REFINITIV

DELTA REPORT

10-Q

MCS - MARCUS CORP

10-Q - JUNE 27, 2024 COMPARED TO 10-Q - MARCH 28, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	798
CHANGES	171
DELETIONS	247
ADDITIONS	380

REFINITIV

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 28, June 27, 2024

o 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 1-12604

THE MARCUS CORPORATION

(Exact name of registrant as specified in its charter)

Wisconsin	39-1139844
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
100 East Wisconsin Avenue, Suite 1900 Milwaukee ,Wisconsin	53202-4125
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (414) 905-1000

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, $1.00 par value	MCS	New York Stock Exchange

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 filing requirements for the past 90 days.

Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).

Yes x No o

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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act (Check One).

Large accelerated filer	o	Accelerated filer	x
Non-accelerated filer	o	Smaller reporting company	o
		Emerging growth company	o

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. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

COMMON STOCK OUTSTANDING AT APRIL JULY 30, 2024 – 25,170,383 25,189,021
CLASS B COMMON STOCK OUTSTANDING AT APRIL JULY 30, 2024 –6,984,584

THE MARCUS CORPORATION

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PART I – FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

THE MARCUS CORPORATION
Consolidated Balance Sheets
(in thousands, except share and per share data)

	March 28, 2024	December 28, 2023
	June 27, 2024	**December 28, 2023**
ASSETS		
Current assets:		
Current assets:		

Current assets:
Cash and cash equivalents
Cash and cash equivalents
Cash and cash equivalents
Restricted cash
Accounts receivable, net of reserves of $199 and $115, respectively
Accounts receivable, net of reserves of $213 and $115, respectively
Assets held for sale
Assets held for sale
Assets held for sale
Other current assets
Other current assets
Other current assets
Total current assets
Property and equipment:
Property and equipment:
Property and equipment:
Land and improvements
Land and improvements
Land and improvements
Buildings and improvements
Leasehold improvements
Furniture, fixtures and equipment
Finance lease right-of-use assets
Construction in progress
Total property and equipment
Less accumulated depreciation and amortization
Net property and equipment
Operating lease right-of-use assets
Operating lease right-of-use assets
Operating lease right-of-use assets
Other assets:
Other assets:
Other assets:
Investments in joint ventures
Investments in joint ventures
Investments in joint ventures
Goodwill
Deferred incomes taxes
Other
Other
Other
Total other assets
TOTAL ASSETS

See accompanying condensed notes to consolidated financial statements.

THE MARCUS CORPORATION
Consolidated Balance Sheets
(in thousands, except share and per share data)

	March 28, 2024	December 28, 2023
	June 27, 2024	December 28, 2023
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current liabilities:		
Current liabilities:		
Accounts payable		
Accounts payable		
Accounts payable		
Taxes other than income taxes		
Taxes other than income taxes		
Taxes other than income taxes		
Accrued compensation		
Other accrued liabilities		
Current portion of finance lease obligations		
Current portion of operating lease obligations		
Current maturities of long-term debt		
Total current liabilities		
Finance lease obligations		
Finance lease obligations		
Finance lease obligations		
Operating lease obligations		
Operating lease obligations		
Operating lease obligations		
Long-term debt		
Long-term debt		
Long-term debt		
Deferred income taxes		
Deferred income taxes		
Deferred income taxes		
Other long-term obligations		
Other long-term obligations		
Other long-term obligations		
Shareholders' Equity:		
Shareholders' Equity:		
Shareholders' Equity:		
Preferred Stock, $1 par; authorized 1,000,000 shares; none issued		
Preferred Stock, $1 par; authorized 1,000,000 shares; none issued		
Preferred Stock, $1 par; authorized 1,000,000 shares; none issued		
Common Stock, $1 par; authorized 50,000,000 shares; issued 25,237,374 shares at March 28, 2024 and 24,691,548 shares at December 28, 2023		
Class B Common Stock, $1 par; authorized 33,000,000 shares; issued and outstanding 6,984,584 shares at March 28, 2024 and 7,078,410 shares at December 28, 2023		
Common Stock, $1 par; authorized 50,000,000 shares; issued 25,237,374 shares at June 27, 2024 and 24,691,548 shares at December 28, 2023		
Class B Common Stock, $1 par; authorized 33,000,000 shares; issued and outstanding 6,984,584 shares at June 27, 2024 and 7,078,410 shares at December 28, 2023		
Capital in excess of par		
Retained earnings		
Accumulated other comprehensive loss		
461,036		

Less cost of Common Stock in treasury (67,052 shares at March 28, 2024 and 47,916 shares at December 28, 2023)	
Less cost of Common Stock in treasury (48,380 shares at June 27, 2024 and 47,916 shares at December 28, 2023)	450,795
Total shareholders' equity	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	

See accompanying condensed notes to consolidated financial statements.

THE MARCUS CORPORATION
Consolidated Statements of Earnings (Loss)
(in thousands, except per share data)

		13 Weeks Ended		13 Weeks Ended		26 Weeks Ended
		13 Weeks Ended				
		13 Weeks Ended				
		March 28, 2024				
		March 28, 2024				
		March 28, 2024				
Revenues:						
Revenues:						
			June 27, 2024	June 29, 2023	June 27, 2024	June 29, 2023
Revenues:						
Theatre admissions						
Theatre admissions						
Theatre admissions						
Rooms						
Rooms						
Rooms						
Theatre concessions						
Theatre concessions						
Theatre concessions						
Food and beverage						
Food and beverage						
Food and beverage						
Other revenues						
Other revenues						
Other revenues						
		129,369				
		129,369				
		129,369				
	165,299					
Cost reimbursements						
Cost reimbursements						
Cost reimbursements						
Total revenues						
Total revenues						

Total revenues
Costs and expenses:
Costs and expenses:
Costs and expenses:
Theatre operations
Theatre operations
Theatre operations
Rooms
Rooms
Rooms
Theatre concessions
Theatre concessions
Theatre concessions
Food and beverage
Food and beverage
Food and beverage
Advertising and marketing
Advertising and marketing
Advertising and marketing
Administrative
Administrative
Administrative
Depreciation and amortization
Depreciation and amortization
Depreciation and amortization
Rent
Rent
Rent
Property taxes
Property taxes
Property taxes
Other operating expenses
Other operating expenses
Other operating expenses
Loss on disposition of property, equipment and other assets
Loss on disposition of property, equipment and other assets
Loss on disposition of property, equipment and other assets
Reimbursed costs
Reimbursed costs
(Gain) loss on disposition of property, equipment and other assets
Impairment charges
Reimbursed costs
Total costs and expenses
Total costs and expenses
Total costs and expenses
Operating loss
Operating loss
Operating loss
Operating income (loss)
Operating income (loss)
Operating income (loss)

Other income (expense):		
Other income (expense):		
Other income (expense):		
Investment income		
Investment income		
Investment income		
Interest expense		
Interest expense		
Interest expense		
Other income (expense)		
Other income (expense)		
Other income (expense)		
Debt conversion expense		
Equity losses from unconsolidated joint ventures		
Equity losses from unconsolidated joint ventures		
Equity losses from unconsolidated joint ventures		
		(2,570)
		(2,570)
		(2,570)
	(16,739)	
Loss before income taxes		
Earnings (loss) before income taxes		
Earnings (loss) before income taxes		
Earnings (loss) before income taxes		
Income tax expense (benefit)		
Net earnings (loss)		
Loss before income taxes		
Loss before income taxes		
Income tax benefit		
Income tax benefit		
Income tax benefit		
Net loss		
Net loss		
Net loss		
Net loss per share - basic:		
Net loss per share - basic:		
Net loss per share - basic:		
Net earnings (loss) per share - basic:		
Net earnings (loss) per share - basic:		
Net earnings (loss) per share - basic:		
Common Stock		
Common Stock		
Common Stock		
Class B Common Stock		
Class B Common Stock		
Class B Common Stock		
Net loss per share - diluted:		
Net loss per share - diluted:		
Net loss per share - diluted:		
Net earnings (loss) per share - diluted:		
Net earnings (loss) per share - diluted:		

Net earnings (loss) per share - diluted:	
Common Stock	
Common Stock	
Common Stock	
Class B Common Stock	
Class B Common Stock	
Class B Common Stock	

See accompanying condensed notes to consolidated financial statements.

THE MARCUS CORPORATION
Consolidated Statements of Comprehensive Income (Loss)
(in thousands)

	13 Weeks Ended	
	March 28, 2024	March 30, 2023
Net loss	$ (11,866)	$ (9,466)
Other comprehensive loss, net of tax:		
Amortization of the net actuarial loss and prior service credit related to the pension, net of tax benefit of $4 and $5, respectively	(12)	(11)
Fair market value adjustment of interest rate swap, net of tax benefit of $0 and $8, respectively	—	(22)
Reclassification adjustment on interest rate swap included in interest expense, net of tax benefit of $0 and $20, respectively	—	(58)
Other comprehensive loss	(12)	(91)
Comprehensive loss	$ (11,878)	$ (9,557)

	13 Weeks Ended		26 Weeks Ended	
	June 27, 2024	June 29, 2023	June 27, 2024	June 29, 2023
Net earnings (loss)	$ (20,221)	$ 13,466	$ (32,087)	$ 4,000
Other comprehensive loss, net of tax:				
Amortization of the net actuarial loss and prior service credit related to the pension, net of tax benefit of $5, $4, $9 and $9, respectively	(11)	(12)	(23)	(23)
Fair market value adjustment of interest rate swap, net of tax benefit of $8	—	—	—	(22)
Reclassification adjustment on interest rate swap included in interest expense, net of tax benefit of $20	—	—	—	(58)
Other comprehensive loss	(11)	(12)	(23)	(103)
Comprehensive income (loss)	$ (20,232)	$ 13,454	$ (32,110)	$ 3,897

See accompanying condensed notes to consolidated financial statements.

THE MARCUS CORPORATION
Consolidated Statements of Cash Flows
(in thousands)

	13 Weeks Ended	
	March 28, 2024	March 30, 2023

	26 Weeks Ended	
	June 27, 2024	June 29, 2023
OPERATING ACTIVITIES:		
OPERATING ACTIVITIES:		
OPERATING ACTIVITIES:		
Net loss		
Net loss		
Net loss		
Net earnings (loss)		
Net earnings (loss)		
Net earnings (loss)		
Adjustments to reconcile net loss to net cash used in operating activities:		
Losses on investments in joint ventures		
Losses on investments in joint ventures		
Losses on investments in joint ventures		
Loss on disposition of property, equipment and other assets		
Loss on disposition of property, equipment and other assets		
Loss on disposition of property, equipment and other assets		
Depreciation and amortization		
Depreciation and amortization		
(Gain) loss on disposition of property, equipment and other assets		
(Gain) loss on disposition of property, equipment and other assets		
(Gain) loss on disposition of property, equipment and other assets		
Impairment charges		
Debt conversion expense		
Depreciation and amortization		
Amortization of debt issuance costs		
Share-based compensation		
Deferred income taxes		
Other long-term obligations		
Contribution of the Company's stock to savings and profit-sharing plan		
Changes in operating assets and liabilities:		
Accounts receivable		
Accounts receivable		
Accounts receivable		
Other assets		
Other assets		
Other assets		
Operating leases		
Accounts payable		
Income taxes		
Taxes other than income taxes		
Accrued compensation		
Other accrued liabilities		
Total adjustments		
Net cash used in operating activities		
Net cash provided by operating activities		
INVESTING ACTIVITIES:		
INVESTING ACTIVITIES:		
INVESTING ACTIVITIES:		
Capital expenditures		

Capital expenditures
Capital expenditures
Proceeds from disposals of property, equipment and other assets
Capital contribution in joint venture
Subscription and sale of joint venture interests
Proceeds from sale of trading securities
Purchase of trading securities
Other investing activities
Net cash used in investing activities
FINANCING ACTIVITIES:
FINANCING ACTIVITIES:
FINANCING ACTIVITIES:
Debt transactions:
Debt transactions:
Debt transactions:
Proceeds from borrowings on revolving credit facility
Proceeds from borrowings on revolving credit facility
Proceeds from borrowings on revolving credit facility
Repayment of borrowings on revolving credit facility
Principal payments on long-term debt
Principal payments on long-term debt
Principal payments on long-term debt
Debt issuance costs
Debt issuance costs
Repurchase of convertible senior notes
Proceeds from capped call unwind
Debt issuance costs
Principal payments on finance lease obligations
Equity transactions:
Treasury stock transactions, except for stock options
Treasury stock transactions, except for stock options
Treasury stock transactions, except for stock options
Exercise of stock options
Dividends paid
Distributions to noncontrolling interest
Net cash provided by (used in) financing activities
Net decrease in cash, cash equivalents and restricted cash
Net cash used in financing activities
Net increase (decrease) in cash, cash equivalents and restricted cash
Cash, cash equivalents and restricted cash at beginning of period
Cash, cash equivalents and restricted cash at end of period
Supplemental Information:
Supplemental Information:
Supplemental Information:
Interest paid, net of amounts capitalized
Interest paid, net of amounts capitalized
Interest paid, net of amounts capitalized
Income taxes paid, including interest earned
Change in accounts payable for additions to property, equipment and other assets

See accompanying condensed notes to consolidated financial statements.

