wellington City Council ("WCC") in late 2022 about accelerating the redevelopment of our cinema and retail property known as Courtenay Central. For approximately 18 months, we engaged with representatives of the WCC about a transaction that would accelerate the redevelopment of our Courtenay Central building. While we were able to negotiate an agreement that was approved by the WCC and which would have facilitated financing for the initiation of the project, that agreement required the negotiation of definitive additional documentation. After months of negotiating that documentation and believing that we had substantively finished it in all material respects, negotiations were purportedly terminated by the WCC on a unilateral basis without warning. Following this, the Company is reassessing its options with respect to all of our real estate holdings in Wellington.

Company Overview

We are an internationally diversified company principally focused on the development, ownership, and operation of entertainment and real estate assets in the United States, Australia, and New Zealand. Currently, we operate in two business segments:

- Cinema exhibition, through our 61 cinemas as of March 31, 2024.
- Real estate, including real estate development and the rental of retail, commercial, and live theatre assets.

We believe these two business segments complement and support one another. Prior to COVID-19, we used cash flows generated by our cinema operations to fund the front-end cash demands of our real estate development business. As a result of COVID-19, we relied more upon income from our real estate assets, and tapped into the imbedded value in those assets, to support our Company through the COVID-19 crisis. As the residual COVID-19 and the 2023 Hollywood Strikes impacts continue to subside, quality film product will improve and entice patrons to return to our cinemas, reaffirming our belief that we will once again be able to rely on the cash flows generated by our cinema portfolio.

Despite the fact that our global cinema segment is improving at an income level, in light of our upcoming liquidity needs due to debt maturities, we have identified certain real estate assets to monetize to support our liquidity needs and will be exploring the monetization of other properties to the extent our liquidity needs require. We are steadfast in our belief that our two-pronged, diversified international business strategy will keep carrying our Company through these difficult times as we continue to navigate the uncertainty and challenges posed by the recent macroeconomic obstacles. See Note 3 – *Impacts on our Business Due to the COVID-19 Pandemic, the 2023 Hollywood Strikes, the Dramatic Interest Rate Rise and Increased Operating Costs, together with our Company's Resources, above.*

Key Performance Indicators

Food and Beverage Spend Per Patron

A key performance indicator utilized by management in our cinema segment is Food and Beverage ("F&B") Spend Per Patron ("SPP"), which is calculated based on our total Food & Beverage Revenues on a post-tax basis divided by our attendance during a specific period.

One of our strategic priorities has been to continue upgrading the food and beverage menu at several of our global cinemas. As of March 31, 2024, we have a total of 39 theater locations with elevated food and beverage menus (i.e. menus that are beyond traditional popcorn, soda, and candy). We use F&B SPP as a measure of our food and beverage operational performance as compared to that of our competitors. Although the profitability of our food and beverage operations is influenced by numerous factors, including labor and cost of goods, F&B SPP serves as an indicator of our ability to achieve consistent strong top-line performance. In addition, F&B SPP highlights our ability to optimize revenue by effectively promoting and selling supplementary products to our customers during each visit. Moreover, this metric assists in evaluating how well we can differentiate our F&B offerings from our competitors. Management in turn uses F&B SPP to adjust food and beverage pricing strategies at our individual theaters, measure the effectiveness of promotional marketing initiatives, optimize menu offerings, and to ensure price barriers are not created for our attendance.

Food & Beverage Spend Per Patron (in functional currency)	Three Months Ended		
	March 31,		% Change Favorable/(Unfavorable)
	2024	2023	
United States	\$7.74	\$7.72	0.3 %
Australia	\$7.66	\$7.66	(0.1)%
New Zealand	\$6.70	\$6.84	(2.1)%

Average Ticket Price Per Patron

An additional key performance indicator utilized by management in our cinema segment is Average Ticket Price ("ATP") Per Patron, which is calculated based on our total Box Office Revenues on a post-tax basis divided by our attendance during a specific period. ATP serves to measure our operational cinema performance when compared to that of our competitors. ATP is a useful metric for evaluating our ability to achieve a strong top line performance, gauging the effectiveness of our cinemas' pricing strategies and our ability to draw back audiences to our theaters. Management uses ATP to adjust and inform ticket pricing schemes for our individual theaters, measure the effectiveness of our content programming, and ensure that price barriers are not created for core guests.

Average Ticket Price (in functional currency)	Three Months Ended		
	March 31,		% Change Favorable/(Unfavorable)
	2024	2023	
United States	\$13.76	\$12.60	9.2 %
Australia	\$13.62	\$14.10	(3.4)%
New Zealand	\$11.79	\$12.46	(5.4)%

Real Estate Key Performance Indicators

The key performance indicators used by management in our real estate segment with respect to our properties held for rent (other than our Live Theatres) are net operating income, occupancy factor (the percentage of the net rentable area of our properties that is leased) and average lease duration. Set forth in the table below are a comparison of these indicators for our first quarter 2024 compared to our first quarter 2023. As a matter of clarification, we do not include in our calculation of net rentable area available for lease any space that is closed for renovation or redevelopment (such as our Courtenay Central property).

Real Estate (in functional currency)		Three Months Ended		
		March 31,		% Change Favorable/(Unfavorable)
		2024	2023	
United States	Net Operating Income	(574,750)	(322,079)	(78.5)%
Australia	Occupancy Factor	95%	95%	0.0 %age points
	Average Lease Duration	3.39 years	2.19 years	1.20 years
New Zealand	Occupancy Factor	100%	100%	0.0 %age points
	Average Lease Duration	1.12 years	4.19 years	(3.07) years

In the case of our Live Theatres, with respect to key performance indicators, we primarily look to the live theater rental revenue and ancillary income from the theatres. This key performance indicator represents box office revenues less amounts paid to producers for license fee settlements, plus ancillary income earned by us from certain theater operations. Our live theater rental revenue and ancillary income for the first quarter 2024 was \$413,402 and was \$339,364 for the first quarter 2023.

In the case of our development properties (such as 44 Union Square in New York City and our various properties in Wellington, New Zealand) we do not have specific key performance standards to compare performance from period to period. Rather we look to budgets and projections and compare actual results to budgeted or projected results from time to time.

Cinema Exhibition Overview

We operate our worldwide cinema exhibition businesses through various subsidiaries under various brands:

- ☐ in the U.S., under the Reading Cinemas, Angelika Film Centers, and Consolidated Theatres brands.
- ☐ in Australia, under the Reading Cinemas, Angelika Cinemas, the State Cinema by Angelika, and for our one unconsolidated joint venture theatre, Event Cinemas brands.
- ☐ in New Zealand, under the Reading Cinemas and our two unconsolidated joint venture theatres, Rialto Cinemas brands.

Shown in the following table are the number of locations and screens in our cinema circuit in each country, by state/territory/region, our cinema brands, and our interest in the underlying assets as of March 31, 2024.

Country	State / Territory / Region	Location Count ⁽³⁾	Screen Count	Interest in Asset Underlying the Cinema		Operating Brands
				Leased	Owned	
United States	Hawaii	6	74	6		Consolidated Theatres
	California	6	72	6		Reading Cinemas, Angelika Film Center
	New York	3	16	2	1	Angelika Film Center
	Texas	2	13	2		Angelika Film Center
	New Jersey	1	12	1		Reading Cinemas
	Virginia	1	8	1		Angelika Film Center
	Washington, D.C.	1	3	1		Angelika Film Center
	U.S. Total	20	198	19	1	
Australia	Victoria	9	62	9		Reading Cinemas
	New South Wales	6	44	6	0	Reading Cinemas
	Queensland	7	64	4	3	Reading Cinemas, Angelika Cinemas, Event Cinemas ⁽¹⁾
	Western Australia	4	27	3	1	Reading Cinemas
	South Australia	2	15	2		Reading Cinemas
	Tasmania	2	14	2		Reading Cinemas, State Cinema by Angelika
	Australia Total	30	226	26	4	
New Zealand	Wellington	2	15	1	1	Reading Cinemas
	Otago	3	15	2	1	Reading Cinemas, Rialto Cinemas ⁽²⁾
	Auckland	2	15	2		Reading Cinemas, Rialto Cinemas ⁽²⁾
	Canterbury	1	8	1		Reading Cinemas
	Southland	1	5	1	0	Reading Cinemas
	Bay of Plenty	1	5	0	1	Reading Cinemas
	Hawke's Bay	1	4	0	1	Reading Cinemas
	New Zealand Total	11	67	7	4	
GRAND TOTAL		61	491	52	9	

- (1) Our Company has a 33.3% unincorporated joint venture interest in a 16-screen cinema located in Mt. Gravatt, Queensland managed by Event Cinemas.
- (2) Our Company is a 50% joint venture partner in two New Zealand Rialto Cinemas, with a total of 13 screens. We are responsible for the booking of these cinemas and our joint venture partner, Event Cinemas, manages their day-to-day operations.
- (3) Our total location counts as of March 31, 2024, reflects all operating cinemas, including (i) the Angelika Cinemas at South City Square in Australia, which opened on August 24, 2023, (ii) the Reading Cinemas at Busselton in Australia, which opened on September 22, 2023, (iii) the Reading Cinemas at Courtenay Central in New Zealand, which remains closed for seismic issues and (iv) two underperforming Consolidated Theatres in Hawaii were closed, as of July 9, 2023 and July 31, 2023, respectively, one underperforming Reading Cinemas in Northern California closed on November 1, 2023, and one underperforming Reading Cinemas in New Zealand was closed on May 7, 2023.

Our cinema revenues consist primarily of cinema ticket sales, F&B sales, screen advertising, gift card sales, cinema rentals, and online convenience fee revenue generated by the sale of our cinema tickets through our websites and mobile apps. Cinema operating expenses consist of the costs directly attributable to the operation of the cinemas, including (i) film rent expense, (ii) operating costs, such as employment costs and utilities, and (iii) occupancy costs. Cinema revenues and certain expenses fluctuate with the availability of quality first run films and the number of weeks such first run films stay in the market. For a breakdown of our current cinema assets that we own and/or manage, please refer to *Part I, Item 1 – Our Business* of our 2023 Form 10-K. We now present a discussion of recent material developments.

Cinema Additions and Pipeline

The latest additions to our cinema portfolio as of March 31, 2024, were as follows:

- Armadale, Western Australia, Australia: On January 13, 2023, we took over an existing six-screen cinema in Armadale, Australia, a suburb of Perth in Western Australia.
- South City Square, Brisbane, Australia: On August 24, 2023, we launched our first-ever Angelika Cinemas outside of the United States at South City Square in Woolloongabba, Brisbane. The location operates as an eight-screen complex, featuring elevated food and beverage offerings (including alcoholic beverages) and recliner seating.
- Busselton, Western Australia, Australia: On September 22, 2023, we opened a five-screen complex in the newly expanded Busselton Central Shopping Centre precinct of Busselton, Western Australia. The state-of-the-art complex features a TITAN LUXE screen, elevated food and beverage offerings, and recliner seating.