THE MARCUS CORPORATION

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 13 AND 26 WEEKS ENDED MARCH 28, JUNE 27, 2024
(in thousands, except share and per share data)

1. General

Basis of Presentation - The unaudited consolidated financial statements for the 13 and 26 weeks ended March 28, 2024 June 27, 2024 and March 30, 2023 June 29, 2023 have been prepared by the Company. In the opinion of management, all adjustments, consisting of normal recurring adjustments necessary to present fairly the unaudited interim financial information at March 28, 2024 June 27, 2024, and for all periods presented, have been made. The results of operations during the interim periods are not necessarily indicative of the results of operations for the entire year or other interim periods. However, the unaudited consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 28, 2023.

Accounting Policies - Refer to the Company's audited consolidated financial statements (including footnotes) for the fiscal year ended December 28, 2023, contained in the Company's Annual Report on Form 10-K for such year, for a description of the Company's accounting policies.

Depreciation and Amortization - Depreciation and amortization of property and equipment are provided using the straight-line method over the shorter of the estimated useful lives of the assets or any related lease terms. Depreciation expense totaled $16,014 $16,701 and $15,868 $32,715 for the 13 and 26 weeks ended March 28, 2024 June 27, 2024, respectively, and March 30, 2023 $15,986 and $31,854 for the 13 and 26 weeks ended June 29, 2023, respectively.

Assets Held for Sale – Long-lived assets that are expected to be sold within the next 12 months and meet the other relevant held-for-sale criteria are classified as assets held for sale and included within current assets on the consolidated balance sheet. Assets held for sale are measured at the lower of their carrying value or their fair value less costs to sell the asset. As of March 28, 2024, assets held for sale consisted of one closed theatre that was sold subsequent to March 28, 2024.

Long-Lived Assets – The Company periodically considers whether indicators of impairment of long-lived assets held for use are present. This includes quantitative and qualitative factors, including evaluating the historical actual operating performance of the long-lived assets and assessing the potential impact of recent events and transactions impacting the long-lived assets. If such indicators are present, the Company determines if the long-lived assets are recoverable by assessing whether the sum of the estimated undiscounted future cash flows attributable to such assets is less than their carrying amounts. If the long-lived assets are not recoverable, the Company recognizes any impairment losses based on the excess of the carrying amount of the assets over their fair value.

During the 13 weeks ended June 27, 2024, the Company determined that indicators of impairment were present at one asset group for a leased theatre location that we made the decision to close during the second quarter of fiscal 2024. As such, the Company evaluated the fair value of these assets, consisting primarily of land improvements, leasehold improvements, building, furniture, fixtures and equipment, and operating lease right-of-use assets less lease obligations, and determined that the fair value, measured using Level 3 pricing inputs (using estimated discounted cash flows over the life of the primary asset), was less than their carrying values and recorded a $472 impairment loss, reducing certain property and equipment and certain operating lease net obligations. The remaining net book value of the impaired assets as of the date of the asset write-down (June 27, 2024) was $0. There were no indicators of impairment identified during the 26 weeks ended June 29, 2023.

Goodwill – The Company reviews goodwill for impairment annually or more frequently if certain indicators arise. The Company performs its annual impairment test on the first day of the fiscal fourth quarter. There were no indicators of impairment identified during the 13 26 weeks ended March 28, 2024 June 27, 2024 or March 30, 2023 June 29, 2023.

Earnings (Loss) Per Share - Net earnings (loss) per share (EPS) of Common Stock and Class B Common Stock is computed using the two class method. Basic net earnings (loss) per share is computed by dividing net earnings (loss) by the weighted-average number of common shares outstanding. Diluted net earnings (loss) per share is computed by dividing net earnings (loss) by the weighted-average number of common shares outstanding, adjusted for the effect of dilutive stock options, restricted stock units, performance stock units and convertible debt instruments using the if-converted method. Convertible Class B Common Stock and convertible debt instruments are reflected on an if-converted basis when dilutive to Common Stock. The computation of the diluted net earnings (loss) per share of Common Stock assumes the conversion

of Class B Common Stock in periods that have net earnings since it would be dilutive to Common Stock earnings per share, while the diluted net earnings (loss) per share of Class B Common Stock does not assume the conversion of those shares.

Holders of Common Stock are entitled to cash dividends per share equal to 110% of all dividends declared and paid on each share of Class B Common Stock. As such, the undistributed earnings (losses) for each period are allocated based on the proportionate share of entitled cash dividends.

The following table illustrates the computation of Common Stock basic and diluted net loss earnings (loss) per share, provides a reconciliation of the number of weighted-average basic and diluted shares outstanding, when applicable, and provides the weighted-average number of anti-dilutive shares excluded from the computation of diluted weighted-average shares outstanding:

	13 Weeks Ended	13 Weeks Ended	26 Weeks Ended
	13 Weeks Ended		
	13 Weeks Ended		
	March 28, 2024		

	March 28, 2024				
	March 28, 2024				
		June 27, 2024	June 29, 2023	June 27, 2024	June 29, 2023
Net loss per share - basic:					
Net loss per share - basic:					
Net loss per share - basic:					
Net earnings (loss) per share - basic:					
Net earnings (loss) per share - basic:					
Net earnings (loss) per share - basic:					
Common Stock					
Common Stock					
Common Stock					
Class B Common Stock					
Class B Common Stock					
Class B Common Stock					
Net loss per share - diluted:					
Net loss per share - diluted:					
Net loss per share - diluted:					
Net earnings (loss) per share - diluted:					
Common Stock					
Common Stock					
Common Stock					
Class B Common Stock					
Class B Common Stock					
Class B Common Stock					
Numerator:					
Numerator:					
Numerator:					
Net loss					
Net loss					
Net loss					
Net earnings (loss)					
Net earnings (loss)					
Net earnings (loss)					
Denominator (in thousands):					
Denominator (in thousands):					
Denominator (in thousands):					
Denominator for basic EPS					
Denominator for basic EPS					
Denominator for basic EPS					
Effect of dilutive employee stock options					
Denominator (in thousands):					
Effect of convertible senior notes					
Effect of convertible senior notes					
Effect of convertible senior notes					
Diluted weighted-average shares outstanding					
Denominator (in thousands):					
Basic and diluted weighted-average shares outstanding					
Basic and diluted weighted-average shares outstanding					
Basic and diluted weighted-average shares outstanding					
Weighted-average number of anti-dilutive shares excluded from denominator:					

Weighted-average number of anti-dilutive shares excluded from denominator:
Weighted-average number of anti-dilutive shares excluded from denominator:
Weighted-average number of anti-dilutive shares excluded from denominator (in thousands):
Weighted-average number of anti-dilutive shares excluded from denominator (in thousands):
Weighted-average number of anti-dilutive shares excluded from denominator (in thousands):
Employee stock options
Employee stock options
Employee stock options
Restricted stock units
Restricted stock units
Restricted stock units
Performance stock units
Performance stock units
Performance stock units
Convertible senior notes
Convertible senior notes
Convertible senior notes
Total
Total
Total

For the periods when the Company reports a net loss, common stock equivalents, restricted stock units, performance stock units, and shares related to the convertible senior notes are excluded from the computation of diluted loss per share as their inclusion would have an anti-dilutive effect. Performance stock units are considered anti-dilutive if the performance targets upon which the issuance of the shares are contingent have not been achieved and the respective performance period has not been completed as of the end of the current period. Shares related to the convertible senior notes are excluded from the computation of diluted earnings per share in periods when the effect would have been anti-dilutive using the if-converted method.

Shareholders' Equity - Activity impacting total shareholders' equity attributable to The Marcus Corporation and noncontrolling interest for the 13 26 weeks ended March 28, 2024 June 27, 2024 and March 30, 2023 June 29, 2023 was as follows:

	Common Stock	Common Stock	Class B Common Stock	Capital in Excess of Par	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Shareholders' Equity	Common Stock	Class B Common Stock	Capital in Excess of Par	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Shareholders' Equity
BALANCES AT DECEMBER 28, 2023															
Cash dividends:															
$0.064 per share Class B Common Stock															
$0.064 per share Class B Common Stock															
$0.064 per share Class B Common Stock															
$0.07 per share Common Stock															
Purchase of treasury stock															
Purchase of treasury stock															
Purchase of treasury stock															
Reissuance of treasury stock															
Issuance of non-vested stock															
Shared-based compensation															
Conversions of Class B Common Stock															
Conversions of Class B Common Stock															
Conversions of Class B Common Stock															
Comprehensive loss															
BALANCES AT MARCH 28, 2024															
Cash dividends:															
$0.064 per share Class B Common Stock															
$0.064 per share Class B Common Stock															
$0.064 per share Class B Common Stock															
$0.07 per share Common Stock															
Reissuance of treasury stock															
Reissuance of treasury stock															

Reissuance of treasury stock	
Issuance of non-vested stock	
Shared-based compensation	
Convertible senior note repurchase	
Capped call unwind	
Comprehensive loss	
Comprehensive loss	
Comprehensive loss	
BALANCES AT JUNE 27, 2024	

	Common Stock	Common Stock	Class B Common Stock	Capital in Excess of Par	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Shareholders' Equity Attributable to The Marcus Corporation	Non-controlling Interest	Total Equity	Common Stock	Class B Common Stock	Capital in Excess of Par	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Shareholders' Equity Attributable to The Marcus Corporation	Non-controlling Interest	Total Equity
BALANCES AT DECEMBER 29, 2022																			
Cash dividends:																			
$0.045 per share Class B Common Stock																			
$0.045 per share Class B Common Stock																			
$0.045 per share Class B Common Stock																			
$0.05 per share Common Stock																			
Exercise of stock options																			
Purchase of treasury stock																			
Savings and profit-sharing contribution																			
Reissuance of treasury stock																			
Issuance of non-vested stock																			
Shared-based compensation																			
Other																			
Conversions of Class B Common Stock																			
Distribution to noncontrolling interest																			
Comprehensive loss																			
BALANCES AT MARCH 30, 2023																			
Cash dividends:																			
$0.045 per share Class B Common Stock																			
$0.045 per share Class B Common Stock																			
$0.045 per share Class B Common Stock																			
$0.05 per share Common Stock																			
Exercise of stock options																			
Purchase of treasury stock																			
Reissuance of treasury stock																			

Issuance of non-vested stock
Shared-based compensation
Other
Distribution to noncontrolling interest
Comprehensive income (loss)
BALANCES AT JUNE 29, 2023

Accumulated Other Comprehensive Loss – Accumulated other comprehensive loss presented in the accompanying consolidated balance sheets consists of the following, all presented net of tax:

	March 28, 2024	December 28, 2023
	June 27, 2024	December 28, 2023
Net unrecognized actuarial loss for pension obligation		
Net unrecognized actuarial loss for pension obligation		
Net unrecognized actuarial loss for pension obligation		
$		

Fair Value Measurements - Certain financial assets and liabilities are recorded at fair value in the consolidated financial statements. Some are measured on a recurring basis while others are measured on a non-recurring basis. Financial assets and liabilities measured on a recurring basis are those that are adjusted to fair value each time a financial statement is prepared. Financial assets and liabilities measured on a non-recurring basis are those that are adjusted to fair value when a significant event occurs. A fair value measurement assumes that a transaction to sell an asset or transfer a liability occurs in

the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability.

The Company's assets and liabilities measured at fair value are classified in one of the following categories:

<u>Level 1</u> - Assets or liabilities for which fair value is based on quoted prices in active markets for identical instruments as of the reporting date. At March 28, 2024 June 27, 2024 and December 28, 2023, the Company's $6,821 $6,835 and $5,364 respectively, of debt and equity securities classified as trading were valued using Level 1 pricing inputs and were included in other current assets. At June 27, 2024 and December 28, 2023, the Company's $37,018 $18,000and$37,018, respectively, of investments in money market funds were valued using Level 1 pricing inputs and were included in cash and cash equivalents.

<u>Level 2</u> - Assets or liabilities for which fair value is based on pricing inputs that were either directly or indirectly observable as of the reporting date. At each of March 28, 2024 June 27, 2024 and December 28, 2023, none of the Company's recorded assets or liabilities were measured using Level 2 pricing inputs.

<u>Level 3</u> - Assets or liabilities for which fair value is based on valuation models with significant unobservable pricing inputs and which result in the use of management estimates. At each of March 28, 2024 June 27, 2024 and December 28, 2023, none of the Company's recorded assets or liabilities that are measured on a recurring basis at fair market value were valued using Level 3 pricing inputs. Assets that are measured on a non-recurring basis are discussed above under *Long-Lived Assets*.

The carrying value of the Company's financial instruments (including cash and cash equivalents, restricted cash, accounts receivable and accounts payable) approximates fair value. The fair value of the Company's $70,000 of senior notes, valued using Level 2 pricing inputs, is approximately $66,833 $66,573 at March 28, 2024 June 27, 2024, determined based upon discounted cash flows using current market interest rates for financial instruments with a similar average remaining life. The fair value of the Company's $100,050 $60,050 of convertible senior notes, valued using Level 2 pricing inputs, is approximately $144,371 $70,212 at March 28, 2024 June 27, 2024, determined based on market rates and the closing trading price of the convertible senior notes as of March 28, 2024 June 27, 2024. The carrying amounts of the Company's remaining long-term debt approximate their fair values, determined using current rates for similar instruments, or Level 2 pricing inputs.

Defined Benefit Plan - The components of the net periodic pension cost of the Company's unfunded nonqualified, defined-benefit plan are as follows:

	13 Weeks Ended	13 Weeks Ended	26 Weeks Ended
	13 Weeks Ended		
	13 Weeks Ended		
	March 28, 2024		
	March 28, 2024		

	March 28, 2024			
	June 27, 2024	June 29, 2023	June 27, 2024	June 29, 2023
Service cost				
Service cost				
Service cost				
Interest cost				
Interest cost				
Interest cost				
Net amortization of prior service cost and actuarial loss				
Net amortization of prior service cost and actuarial loss				
Net amortization of prior service cost and actuarial loss				
Net periodic pension cost				
Net periodic pension cost				
Net periodic pension cost				

Service cost is included in Administrative expense while all other components are recorded within Other expense outside of operating income in the consolidated statements of earnings.

Revenue Recognition – The disaggregation of revenues by business segment for the 13 and 26 weeks ended March 28, 2024 June 27, 2024 is as follows:

	13 Weeks Ended March 28, 2024					13 Weeks Ended June 27, 2024			
	Theatres	Theatres	Hotels/Resorts	Corporate	Total	Theatres	Hotels/Resorts	Corporate	Total
Theatre admissions									
Rooms									
Theatre concessions									
Food and beverage									
Other revenues(1)									
Cost reimbursements									
Total revenues									

	26 Weeks Ended June 27, 2024			
	26 Weeks Ended June 27, 2024			
	26 Weeks Ended June 27, 2024			
	Theatres	Hotels/Resorts	Corporate	Total
Theatre admissions				
Rooms				
Theatre concessions				
Food and beverage				
Other revenues(1)				
Cost reimbursements				
Total revenues				

(1) Included in other revenues is an immaterial amount related to rental income that is not considered revenue from contracts with customers.

The disaggregation of revenues by business segment for the 13 and 26 weeks ended March 30, 2023 June 29, 2023 is as follows:

	13 Weeks Ended March 30, 2023					13 Weeks Ended June 29, 2023			
	Theatres	Theatres	Hotels/Resorts	Corporate	Total	Theatres	Hotels/Resorts	Corporate	Total
Theatre admissions									
Rooms									
Theatre concessions									
Food and beverage									
Other revenues(1)									
Cost reimbursements									
Total revenues									

	26 Weeks Ended June 29, 2023
	26 Weeks Ended June 29, 2023

	26 Weeks Ended June 29, 2023			
	Theatres	Hotels/Resorts	Corporate	Total
Theatre admissions				
Rooms				
Theatre concessions				
Food and beverage				
Other revenues(1)				
Cost reimbursements				
Total revenues				

(1) Included in other revenues is an immaterial amount related to rental income that is not considered revenue from contracts with customers.

The Company had deferred revenue from contracts with customers of $36,320 $39,705 and $38,034 as of March 28, 2024 June 27, 2024 and December 28, 2023, respectively. The Company had no contract assets as of March 28, 2024 June 27, 2024 and December 28, 2023. During the 13 26 weeks ended March 28, 2024 June 27, 2024, the Company recognized revenue of $7,548 $12,789 that was included in deferred revenues as of December 28, 2023. During the 13 26 weeks ended March 30, 2023 June 29, 2023, the Company recognized revenue of $6,276 $10,875 that was included in deferred revenues as of December 29, 2022. The majority of the Company's deferred revenue relates to non-redeemed gift cards, advanced ticket sales and the Company's loyalty program.

As of March 28, 2024 June 27, 2024, the amount of transaction price allocated to the remaining performance obligations under the Company's advanced ticket sales was $2,031 $1,989 and is reflected in the Company's consolidated balance sheet as part of deferred revenues, which is included in other accrued liabilities. As of March 28, 2024 June 27, 2024, the amount of transaction price allocated to the remaining performance obligations related to the amount of Theatres non-redeemed gift cards was $16,055 $15,178 and is reflected in the Company's consolidated balance sheet as part of deferred revenues. The Company recognizes revenue as the tickets and gift cards are redeemed, which is expected to occur within the next two years.

As of March 28, 2024 June 27, 2024, the amount of transaction price allocated to the remaining performance obligations related to the amount of Hotels and Resorts non-redeemed gift cards was $4,282 $4,254 and is reflected in the Company's consolidated balance sheet as part of deferred revenues. The Company recognizes revenue as the gift cards are redeemed, which is expected to occur within the next two years.

The majority of the Company's revenue is recognized in less than one year from the original contract.

New Accounting Pronouncements - In November 2023, the FASB Financial Accounting Standards Board (FASB) issued ASU No. 2023-07, *Segment Reporting (Topic 280: Improvements to Reportable Segment Disclosures (ASU No. 2023-07)*, which requires disclosure of incremental segment information on an annual and interim basis. ASU No 2023-07 will be effective for the Company's fiscal year ending December 26, 2024, and the Company's interim periods beginning in fiscal 2025. The Company is evaluating the effect that the guidance will have on its consolidated financial statement disclosures.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740: Improvements to Income Tax Disclosures (ASU No. 2023-09*), which requires improvements to income tax disclosures primarily related to rate reconciliation and income taxes paid information. ASU No. 2023-09 will be effective for the Company in fiscal 2025 and must be applied prospectively with retrospective application permitted. The Company is evaluating the impact that ASU No. 2023-09 will have on its consolidated financial statement disclosures.

2. Long-Term Debt

Long-term debt is summarized as follows:

	March 28, 2024	December 28, 2023
	June 27, 2024	December 28, 2023
Senior notes		
Senior notes		
Senior notes		
Unsecured term note due February 2025, with monthly principal and interest payments of $39, bearing interest at 5.75%		
Convertible senior notes		
Payroll Protection Program loans		
Revolving credit agreement		
Debt issuance costs		
Total debt, net of debt issuance costs		
Less current maturities, net of issuance costs		
Long-term debt		

Credit Agreement

As of March 28, 2024 June 27, 2024, the Company has a five year Credit Agreement that provides for a revolving credit facility that matures on October 16, 2028 with an initial maximum aggregate amount of availability of $225,000. At March 28, 2024 June 27, 2024, there were no borrowings of $45,000 outstanding on the revolving credit facility, which when borrowed, bear interest at the secured overnight financing rate (SOFR) plus a margin (as discussed further below), effectively 9.05% 6.98% at March 28, 2024 June 27, 2024. Availability under the $225,000 revolving credit facility was $220,185 $175,185 as of March 28, 2024 June 27, 2024 after taking into consideration outstanding letters of credit that reduce revolver availability.

Borrowings under the Credit Agreement bear interest at a variable rate equal to (i) the term SOFR, plus a credit spread adjustment of 0.10%, subject to a 0% floor, plus a specified margin based upon the Company's net leverage ratio as of the most recent determination date, or (ii) the alternate base rate ("ABR") (which is the highest of (a) the prime rate, (b) the greater of the federal funds rate and the overnight bank funding rate plus 0.50% or (c) the sum of 1% plus one-month SOFR plus a credit spread adjustment of 0.10%), subject to a 1% floor, plus a specified margin based upon the Company's net leverage ratio as of the most recent determination date. The revolving credit facility also requires an annual facility fee equal to 0.175% to 0.275% of the total revolving commitments depending on the Company's consolidated net leverage ratio.

The Credit Agreement includes, among other restrictions and covenants applicable to the Company, a requirement that the Company's consolidated net leverage ratio not exceed 3.50:1.00, provided that, with some limitations, such ratio may be increased to 4.00:1:00 for the full fiscal quarter in which a material acquisition (in which aggregate consideration equals or

exceeds $30,000) is consummated and the three fiscal quarters immediately thereafter, and a requirement that the Company's interest coverage ratio at the end of any fiscal quarter not be less than 3.00:1.00.

In connection with the Credit Agreement: (i) the Company has pledged, subject to certain exceptions, security interests and liens in and on (a) substantially all of its respective personal property assets and (b) certain of its respective real property assets, in each case, to secure the Credit Agreement and related obligations; and (ii) certain of the Company's subsidiaries have guaranteed the Company's obligations under the Credit Agreement.

The Credit Agreement contains customary events of default. If an event of default under the Credit Agreement occurs and is continuing, then, among other things, the lenders may declare any outstanding obligations under the Credit Agreement to be immediately due and payable and exercise rights and remedies against the pledged collateral.

Note Purchase Agreements

At March 28, 2024 June 27, 2024 and December 28, 2023, the Company's $70,000 of senior notes consist of two Note Purchase Agreements maturing in 2025 through 2027, require annual principal payments in varying installments and bear interest payable semi-annually at fixed rates ranging from 4.02% to 4.32%.

Convertible Senior Notes

On September 17, 2020, the Company entered into a purchase agreement to issue and sell $100,050 aggregate principal amount of its 5.00% Convertible Senior Notes due 2025 (the "Convertible Notes.") The Convertible Notes were issued pursuant to an indenture (the "Indenture"), dated September 22, 2020, between the Company and U.S. Bank National Association, as trustee.

The Convertible Notes bear interest from September 22, 2020 at a rate of 5.00% per year. Interest will be payable semiannually in arrears on March 15 and September 15 of each year, beginning on March 15, 2021. The Convertible Notes may bear additional interest under specified circumstances relating to the Company's failure to comply with its reporting obligations under the Indenture or if the Convertible Notes are not freely tradeable as required by the Indenture. The Convertible Notes will mature on September 15, 2025, unless earlier repurchased or converted. Prior to March 15, 2025, the Convertible Notes will be convertible at the option of the holders only under the following circumstances: (i) during any fiscal quarter commencing after the fiscal quarter ending on December 31, 2020 (and only during such fiscal quarter), if the last reported sale price of the Common Stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (ii) during the five business day period immediately after any five consecutive trading day period, or the measurement period, in which the trading price per $1,000 principal amount of the Convertible Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Common Stock and the conversion rate on each such trading day; or (iii) upon the occurrence of specified corporate events. On or after March 15, 2025, the Convertible Notes will be convertible at the option of the holders at any time until the close of business on the second scheduled trading day immediately preceding the maturity date.

Upon conversion, the Convertible Notes may be settled, at the Company's election, in cash, shares of Common Stock or a combination thereof. The initial conversion rate was 90.8038 shares of Common Stock per $1,000 principal amount of the Convertible Notes (equivalent to an initial conversion price of approximately $11.01 per share of Common

Stock), representing an initial conversion premium of approximately 22.5% to the $8.99 last reported sale price of the Common Stock on The New York Stock Exchange on September 17, 2020. The conversion rate is subject to adjustment for certain events, including distributions and dividends paid to holders of Common Stock. At March 28, 2024 June 27, 2024, the applicable conversion rate is 93.2680 93.8880 shares of Common Stock per $1,000 principal amount of the Convertible Notes (equivalent to an applicable conversion price of approximately $10.72 $10.65 per share of Common Stock). If the Company undergoes certain

fundamental changes, holders of Convertible Notes may require the Company to repurchase for cash all or part of their Convertible Notes for a purchase price equal to 100% of the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. In addition, if a make-whole

fundamental change occurs prior to the maturity date, the Company will, under certain circumstances, increase the conversion rate for holders who convert Convertible Notes in connection with such make-whole fundamental change. The Company may not redeem the Convertible Notes before maturity and no “sinking fund” is provided for the Convertible Notes. The Indenture includes covenants customary for securities similar to the Convertible Notes, sets forth certain events of default after which the Convertible Notes may be declared immediately due and payable and sets forth certain types of bankruptcy or insolvency events of default involving the Company and certain of its subsidiaries after which the Convertible Notes become automatically due and payable.

Since the Company’s fiscal 2021 second quarter through the Company’s fiscal 2024 second quarter, the Company’s Convertible Notes were (are) eligible for conversion at the option of the holders as the last reported sale price of the Common Stock was greater than or equal to 130% of the applicable conversion price for at least 20 trading days during the last 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter. During the Company’s fiscal 2024 third quarter the Convertible Notes are not eligible for conversion at the option of the holders as the last reported sale price of the Common Stock was not greater than or equal to 130% of the applicable conversion price for at least 20 trading days during the last 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter. The Company has the ability to settle the conversion in Company stock. As such, the Convertible Notes will continue to be classified as long-term. Future convertibility and resulting balance sheet classification of this liability will be monitored at each quarterly reporting date and will be analyzed dependent upon market prices of the Company’s Common Stock during the prescribed measurement period. No Convertible Notes have been converted to date and the Company does not expect any to be converted within the next 12 months.

In connection with the pricing of the Convertible Notes on September 17, 2020, and in connection with the exercise by the Initial Purchasers (as defined in the Convertible Notes purchase agreement) of their option to purchase additional Convertible Notes on September 18, 2020, the Company entered into privately negotiated Capped Call Transactions (the “Capped Call Transactions”) with certain of the Initial Purchasers and/or their respective affiliates and/or other financial institutions (the “Capped Call Counterparties”). The Capped Call Transactions are expected generally to reduce potential dilution of the Company’s common stock upon any conversion of the Convertible Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of such converted Convertible Notes, as the case may be, in the event that the market price per share of the Company’s common stock, as measured under the terms of the Capped Call Transactions, is greater than the strike price of the Capped Call Transactions, which initially corresponds to the conversion price of the Convertible Notes and is subject to anti-dilution adjustments substantially similar to those applicable to the conversion rate of the Convertible Notes. If, however, the market price per share of the Company’s common stock, as measured under the terms of the Capped Call Transactions, exceeds the cap price of the Capped Call Transactions, there would nevertheless be dilution to the extent that such market price exceeds the cap price of the Capped Call Transactions. The cap price of the Capped Call Transactions was initially $17.98 per share (in no event shall the cap price be less than the strike price of $11.0128), which represents a premium of 100% over the last reported sale price of the Common Stock of $8.99 per share on The New York Stock Exchange on September 17, 2020. Under the terms of the Capped Call Transactions, the cap price is subject to adjustment for certain events, including distributions and dividends paid to holders of Common Stock. At March 28, 2024 June 27, 2024, the adjusted cap price is approximately $17.51 $17.39 per share. The Capped Call Transactions are separate transactions entered into by the Company with the Capped Call Counterparties, are not part of the terms of the Convertible Notes and will not change the rights of holders of the Convertible Notes under the Convertible Notes and the Indenture.