Our Board has authorized management to proceed with the negotiation of leases for one new state-of-the-art cinema, located in Noosa, Queensland, Australia.

Cinema Upgrades

As of March 31, 2024, the upgrades to our cinema circuits' film exhibition technology and amenities over the years are as summarized in the following table:

	Location Count	Screen Count
Screen Format		
Digital (all cinemas in our cinema circuit)	61	491
IMAX	1	1
TITAN XC and TITAN LUXE	26	32
Dine-in Service		
Gold Lounge (AU/NZ) ⁽¹⁾	11	29
Premium (AU/NZ) ⁽²⁾	17	45
Spotlight (U.S.) ⁽³⁾	1	6
Upgraded Food & Beverage menu (U.S.) ⁽⁴⁾	17	n/a
Premium Seating (features recliner seating)	33	198
Liquor Licenses ⁽⁵⁾	46	n/a

- (1) **Gold Lounge**: This is our "First Class Full Dine-in Service" in our Australian and New Zealand cinemas, which includes an upgraded F&B menu (with alcoholic beverages), luxury recliner seating features (intimate 25-50 seat cinemas) and waiter service.
- (2) **Premium Service**: This is our "Business Class Dine-in Service" in our Australian and New Zealand cinemas, which typically includes upgraded F&B menu (some with alcoholic beverages) and may include luxury recliner seating features (less intimate 80-seat cinemas), but no waiter service.
- (3) **Spotlight Service**: Our first dine-in cinema concept in the U.S. at Reading Cinemas in Murrieta, California. Six of our 17 auditoriums at this cinema feature waiter service before the movie begins with a full F&B menu, luxury recliner seating, and laser focus on customer service. Our Spotlight service has been temporarily suspended since the initial COVID-19 shutdown.
- (4) **Upgraded Food & Beverage Menu**: Features an elevated F&B menu including a menu of locally inspired and freshly prepared items that go beyond traditional concessions, which we have worked with former Food Network executives to create. The elevated menu also includes beer, wine and/or spirits at most of our locations.
- (5) **Liquor Licenses**: Licenses are applicable at each cinema location, rather than each cinema auditorium. As of today, we have liquor licenses in 100% of our cinemas operating in the U.S. In Australia, 72% of our cinemas are licensed and we have three liquor licenses pending. In New Zealand, 33% of our cinemas are licensed and we have two liquor licenses pending.

Recent Enhancements

United States

- Renovation Work: As of March 31, 2024, we have converted 110 of our 198 U.S. auditoriums to luxury recliner seating. We have an agreement in place with our landlord at the Dallas Angelika for a complete remodel of that cinema.

Australia and New Zealand

- Rouse Hill renovation: Reading Cinema Rouse Hill will undergo a lease obligated refurbishment focusing on the foyer, concessions, including the introduction of hot food offerings, and the addition of another all reclining Premium auditorium. The Preliminary drawings have been completed and will develop into a construction set for project/lessor approval, building consents and tender.
- Angelika Film Centre, South City Square: Australia's first Angelika opened on August 24, 2023 in the Woolloongabba (Queensland) South City Square development. The complex offers eight screens, all reclining seating, and exceptional hot food and liquor offerings.
- Other Cinema Upgrades: In addition, during the three-year period 2021 to 2023, we have improved Sunbury and State Cinema in Australia, as well as some non-lease driven renovations at Rouse Hill in New South Wales, Australia.

During 2024, we will continue to focus on the enhancement of our proprietary online ticketing and Food & Beverage capabilities, together with improving and expanding our social media platforms and interfaces. These are intended to enhance the convenience of our offerings and to promote guest affinity with the experiences and products that we are offering.

Cinema Closures

On May 7, 2023, The Hutt Pop-Up in New Zealand was permanently closed due to the expiration of our lease for that location. We chose not to continue the cinema as it was only brought online as a "pop up" to address a temporary opening in the market. During 2023, we have also closed and terminated our lease agreements at two underperforming Consolidated Theatre locations in Hawaii (Koko Marina Center and Queen Kaahumanu Center) and a Reading Cinemas in California (Rohnert Park). One cinema was on a month-to-month arrangement and the other two were at the end of their respective terms. The decision to terminate these three venues was based on our belief that none of these locations could be operated profitably in the current environment on any meaningful rent paying basis at the rents being demanded by their respective landlords.

Real Estate Overview

Through our various subsidiaries, we engage in the real estate business through the development, ownership, rental or licensing to third parties of retail, commercial, and live theatre assets. Our real estate business creates long-term value for our stockholders through the continuous improvement and development of our investment and operating properties, including our ETCs. In addition to owning the fee interests in nine of our cinemas (as presented in the table under *Cinema Exhibition Overview*), as of March 31, 2024, we:

- own our 44 Union Square property in Manhattan comprised of retail and office space which is currently in the lease-up phase. The cellar, ground floor, and second floor of the building are now fully leased to Petco, which is in occupancy of its premises on a full rent paying basis.
- own and operate three ETCs known as Newmarket Village (in a suburb of Brisbane), The Belmont Common (in a suburb of Perth), and Cannon Park (in Townsville) in Australia. We also own Courtenay Central (in Wellington) in New Zealand, which we historically operated as an ETC;
- owned and operated our administrative office building in Culver City, California, which was sold on February 23, 2024;
- own and operate our administrative office building in South Melbourne, Australia;
- own and operate the fee interests in two developed commercial properties in Manhattan improved with live theatres comprised of a single stage in each location;
- own a 75% managing member interest in a limited liability company which in turn owns the fee interest in and improvements constituting our Cinemas 1,2,3 located in Manhattan;
- own an approximately 26.6-acre property in Williamsport, Pennsylvania, which is currently being held for sale; and
- own approximately 201-acres principally in Pennsylvania from our legacy railroad business, including the Reading Viaduct in downtown Philadelphia;

For a breakdown of our real estate assets, made current by our discussion below, please refer to *Part I, Item 1 – Our Business* of our 2023 Form 10-K. We now present a discussion of recent material developments.

Value-creating Opportunities

While the COVID-19 pandemic significantly impacted the global cinema industry and necessitated capital conservation to sustain our cinema operations, resulting in delays in executing many of our Company's real estate development plans, we are now actively refocusing on advancing these initiatives as we continue to operate in post-pandemic era. Our commitment to the prudent development of our real estate assets remains steadfast, and we are dedicated to leveraging this post-pandemic period to go forward with our strategic real estate endeavors.

United States:

- 44 Union Square Redevelopment (New York, N.Y.) – On January 27, 2022, we finalized a long-term lease agreement with Petco, securing occupancy of the cellar, ground floor, and second floor of the building, amounting to 42% of the leasable area. Petco commenced full-rent, cash-paying occupancy and officially opened its doors to the public on June 1, 2023. During mid-March 2024, we engaged George Comfort & Sons as our exclusive leasing broker for the remaining space at 44 Union Square. Originally designated for office use, the property's striking presence in Union Square, coupled with the resurgence of foot traffic in the area, and its exceptional branding potential, prompt us to explore a spectrum of uses beyond traditional office tenants. This includes consideration for short-term and special-purpose arrangements. While we cannot guarantee the successful leasing of the remaining space, we are optimistic that George Comfort & Sons, well known for their extensive experience in New York City real estate, will bring a fresh perspective and innovative strategies to activate the remaining space at 44 Union Square.
- Minetta Lane Theatre (New York, N.Y.) – Prior to the pandemic, our theater hosted Audible productions featuring a limited cast and special live performances streamed on the Audible platform. Public performances resumed on October 8, 2021, after an approximate 1.5-year hiatus, during which we provided certain abatements. Audible has since resumed full operations and extended its license with us through March 15, 2026, with an option to extend for an additional year.
- Orpheum Theatre (New York, N.Y.) – Before COVID-19, our Orpheum Theatre was home to STOMP. While shows ceased from April 2020 to June 2021 due to the pandemic, performances afterward were intermittent. During this time, we provided certain abatements. STOMP concluded its 30-year run at our theater on January 8, 2023. Under our termination agreement, we retain rights to host any future productions of the show. Following STOMP's departure, new productions like *The Empire Strips Back* and Comedian Rachel Bloom's *Death, Let Me Do My Show* brought fresh excitement to audiences during 2023. During Q1 2024, the Orpheum hosted Eddie Izzard's *Hamlet* which had a four-week run through April 14, 2024. And, on September 14, 2024 performances of *The Big Gay Jamboree* begin at the Orpheum. This new show is from LuckyChap, the producing team, which includes Margot Robbie, behind *Barbie* and *Saltburn* and multiple-Tony-winning Broadway producing veterans Sue Wagner and John Johnson (*Stereophonic*, *Lempicka*) from a book by Marla Mindelle, the co-author and original star of the Off Broadway hit musical-comedy *Titanique*.
- Cinemas 1,2,3 (New York, N.Y.) – Currently operated as the Cinemas 123 by Angelika, we have historically treated this property as an asset held for long term development. However, in light of a variety of factors, such as market conditions in Manhattan for real estate assets, cost of capital and demands on our liquidity, we have begun to explore alternatives for this property. These alternatives may include, again by way of example, the bringing in of a capital partner, the entering into a long-term ground lease (which could serve as the basis for medium to long term finance), and/or the sale (in whole or in part) of our interest in the property.

- *The Philadelphia Viaduct and Adjacent Properties (Philadelphia, Pennsylvania)* – This continues to be an area of focus in 2024 as we continue our efforts to develop and maximize the potential of our real estate holdings in Philadelphia. Since 2023, we have resumed work on this project, particularly concentrating on the Reading Viaduct—an 0.7-mile-long raised rail bed and bridge system spanning the Callowhill and Poplar neighborhoods, extending to Vine Street in the heart of the city's Central Business District, near the proposed new home of the Philadelphia 76ers. Comprising approximately 6.5 acres of land, along with various connecting bridges over public streets and sidewalks, the Reading Viaduct represents a significant contiguous land holding unobstructed by public thoroughfares. While there has been interest from the City of Philadelphia and the City Center District in acquiring the Reading Viaduct for park purposes, no concrete steps have been taken to proceed with condemnation or transfer of the property. We are currently evaluating whether a dedicated public park is the most beneficial use of the space. While a public park and pedestrian corridor, similar to the New York High Line, could be integral to the Viaduct's development, we are also exploring mixed-use options such as residential, retail, and entertainment developments. Recent developments in the area, such as the announcement of a \$158 million federal grant for the Chinatown Stitch project in mid-March 2024, further highlight the potential of the Reading Viaduct. This project aims to reconnect the Chinatown community and surrounding neighborhoods by capping the Vine Street Expressway I-676, which directly intersects with the Reading Viaduct at Vine Street. We believe that capping the expressway at our property would significantly enhance the attractiveness and viability of the Reading Viaduct for future development.