Convertible Senior Notes Repurchases

During the second quarter of fiscal 2024, the Company entered into separate, privately negotiated purchase agreements (the “Purchase Agreements”) with certain holders of its Convertible Notes. Under the terms of the Purchase Agreements, the holders agreed to exchange $86,401 in aggregate principal amount of Convertible Notes for cash consideration of $101,087 (or $87,857 net of the cash received by the Company in connection with the unwind of a portion of the Capped Call Transactions as discussed below) effected over two separate repurchase tranches (the “Convertible Notes Repurchases”). On May 8, 2024, the Company entered into the first repurchase transaction to retire $40,000 of aggregate principal amount of Convertible Notes for $45,879 in cash consideration plus accrued interest, with settlement occurring during the fiscal second quarter on June 14, 2024. On June 17, 2024, the Company entered into the second repurchase transaction to retire $46,401 of aggregate principal amount of Convertible Notes for $55,208 in cash consideration plus accrued interest, with settlement occurring during the fiscal third quarter on July 16, 2024. Following settlement of the Convertible Note Repurchases on July 16, 2024, the aggregate principal amount of Convertible Notes outstanding was $13,649. During the second quarter and first half of fiscal 2024, the Company incurred debt conversion expense of $13,908 in connection with the Convertible Notes Repurchases.

(in thousands, except share and per share data)

In connection with the Convertible Notes Repurchases, the Company entered into unwind agreements with the Capped Call Counterparties to terminate a portion of the Capped Call Transactions equal to the notional amounts of the Convertible Notes Repurchases, and for the Company to receive aggregate cash of $13,230 effected over two separate unwind tranches. On May 8, 2024, the Company entered into the first tranche of unwind agreements and received $5,770 in cash consideration with settlement occurring during the fiscal second quarter on June 14, 2024. On June 17, 2024, the Company entered into the second tranche of unwind agreements and received $7,460 in cash consideration at settlement occurring during the fiscal third quarter on July 16, 2024.

3. Leases

The Company determines if an arrangement is a lease at inception. The Company evaluates each lease for classification as either a finance lease or an operating lease according to Accounting Standards Codification No. 842, *Leases*. The Company performs this evaluation at the inception of the lease and when a modification is made to a lease. The Company leases real estate and equipment with lease terms of one year to 45 years, some of which include options to extend and/or terminate the lease.

The majority of the Company's lease agreements include fixed rental payments. For those leases with variable payments based on increases in an index subsequent to lease commencement, such payments are recognized as variable lease expense

as they occur. Variable lease payments that do not depend on an index or rate, including those that depend on the Company's performance or use of the underlying asset, are also expensed as incurred. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Total lease cost consists of the following:

		13 Weeks Ended	
Lease Cost	**Classification**	**March 28, 2024**	**March 30, 2023**
Finance lease costs:			
Amortization of finance lease assets	Depreciation and amortization	$ 615	$ 691
Interest on lease liabilities	Interest expense	175	198
		$ 790	$ 889
Operating lease costs:			
Operating lease costs	Rent expense	$ 5,985	$ 6,044
Variable lease cost	Rent expense	312	416
Short-term lease cost	Rent expense	50	33
		$ 6,347	$ 6,493

Additional information related to leases is as follows:

	13 Weeks Ended	
Other Information	**March 28, 2024**	**March 30, 2023**
Cash paid for amounts included in the measurement of lease liabilities:		
Financing cash flows from finance leases	$ 601	$ 556
Operating cash flows from finance leases	175	198
Operating cash flows from operating leases	6,282	6,430

Right of use assets obtained in exchange for new lease obligations:		
Finance lease liabilities	—	—
Operating lease liabilities	—	—

	March 28, 2024	December 28, 2023
Finance leases:		
Property and equipment – gross	$ 30,106	$ 30,106
Accumulated depreciation and amortization	(18,571)	(17,956)
Property and equipment - net	$ 11,535	$ 12,150

		13 Weeks Ended		26 Weeks Ended	
Lease Cost	Classification	June 27, 2024	June 29, 2023	June 27, 2024	June 29, 2023
Finance lease costs:					
Amortization of finance lease assets	Depreciation and amortization	$ 554	$ 688	$ 1,169	$ 1,379
Interest on lease liabilities	Interest expense	160	192	335	390
		$ 714	$ 880	$ 1,504	$ 1,769
Operating lease costs:					
Operating lease costs	Rent expense	$ 6,133	$ 6,033	$ 12,118	$ 12,077
Variable lease cost	Rent expense	290	527	602	943
Short-term lease cost	Rent expense	73	34	123	67
		$ 6,496	$ 6,594	$ 12,843	$ 13,087

THE MARCUS CORPORATION

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 13 AND 26 WEEKS ENDED MARCH 28, JUNE 27, 2024
(in thousands, except share and per share data)

Additional information related to leases is as follows:

	13 Weeks Ended		26 Weeks Ended	
Other Information	June 27, 2024	June 29, 2023	June 27, 2024	June 29, 2023
Cash paid for amounts included in the measurement of lease liabilities:				
Financing cash flows from finance leases	$ 613	$ 645	$ 1,214	$ 1,201
Operating cash flows from finance leases	160	192	335	390
Operating cash flows from operating leases	6,527	6,429	12,809	12,859
Right of use assets obtained in exchange for new lease obligations:				
Finance lease liabilities	115	136	115	136
Operating lease liabilities	2,112	—	2,112	—

	June 27, 2024	December 28, 2023
Finance leases:		
Property and equipment – gross	$ 30,037	$ 30,106
Accumulated depreciation and amortization	(19,065)	(17,956)
Property and equipment - net	$ 10,972	$ 12,150

Remaining lease terms and discount rates are as follows:

Lease Term and Discount Rate	Lease Term and Discount Rate	March 28, 2024		December 28, 2023		Lease Term and Discount Rate	June 27, 2024		December 28, 2023	
Weighted-average remaining lease terms:										
Finance leases										
Finance leases										
Finance leases		6 years		7 years			6 years		7 years	
Operating leases	Operating leases	11 years		12 years		Operating leases	11 years		12 years	
Weighted-average discount rates:										
Weighted-average discount rates:										
Weighted-average discount rates:										
Finance leases										
Finance leases										
Finance leases		4.64	%	4.62	%		4.67	%	4.62	%
Operating leases	Operating leases	4.67	%	4.52	%	Operating leases	4.73	%	4.52	%

Deferred rent payments of approximately $647 $619 for the Company's operating leases have been included in the total operating lease obligations as of March 28, 2024 June 27, 2024, of which approximately $197 $169 is included in long-term operating lease obligations.

4. Share Based Compensation

During the 13 26 weeks ended March 28, 2024 June 27, 2024, the Company granted restricted stock, restricted stock units (RSUs) and performance stock units (PSUs) to certain executives and associates.

Restricted Stock and Restricted Stock Units

During the 13 26 weeks ended March 28, 2024 June 27, 2024, the Company granted (i) an annual award of restricted stock and RSUs with a vesting period of 50% after two years and 100% after three years, and (ii) a special long-term incentive and retention award

of restricted stock to certain executives with a vesting period of 100% after four years, or upon retirement after three years. Restricted stock awards are issued and outstanding common stock at the time of the grant and become unrestricted upon the vesting date. RSU awards are payable in common stock upon vesting. The Company expenses the cost of restricted stock and RSU awards over the vesting period based on the fair value of the award at the date of grant.

Performance Stock Units

During the 13 26 weeks ended March 28, 2024 June 27, 2024, the Company granted PSUs with vesting subject to the Company's achievement of performance goals expressed in terms of (i) earnings before interest, taxes, depreciation and amortization, or EBITDA, growth rate ranking relative to the Russell 2000 Index with respect to 25% of the total number of performance stock unit awards, and (ii) the Company's average return on invested capital, or ROIC, ranking relative to the Russell 2000 Index with respect to 75% of the total number of performance stock unit awards. For grants awarded in fiscal 2024, the PSU performance goals relate to the three-year performance period from fiscal 2024-2026. PSUs are payable at the end of their respective performance period in common stock, and the number of PSUs awarded can range from zero to 150% depending on the Company's achievement of the relative performance metrics. The Company expenses the cost of PSUs based on the fair value of the awards at the date of grant and the estimated achievement of the performance metric, ratable over the performance period of three fiscal years.

A summary of the Company's stock option, restricted stock and RSU and PSU activity and related information follows, with PSUs reflected at the target achievement percentage until the completion of the performance period (shares in thousands):

(in thousands, except share and per share data)

	Stock Options		Stock Options		Restricted Stock & RSUs	PSUs		Stock Options		Restricted Stock & RSUs	PSUs		
	Options	Options	Weighted-Average Exercise Price	Shares / Units	Weighted-Average Fair Value	Units	Weighted-Average Fair Value	Options	Weighted-Average Exercise Price	Shares / Units	Weighted-Average Fair Value	Units	Weighted-Average Fair Value
December 28, 2023													
Granted													
Exercised (1)													
Vested (2)													
Forfeited													
March 28, 2024													
June 27, 2024													

(1) Exercise activity only applicable to stock options.

(2) Vesting activity not applicable to stock options.

Share-based compensation expense was $2,514 $2,418 and $2,172 $4,932, respectively, during the 13 and 26 weeks ended March 28, 2024 June 27, 2024, and March 30, 2023, respectively. $1,515 and $3,687, respectively, during the 13 and 26 weeks ended June 29, 2023. As of March 28, 2024 June 27, 2024, total unrecognized share-based compensation expense related to stock options was $3,385, $2,647, which will be amortized to expense over the weighted-average remaining life of 2.3 2.1 years. As of March 28, 2024 June 27, 2024, total unrecognized share-based compensation expense related to non-vested restricted stock, RSUs and PSUs was $9,736 $8,194, which will be amortized over the weighted-average remaining service period of 3.2 3.1 years.

At March 28, 2024 June 27, 2024, there were 420,766 446,074 shares available for grants of additional stock options, restricted stock, RSUs, PSUs and other types of equity awards under the current plan.

5. Income Taxes

The Company's effective income tax rate for the 13 and 26 weeks ended March 28, 2024 June 27, 2024 was (39.4)% and March 30, 2023 was 38.3% 4.9%, respectively, and 23.1% 23.3% and 24.0% for the 13 and 26 weeks ended June 29, 2023, respectively. The fiscal 2024 first quarter half effective income tax rate was negatively impacted by a nondeductible debt conversion expense resulting from the Convertible Notes Repurchases and a $1,085 reduction in deferred tax assets resulting from the related termination of the Capped Call Transactions and excess compensation subject to deduction limitations. The fiscal 2023 first quarter effective income tax rate was favorably impacted by a decrease

(in valuation allowances related to deferred tax assets for state net operating loss carryforwards. thousands, except share and per share data)

6. Joint Venture Transactions

In March 2024, the Company formed a joint venture with Hempel Real Estate ("Hempel") and Robinson Park ("RP") to acquire the Loews Minneapolis Hotel, a 251 guest room and suite full-service lifestyle hotel located in downtown Minneapolis, Minnesota. The acquired hotel was rebranded as The Lofton Hotel ("Lofton") under the Tapestry Collection by Hilton flag. The Company invested $5,620 for a 33.3% equity interest in the Lofton joint venture and entered into a management agreement for the hotel. Subsequent to its initial investment in the joint venture, the Company sold an 8.6% interest to a minority investor for $1,500, reducing its equity interest in the Lofton joint venture to 24.7%. The Company accounts for its investment in the Lofton joint venture on the equity method.

A wholly-owned subsidiary of the Lofton joint venture entity, as the borrower, financed the acquisition of and future improvements to the hotel with a mortgage loan. In connection with this mortgage loan, the Company provided an environmental indemnity and a several payment guaranty that provides that the lender can recover losses from the Company, a principal in Hempel, and a principal in RP for certain events of default of the borrower up to $6.2 million $6,200 for the Company. Under the terms of a cross-indemnity agreement among the guarantors, the other two guarantors have fully indemnified the Company under the guarantees for any losses in excess of its proportionate liability under the several payment guaranty and environmental indemnity.

7. Business Segment Information

The Company's primary operations are reported in the following business segments: Theatres and Hotels/Resorts. Corporate items include amounts not allocable to the business segments. Corporate revenues consist principally of rent and the corporate operating loss includes general corporate expenses. Corporate information technology costs and accounting shared services costs are allocated to the business segments based upon several factors, including actual usage and segment revenues.

THE MARCUS CORPORATION

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 13 AND 26 WEEKS ENDED JUNE 27, 2024
(in thousands, except share and per share data)

Following is a summary of business segment information for the 13 and 26 weeks ended March 28, 2024 June 27, 2024 and March 30, 2023 June 29, 2023:

		Theatres	Hotels/ Resorts	Corporate Items	Total		Theatres	Hotels/ Resorts	Corporate Items	Total
13 Weeks Ended	**13 Weeks Ended**					**13 Weeks Ended**				
March 28, 2024										
Revenues										
Revenues										
Revenues										
Operating loss										
Depreciation and amortization										
13 Weeks Ended										
13 Weeks Ended										
13 Weeks Ended										
March 30, 2023		**Theatres**	**Hotels/ Resorts**	**Corporate Items**	**Total**					
June 27, 2024										
Revenues										
Revenues										
Revenues										
Operating income (loss)										
Depreciation and amortization										
13 Weeks Ended										
13 Weeks Ended										
13 Weeks Ended										
June 29, 2023		**Theatres**	**Hotels/ Resorts**	**Corporate Items**	**Total**					
Revenues										
Revenues										
Revenues										
Operating income (loss)										
Depreciation and amortization										
26 Weeks Ended										
26 Weeks Ended										
26 Weeks Ended										
June 27, 2024		**Theatres**	**Hotels/ Resorts**	**Corporate Items**	**Total**					
Revenues										
Operating income (loss)										
Depreciation and amortization										
26 Weeks Ended										
26 Weeks Ended										
26 Weeks Ended		**Theatres**	**Hotels/ Resorts**	**Corporate Items**	**Total**					

June 29, 2023		
Revenues		
Revenues		
Revenues		
Operating income (loss)		
Depreciation and amortization		

8. Subsequent Event

Subsequent to the end of the second quarter of fiscal 2024, on July 9, 2024, the Company entered into a Master Note Purchase Agreement with several purchasers party to the agreement, pursuant to which the Company issued and sold $100,000 aggregate principal amount of senior notes in two tranches: (i) $60,000 in aggregate principal amount of the Company's 6.89% Series 2024 Senior Notes, Tranche A due July 9, 2031 (the "Tranche A Notes") and (ii) $40,000 in aggregate principal amount of the Company's 7.02% Series 2024 Senior Notes, Tranche B due July 9, 2034 (the "Tranche B Notes" and, collectively with the Tranche A Notes, the "2024 Senior Notes"). The net proceeds were used to refinance the Convertible Notes Repurchases of $86,401 aggregate principal amount of Convertible Notes (see Note 2) and for general corporate purposes.

Interest on the 2024 Senior Notes is payable semi-annually in arrears on the 9th day of January and July each year, commencing on January 9, 2025, and on the applicable maturity date. The Tranche A Notes require annual principal amortization payments beginning in fiscal 2027 with a final maturity in fiscal 2031. The Tranche B Notes require annual principal amortization payments beginning in fiscal 2028 with a final maturity in fiscal 2034. The Master Note Purchase Agreement contains various restrictions and covenants applicable to the Company and certain of its subsidiaries that are consistent with the restrictions, covenants and collateral provisions in the Company's existing Credit Agreement and Note Purchase Agreements.

THE MARCUS CORPORATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Special Note Regarding Forward-Looking Statements

Certain matters discussed in this Quarterly Report on Form 10-Q and the accompanying annual report to shareholders, particularly in the Shareholders' Letter and Management's Discussion and Analysis, are "forward-looking statements" intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements may generally be identified as such because the context of such statements include words such as we "believe," "anticipate," "expect" or words of similar import. Similarly, statements that describe our future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties which may cause results to differ materially from those expected, including, but not limited to, the following: (1) the adverse effects future pandemics may have on our theatre and hotels and resorts businesses, results of operations, liquidity, cash flows, financial condition, access to credit markets and ability to service our existing and future indebtedness; (2) the availability, in terms of both quantity and audience appeal, of motion pictures for our theatre division (including disruptions in the production of films due to events such as a strike by actors, writers or directors or future pandemics); (3) the effects of theatre industry dynamics such as the maintenance of a suitable window between the date such motion pictures are released in theatres and the date they are released to other distribution channels; (4) the effects of adverse economic conditions in our markets; (5) the effects of adverse economic conditions on our ability to obtain financing on reasonable and acceptable terms, if at all; (6) the effects on our occupancy and room rates caused by the relative industry supply of available rooms at comparable lodging facilities in our markets; (7) the effects of competitive conditions in our markets; (8) our ability to achieve expected benefits and performance from our strategic initiatives and acquisitions; (9) the effects of increasing depreciation expenses, reduced operating profits during major property renovations, impairment losses, and preopening and start-up costs due to the capital intensive nature of our business; (10) the effects of changes in the availability of and cost of labor and other supplies essential to the operation of our business; (11) the effects of weather conditions, particularly during the winter in the Midwest and in our other markets; (12) our ability to identify properties to acquire, develop and/or manage and the continuing availability of funds for such development; (13) the adverse impact on business and consumer spending on travel, leisure and entertainment resulting from terrorist attacks in the United States, other incidents of violence in public venues such as hotels and movie theatres or epidemics; and (14) a disruption in our business and reputational and economic risks associated with civil securities claims brought by shareholders. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Our forward-looking statements are based upon our assumptions, which are based upon currently available information. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are made only as of the date of this Form 10-Q and we undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

RESULTS OF OPERATIONS

General

We report our consolidated and individual segment results of operations on a 52- or 53-week fiscal year ending on the last Thursday in December. Fiscal 2024 is a 52-week year beginning on December 29, 2023 and ending on December 26, 2024. Fiscal 2023 was a 52-week year that began on December 30, 2022 and ended on December 28, 2023.

We divide our fiscal year into three 13-week quarters and a final quarter consisting of 13 or 14 weeks. The first second quarter of fiscal 2024 consisted of the 13-week period beginning on December 29, 2023 March 29, 2024 and ended on March 28, 2024 June 27, 2024. The first second quarter of fiscal 2023 consisted of the 13-week period beginning December 30, 2022 March 31, 2023 and ended on March 30, 2023 June 29, 2023. Our primary operations are reported in the following two business segments: movie theatres and hotels and resorts. Within this MD&A, amounts for totals, subtotals, and variances may not recalculate exactly within tables due to rounding as they are calculated using the unrounded numbers.

Overall Results

The following table sets forth revenues, operating income (loss), other income (expense), net earnings (loss) and net earnings (loss) per diluted common share for the second quarter and first quarter half of fiscal 2024 and fiscal 2023 (in millions, except for per share and variance percentage data):

	First Quarter											
	First Quarter											
	First Quarter											
	Variance											
	Variance											
	Second Quarter						First Half					
	Variance											
	F2024	F2024	F2023	Amt.		Pct.		F2024		F2023		
	F2024											
	F2024											
Revenues	Revenues	$176.0	$	$207.0	$	$(31.0)	(15.0)	(15.0) %	$314.6	$	$359.3 $	$(44.7)
Revenues												
Revenues												
Operating loss												
Operating loss												
Operating loss												
Operating income (loss)	2.2		20.8		(18.6)		(89.3)%		(14.4)		11.8	(26.3)
Other income (expense)	Other income (expense)	(16.7)	(3.2)	(3.2)	(13.5)	(13.5)	(416.3)	(416.3)%	(19.3)	(6.6)	(6.6)	(12.7)
Other income (expense)												
Other income (expense)												
Net loss												
Net loss												
Net loss												
Net loss per common share - diluted												
Net loss per common share - diluted												

Net loss per common share - diluted							
Net earnings (loss)	$ (20.2)	$ 13.5	$(33.7)	(250.2)%	$(32.1)	$ 4.0	$(36.1)
Net earnings (loss) per common share - diluted	$ (0.64)	$ 0.35	$(0.99)	(282.9)%	$(1.03)	$ 0.13	$(1.16)

Revenues, decreased and operating loss, income (loss), net loss earnings (loss) and net loss earnings (loss) per diluted common share increased decreased during the second quarter and first quarter half of fiscal 2024 compared to the second quarter and first quarter half of fiscal 2023. The decline in our overall operating results was primarily due to a decrease in revenues and operating income from our theatre division during the second quarter and first quarter half of fiscal 2024 compared to the second quarter and first quarter half of fiscal 2023. Revenues from our hotels and resorts division increased during the second quarter and first half of fiscal 2024 compared to the second quarter and first half of fiscal 2023, while operating income was flat during the second quarter of fiscal 2024 compared to the first second quarter of fiscal 2023, while operating loss increased and decreased slightly during the first half of fiscal 2024 compared to the first half of fiscal 2023 primarily due to an increase in depreciation expense expense.

Other income (expense) and net earnings (loss) during the second quarter and first quarter half of fiscal 2024 compared to were negatively impacted by debt conversion expense of $13.9 million in connection with the first quarter $86.4 million aggregate principal amount of fiscal 2023. Our first quarter is typically Convertible Notes Repurchases. See *Convertible Senior Notes Repurchases* in the seasonally weakest quarter "Liquidity and Capital Resources" section of our fiscal year due to the traditionally reduced level of winter travel at our predominantly Midwestern portfolio of owned hotels. Our first quarter also often has fewer blockbuster films released by studios compared to the other quarters of our fiscal year. this MD&A for further discussion.

Net loss Other income (expense) and net earnings (loss) during the second quarter and first quarter half of fiscal 2024 was were favorably impacted by decreased interest expense compared to the second quarter and first quarter of fiscal 2023 and increased investment income during the first quarter of fiscal 2024 compared to the first quarter half of fiscal 2023.

We recognized investment income of $0.7 million $0.2 million and $0.9 million during the second quarter and first quarter half of fiscal 2024, respectively, compared to $0.3 million $0.4 million and $0.6 million during the second quarter and first quarter half of fiscal 2023. 2023, respectively. Variations in investment income were due to changes in the value of marketable securities.

Our interest expense totaled $2.5 million $2.6 million and $5.1 million for the second quarter and first quarter half of fiscal 2024, respectively, compared to $3.0 million $3.1 million and $6.1 million for the second quarter and first quarter half of fiscal 2023. 2023, respectively. The decrease in interest expense in fiscal 2024 was primarily due to decreased borrowings and a decrease in non-cash amortization of deferred financing costs. Changes in our borrowing levels due to variations in our operating results, capital expenditures, acquisition opportunities (or the lack thereof) and asset sale proceeds, among other items, may impact, either favorably or unfavorably, our actual reported interest expense in future periods, as may changes in short-term interest rates.

We reported an income tax expense for the second quarter of fiscal 2024 of $5.7 million compared to income tax expense of $4.1 million during the second quarter of fiscal 2023. We reported income tax benefit for the first quarter half of fiscal 2024 of $7.4 million $1.7 million compared to an income tax benefit expense of $2.8 million $1.3 million during the first quarter half of fiscal 2023. Our fiscal 2024 first quarter half effective income tax rate was 38.3% 4.9%, and was negatively impacted by nondeductible debt conversion expense resulting from the Convertible Notes Repurchases and a $1.1 million reduction in deferred tax assets resulting from the related termination of the Capped Call Transactions (combined negative impact of 7.5 percentage points) and excess compensation subject to deduction limitations. Our fiscal 2023 first quarter half effective income tax rate was 23.1%, and was favorably impacted by a decrease in valuation allowances related to deferred tax assets for state net operating loss carryforwards. 24.0%. We anticipate that our effective income tax rate for fiscal 2024 may be in the 36-38% 5-10% range, excluding any potential changes in federal or state income tax rates, valuation allowance adjustments or other one-time tax benefits. Our actual fiscal 2024 effective income tax rate may be different from our estimated quarterly rates depending upon actual facts and circumstances.

Theatres

The following table sets forth revenues, operating income (loss) and operating margin for our theatre division for the second quarter and first quarter half of fiscal 2024 and fiscal 2023 (in millions, except for variance percentage and operating margin):

	First Quarter
	First Quarter
	First Quarter

		Second Quarter							First Half						
		Variance Variance Variance													
	F2024 F2024 F2024		F2024		F2023		Amt.	Pct.		F2024	F2023			Amt.	Pct.
Revenues Revenues Revenues	Revenues	$101.5	$	$136.9	$	$(35.4)	(25.9)	(25.9) %	$182.7	$	$233.2	$	$(50.5)	(21.7)	(21.7)%
Operating income (loss)	Operating income (loss)	2.8	19.8	19.8	(17.0)	(17.0)	(86.0)	(86.0) %	(3.0)	21.3	21.3	(24.3)	(24.3)	(113.9)	(113.9
Operating income (loss) Operating income (loss)															
Operating margin (% of revenues) Operating margin (% of revenues) Operating margin (% of revenues)															

Our theatre division revenues and operating income decreased with weaker performances from films carrying over from during the holiday season into the second quarter and first quarter half of fiscal 2024, compared to the second quarter and first half of fiscal 2023. The second quarter of fiscal 2023 which benefited from a very strong performance from *The Super Mario Bros Movie*, and the first half of fiscal 2023 also benefited from a strong carryover performance from *Avatar: The Way of Water*. , while the second quarter and first half of fiscal 2024 had fewer blockbuster films. In addition, the film slate in the second quarter and first quarter half of fiscal 2024 was negatively impacted by the content supply chain disruption from the shutdown of movie production during the WGA and SAG-AFTRA labor strikes in 2023, which contributed to a weaker slate of available films compared to the second quarter and first quarter half of fiscal 2023. Our operating income during the second quarter and first quarter half of fiscal 2024 decreased compared to the second quarter and first quarter half of fiscal 2023 as a result of decreased theatre attendance.