Australia:

- *Newmarket Village ETC (Brisbane, Australia)* – Through 2024 and 2025 we will continue to operate our Newmarket Village ETC, which includes Reading Cinemas as an anchor tenant. Our site includes a 23,218 square foot parcel adjacent to the center, improved with an office building. Over the next few years, we will be evaluating different development options for this space. As of the date of this report, the combined center and office building is 99% leased.
- *Cannon Park Center ETC, (Queensland, Australia)* – We own two adjoining properties in Townsville, Queensland, Australia, (Cannon Park City Center and Cannon Park Discount Center) comprising approximately 9.4-acres which we operate as our Cannon Park Center ETC. The total gross leasable area of the two properties is 126,433 square feet. Our multiplex cinema is an anchor tenant. These properties are currently 94% leased.
- *The Belmont Common, (Belmont, Perth, Australia)* – The total gross leasable area of the Belmont Common is 60,117 square feet. Our multiplex cinema is the anchor tenant with six third-party tenants. The site is currently 100% leased.

New Zealand:

- *Courtenay Central Redevelopment (Wellington)* – Our Wellington property is comprised of three parcels representing approximately 161,082 square feet of land in the entertainment core of Wellington. While our own plans for the redevelopment of our cinema complex at Courtenay Central have encountered difficulties (see discussion above under the Caption Real Estate Developments) we remain optimistic about the potential for our Wellington assemblage, in light of, among other things, (i) the successful June 3, 2023 opening of Takina Wellington Convention and Exhibition Center (wcec.co.nz), this capital city's first premium conference and exhibition space, (ii) the loosening of certain height and density restrictions, and (iii) the lack of comparable building sites. We are currently in the process of reassessing our options.

For a complete list of our principal properties, see *Part I, Item 2 – Properties* under the heading “*Investment and Development Property.*”

Corporate Matters

Refer to *Part I – Financial Information, Item 1 – Notes to Consolidated Financial Statements-- Note 17 – Stock-Based Compensation and Stock Repurchases* for details regarding our stock repurchase program and Board, Executive and Employee stock-based remuneration programs.

Please refer to our 2023 Form 10-K for more details on our cinema and real estate segments.

RESULTS OF OPERATIONS

The table below summarizes the results of operations for each of our principal business segments along with the non-segment information for the quarter and three months ended March 31, 2024, and March 31, 2023, respectively:

	Three Months Ended		% Change	
	March 31, 2024	March 31, 2023	Fav/ (Unfav)	
(Dollars in thousands)				
SEGMENT RESULTS				
Revenue				
Cinema exhibition	\$ 41,271	\$ 41,987	(2)	%
Real estate	4,933	5,065	(3)	%
Inter-segment elimination	(1,152)	(1,245)	7	%
Total revenue	45,052	45,807	(2)	%
Operating expense				
Cinema exhibition	(41,872)	(42,899)	2	%
Real estate	(2,235)	(2,215)	(1)	%
Inter-segment elimination	1,152	1,245	(7)	%
Total operating expense	(42,955)	(43,869)	2	%
Depreciation and amortization				
Cinema exhibition	(2,587)	(2,873)	10	%
Real estate	(1,517)	(1,587)	4	%
Total depreciation and amortization	(4,104)	(4,460)	8	%
General and administrative expense				
Cinema exhibition	(977)	(827)	(18)	%
Real estate	(291)	(257)	(13)	%
Total general and administrative expense	(1,268)	(1,084)	(17)	%
Segment operating income				
Cinema exhibition	(4,165)	(4,612)	10	%
Real estate	890	1,006	(12)	%
Total segment operating income (loss)	\$ (3,275)	\$ (3,606)	9	%
NON-SEGMENT RESULTS				
Depreciation and amortization expense	(102)	(179)	43	%
General and administrative expense	(4,154)	(4,095)	(1)	%
Interest expense, net	(5,286)	(4,117)	(28)	%
Equity earnings of unconsolidated joint ventures	(25)	19	(>100)	%
Gain (loss) on sale of assets	(1,125)	—	-	%
Other income (expense)	341	174	96	%
Income before income taxes	(13,626)	(11,804)	(15)	%
Income tax benefit (expense)	223	480	(54)	%
Net income (loss)	(13,403)	(11,324)	(18)	%
Less: net income (loss) attributable to noncontrolling interests	(175)	(213)	18	%
Net income (loss) attributable to Reading International, Inc.	\$ (13,228)	\$ (11,111)	(19)	%
Basic earnings (loss) per share	\$ (0.59)	\$ (0.50)	(18)	%

Consolidated and Non-Segment Results:

First Quarter Net Results

Revenue

Revenue for the quarter ended March 31, 2024, decreased by \$0.8 million, to \$45.1 million, compared to the same period in the prior year, primarily due to (i) slight weakening in cinema operations, as a result of lower US food and beverage revenues, lower US advertising and other revenue, and lowered NZ admissions compounded with a lower Average Ticket Price, (ii) decreased US property rent revenue, in part due to loss of third party rent revenue from our Culver City Office building, which was sold in February 2024, and (iii) a softening of the AU/NZ foreign exchange rates.

Segment Operating Income/(Loss)

Our total segment operating loss for the quarter ended March 31, 2024, improved by \$0.3 million, from a loss of \$3.6 million to a loss of \$3.3 million, primarily due to improved operating income from our U.S. cinema circuit as a result of lower operating expenses, partially offset by increases in general and administrative expenses, along with a decrease in property operating gain primarily due to the loss of third party rental revenue from our Culver City Office building which was sold in February 2024.

During the first quarter of 2024, both the Australia and New Zealand dollars devalued against the U.S. dollar. The average Australia dollar exchange rate against the U.S. dollar for the first quarter of 2024 decreased 3.9% compared to the same period in 2023. The average New Zealand dollar exchange rate against the U.S. dollar for the first quarter of 2024 decreased 2.8% compared to the same

period in 2023. The devaluation of the Australia and New Zealand currencies negatively impacts segment operating income and positively impacts segment operating loss in U.S. dollar terms.

Net Income/(Loss)

Our net loss attributable to Reading International, Inc. for the quarter ended March 31, 2024, increased by \$2.1 million, from a loss of \$11.1 million to a loss of \$13.2 million, when compared to the same period in the prior year, primarily due to increased interest expense and a loss on the sale of our Culver City office building.

Income Tax Expense

Income tax benefit for the quarter ended March 31, 2024, decreased by \$0.3 million compared to the equivalent prior-year period. The change between 2024 and 2023 is primarily related to an increase in reserve for unrecognized tax benefits in 2024.

Business Segment Results

Cinema Exhibition

The following table details our cinema exhibition segment operating results for the quarter ended March 31, 2024, and March 31, 2023, respectively:

		Three Months Ended			
		March 31, 2024	% of Revenue	March 31, 2023	% of Revenue
(Dollars in thousands)		Three Months Ended			
REVENUE					
United States	Admissions revenue	\$ 12,245	30%	\$ 12,044	29%
	Food & beverage revenue	6,960	17%	7,448	18%
	Advertising and other revenue	2,103	5%	2,319	6%
		<u>\$ 21,308</u>	<u>52%</u>	<u>\$ 21,811</u>	<u>52%</u>
Australia	Admissions revenue	\$ 10,261	25%	\$ 10,371	25%
	Food & beverage revenue	5,765	14%	5,634	13%
	Advertising and other revenue	1,296	3%	1,207	3%
		<u>\$ 17,322</u>	<u>42%</u>	<u>\$ 17,212</u>	<u>41%</u>
New Zealand	Admissions revenue	\$ 1,600	4%	\$ 1,805	4%
	Food & beverage revenue	909	2%	991	2%
	Advertising and other revenue	132	0%	168	0%
		<u>\$ 2,641</u>	<u>6%</u>	<u>\$ 2,964</u>	<u>7%</u>
Total revenue		<u>\$ 41,271</u>	<u>100%</u>	<u>\$ 41,987</u>	<u>100%</u>
OPERATING EXPENSE					
United States	Film rent and advertising cost	\$ (6,139)	15%	\$ (6,238)	15%
	Food & beverage cost	(1,906)	5%	(1,981)	5%
	Occupancy expense	(5,787)	14%	(6,113)	15%
	Other operating expense	(9,008)	22%	(9,899)	24%
		<u>\$ (22,840)</u>	<u>55%</u>	<u>\$ (24,231)</u>	<u>58%</u>
Australia	Film rent and advertising cost	\$ (4,448)	11%	\$ (4,366)	10%
	Food & beverage cost	(1,275)	3%	(1,209)	3%
	Occupancy expense	(4,402)	11%	(4,292)	10%
	Other operating expense	(6,161)	15%	(5,822)	14%
		<u>\$ (16,286)</u>	<u>39%</u>	<u>\$ (15,689)</u>	<u>37%</u>
New Zealand	Film rent and advertising cost	\$ (682)	2%	\$ (772)	2%
	Food & beverage cost	(204)	0%	(192)	0%
	Occupancy expense	(760)	2%	(789)	2%
	Other operating expense	(1,100)	3%	(1,226)	3%
		<u>\$ (2,746)</u>	<u>7%</u>	<u>\$ (2,979)</u>	<u>7%</u>
Total operating expense		<u>\$ (41,872)</u>	<u>101%</u>	<u>\$ (42,899)</u>	<u>102%</u>
DEPRECIATION, AMORTIZATION, IMPAIRMENT AND GENERAL AND ADMINISTRATIVE EXPENSE					
United States	Depreciation and amortization	\$ (1,271)	3%	\$ (1,483)	4%
	Impairment of long-lived assets	—	0%	—	0%
	General and administrative expense	(633)	2%	(423)	1%
		<u>\$ (1,904)</u>	<u>5%</u>	<u>\$ (1,906)</u>	<u>5%</u>
Australia	Depreciation and amortization	\$ (1,190)	3%	\$ (1,244)	3%
	Impairment expense	—	0%	—	0%
	General and administrative expense	(344)	1%	(404)	1%
		<u>\$ (1,534)</u>	<u>4%</u>	<u>\$ (1,648)</u>	<u>4%</u>
New Zealand	Depreciation and amortization	\$ (126)	0%	\$ (146)	0%
	Impairment expense	—	0%	—	0%
	General and administrative expense	—	0%	—	0%
		<u>\$ (126)</u>	<u>0%</u>	<u>\$ (146)</u>	<u>0%</u>
Total depreciation, amortization, general and administrative expense		<u>\$ (3,564)</u>	<u>9%</u>	<u>\$ (3,700)</u>	<u>9%</u>
OPERATING INCOME (LOSS) – CINEMA					
United States		\$ (3,436)	(8)%	\$ (4,326)	(10)%
Australia		(498)	(1)%	(125)	(0)%
New Zealand		(231)	(1)%	(161)	(0)%
Total Cinema operating income (loss)		<u>\$ (4,165)</u>	<u>(10)%</u>	<u>\$ (4,612)</u>	<u>(11)%</u>

First Quarter Results

Revenue

For the quarter ended March 31, 2024, cinema revenue decreased by \$0.7 million, to \$41.3 million compared to the same period in the prior year. This decrease was primarily due to (i) lower US food and beverage revenues, lower US advertising and other revenue, and lowered NZ admissions compounded with a lower Average Ticket Price and (ii) weakening of AU/NZ foreign exchange rates.

Cinema Segment Operating Income/(Loss)

Cinema segment operating loss for the quarter ended March 31, 2024, improved by \$0.4 million, from a loss of \$4.6 million to a loss of \$4.2 million when compared to the same period in the prior year. The improvement is primarily due to improved operating income from our U.S. cinema circuit as a result of lower operating expenses from having shut down underperforming cinemas.

Operating expense

Operating expenses for the quarter ended March 31, 2024, decreased by \$1.0 million, to \$41.9 million, compared to the same quarter in the prior year. This decrease was due to lower occupancy expenses and other operating expenses in U.S. and New Zealand as a result of the recent cinema closures that occurred in the second half of 2023, partially offset by higher operating expenses in Australia.

Depreciation, amortization, impairment, general and administrative expense

Depreciation, amortization, impairment, and general and administrative expenses for the quarter ended March 31, 2024, decreased by \$0.1 million, to \$3.6 million, compared to the same quarter in the prior year. These decreases were due to a decrease in depreciation and amortization due to a delay in Capex spending.

Real Estate

The following table details our real estate segment operating results for the quarters ended March 31, 2024 and March 31, 2023, respectively:

(Dollars in thousands)		Three Months Ended				Three Months Ended
		March 31, 2024	% of Revenue	March 31, 2023	% of Revenue	
REVENUE						
United States	Live theatre rental and ancillary income	\$ 413	8%	\$ 339	7%	22%
	Property rental income	1,072	22%	1,215	24%	(12)%
		1,485	30%	1,554	31%	(4)%
Australia	Property rental income	3,083	62%	3,137	62%	(2)%
New Zealand	Property rental income	365	7%	374	7%	(2)%
Total revenue		\$ 4,933	100%	\$ 5,065	100%	(3)%
OPERATING EXPENSE						
United States	Live theatre cost	\$ (182)	4%	\$ (172)	3%	(6)%
	Property cost	(419)	8%	(441)	9%	5%
	Occupancy expense	(244)	5%	(243)	5%	-%
		(845)	17%	(856)	17%	1%
Australia	Property cost	(521)	11%	(512)	10%	(2)%
	Occupancy expense	(489)	10%	(483)	10%	(1)%
		(1,010)	20%	(995)	20%	(2)%
New Zealand	Property cost	(269)	5%	(262)	5%	(3)%
	Occupancy expense	(111)	2%	(102)	2%	(9)%
		(380)	8%	(364)	7%	(4)%
Total operating expense		\$ (2,235)	45%	\$ (2,215)	44%	(1)%
DEPRECIATION, AMORTIZATION, GENERAL AND ADMINISTRATIVE EXPENSE						
United States	Depreciation and amortization	\$ (739)	15%	\$ (739)	15%	-%
	General and administrative expense	(268)	5%	(176)	3%	(52)%
		(1,007)	20%	(915)	18%	(10)%
Australia	Depreciation and amortization	(591)	12%	(648)	13%	9%
	General and administrative expense	(24)	0%	(81)	2%	70%
		(615)	12%	(729)	14%	16%
New Zealand	Depreciation and amortization	(186)	4%	(200)	4%	7%
	General and administrative expense	-	0%	-	0%	-%
		(186)	4%	(200)	4%	7%
Total depreciation, amortization, general and administrative expense		\$ (1,808)	37%	\$ (1,844)	36%	2%
OPERATING INCOME (LOSS) - REAL ESTATE						
United States		\$ (367)	(7)%	\$ (217)	(4)%	(69)%
Australia		1,458	30%	1,413	28%	3%
New Zealand		(201)	(4)%	(190)	(4)%	(6)%
Total real estate operating income (loss)		\$ 890	18%	\$ 1,006	20%	(12)%

First Quarter Results

Revenue

Real estate revenue for the quarter ended March 31, 2024, decreased by \$0.1 million, to \$4.9 million, compared to the same period in the prior year. This rent revenue decrease was primarily due to intercompany rent income loss from the sale of our Maitland property in the fourth quarter of 2023 and the third party and intercompany rent income loss from our Culver City headquarter building which was sold in February of 2024.

Real Estate Segment Income/(Loss)

Real estate segment operating income for the quarter ended March 31, 2024 decreased by \$0.1 million to \$0.9 million, compared to \$1.0 million in the same period in the prior year. This change was primarily due to the loss in income from the sales of our Culver City Office building in February 2024 and our Maitland property in August 2023.

LIQUIDITY AND CAPITAL RESOURCES

Our Financing Strategy

Prior to the COVID-19 pandemic, we used cash generated from operations and other excess cash to the extent not needed to fund capital investments contemplated by our business plan, to pay down our loans and credit facilities. This provided us with availability under our loan facilities for future use and thereby, reduced interest charges. On a periodic basis, we reviewed the maturities of our borrowing arrangements and negotiated renewals and extensions where necessary.

However, disruptions to our cinema cash flow caused by the COVID-19 pandemic, government efforts to address the pandemic, and the resulting aftermath of the pandemic and those efforts have made it necessary for us to defer capital expenditures and to rely on

borrowings and the proceeds of asset monetizations to cover our costs of operations, pay interest and pay down debt. Since March 31, 2020 we have paid down our institutional debt by \$67.3 million.

Our bank loans with Bank of America, NAB, and Westpac require that our Company comply with certain covenants. Furthermore, our Company's use of loan funds from NAB and Westpac is limited due to limitations on the expatriation of funds from Australia and New Zealand to the United States. We believe that our lenders understand that the current situation, relating to the COVID-19 pandemic, is not of our making, that we are doing everything that can reasonably be done, and that, generally speaking, our relationship with our lenders is good.

While our Company believes that there will be recovery in the global cinema business, which was interrupted by the impacts of the 2023 Hollywood Strikes, we still face macroeconomic headwinds such as increased interest rates, inflation, supply chain issues and increased film rent, labor and operating costs, many of which are beyond our control. We are closely monitoring our debt maturity dates to arrange necessary amendments. As of March 31, 2024, we have debt of \$41.9 million coming due in the next 12 months.

If our Company is unable to generate sufficient cash flow in the upcoming months, we will be required to adopt one or more alternatives, such as reducing, delaying or eliminating planned capital expenditures, monetizing additional assets, restructuring our debt and/or our lease obligations or finding additional sources of liquidity (such as additional borrowings). In February 2024, we sold our Culver City office building for \$10.0 million. While we incurred a loss of \$1.1 million, on the transaction, we were able to reduce debt by \$8.4 million and to free up cash in the amount of \$1.2 million which was used to support operational activities. Further, due to the scope and extent of office vacancies in Los Angeles County, we anticipate that we will be able to save approximately \$1.5 million between now and the end of 2025 by moving to other premises. We listed as an asset held for sale our approximately 26.6-acre industrial property in Williamsport, Pennsylvania. This property was historically used as a rail yard, and, accordingly, has direct access to the area's rail system. We carry the property on our books at a book value (the lower of cost or market, as opposed to fair market value) of \$0.5 million. This asset was selected since, based on recent appraisals, we believe that it would free up amounts of cash and that it is unlikely that it would materially increase in value over the next three to five years without significant capital investment.

In order to further bolster our liquidity and capital resources, our Board of Directors has directed management to review the Company's real estate portfolio for potential assets to monetize. As of the date of this report, Management has received specific authorization from the Board to progress the monetization of our Cannon Park assets in Townsville, Queensland Australia. Management is also analyzing potential monetization strategies for certain of its real estate assets in New Zealand.

For more information about our borrowings, please refer to *Part I – Financial Information, Item 1 – Notes to Consolidated Financial Statements-- Note 12 – Borrowings*. For more information about our efforts to manage our liquidity issues, see *Part I- Financial Information, Item 1 – Notes to Consolidated Financial Statements – Note 3 – Impact of COVID-19 Pandemic, Artists Strike and Liquidity*.

The changes in cash and cash equivalents for the three months ended March 31, 2024, and March 31, 2023, respectively, are discussed as follows:

	Three Months Ended		
	March 31,		
	2024	2023	% Change
<i>(Dollars in thousands)</i>			
Net cash provided by (used in) operating activities	\$ (2,770)	\$ (11,552)	76 %
Net cash provided by (used in) investing activities	7,637	(1,527)	>100 %
Net cash provided by (used in) financing activities	(11,225)	(1,409)	(>100) %
Effect of exchange rate on cash and restricted cash	(751)	(114)	(>100) %
Increase (decrease) in cash and cash equivalents and restricted cash	\$ (7,109)	\$ (14,602)	51 %

Operating activities

Cash used in operating activities for the three months ended March 31, 2024, decreased by \$8.8 million, to \$2.8 million compared to cash used in the same period of prior year of \$11.6 million. This was primarily driven by an operating liabilities increase from accounts payable.

Investing activities

Cash provided in investing activities during the three months ended March 31, 2024 was \$7.6 million compared to cash used in the same period of prior year of \$1.5 million. This was due to \$9.7 million proceeds from sale of the Culver City office building in February 2024.

Financing activities

Cash used in financing activities for the three months ended March 31, 2024, increased by \$9.8 million, to \$11.2 million compared to cash used in the same period of prior year due to the payoff of the Citizens loan of \$8.4 million, following the sale of the Culver City office building, and additional \$0.3 million debt repayment that was required when our Bank of America Credit Facility was amended on March 27, 2024.

The table below presents the changes in our total available resources (cash and borrowings), debt-to-equity ratio, working capital, and other relevant information addressing our liquidity for the first quarter ended March 31, 2024, and preceding four years:

	As of and for the 3-Months Ended March 31, 2024	Year Ended December 31			
		2023	2022	2021	2020
<i>(\$ in thousands)</i>					
Total Resources (cash and borrowings)					
Cash and cash equivalents (unrestricted)	\$ 7,501	\$ 12,906	\$ 29,947	\$ 83,251	\$ 26,826
Unused borrowing facility	7,859	7,859	12,000	12,000	15,490
Restricted for capital projects	7,859	7,859	12,000	12,000	9,377
Unrestricted capacity	—	—	—	—	6,113
Total resources at period end	15,360	20,765	41,947	95,251	42,316
Total unrestricted resources at period end	7,501	12,906	29,947	83,251	32,939
Debt-to-Equity Ratio					
Total contractual facility	\$ 203,510	\$ 218,159	\$ 227,633	\$ 248,948	\$ 300,449
Total debt (gross of deferred financing costs)	195,651	210,300	215,633	236,948	284,959
Current	41,857	35,070	38,026	12,060	42,299
Non-current	153,794	175,230	177,607	224,888	242,660
Finance lease liabilities	73	83	209	—	—
Total book equity	17,728	32,996	63,279	105,060	81,173
Debt-to-equity ratio	11.04	6.37	3.41	2.26	3.51
Changes in Working Capital					
Working capital (deficit) ⁽¹⁾	\$ (114,566)	\$ (88,373)	\$ (74,152)	\$ (6,673)	\$ (64,140)
Current ratio	0.15	0.30	0.39	0.94	0.47
Capital Expenditures (including acquisitions)	\$ 1,926	\$ 4,711	\$ 9,780	\$ 14,428	\$ 16,759

(1) Our working capital is reported as a deficit, as we receive revenue from our cinema business ahead of the time that we have to pay our associated liabilities. We use the money we receive to pay down our borrowings in the first instance.