The following table provides a further breakdown of the components of revenues for the theatre division for the second quarter and first quarter half of fiscal 2024 and fiscal 2023 (in millions, except for variance percentage):

	First Quarter First Quarter First Quarter						First Half			
	Second Quarter									
	Variance Variance Variance									
	F2024 F2024 F2024	F2024	F2023	Amt.	Pct.		F2024	F2023	Amt.	Pc
Admission revenues Admission revenues										

Admission revenues	Admission revenues	$48.6	$	$ 69.0	$	$(20.4)	(29.6)	(29.6)	%	$89.2	$	$116.6	$	$(27.4)	(23.5)	(23.5)%
Concession revenues	Concession revenues	44.4	59.7	59.7	(15.3)	(15.3)	(25.6)	(25.6)	%	79.1	102.1	102.1	(23.0)	(23.0)	(22.5)	(22
Concession revenues																
Concession revenues																
Other revenues																
Other revenues																
Other revenues	Other revenues	8.5	8.2	8.2	0.3	0.3	3.7	3.7	%	14.4	14.5	14.5	(0.1)	(0.1)	(0.6)	(0
Total revenues	Total revenues	101.5	136.9	136.9	(35.4)	(35.4)	(25.9)	(25.9)	%	182.7	233.2	233.2	(50.5)	(50.5)	(21.7)	(21
Total revenues																
Total revenues																

According to data received from Comscore (a national box office reporting service for the theatre industry) and compiled by us to evaluate our fiscal 2024 second quarter and first quarter half results, U.S. box office receipts decreased 9.0% 26.8% during our fiscal 2024 second quarter and 19.7% during our fiscal 2024 first quarter half compared to the same comparable weeks in fiscal 2023, indicating that our decrease in admission revenues for comparable theatres (excluding theatres closed during the past year) during the second quarter and first quarter half of fiscal 2024 of 13.8% 28.8% and 22.7% underperformed the industry by 4.8 2.0 and 3.0 percentage points. points, respectively. We believe our underperformance during the first quarter of fiscal 2024 compared to the first quarter of fiscal 2023 is attributable to an unfavorable film mix during the second quarter and first quarter half of fiscal 2024 that was more appealing to audiences in other parts of the U.S. than in our Midwestern markets, compared to a favorable film mix during the second quarter and first quarter half of fiscal 2023 that included *Avatar: The Way of Water*, *The Super Mario Bros Movie,* and *Guardian of the Galaxy Vol.3,*which played well in our Midwestern markets. In addition, the top performing film in the first quarter of fiscal 2024 (*Dune: Part Two*) significantly outperformed on IMAX screens, which represent only approximately 2% of our premium large format screens, resulting in IMAX screens taking market share from our *Ultra*Screen and *Super*Screen premium large format screens in certain markets.

Additional data received and compiled by us from Comscore indicates our admission revenues at comparable theatres during the second quarter and first quarter half of fiscal 2024 represented approximately 3.0% of the total admission revenues in the U.S. during the periods (commonly referred to as market share in our industry). during both periods, compared to 3.1%during the second quarter and first half of fiscal 2023. Our goal is to continue our historical long-term pattern of outperforming the industry, but our ability to do so in any given quarter will likely be partially dependent upon film mix, weather and the competitive landscape in our markets.

Total theatre attendance for our comparable theatres decreased 17.5% 26.3% during the first second quarter of fiscal 2024 compared to the first second quarter of fiscal 2023, which was primarily attributable to a weaker film slate and lower box office performance from the top film films during the first second quarter of fiscal 2024 ((led by only two weeks of *Dune: Part Two Inside Out 2*) versus the top film films last

fiscal year during the first second quarter ((led by twelve weeks of *Avatar: The Way of Water Super Mario Bros. Movie*). During the first second quarter of fiscal 2024 there were 24 28 wide-release films (films showed in over approximately 1,500 theatres in the U.S.) compared to 23 29 wide-release films during the first second quarter of fiscal 2023.

Total theatre attendance for our comparable theatres decreased 22.6% during the first half of fiscal 2024 compared to the prior year period, resulting primarily from the weaker film slate. During both the first half of fiscal 2024 and the first half of fiscal 2023, there were 52 wide-release films. While the number of wide-release films during the second quarter and first quarter half of fiscal 2024 was similar compared to the prior fiscal year period, periods, the average opening weekend U.S. box office gross per wide release was approximately 25% 28% and 27% lower, respectively, reflecting a weaker film slate with fewer significant franchises and a generally lower quality of product.

Our highest grossing films during the fiscal 2024 first second quarter included *Dune: Part Two Inside Out 2*, *Kung Fu Panda 4, Wonka, Bob Marley: One Love, Godzilla x Kong: The New Empire, Bad Boys: Ride or Die, Kingdom of the Planet of the Apes* and*Migration IF*. Our top five films during our fiscal 2024 first second quarter accounted for 41% 56% of our total box office results, compared to 49% 63% (including event cinema) cinema in both periods) for the top five films during the first second quarter of fiscal 2023, both expressed as a percentage of the total admission revenues for the relevant period. A decreased concentration of blockbuster films during a given quarter often has the effect of lowering our film rental costs during the period, as generally the better a particular film performs, the greater the film rental cost tends to be as a percentage of box office receipts. As a result of a less concentrated film slate, our overall film cost as a percentage of admission revenues decreased during the first second quarter of fiscal 2024 compared to the same period in the prior fiscal year.

Our average ticket price increased 4.9% decreased 3.1% during the first second quarter of fiscal 2024, compared to the first second quarter of fiscal 2023, and 2023. During the first half of fiscal 2024, our average ticket price increased 0.2% compared to the first half of fiscal 2023. Our average ticket price during the second quarter was favorably negatively impacted by general admission ticket price increases that we implemented during the first quarter of fiscal 2023 in response to increases in labor and supply costs, pricing changes to our Value Tuesday promotion that were implemented during the last week of the first quarter of fiscal 2023, and an increase in the increased percentage of our weekly attendance on days other than coming from Value Tuesday. Our average ticket price Tuesday, promotional pricing offerings, including a $7 Everyday Matinee for seniors and children that was negatively impacted by introduced during the second quarter of fiscal 2024, as well as a lower percentage of ticket sales tickets for 3D films and Premium Large Format (PLF) showings during the first second quarter of fiscal 2024 compared to the first second quarter of fiscal 2023. 2023 due to the related film mix during each period. The overall increase change in average ticket price favorably unfavorably impacted our admission revenues of our comparable theatres by $1.8 million $1.7 million and $0.1 million during the second quarter and first quarter half of fiscal 2024 compared to the second quarter and first quarter half of fiscal 2023. 2023, respectively.

Our average concession revenues per person increased by 0.8% 2.3% and 1.6% during the second quarter and first quarter half of fiscal 2024 compared to the second quarter and first quarter half of fiscal 2023, respectively, primarily due to inflationary increases in concessions prices in response to increases in food and labor costs, and due to as well an increase in the net positive impact number of concessions items purchased per customer. During the second quarter of fiscal 2024, we made changes to our Value Tuesday promotion. The increase in concession pricing was partially offset promotion for our Magical Movie Rewards (MMR) loyalty members, discontinuing the prior promotion that offered a 20% discount on all concessions, food and non-alcoholic beverages and reintroducing a free complimentary-sized popcorn, which has been well received by a decrease in the number of concession items purchased per customer, which we believe is attributable to an unfavorable film mix during the first quarter of fiscal 2024 that included fewer large blockbuster films that tend to result in more concession sales per customer. guests. The overall increase in average concession revenues per person favorably impacted our concession revenues of our comparable theatres by $0.1 million $0.9 million during both the second quarter and first half of fiscal 2024 compared to the second quarter and first half of fiscal 2023.

Other revenues during the second quarter of fiscal 2024 increased by $0.3 million compared to the second quarter of fiscal 2023 due to an increase in internet surcharge ticketing fees per person, partially offset by the impact of decreased attendance on internet surcharge ticketing fees and preshow and in-app advertising revenue. Late during the first quarter of fiscal 2024, compared we made changes to the first criteria for waiving internet surcharge ticket fees for our MMR members, resulting in an increase in ticketing fees per person during the second quarter of fiscal 2023.

2024. Other revenues during the first quarter half of fiscal 2024 decreased by $0.4 million $0.1 million compared to the first quarter half of fiscal 2023. The decline was primarily 2023 due to the impact of decreased attendance on internet surcharge ticketing fees and preshow and in-app advertising revenue. revenue, partially offset by an increase in internet surcharge ticketing fees per person in the second quarter of fiscal 2024.

The quantity, quality, and mix of films available for theatrical exhibition, including wide-release films, was negatively impacted during fiscal 2024 by the shutdown of movie production resulting from the WGA and SAG-AFTRA labor strikes that occurred during fiscal 2023. While the labor strikes were resolved in the fourth quarter of fiscal 2023 with film production resuming thereafter, we expect the quantity of new film releases available for theatrical exhibition during fiscal 2024 to be negatively impacted by the prolonged shutdown of movie production resulting in several film release dates shifting to fiscal 2025. While lead times for movie production to theatrical release are lengthy, based upon projected film and alternate content availability, we currently estimate that we may once again show an increased number of films and alternate content events on our screens during fiscal 2025 compared to fiscal 2024, but we expect the number of wide-release films shown during fiscal 2024 to decrease compared to fiscal 2023.

We ended the first second quarter of fiscal 2024 with a total of 993 981 company-owned screens in 79 78 theatres, compared to 1,053 1,027 company-owned screens in 84 82 theatres at the end of the first second quarter of fiscal 2023. We made decisions to close several underperforming theatres during fiscal 2023 and fiscal 2024, including one of our owned theatres in the first quarter of fiscal 2023, two owned theatres in the second quarter of fiscal 2023, and two owned theatres and one leased theatre in the third quarter of fiscal 2023.

2023, and one leased theatre in the second quarter of fiscal 2024.

Hotels and Resorts

The following table sets forth revenues, operating loss income and operating margin for our hotels and resorts division for the second quarter and first quarter half of fiscal 2024 and fiscal 2023 (in millions, except for variance percentage and operating margin):

	First Quarter								
	First Quarter								
	First Quarter								
				Variance					
				Variance					
	Second Quarter					First Half			
				Variance					
	F2024	F2024	F2023	Amt.	Pct.	F2024	F2023	Amt.	Pct.
	F2024								
	F2024								
Revenues	Revenues $ 74.5	$	$ 70.1 $	$ 4.4 6.3	6.3 %	$ 131.7 $	$ 125.9 $	$ 5.8 4.6	4.6 %
Revenues									
Revenues									

Operating loss								
Operating loss								
Operating loss								
Operating income	6.1	6.1	—	0.2 %	1.0	1.1	(0.1)	(11.0)%
Operating margin (% of revenues)								
Operating margin (% of revenues)								
Operating margin (% of revenues)								

Hotels and resorts revenues increased 2.5% 6.3% and 4.6% during the second quarter and first quarter half of fiscal 2024 compared to the second quarter and first quarter half of fiscal 2023. 2023, respectively. Our hotels and resorts division operating loss income remained relatively flat during the second quarter and first quarter half of fiscal 2024 increased compared to the second quarter and first quarter half of fiscal 2023 primarily due to an increase in depreciation expense from hotel renovations placed in service during fiscal 2023, offsetting the incremental profit on higher revenues.

The following table provides a further breakdown of the components of revenues for the hotels and resorts division for the second quarter and first quarter half of fiscal 2024 and fiscal 2023 (in millions, except for variance percentage):

First Quarter

First Quarter

First Quarter

Variance

Variance

		Second Quarter							First Half						
						Variance									
	F2024		F2024	F2023		Amt.		Pct.	F2024		F2023		Amt.		Pct.
	F2024														
	F2024														
Room revenues															
Room revenues															
Room revenues	Room revenues	$30.5	$	$28.6	$	$1.9	6.5	6.5 %	$ 48.7	$	$ 46.5	$	$2.2	4.7	4.7 %
Food/beverage revenues	Food/beverage revenues	19.3	18.6	18.6	0.7	0.7	3.8	3.8 %	35.4	33.8	33.8	1.7	1.7	4.9	4.9 %
Food/beverage revenues															
Food/beverage revenues															
Other revenues															
Other revenues															
Other revenues	Other revenues	14.0	13.2	13.2	0.8	0.8	6.2	6.2 %	27.6	26.4	26.4	1.2	1.2	4.6	4.6 %
Total revenues before cost reimbursements	Total revenues before cost reimbursements	63.8	60.4	60.4	3.4	3.4	5.6	5.6 %	111.8	106.7	106.7	5.1	5.1	4.8	4.8 %
Total revenues before cost reimbursements															
Total revenues before cost reimbursements															
Cost reimbursements															
Cost reimbursements															
Cost reimbursements	Cost reimbursements	10.7	9.7	9.7	1.1	1.1	11.0	11.0 %	19.9	19.2	19.2	0.7	0.7	3.7	3.7 %
Total revenues	Total revenues	$74.5	$	$70.1	$	$4.4	6.3	6.3 %	$131.7	$	$125.9	$	$5.8	4.6	4.6 %
Total revenues															
Total revenues															

Division total revenues before cost reimbursements increased $1.7 million, or 3.8%, 5.6% and 4.8% during the second quarter and first quarter half of fiscal 2024 compared to the second quarter and first quarter half of fiscal 2023, respectively, due to growth in food and beverage revenues and increased occupancy at four five of our seven owned hotels.