As of March 31, 2024, we had \$7.5 million in unrestricted cash and cash equivalents compared to \$12.9 million on December 31, 2023. On March 31, 2024, our total outstanding borrowings were \$195.7 million compared to \$210.3 million on December 31, 2023.

We manage our cash, investments, and capital structure to meet the short-term and long-term obligations of our business, while maintaining financial flexibility and liquidity. We forecast, analyze, and monitor our cash flows to enable investment and financing within the overall constraints of our financial strategy. In the past, we used cash generated from operations and other excess cash to the extent not needed for any capital expenditures, to pay down our loans and credit facilities providing us some flexibility on our available loan facilities for future use and thereby, reducing interest charges.

CONTRACTUAL OBLIGATIONS, COMMITMENTS AND CONTINGENCIES

The following table provides information with respect to the maturities and scheduled principal repayments of our recorded contractual obligations and certain of our commitments and contingencies, either recorded or off-balance sheet, as of March 31, 2024:

(Dollars in thousands)	2024	2025	2026	2027	2028	Thereafter	Total
Debt ⁽¹⁾	\$ 31,928	\$ 74,091	\$ 61,327	\$ —	\$ —	\$ —	\$ 167,346
Operating leases, including imputed interest	30,740	28,928	26,990	24,215	21,433	116,048	248,354
Finance leases, including imputed interest	44	34	—	—	—	—	78
Subordinated debt ⁽¹⁾	393	—	—	27,913	—	—	28,306
Pension liability	392	547	576	607	638	443	3,203
Interest on pension liability	121	137	108	77	45	11	499
Estimated interest on debt ⁽²⁾	13,327	10,479	5,228	1,311	—	—	30,345
Village East purchase option ⁽³⁾	5,900	—	—	—	—	—	5,900
Total	\$ 82,844	\$ 114,217	\$ 94,229	\$ 54,123	\$ 22,116	\$ 116,502	\$ 484,031

(1) Information is presented gross of deferred financing costs.

(2) Estimated interest on debt is based on the anticipated loan balances for future periods and current applicable interest rates.

(3) Represents the lease liability of the option associated with the ground lease purchase of the Village East Cinema, which on November 4, 2022, we modified to settle on or before July 1, 2024.

Litigation

We are currently involved in certain legal proceedings and, as required, have accrued estimates of probable and estimable losses for the resolution of these claims.

Please refer to *Part I, Item 3 – Legal Proceedings* in our 2023 Form 10-K for more information. There have been no material changes to our litigation since our 2023 Form 10-K, except as set forth in *Notes to Consolidated Financial Statements-- Note 15 – Commitments and Contingencies* included herein in *Part I – Financial Information, Item 1 – Financial Statements* on this Quarterly Report on Form 10-Q. This note sets out our litigation accounting policies.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements or obligations (including contingent obligations) that have, or are reasonably likely to have, a current or future material effect on our financial condition, changes in the financial condition, revenue or expense, results of operations, liquidity, capital expenditures or capital resources.

CRITICAL ACCOUNTING POLICIES

We believe that the application of the following accounting policies requires significant judgments and estimates in the preparation of our Consolidated Financial Statements and hence, are critical to our business operations and the understanding of our financial results:

(i) *Impairment of Long-lived Assets (other than Goodwill and Intangible Assets with indefinite lives)* – we evaluate our long-lived assets and finite-lived intangible assets using historical and projected data of cash flows as our primary indicator of potential impairment and we take into consideration the seasonality of our business. If the sum of the estimated, undiscounted future cash flows is less than the carrying amount of the asset, then an impairment is recognized for the amount by which the carrying value of the asset exceeds its estimated fair value based on an appraisal or a discounted cash flow calculation. For certain non-income producing properties or for those assets with no consistent historical or projected cash flows, we obtain appraisals or other evidence to evaluate whether there are impairment indicators for these assets.

No impairment losses were recorded for long-lived and finite-lived intangible assets for the quarter ended March 31, 2024.

(ii) *Impairment of Goodwill and Intangible Assets with indefinite lives* – goodwill and intangible assets with indefinite useful lives are not amortized, but instead, tested for impairment at least annually on a reporting unit basis. The impairment evaluation is based on the present value of estimated future cash flows of each reporting unit plus the expected terminal value. There are significant assumptions and estimates used in determining the future cash flows and terminal value. The most significant assumptions include our cost of debt and cost of equity assumptions that comprise the weighted average cost of capital for each reporting unit. Accordingly, actual results could vary materially from such estimates.

No impairment losses were recorded for goodwill and indefinite-lived intangible assets for the quarter ended March 31, 2024.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Our statements in this quarterly report, including the documents incorporated herein by reference, contain a variety of forward-looking statements as defined by the Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "may," "will," "expect," "believe," "intend," "future," and "anticipate" and similar references to future periods. Examples of forward-looking statements include, among others, our expectations regarding renovations and addition of cinemas; our beliefs regarding the impact of the 2023 Hollywood Strikes on the cinema business; our expected operating results, including our ultimate return to pre-pandemic type results; our expectations regarding the recovery and future of the cinema exhibition industry, including the strength of movies anticipated for release in the future; our expectations regarding people returning to our theatres and continuing to use discretionary funds on entertainment outside of the home; our beliefs regarding the impact of our cinema-anchored real estate developments; our beliefs regarding the success of our diversified business strategy; our beliefs regarding the appeal of the Courtenay Central site and the neighboring areas in Wellington; our expectations regarding the impact of streaming and mobile video services on the cinema exhibition industry; our belief regarding the attractiveness of 44 Union Square to potential tenants and ability to lease space on acceptable terms; our expectations regarding the timing of the completions our renovation projects; our expectations regarding the effects of our enhanced F&B offerings on our operating results; our expectations regarding credit facility covenant compliance and our ability to continue to obtain necessary covenant waivers and loan extensions on terms acceptable to us; and our expectations of our liquidity and capital requirements and the allocation of funds.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following:

- with respect to our cinema and live theatre operations:
 - reduced consumer demand due to inflationary pressures;
 - the adverse continuing effects of external events of past pandemic and strikes on our Company's results from operations, liquidity, cash flows, financial condition, and access to credit markets;
 - the adverse continuing impact of the COVID-19 pandemic or other contagious diseases on short-term and/or long-term entertainment, leisure and discretionary spending habits and practices of our patrons;
 - the decrease in attendance at our cinemas and theatres due to (i) increased ticket prices (ii) a change in consumer behavior in favor of alternative forms or mediums of entertainment, and (iii) limited availability of wide release content;
 - reduction in operating margins (or negative operating margins) due to (i) decreased attendance, (ii) limited availability of wide release content, and (iii.) increased operating expenses;
 - unwillingness of employees to report to work due to the adverse effects of contagious diseases or to otherwise conduct work under any revised work environment protocols;
 - competition from cinema operators who have successfully used debtor laws to reduce their debt and/or rent exposure;
 - the uncertainty as to the scope and extent of our government's responses to future outbreak of infectious diseases;
 - the disruptions or reductions in the utilization of entertainment, shopping, and hospitality venues, as well as in our operations, due to pandemics, epidemics, widespread health emergencies, or outbreaks of infectious diseases or to changing consumer tastes and habits;
 - the number and attractiveness to moviegoers of the films released in future periods, and potential changes in release dates for motion pictures;
 - the lack of availability of films in the short- or long-term as a result of (i) major film distributors releasing scheduled films on alternative channels or (ii) disruptions of film production or (iii) rescheduling of movie releases into later periods, as most currently experienced due to the implications of the 2023 Hollywood Strikes;
 - the amount of money spent by film distributors to promote their motion pictures;
 - the licensing fees and terms required by film distributors from motion picture exhibitors in order to exhibit their films;
 - the comparative attractiveness of motion pictures as a source of entertainment and willingness and/or ability of consumers (i) to spend their dollars on entertainment and (ii) to spend their entertainment dollars on movies in an outside-the-home environment;
 - the extent to which we encounter competition from other cinema exhibitors, from other sources of outside-the-home entertainment, and from inside-the-home entertainment options, such as "home cinemas" and competitive film product distribution technology, such as, streaming, cable, satellite broadcast, video on demand platforms, and Blu-ray/DVD rentals and sales;
 - our ability to continue to obtain, to the extent needed, waivers or other financial accommodations from our lenders and landlords;
 - the impact of major movies being released directly to one of the multitudes of streaming services available;
 - the impact of certain competitors' subscription or advance pay programs;

- ☐ the failure of our new initiatives to gain significant customer acceptance and use or to generate meaningful profits;
- ☐ the cost and impact of improvements to our cinemas, such as improved seating, enhanced F&B offerings, and other improvements;
- ☐ the ability to negotiate favorable rent abatement, deferral and repayment terms with our landlords (which may include lenders who have foreclosed on the collateral held by our prior landlords);
- ☐ disruptions during cinema improvements;
- ☐ in the U.S., the impact of the termination and phase-out of the so called "Paramount Decree;"
- ☐ the risk of damage and/or disruption of cinema businesses from earthquakes as certain of our operations are in geologically active areas;
- ☐ the impact of protests, demonstrations, and civil unrest on, among other things, government policy, consumer willingness to go to the movies;
- ☐ labor shortages and increased labor costs related to such shortages and to increasingly costly labor laws and regulations applicable to part time non-exempt workers. Disruptions in film supply and film marketing due to the 2023 Hollywood Strikes; and
- ☐ competition from a newly restructured Regal, which may have lower occupancy costs than we do.
- ☐ with respect to our real estate development and operation activities:
 - ☐ the increased costs of wages, supplies, services and other development expenses from inflation;
 - ☐ the impact on tenants from inflationary pressures;
 - ☐ uncertainty as to governmental responses to infectious diseases;
 - ☐ the rental rates and capitalization rates applicable to the markets in which we operate and the quality of properties that we own;
 - ☐ the ability to negotiate and execute lease agreements with material tenants;
 - ☐ the extent to which we can obtain on a timely basis the various land use approvals and entitlements needed to develop our properties;
 - ☐ the risks and uncertainties associated with real estate development;
 - ☐ the availability and cost of labor and materials;
 - ☐ the ability to obtain all permits to construct improvements;
 - ☐ the ability to finance improvements, including, but not limited to increased cost of borrowing and tightened lender credit policies;
 - ☐ the disruptions to our business from construction and/or renovations;
 - ☐ the possibility of construction delays, work stoppage, and material shortage;
 - ☐ competition for development sites and tenants;
 - ☐ environmental remediation issues;
 - ☐ the extent to which our cinemas can continue to serve as an anchor tenant that will, in turn, be influenced by the same factors as will influence generally the results of our cinema operations;
 - ☐ the increased depreciation and amortization expense as construction projects transition to leased real property;
 - ☐ the ability to negotiate and execute joint venture opportunities and relationships;
 - ☐ the risk of damage and/or disruption of real estate businesses from earthquakes as certain of our operations are in geologically active areas;
 - ☐ the disruptions or reductions in the utilization of entertainment, shopping and hospitality venues, as well as in our operations, due to pandemics, epidemics, widespread health emergencies, or outbreaks of infectious diseases, or to changing consumer tastes and habits; and
 - ☐ the impact of protests, demonstrations, and civil unrest on government policy, consumer willingness to visit shopping centers.
- ☐ with respect to our operations generally as an international company involved in both the development and operation of cinemas and the development and operation of real estate and previously engaged for many years in the railroad business in the United States:
 - ☐ our ability to renew, extend, renegotiate or replace our loans that mature in 2024 and beyond, and the impact of increasing interest rates;
 - ☐ our ability to grow our Company and provide value to our stockholders;
 - ☐ our ongoing access to borrowed funds and capital and the interest that must be paid on that debt and the returns that must be paid on such capital, and our ability to borrow funds to help cover the cessation of cash flows we experienced during the COVID-19 pandemic;
 - ☐ our ability to reallocate funds among jurisdictions to meet short-term liquidity needs;
 - ☐ the relative values of the currency used in the countries in which we operate;
 - ☐ changes in government regulation, including by way of example, the costs resulting from the requirements of Sarbanes-Oxley and other increased regulatory requirements;

- our labor relations and costs of labor (including future government requirements with respect to minimum wages, shift scheduling, the use of consultants, pension liabilities, disability insurance and health coverage, and vacations and leave);
- our exposure from time to time to legal claims and to uninsurable risks, such as those related to our historic railroad operations, including potential environmental claims and health-related claims relating to alleged exposure to asbestos or other substances now or in the future recognized as being possible causes of cancer or other health related problems, and class actions and private attorney general wage and hour and/or safe workplace-based claims;
- our exposure to cybersecurity risks, including misappropriation of customer information or other breaches of information security;
- the impact of future major outbreaks of contagious diseases;
- the availability of employees and/or their ability or willingness to conduct work under any revised work environment protocols;
- the increased risks related to employee matters, including increased employment litigation and claims relating to terminations or furloughs caused by cinema and ETC closures;
- our ability to generate significant cash flow from operations if our cinemas and/or ETCs continue to experience demand at levels significantly lower than historical levels, which could lead to a substantial increase in indebtedness and negatively impact our ability to comply with the financial covenants, if applicable, in our debt agreements;
- our ability to comply with credit facility covenants and our ability to obtain necessary covenant waivers and necessary credit facility amendments;
- changes in future effective tax rates and the results of currently ongoing and future potential audits by taxing authorities having jurisdiction over our various companies;
- inflationary pressures on labor and supplies, and supply chain disruptions;
- changes in applicable accounting policies and practices;
- changes in future effective tax rates and the results of currently ongoing and future potential audits by taxing authorities having jurisdiction over our various companies;
- the impact of the conflict events occurring in Eastern Europe and the threats of potential conflicts in the Asia-Pacific region; and
- the impact of the conflict events occurring in Israel and the threats of other potential conflicts in the Middle East.

The above list is not necessarily exhaustive, as business is by definition unpredictable and risky, and subject to influence by numerous factors outside of our control, such as changes in government regulation or policy, competition, interest rates, supply, technological innovation, changes in consumer taste and fancy, weather, earthquakes, pandemics, and the extent to which consumers in our markets have the economic wherewithal to spend money on beyond-the-home entertainment. Refer to *Item 1A - Risk Factors*, as well as the risk factors set forth in any other filings made under the Securities Act of 1934, as amended, including any of our Quarterly Reports on Form 10-Q, for more information.

Given the variety and unpredictability of the factors that will ultimately influence our businesses and our results of operation, no guarantees can be given that any of our forward-looking statements will ultimately prove to be correct. Actual results will undoubtedly vary and there is no guarantee as to how our securities will perform either when considered in isolation or when compared to other securities or investment opportunities.

Forward-looking statements made by us in this quarter report are based only on information currently available to us and are current only as of the date of this Quarterly Report on Form 10-Q for the period ended March 31, 2024. We undertake no obligation to publicly update or to revise any of our forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable law. Accordingly, you should always note the date to which our forward-looking statements speak.

Item 3 – Quantitative and Qualitative Disclosure about Market Risk

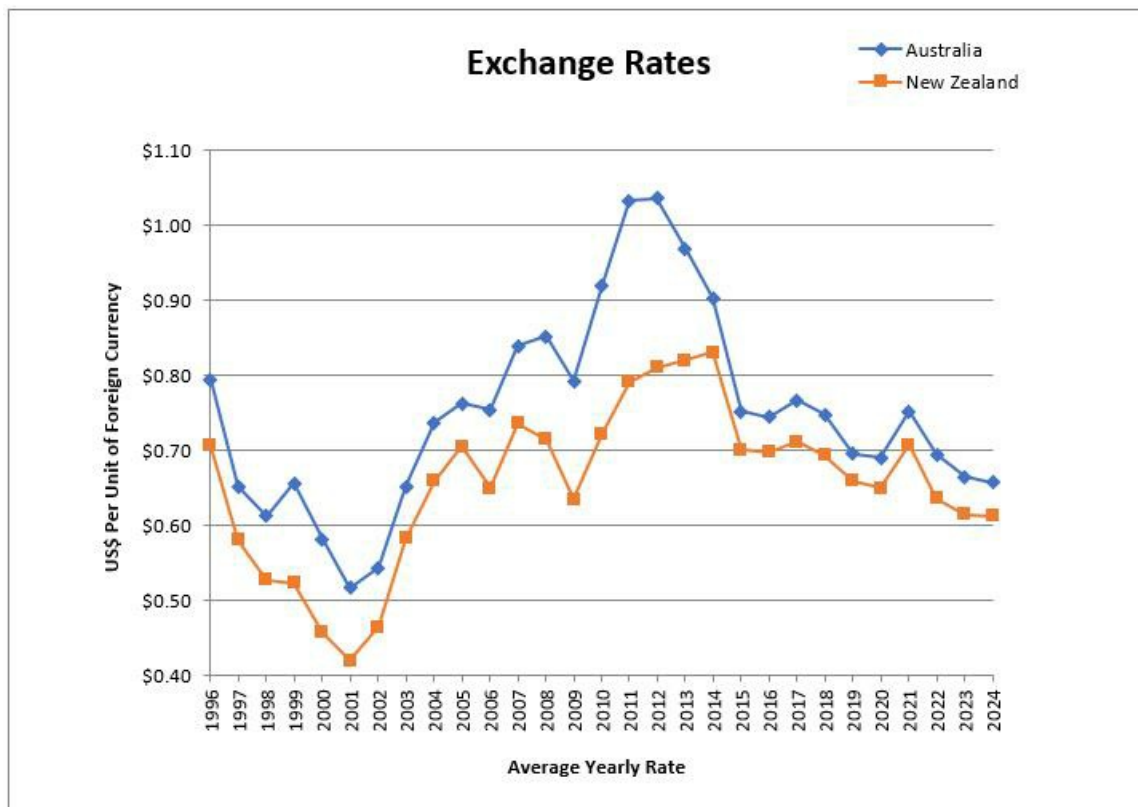
The SEC requires that registrants include information about potential effects of changes in currency exchange and interest rates in their filings. Several alternatives, all with some limitations, have been offered. We base the following discussion on a sensitivity analysis that models the effects of fluctuations in currency exchange rates and interest rates. This analysis is constrained by several factors, including the following:

- ☐ It is based on a single point in time; and
- ☐ It does not include the effects of other complex market reactions that would arise from the changes modeled.

Although the results of such an analysis may be useful as a benchmark, they should not be viewed as forecasts.

Currency Risk

While we report our earnings and net assets in U.S. dollars, substantial portions of our revenue and of our obligations are denominated in either Australian or New Zealand dollars. The value of these currencies can vary significantly compared to the U.S. dollar and compared to each other. We do not hedge the currency risk, but rather have relied upon the natural hedges that exist as a result of the fact that our film costs are typically fixed as a percentage of the box office, and our local operating costs and obligations are likewise typically denominated in local currencies. However, we do have intercompany debt and our ability to service this debt could be adversely impacted by declines in the relative value of the Australian and New Zealand dollars compared to the U.S. dollar. Also, our use of local borrowings to mitigate the business risk of currency fluctuations has reduced our flexibility to move cash between jurisdictions. Set forth below is a chart of the exchange ratios between these two currencies in relation to US dollars since 1996:



In recent periods, we have paid material intercompany dividends and have repaid intercompany debt, using these proceeds to fund capital investment in the United States. Accordingly, our debt levels in Australia are higher than they would have been if funds had not been returned for such purposes. On a company wide basis, this means that a reduction in the relative strength of the U.S. dollar versus

the Australian dollar and/or the New Zealand dollar would effectively raise the overall cost of our borrowing and capital and make it more expensive to return funds from the United States to Australia and New Zealand.

Our Company transacts business in Australia and New Zealand and is subject to risks associated with fluctuating foreign currency exchange rates. During the first quarter of 2024, the average Australian dollar and New Zealand dollar weakened against the U.S. dollar by 3.9% and 2.8%, respectively, compared to the same period prior year.

At March 31, 2024, approximately 36.5% and 8.8% of our assets were invested in assets denominated in Australian dollars (Reading Entertainment Australia) and New Zealand dollars (Reading New Zealand), respectively, including approximately \$5.0 million in cash and cash equivalents. At December 31, 2023, approximately 36.4% and 8.9% of our assets were invested in assets denominated in Australian dollars (Reading Entertainment Australia) and New Zealand dollars (Reading New Zealand), respectively, including approximately \$5.8 million in cash and cash equivalents.

Our policy in Australia and New Zealand is to match revenues and expenses, whenever possible, in local currencies. As a result, we have procured a majority of our expenses in Australia and New Zealand in local currencies. Despite this natural hedge, recent movements in foreign currencies and the current holding of U.S. dollars by certain Australian and New Zealand subsidiaries have had an effect on our current earnings. The effect of the translation adjustment on our assets and liabilities noted in our other comprehensive income was a decrease of \$2.6 million for the quarter ended March 31, 2024, respectively. As we continue to progress our acquisition and development activities in Australia and New Zealand, no assurances can be given that the foreign currency effect on our earnings will not be material in the future.