The following table sets forth certain operating statistics for the second quarter and first quarter half of fiscal 2024 and fiscal 2023, including our average occupancy percentage (number of occupied rooms as a percentage of available rooms), our average daily room rate, or ADR, and our total revenue per available room, or RevPAR, for comparable company-owned properties:

		First Quarter / First Quarter / First Quarter		Variance / Variance							
		Second Quarter					First Half				
				Variance							
	F2024 / F2024 / F2024	F2024	F2023	Amt.	Pct.		F2024	F2023	Amt.	Pct.	
Occupancy pct. / Occupancy pct. / Occupancy pct.	Occupancy pct.	72.7 %	68.2 %	4.5 pts		6.6 %	63.2 %	59.5 %	3.7 pts		6.2 %
ADR / ADR / ADR	ADR	$ 187.03 $	$ 187.34 $	$ (0.31)	(0.2)	(0.2)%	$ 171.36 $	$ 173.68 $	$ (2.32)	(1.3)	(1.3) %
RevPAR / RevPAR / RevPAR	RevPAR	$ 136.03 $	$ 127.70 $	$ 8.33	6.5	6.5 %	$ 108.30 $	$ 103.33 $	$ 4.97	4.8	4.8 %

Note: These operating statistics represent averages of our seven distinct comparable company-owned hotels and resorts, branded and unbranded, in different geographic markets with a wide range of individual hotel performance. The statistics are not necessarily representative of any particular hotel or resort.

RevPAR increased at three five of our seven comparable company-owned properties during the first second quarter of fiscal 2024 compared to the first second quarter of fiscal 2023. Group demand continued to grow during the fiscal 2024 first second quarter, with weekday occupancy growth due to increasing group business as a percentage of our overall business mix. During the first second quarter of fiscal 2024, our group business represented approximately 34.5% 44.6% of our total rooms revenue, compared to approximately 28.9% 40.1% during the first second quarter of fiscal 2023. An increase in group business as a percentage of our overall business mix generally increases overall occupancy while negatively impacting ADR. The increase in group business also favorably impacted food and beverage revenues during the second quarter of fiscal 2024 compared to the second quarter of fiscal 2023 due to an increase in banquets and catering. Non-group pricing generally decreased in some of our major markets during the first second quarter of fiscal 2024, due to generally lower transient travel demand and due to a shift in pricing strategy as we optimized pricing to drive higher occupancy and overall RevPAR through lower daily rate offerings.

According to data received from Smith Travel Research and compiled by us in order to evaluate our fiscal 2024 second quarter and first quarter half results, comparable “upper upscale” hotels—hotels identified as our industry— throughout the United States experienced an increase in RevPAR of 2.0% 3.0% during our fiscal 2024 first second quarter compared to the same period during fiscal 2023, leading us to believe we slightly outperformed the industry during the fiscal 2024 first second quarter by approximately 0.1 3.5 percentage points. During the first half of fiscal 2024 compared to the first half of fiscal 2023, comparable “upper upscale” hotels experienced an increase in RevPAR of 2.4%, leading us to believe we outperformed the industry during the first half of fiscal 2024 by 2.4 percentage points. We believe our outperformance during the second quarter and first half of fiscal 2024 results primarily from our strong performance in the group customer segment as well as improved revenue management and rate optimization resulting in higher occupancy growth compared to the rest of the industry.

Data received from Smith Travel Research for our various “competitive sets”—hotels identified in our specific markets that we deem to be competitors to our hotels—indicates that these hotels experienced an increase in RevPAR of 0.1% 4.6% during our first fiscal 2024 second quarter, again compared to the same period in fiscal 2023. Therefore, we believe we outperformed our competitive sets during the first second quarter of fiscal 2024 by approximately 2.0 1.9 percentage points. During the first half of fiscal 2024 compared to the first half of fiscal 2023, hotels in our competitive sets experienced an increase in RevPAR of 3.7%, indicating that we outperformed our competitive set hotels by approximately 1.1 percentage points. We again believe our outperformance to our competitive sets during the second quarter and first quarter half of fiscal 2024 results primarily from our strong performance in the group customer segment as well as improved revenue management and rate optimization resulting in higher occupancy growth compared to the competitive sets.

Looking to future periods, overall occupancy in the U.S. is expected to continue to slowly increase. In the near term, we expect leisure travel demand to normalize and we expect our group business to remain strong. Leisure travel in our markets has a seasonal component, peaking in the summer months and slowing down as children return to school and the weather turns colder in our primarily midwestern Midwestern markets. We expect gradual increases in business travel as corporate training events, meetings, and conferences return and office occupancy increases. As of the date of this report, our group room revenue bookings for the remainder of fiscal 2024 - commonly referred to in the hotels and resorts industry as “group pace” - is running approximately 11% ahead of where we were at the same time last year, excluding bookings related to the July 2024 Republican

National Convention in Milwaukee. Group room revenue bookings for fiscal 2025 is running over 60% 36% ahead of where we were at the same time in fiscal 2023 for fiscal 2024. Banquet and catering revenue pace for fiscal 2024 and fiscal 2025 is similarly running ahead of where we were at this same time last year. year, excluding bookings related to the

July 2024 Republican National Convention in Milwaukee. We are encouraged by continuing positive trends in group bookings for the remainder of fiscal 2024, fiscal 2025 and beyond.

Adjusted EBITDA

Adjusted EBITDA is a measure used by management and our board of directors to assess our financial performance and enterprise value. We believe that Adjusted EBITDA is a useful measure for us and investors, as it eliminates certain expenses that are not indicative of our core operating performance and facilitates a comparison of our core operating performance on a consistent basis from period to period. We also use Adjusted EBITDA as a basis to determine certain annual cash bonuses and long-term incentive awards, to supplement GAAP measures of performance to evaluate the effectiveness of our business strategies, to make budgeting decisions, and to compare our performance against that of other peer companies using similar measures. Adjusted EBITDA is also used by analysts, investors and other interested parties as a performance measure to evaluate industry competitors.

Adjusted EBITDA is a non-GAAP measure of our financial performance and should not be considered as an alternative to net earnings (loss) as a measure of financial performance, or any other performance measure derived in accordance with GAAP. Additionally, Adjusted EBITDA is not intended to be a measure of liquidity or free cash flow for management's discretionary use. Adjusted EBITDA has its limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP.

We define Adjusted EBITDA as net earnings (loss) attributable to The Marcus Corporation before investment income or loss, interest expense, other expense, gain or loss on disposition of property, equipment and other assets, impairment charges, equity earnings or losses from unconsolidated joint ventures, net earnings or losses attributable to noncontrolling interests, income taxes, depreciation and amortization and non-cash share-based compensation expense, adjusted to eliminate the impact of certain items that we do not consider indicative of our core operating performance. These further adjustments are itemized below. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted EBITDA, you should be aware that in the future we will incur expenses that are the same as or similar to some of the items eliminated in the adjustments made to determine Adjusted EBITDA, such as acquisition expenses, preopening expenses, accelerated depreciation, impairment charges and other adjustments. Our presentation of Adjusted EBITDA should not be construed to imply that our future results will be unaffected by any such adjustments. Definitions and calculations of Adjusted EBITDA differ among companies in our industries, and therefore Adjusted EBITDA disclosed by us may not be comparable to the measures disclosed by other companies.

The following table sets forth Adjusted EBITDA by reportable operating segment for the second quarter and first quarter half of fiscal 2024 and fiscal 2023 (in millions, except for variance percentage):

	First Quarter																
	First Quarter																
	First Quarter																
	Variance																
	Variance																
		Second Quarter									First Half						
		Variance															
	F2024		F2024	F2023		Amt.		Pct.		F2024		F2023		Amt.		Pct.	
	F2024																
	F2024																
Theatres																	
Theatres																	
Theatres	Theatres	$15.1	$	$31.3	$	$(16.2)	(51.8)	(51.8)	%	$21.2	$	$45.1	$	$(23.8)	(52.9)	(52.9)%	
Hotels and resorts	Hotels and resorts	11.4	11.3	11.3	0.1	0.1	0.8	0.8	%	11.4	10.9	10.9	0.5	0.5	4.5	4.5	%
Hotels and resorts																	
Hotels and resorts																	
Corporate items																	
Corporate items																	
Corporate items	Corporate items	(4.5)	(3.9)	(3.9)	(0.6)	(0.6)	(16.6)	(16.6)	%	(8.4)	(7.8)	(7.8)	(0.6)	(0.6)	(7.2)	(7.2)%	

Total Adjusted EBITDA	Total Adjusted EBITDA	$22.0	$	$38.7	$	$(16.7)	(43.3)	(43.3)	%	$24.3	$	$48.2	$	$(23.9)	(49.6)	(49.6)%

Total Adjusted EBITDA

Total Adjusted EBITDA

The following table sets forth our reconciliation of Adjusted EBITDA (in millions):

		First Quarter			
		First Quarter			
		First Quarter			
	F2024				
	F2024				
		Second Quarter		First Half	
	F2024	F2024	F2023	F2024	F2023
Net earnings (loss)					
Net earnings (loss)					
Net earnings (loss)					
Add (deduct):					
Add (deduct):					
Add (deduct):					
Investment (income) loss					
Investment (income) loss					
Investment (income) loss					
Interest expense					
Interest expense					
Interest expense					
Other (income) expense					
Other (income) expense					
Other (income) expense					
Loss (gain) on disposition of property, equipment and other assets					
Loss (gain) on disposition of property, equipment and other assets					
Loss (gain) on disposition of property, equipment and other assets					
Equity (earnings) losses from unconsolidated joint ventures					
Equity (earnings) losses from unconsolidated joint ventures					
Equity (earnings) losses from unconsolidated joint ventures					
Income tax expense (benefit)					
Income tax expense (benefit)					
Income tax expense (benefit)					
Depreciation and amortization					
Depreciation and amortization					
Depreciation and amortization					
Share-based compensation expenses (1)					
Share-based compensation expenses (1)					
Share-based compensation expenses (1)					
Insured losses (2)					
Insured losses (2)					

Insured losses (2)
Impairment charges (2)
Theatre exit costs (3)
Insured losses (4)
Debt conversion expense (5)
Total Adjusted EBITDA
Total Adjusted EBITDA
Total Adjusted EBITDA

The following tables sets forth our reconciliation of Adjusted EBITDA by reportable operating segment (in millions):

	First Quarter, F2024								
	First Quarter, F2024								
	First Quarter, F2024								
	Theatres								
	Theatres								
		Second Quarter, F2024				First Half, F2024			
	Theatres	Theatres	Hotels & Resorts	Corp. Items	Total	Theatres	Hotels & Resorts	Corp. Items	Total
Operating income (loss)									
Operating income (loss)									
Operating income (loss)									
Depreciation and amortization									
Depreciation and amortization									
Depreciation and amortization									
Loss (gain) on disposition of property, equipment and other assets									
Loss (gain) on disposition of property, equipment and other assets									
Loss (gain) on disposition of property, equipment and other assets									
Share-based compensation (1)									
Share-based compensation (1)									
Share-based compensation (1)									
Insured losses (2)									
Insured losses (2)									
Insured losses (2)									
Impairment charges (2)									
Theatre exit costs (3)									
Insured losses (4)									
Total Adjusted EBITDA									
Total Adjusted EBITDA									
Total Adjusted EBITDA									

	First Quarter, F2023								
	First Quarter, F2023								
	First Quarter, F2023								
	Theatres								
	Theatres								
		Second Quarter, F2023				First Half, F2023			
	Theatres	Theatres	Hotels & Resorts	Corp. Items	Total	Theatres	Hotels & Resorts	Corp. Items	Total
Operating loss									
Operating loss									

Operating loss
Depreciation and amortization
Depreciation and amortization
Depreciation and amortization
Loss (gain) on disposition of property, equipment and other assets
Loss (gain) on disposition of property, equipment and other assets
Loss (gain) on disposition of property, equipment and other assets
Share-based compensation (1)
Share-based compensation (1)
Share-based compensation (1)
Total Adjusted EBITDA
Total Adjusted EBITDA
Total Adjusted EBITDA

(1) Non-cash expense related to share-based compensation programs.

(2) Non-cash impairment charges related to one permanently closed theatre location in the second quarter of fiscal 2024.

(3) Reflects non-recurring costs related to the closure and exit of one theatre location in the second quarter of fiscal 2024.

(4) Repair costs related to insured property damage at one theatre location that are non-operating in nature.

(5) Debt conversion expense resulting from repurchases of $86.4 million aggregate principal amount of Convertible Notes. See *Convertible Senior Notes Repurchases* in the "Liquidity and Capital Resources" section of this MD&A for further discussion.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Our movie theatre and hotels and resorts businesses each generate significant and consistent daily amounts of cash, subject to previously-noted seasonality, because each segment's revenue is derived predominantly from consumer cash purchases. We believe that these relatively consistent and predictable cash sources, as well as the availability of unused credit lines, would be adequate to support the ongoing operational liquidity needs of our businesses.

Maintaining and protecting a strong balance sheet has always been a core value of The Marcus Corporation during our 88-year history and our financial position remains strong. As of March 28, 2024 June 27, 2024, we had a cash balance of approximately $17.3 million $32.8 million, $220.2 million $175.2 million of availability under our $225 million revolving credit facility, our debt-to-capitalization ratio was 0.27, 0.28, and our net leverage ratio was 1.65x 1.85x net debt to Adjusted EBITDA. With our strong liquidity position combined with cash generated from operations, we believe we are positioned to have sufficient liquidity to meet our obligations as they come due and to comply with our debt covenants for at least 12 months from the issuance date of the consolidated financial statements, as well as fund our longer-term capital requirements.