Historically, our policy has been to borrow in local currencies to finance the development and construction of our long-term assets in Australia and New Zealand. As a result, the borrowings in local currencies have provided somewhat of a natural hedge against the foreign currency exchange exposure. We have also historically paid management fees to the U.S. to cover a portion of our domestic overhead. The fluctuations of the Australian and New Zealand currencies, however, may impact our ability to rely on such funding for ongoing support of our domestic overhead.

We record unrealized foreign currency translation gains or losses that could materially affect our financial position. As of March 31, 2024, and December 31, 2023, the balance of cumulative foreign currency translation adjustments were approximately a (\$3.6) million loss and (\$1.0) million loss, respectively.

Interest Rate Risk

Our exposure to interest rate risk arises out of our long-term floating-rate borrowings. To manage the risk, we utilize interest rate derivative contracts to convert certain floating-rate borrowings into fixed-rate borrowings. It is our Company's policy to enter into interest rate derivative transactions only to the extent considered necessary to meet its objectives as stated above. Our Company does not enter into these transactions or any other hedging transactions for speculative purposes.

Historically, we maintain most of our cash and cash equivalent balances in short-term money market instruments with original maturities of three months or less. Due to the short-term nature of such investments, a change of 1% in short-term interest rates would not have a material effect on our financial condition. The negative spread between our borrowing costs and earned interest will exacerbate as we hold cash to provide a safety net to meet our expenses.

We have a combination of fixed and variable interest rate loans. In connection with our variable interest rate loans, a change of approximately 1% in short-term interest rates would have resulted in an approximate \$488,000 increase or decrease in our quarterly interest expense.

For further discussion on market risks, please refer to *Part I, Item 1A – Risk Factors* included on our 2023 Form 10-K.

Item 4 – Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Company's reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such, term is defined under Rule 13a-15(e) promulgated under the Exchange Act. Based upon that evaluation, we concluded that, as of March 31, 2024, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no other changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the first quarter ended March 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – Other Information

Item 1 – Legal Proceedings

The information required under Part II, Item 1 (*Legal Proceedings*) is incorporated by reference to the information contained in *Notes to Consolidated Financial Statements-- Note 15 – Commitments and Contingencies* included herein in *Part I – Financial Information, Item 1 – Financial Statements* on this Quarterly Report on Form 10-Q.

For further details on our legal proceedings, please refer to *Part I, Item 3 – Legal Proceedings*, contained in our 2023 Form 10-K.

Item 1A – Risk Factors

There have been no material changes to the risk factors we previously disclosed in Item 1A of our 2022 Form 10-K other than the potential impact of the 2023 Hollywood Strikes on the cinema industry and our business.

We encourage investors to review the risks and uncertainties relating to our business disclosed under the heading Risk Factors or otherwise in the 2023 Form 10-K, as well as those contained in Part I – Forward-Looking Statements thereof, as revised or supplemented by our Quarterly Reports filed with the SEC since the filing of the 2023 Form 10-K.

Item 2 – Sales of Equity Securities and Use of Proceeds

None.

Item 3 – Defaults upon Senior Securities

None.

Item 4 – Mine Safety Disclosure

Not applicable.

Item 5 – Other Information

During the quarter ended March 31, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” (in each case, as defined in Item 408 of Regulation S-K).

Item 6 – Exhibits

10.1+†	Waiver and Sixth Amendment to Second Amended and Restated Credit Agreement, dated March 27, 2024, between Consolidated Amusement Holdings, LLC, and Bank of America, N.A.
31.1*	Certification of the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32**	Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following material from our Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Cash Flows, and (v) the Notes to the Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted in iXBRL and contained in Exhibit 101)

+ Filed or furnished herewith

† Certain portions of this exhibit have been omitted pursuant to Items 601(a)(5) and 601(b)(10)(iv) of Regulation S-K. Information in this exhibit that has been omitted has been noted in this document with a placeholder identified by the mark "[***]". The Company hereby agrees to furnish a copy of any omitted schedules or exhibits to the SEC upon request."

* Filed herewith

** Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

READING INTERNATIONAL, INC.

Date: May 15, 2024

By: /s/ Ellen M. Cotter
Ellen M. Cotter
President and Chief Executive Officer

Date: May 15, 2024

By: /s/ Gilbert Avanes
Gilbert Avanes
Executive Vice President, Chief Financial Officer and Treasurer

PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED BECAUSE THEY ARE BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. INFORMATION THAT HAS BEEN OMITTED HAS BEEN NOTED IN THIS DOCUMENT WITH A PLACEHOLDER IDENTIFIED BY THE MARK "[*]"

**waiver and SIXTH AMENDMENT TO
SECOND AMENDED AND RESTATED CREDIT AGREEMENT**

THIS WAIVER AND SIXTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this "Sixth Amendment"), dated as of March 27, 2024, is entered into by and among Consolidated Amusement Holdings, LLC, a Nevada limited liability company (the "Borrower"), the Affiliates of the Borrower identified on the signature pages hereto (collectively, the "Guarantors"), the financial institutions identified on the signature pages hereto (collectively, the "Lenders"), and Bank of America, N.A., as Administrative Agent, Swingline Lender and L/C Issuer, with reference to the following facts:

RECITALS

A. The Borrower, the Guarantors, the Lenders, and Bank of America as Administrative Agent, Swingline Lender and L/C Issuer are parties to a Second Amended and Restated Credit Agreement, dated as of March 6, 2020, as amended by a Waiver and First Amendment to Second Amended and Restated Credit Agreement dated as of May 15, 2020 (the "First Amendment"), by a Waiver and Second Amendment to Second Amended and Restated Credit Agreement dated as of August 7, 2020 (the "Second Amendment"), by a Waiver and Third Amendment to Second Amended and Restated Credit Agreement dated as of November 8, 2021 (the "Third Amendment"), by a Fourth Amendment to Second Amended and Restated Credit Agreement dated as of November 29, 2022 (the "Fourth Amendment") and by a Waiver and Fifth Amendment to Second Amended and Restated Credit Agreement dated as of March 30, 2023 (the "Fifth Amendment" and collectively with the First Amendment, Second Amendment, Third Amendment, Fourth Amendment, and Second Amended and Restated Credit Agreement, the "Credit Agreement"), pursuant to which the Lenders provide a revolving credit facility to the Borrower in an aggregate amount of up to \$55,000,000.00.

B. Borrower has reported to Administrative Agent and the Lenders that, due to the impacts on the exhibition industry as a result of the prolonged nature of the 2023 strikes of the Writers Guild of America and the Screen Actors Guild against the Alliance of Motion Picture and Television Producers, Borrower has been unable to maintain Liquidity in excess of \$3,000,000 as of February 29, 2024 in violation of Section 9 of the Second Amendment, which violation constitutes a Default under the Credit Agreement (the "Liquidity Default").

C. The parties are entering into this Sixth Amendment by which the Lenders will waive the Liquidity Default and the parties will amend and supplement the Credit Agreement as set forth below.

NOW, *THEREFORE*, the parties hereby agree as follows:

1. **Recitals.** All of the foregoing recitals and statements are hereby affirmed by the Loan Parties as true statements of fact and may be used as binding admissions in a court of law or equity, or other judicial or non-judicial proceedings.

2. **Defined Terms.** Any and all initially capitalized terms used in this Sixth Amendment without definition (including, without limitation, in the recitals to this Sixth Amendment) shall have the respective meanings set forth for such terms in the Credit Agreement.

3. **Waiver of Liquidity Default.** To the fullest extent necessary, each of the Administrative Agent and Lenders hereby waive the Liquidity Default. Such waiver shall constitute a waiver of only the Liquidity Default, and shall not constitute a waiver of the Borrower's obligation to comply with the Credit Agreement, as amended, on any other occasion or occurrence, including without limitation, the Borrower's obligation to comply with all applicable covenants in the Credit Agreement, including any and all financial covenants, on a going-forward basis.

4. **Amendments to Credit Agreement**

4.1. **Extension of Maturity Date.** The definition of "Maturity Date" set forth in Section 1.01 of the Credit Agreement is amended and restated to read as follows:

"Maturity Date" means the date that is August 18, 2025; provided, however, that if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day.

4.2. **PIK Interest.** Section 2.08(d) of the Credit Agreement is amended and restated to read as follows:

"(d) Borrower agrees to pay additional interest on the unpaid principal balance of the Loan at the rate of (i) one-half of one percent (0.50%) per annum commencing on January 1, 2024 and continuing until December 31, 2024 and (ii) one and one-half of one percent (1.50%) per annum commencing on January 1, 2025 and continuing until the Loan is paid in full (the 'PIK Interest'). The PIK Interest shall accrue but not be due and payable until the earlier of (i) the Maturity Date or (ii) the date on which the Loan is paid in full; provided, however, in the event that the Loan is repaid in full prior to April 1, 2024, the Lenders shall waive (and forgive) the obligation of Borrower to pay the PIK Interest"

4.3. **Dispositions of Real Property.** Section 2.05(b) of the Credit Agreement is amended to include the following provisions:

A. "Notwithstanding anything to the contrary in this Section 2.05 or elsewhere in the Credit Agreement, if Reading or any Loan Party (including any direct or indirect subsidiary of Reading (collectively, the "Borrower Group") sells one or more of the following properties (each a "Reading Sale Property") and collectively, the "Reading Sale

Properties") prior to the Maturity Date, then Borrower covenants and agrees to cause to be paid to Lender as a mandatory pre-payment of principal an amount equal to [***] of the Net Property Sale Proceeds (as defined below) with such amount to be applied to the Loan's principal balance, in inverse order of maturity, within ten (10) Business Days of receipt of such Net Property Sale Proceeds by any member of the Borrower Group.

For purposes of this paragraph,

(A) the term "Reading Sale Properties" shall mean the following real properties:

[***]

(B) The term "sell" shall mean any sale by the owner of its fee interest in such property in a transaction that is treated as a sale under GAAP, and shall not include any financing, lease, license, sale and leaseback, or other transaction not treated as a sale under GAAP.

(C) The term "Net Property Sale Proceeds" shall mean the net proceeds remaining from the sale of any Reading Sale Property, after taking into account:

- (i) The payoff of any amounts owed to any lender for which such Reading Sale Property serves as collateral, including, without limitation any pre-payment fee or penalty;
- (ii) Any cash amounts necessary for the applicable member of the Borrower Group to maintain in order to ensure continuous compliance with lender covenants;
- (iii) Payment of any broker commissions;
- (iv) Payment of any taxes applicable to the sale of such Reading Sale Property, including, without limitation, any transfer, stamp, documentary, recording, withholding or capital gains tax;
- (v) Any other out-of-pocket transaction costs related to the sale of such Reading Sale Property, including, without limitation, reasonable attorneys and consultants fees and expenses, marketing expenses, title insurance, and costs to be paid to any title company and/or escrow agent;
- (vi) Until released, any amounts in the nature of a hold back or earn out, whether or not held in escrow; and

- (vii) Any amounts not transferable to the United States due to any currency laws or limitation on the expatriation of funds from Australia or New Zealand, until such time as such funds may be legally transferred.

B. If the Borrower Group sells [***] prior to the Maturity Date, then Borrower covenants and agrees to cause to be paid to Lender the [***] Pre-Payment Amount (as defined below) as a mandatory pre-payment of principal with such amount to be applied to the Loan's principal balance, in inverse order of maturity, within ten (10) Business Days of receipt of such Net Property Sale Proceeds by any member of the Borrower Group. The [***] Pre-Payment Amount shall be defined as [***].

C. Nothing in this mandatory prepayment covenant shall require that any member of the Borrower Group sell any Reading Sale Property or the [***] Property."

4.4. Mandatory Principal Prepayments. Section 4.3 of the Third Amendment is amended and restated to read as follows:

"Borrower shall make the following principal payments on the Loan:

<u>Date</u>	<u>Principal Payment Amount</u>
On the date of the Sixth Amendment	\$275,000.00
July 5, 2024	\$500,000.00
August 5, 2024	\$500,000.00
September 5, 2024	\$500,000.00
October 4, 2024	\$500,000.00
November 5, 2024	\$500,000.00
December 5, 2024	\$500,000.00
January 6, 2025	\$500,000.00
February 5, 2025	\$500,000.00
March 5, 2025	\$500,000.00
April 4, 2025	\$500,000.00

May 5, 2025	\$500,000.00
June 5, 2025	\$500,000.00
July 3, 2025	\$500,000.00
August 5, 2025	\$500,000.00
Maturity Date	The remaining outstanding balance of the Loans

4.5. Liquidity Covenant. The monthly Liquidity Covenant set forth in Section 9 of the Second Amendment is deleted in its entirety.

5. [***].

6. General Release. From and after the effective date of this Sixth Amendment, the Borrower and each Guarantor hereby agrees that, without any further act, the Administrative Agent, each Lender and each other Secured Party is fully and forever released and discharged from any and all claims for damages or losses to the Borrower, any Guarantor, or to any property of the Borrower or any Guarantor (whether any such damages or losses are known or unknown, foreseen or unforeseen, or patent or latent), including, without limitation, any tort claim, demand, action or cause of action of any nature, whatsoever, arising under or relating to the Credit Agreement or the other Loan Documents or any of the transactions related thereto, in each case, prior to the date hereof, and the Borrower and each Guarantor hereby waive application of California Civil Code Section 1542. The Borrower and each Guarantor certify that they have read the following provisions of California Civil Code Section 1542:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

The Borrower and each Guarantor understands and acknowledges that the significance and consequence of this waiver of California Civil Code Section 1542 is that even if the Borrower or such Guarantor should eventually suffer additional damages arising out of the facts referred to above, it will not be able to make any claim for those damages. Furthermore, the Borrower and each Guarantor acknowledge that they intend these consequences even as to claims for damages that may exist as of the date of this release but which the Borrower or such Guarantor does not know exist, and which, if known, would materially affect the Borrower's or such Guarantor's decision to execute this Sixth Amendment, regardless of whether the Borrower's or such Guarantor's lack of knowledge is the result of ignorance, oversight, error, negligence, or any other cause.

7. Conditions Precedent. This Sixth Amendment shall become effective as of the date first set forth above upon satisfaction of the following conditions:

7.1. This Sixth Amendment. The Administrative Agent shall have received this Sixth Amendment duly executed by the Borrower, the Guarantors, and each of the Lenders, as applicable;

7.2. Principal Pay Down. Administrative Agent has received a principal payment of \$275,000.00;

7.3. Accrued Interest. Administrative Agent has received the payment all accrued and outstanding interest (other than PIK Interest) on the Loan;

7.4. Reading Guaranty. Administrative Agent shall have received a Continuing and Unconditional Guaranty duly executed by Reading, the form of which shall be subject to the sole and absolute discretion of Administrative Agent.

7.5. Officer's Certificates. Administrative Agent shall have received officer's certificates and resolutions authorizing this Sixth Amendment (including, without limitation, an officer's certificates and resolutions from Reading authorizing the Guaranty, in form and substance acceptable to Administrative Agent);

7.6. Due Diligence. Administrative Agent and Lenders have received and are reasonably satisfied with all reports, inspections, and examinations required by Administrative Agent and Lenders; and

7.7. Fees and Expenses. The Administrative Agent shall have received all fees, expenses and other amounts that have been invoiced by Administrative Agent to Borrower on or before the date hereof.

8. Reaffirmation and Ratification. The Borrower and each Guarantor hereby reaffirms, ratifies and confirms its Obligations under the Credit Agreement and all other Loan Documents and acknowledges that all of the terms and conditions of the Credit Agreement and all other Loan Documents, except as otherwise provided herein or therein, remain in full force and effect. The Borrower and each Guarantor further acknowledges and agrees that the liens, security interests, pledges, and assignments created by the Credit Agreement and Loan Documents are valid, effective, properly perfected, and enforceable liens, security interests, pledges, and assignments, and hereby reaffirms the grant of all liens, security interests, pledges, and assignments which each has previously granted to the Administrative Agent and Lenders.

9. Acknowledgements. The Loan Parties acknowledge and agree that as of the effective date of this Sixth Amendment: (i) the Indebtedness is just, due, and owing, without any right of any Loan Party to setoff, recoup, or counterclaim; (ii) the Administrative Agent and Lenders have fully performed all of their obligations under the Credit Agreement and Loan Documents and are not in default under any terms, provisions, or conditions of the Credit Agreement or the Loan Documents, and in addition, no circumstances exist under which Administrative Agent and Lenders may be deemed in default merely upon service of notice or

passage of time or both; and (iii) the Loan Parties have no defenses to the Indebtedness, the Credit Agreement, or the Loan Documents.

10. **Representations and Warranties.** Each of the Loan Parties hereby confirms that all representations and warranties of the Loan Parties contained in Article V of the Credit Agreement, as applicable, continue to be true and correct in all material respects after giving effect to this Sixth Amendment, except: (i) for representations and warranties which are qualified by the inclusion of a materiality standard, which representations and warranties shall be true and correct in all respects; and (ii) to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date; *provided*, in each case, that any representation or warranty which is qualified by reference to Material Adverse Effect shall exclude events, circumstances, occurrences or conditions arising from the COVID-19 pandemic.

11. **Events of Default.** After giving effect to this Sixth Amendment, no Default nor any Event of Default has occurred and is continuing under the Credit Agreement.

12. **Integration.** This Sixth Amendment constitutes the entire agreement of the parties in connection with the subject matter hereof and cannot be changed or terminated orally. All prior agreements, understandings, representations, warranties and negotiations regarding the subject matter hereof, if any, are merged into this Sixth Amendment.

13. **Counterparts.** This Sixth Amendment may be executed in multiple counterparts, each of which when so executed and delivered shall be deemed an original, and all of which, taken together, shall constitute but one and the same agreement.

14. **Governing Law.** This Sixth Amendment shall be governed by, and construed and enforced in accordance with, the internal laws (as opposed to the conflicts of law principles) of the State of New York.

[Rest of page intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, the parties hereto have executed this Sixth Amendment by their respective duly authorized officers as of the date first above written.

BORROWER:
CONSOLIDATED AMUSEMENT HOLDINGS, LLC, a
Nevada limited liability company

By: /s/ Gilbert Avanes
Gilbert Avanes
Chief Financial Officer

GUARANTORS:

CONSOLIDATED ENTERTAINMENT, LLC,
a Nevada limited liability company

By: /s/ Gilbert Avanes
Gilbert Avanes
Chief Financial Officer

ANGELIKA FILM CENTER MOSAIC, LLC,
a Nevada limited liability company

By: /s/ Gilbert Avanes
Gilbert Avanes
Chief Financial Officer

ANGELIKA FILM CENTERS LLC,
a Delaware limited liability company

By: /s/ Gilbert Avanes
Gilbert Avanes
Chief Financial Officer

READING CINEMAS NJ, INC.,
a Delaware corporation

By: /s/ Gilbert Avanes
Gilbert Avanes
Chief Financial Officer

CONSOLIDATED CINEMA SERVICES, LLC,
a Nevada limited liability company

By: /s/ Gilbert Avanes
Gilbert Avanes
Chief Financial Officer

READING MURRIETA THEATER, LLC,
a Nevada limited liability company

By: /s/ Gilbert Avanes
Gilbert Avanes
Chief Financial Officer

KAHALA CINEMA COMPANY, LLC,
a Nevada limited liability company

By: /s/ Gilbert Avanes
Gilbert Avanes
Chief Financial Officer

KAAHUMANU CINEMAS, LLC,
a Nevada limited liability company

By: /s/ Gilbert Avanes
Gilbert Avanes
Chief Financial Officer

READING CONSOLIDATING HOLDINGS, INC.,
a Nevada corporation

By: /s/ Gilbert Avanes
Gilbert Avanes
Chief Financial Officer

KMA CINEMAS, LLC,
a Nevada limited liability company

By: /s/ Gilbert Avanes
Gilbert Avanes
Chief Financial Officer

CARMEL THEATRES, LLC,
a Nevada limited liability company

By: /s/ Gilbert Avanes
Gilbert Avanes
Chief Financial Officer

READING FOOD SERVICES, LLC,
a Nevada limited liability company

By: /s/ Gilbert Avanes
Gilbert Avanes
Chief Financial Officer

ADMINISTRATIVE AGENT AND LENDERS:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: _____
Name: _____
Title: _____

BANK OF AMERICA, N.A.,
as a Lender, L/C Issuer and Swingline Lender

By: _____
Name: _____
Title: _____

BANK OF HAWAII,
as a Lender

By:_____

Name:_____

Title:_____

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a) AS ADOPTED
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ellen M. Cotter, certify that:

- 1) I have reviewed this Quarterly Report on Form 10-Q of Reading International, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Ellen M. Cotter
Ellen M. Cotter
President and Chief Executive Officer
May 15, 2024

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a) AS ADOPTED
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gilbert Avanes, certify that:

- 1) I have reviewed this Quarterly Report on Form 10-Q of Reading International, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Gilbert Avanes
Gilbert Avanes
Executive Vice President, Chief Financial Officer and Treasurer
May 15, 2024

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Ellen M. Cotter, Chief Executive Officer, and Gilbert Avanes, Chief Financial Officer, of Reading International, Inc. (the "Company"), pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do each hereby certify, that, to his or her knowledge:

- The Quarterly Report on Form 10-Q for the period ended March 31, 2024 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Dated: May 15, 2024

/s/ Ellen M. Cotter

Name: Ellen M. Cotter

Title: President and Chief Executive Officer

/s/ Gilbert Avanes

Name: Gilbert Avanes

Title: Executive Vice President, Chief Financial Officer and Treasurer