The following table sets forth our reconciliations of Net Debt and Net Leverage (Net Debt to Adjusted EBITDA) (in millions, except leverage ratio):

	March 28, 2024	
	March 28, 2024	
	March 28, 2024	**December 28, 2023**
	June 27, 2024	
	June 27, 2024	
	June 27, 2024	**December 28, 2023**
Long-term debt (GAAP measure) (1)		
Finance lease obligations (GAAP measure) (2)		
Less: Cash and cash equivalents		
Net Debt		
Net Debt		

Net Debt						
Net Debt						
LTM Adjusted EBITDA (3)						
Net Leverage (Net Debt to Adjusted EBITDA)	Net Leverage (Net Debt to Adjusted EBITDA)	1.65x	1.19x	Net Leverage (Net Debt to Adjusted EBITDA)	1.85x	1.19x

(1) Represents total long-term debt, including the current portion of long-term debt.

(2) Represents total finance lease obligations, including the current portion of finance lease obligations.

(3) LTM Adjusted EBITDA is Adjusted EBITDA as reconciled and defined above for the last four fiscal quarters.

We believe Net Leverage is a useful measure, as it provides management and investors an indication of our indebtedness less unrestricted cash relative to our earnings performance.

We or our affiliates may, at any time and from time to time, seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity or debt, in open-market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will be upon such terms and at such prices as we may determine, and will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material and to the extent equity is used, dilutive.

Financial Condition

Net cash used in provided by operating activities totaled $15.1 million $20.9 million during the first quarter half of fiscal 2024, compared to net cash used in provided by operating activities of $7.7 million $47.3 million during the first quarter half of fiscal 2023. The $7.4 million increase $26.4 million decrease in net cash used in operating activities was primarily due to a $2.4 million $36.1 million decrease in net earnings, a $4.5 million increase in deferred tax benefits, a $1.3 million increase in cash matching contributions to the company's our retirement savings and profit-sharing plan, a decrease in deferred income tax benefits and unfavorable changes in working capital, partially reduced offset by a $13.9 million non-cash debt conversion expense and an increase in non-cash share-based compensation expense.

Net cash used in investing activities during the first quarter half of fiscal 2024 totaled $20.8 million $40.6 million, compared to net cash used in investing activities of $9.5 million $16.6 million during the first quarter half of fiscal 2023. The increase in net cash used in investing activities of $11.2 million $24.0 million was the result of an increase of $6.5 million $19.4 million in capital expenditures, a $5.6 million purchase of joint venture interests in The Lofton Hotel, and an increase in cash used in the purchase of trading securities and other investing activities, partially offset by a $1.5 million sale of joint venture interests in The Lofton Hotel to other minority investors. Total cash capital expenditures (including normal continuing capital maintenance and renovation projects) totaled $15.4 million $35.3 million during the first quarter half of fiscal 2024 compared to $8.9 million $15.9 million during the first quarter half of fiscal 2023.

Fiscal 2024 first quarter half cash capital expenditures included approximately $2.8 million $6.5 million incurred in our theatre division, primarily related to normal maintenance capital projects. We also incurred capital expenditures in our hotels and resorts division during the first quarter half of fiscal 2024 of approximately $12.3 million $27.0 million, including costs related to guest room renovations at The Pfister Hotel, meeting space renovations at the Grand Geneva Resort and Spa and normal maintenance capital projects.

Net cash used in financing activities during the first quarter half of fiscal 2024 totaled $3.4 million $2.3 million compared to net cash provided by used in financing activities of $5.6 million $6.3 million during the first quarter half of fiscal 2023. During the first quarter half of fiscal 2024, we increased our borrowings under our revolving credit facility as needed to fund our cash needs and used excess cash to reduce our borrowings under our revolving credit facility. As short-term revolving credit facility borrowings became due, we replaced them as necessary with new short-term revolving credit facility borrowings. As a result, we added $5.0 million $81.0 million of new short-term revolving credit facility borrowings, and we made $5.0 million $36.0 million of repayments on short-term revolving credit facility borrowings during the first quarter half of fiscal 2024 (net zero $45.0 millionincrease in borrowings on our credit facility). We ended the first second quarter of fiscal 2024 with no $45.0 million outstanding borrowings under our revolving credit facility. During the first quarter half of fiscal 2023, we increased our borrowings under our revolving credit facility as needed to fund our cash needs and used excess cash to reduce our borrowings under our revolving credit facility. As a result, we added $29.0 million $38.0 million of new short-term revolving credit facility borrowings, and we made $20.0 million $38.0 million of repayments on short-term revolving credit facility borrowings during the first quarter half of fiscal 2023 (net $9.0 million of zero borrowings on our credit facility).

Principal payments on long-term debt were approximately $0.3 million $0.7 million during the first quarter half of fiscal 2024 compared to payments of $0.4 million $0.8 million during the first quarter half of fiscal 2023.

During the first half of fiscal 2024 we paid $46.5 million in cash for the Convertible Notes Repurchases (as defined below) and related transaction costs, with no repurchases in fiscal 2023. We received $5.8 million in cash from the proportionate unwind of the Capped Call Transactions in connection with the Convertible Notes Repurchases during the first half of fiscal 2024. See *Convertible Senior Notes Repurchases* forfurther discussion below.

Our debt-to-capitalization ratio (excluding our finance and operating lease obligations) was 0.27 0.28 at March 28, 2024 June 27, 2024, compared to 0.26 at December 28, 2023.

During the first quarter half of fiscal 2024 and the first quarter half of fiscal 2023, we did not repurchase any shares of our common stock in the open market. market, although it is more likely we will do so in the second half of fiscal 2024. As of March 28, 2024 June 27, 2024, approximately 2.4 million shares remained available for repurchase under prior Board of Directors repurchase authorizations. Under these authorizations, we may repurchase shares of our common stock from time to time in the open market, pursuant to privately-negotiated transactions or otherwise, depending upon a number of factors, including prevailing market conditions.

Dividends paid during the first quarter half of fiscal 2024 were $2.2 million $4.4 million. Dividends paid during the first quarter half of fiscal 2023 were $1.5 million $3.1 million. We have the ability to declare quarterly dividend payments and/or repurchase shares of our common stock in the open market as we deem appropriate.

Convertible Senior Notes Repurchases

During the second quarter of fiscal 2024, we entered into separate, privately negotiated purchase agreements (the "Purchase Agreements") with certain holders of its Convertible Notes. Under the terms of the Purchase Agreements, the holders agreed to exchange $86.4 million in aggregate principal amount of Convertible Notes for cash consideration of $101.1 million (or $87.9 million net of the cash we received in connection with the unwind of a portion of the Capped Call Transactions as discussed below) effected over two separate repurchase tranches (the "Convertible Notes Repurchases"). On May 8, 2024, we entered into the first repurchase transaction to retire $40.0 million of aggregate principal amount of Convertible Notes for $45.9 million in cash consideration plus accrued interest, with settlement occurring during the fiscal second quarter on June 14, 2024. On June 17, 2024, we entered into the second repurchase transaction to retire $46.4 million of aggregate principal amount of Convertible Notes for $55.2 million in cash consideration plus accrued interest, with settlement occurring during the fiscal third quarter on July 16, 2024. Following settlement of the Convertible Note Repurchases on July 16, 2024, the aggregate principal amount of Convertible Notes outstanding was $13.6 million.

In connection with the Convertible Notes Repurchases, we entered into unwind agreements with the Capped Call Counterparties to terminate a portion of the Capped Call Transactions equal to the notional amounts of the Convertible Notes Repurchases, and to receive aggregate cash of $13.2 million effected over two separate unwind tranches. On May 8, 2024, we entered into the first tranche of unwind agreements and received $5.8 million in cash consideration with settlement occurring during the fiscal second quarter on June 14, 2024. On June 17, 2024, we entered into the second tranche of unwind agreements and received $7.5 million in cash consideration at settlement occurring during the fiscal third quarter on July 16, 2024.

During the second quarter and first half of fiscal 2024, we incurred debt conversion expense of $13.9 million in connection with the Convertible Notes Repurchases. The unwind of the Capped Call Transactions resulted in a $12.9 million increase in capital in excess of par within shareholders' equity during the second quarter and first half of fiscal 2024.

Master Note Purchase Agreement

Subsequent to the end of the second quarter of fiscal 2024, on July 9, 2024, we entered into a Master Note Purchase Agreement with several purchasers party to the agreement, pursuant to which we issued and sold $100.0 million aggregate principal amount of senior notes in two tranches: (i) $60.0 million in aggregate principal amount of the Company's 6.89% Series 2024 Senior Notes, Tranche A due July 9, 2031 (the "Tranche A Notes") and (ii) $40.0 million in aggregate principal amount of the Company's 7.02% Series 2024 Senior Notes, Tranche B due July 9, 2034 (the "Tranche B Notes" and, collectively with the Tranche A Notes, the "2024 Senior Notes"). The net proceeds were used to refinance the Convertible Notes Repurchases of $86.4 million aggregate principal amount of Convertible Notes and for general corporate purposes.

Interest on the 2024 Senior Notes is payable semi-annually in arrears on the 9th day of January and July each year, commencing on January 9, 2025, and on the applicable maturity date. The Tranche A Notes require annual principal amortization payments beginning in fiscal 2027 with a final maturity in fiscal 2031. The Tranche B Notes require annual principal amortization payments beginning in fiscal 2028 with a final maturity in fiscal 2034. The Master Note Purchase Agreement contains various restrictions and covenants applicable to the Company and certain of its subsidiaries that are consistent with the restrictions, covenants and collateral provisions in the Company's existing Credit Agreement and Note Purchase Agreements. Among other requirements, the Master Note Purchase Agreement requires us to maintain (i) a ratio of consolidated net debt (as defined in the Master Note Purchase Agreement) to consolidated EBITDA (as defined in the Master Note Purchase Agreement) of 3.50 to 1.00 or less, with some temporary exceptions for material acquisitions, and (ii) a minimum ratio of consolidated EBITDA to consolidated interest expense (as defined in the Master Note Purchase Agreement) for each period of four consecutive fiscal quarters (determined as of the last day of each fiscal quarter) of 3.00 to 1.00 or more.

Critical Accounting Policies and Estimates

We have included a summary of our Critical Accounting Policies and Estimates in our Annual Report on Form 10-K for the year ended December 28, 2023. There have been no material changes to the summary provided in that report.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We have not experienced any material changes in our market risk exposures since December 28, 2023.

Item 4. Controls and Procedures

a. Evaluation of disclosure controls and procedures

Based on their evaluations and the evaluation of management, as of the end of the period covered by this Quarterly Report on Form 10-Q, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934 (the "Exchange Act")) are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

b. Changes in internal control over financial reporting

There were no significant changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15 of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the Company's Annual Report on Form 10-K for the year ended December 28, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table sets forth information with respect to purchases made by us or on our behalf of our Common Stock during the periods indicated.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs (1)	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs (1)
December 29 - February 1	—	$ —	—	2,428,138
February 2 - February 29	20,537	14.67	20,537	2,407,601
March 1 - March 28	—	—	—	2,407,601
Total	20,537	$ 14.67	20,537	2,407,601

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs (1)	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs (1)
March 29 - May 2	—	$ —	—	2,407,601
May 3 - May 30	—	—	—	2,407,601
May 31 - June 27	—	—	—	2,407,601
Total	—	$ —	—	2,407,601

(1) Through March 28, 2024 June 27, 2024, our Board of Directors had authorized the repurchase of up to approximately 11.7 million shares of our outstanding Common Stock. Under these authorizations, we may repurchase shares of our Common Stock from time to time in the open market, pursuant to privately negotiated transactions or otherwise. As of March 28, 2024 June 27, 2024, we had repurchased approximately 9.3 million shares of our Common Stock under these authorizations. The repurchased shares are held in our treasury pending potential future issuance in connection with employee benefit, option or stock ownership plans or other general corporate purposes. These authorizations do not have an expiration date. The shares purchased during the first quarter of 2024 were purchased in connection with the vesting of grants of restricted stock in which we repurchased shares from the stockholders whose restricted shares vested in order to cover such stockholders' related withholding taxes.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the thirteen weeks ended March 28, 2024 June 27, 2024, no director or Section 16 officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

3.1 4.1	By-Laws Master Note Purchase Agreement, dated as of July 9, 2024, by and among The Marcus Corporation as amended. and the several purchasers party thereto. [Incorporated by reference to Exhibit 34.1 to our Current Report on Form 8-K dated February 21, 2024.]
10.1	The Marcus Corporation Long-Term Incentive Plan Terms, as Amended. [Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated February 21, 2024.] July 9
10.2	Form of The Marcus Corporation 2004 Equity and Incentive Awards Plan Restricted Stock Agreement for awards granted after February 21, 2024 (Employees). [Incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K dated February 21, 2024.]
10.3	Form of The Marcus Corporation 2004 Equity and Incentive Awards Plan Restricted Stock Agreement (Special Grant). [Incorporated by reference to Exhibit 10.6 to our Current Report on Form 8-K dated February 21, 2024.]
10.4	Form of The Marcus Corporation 2004 Equity and Incentive Awards Plan Performance Share Award Agreement (Executives). [Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K dated February 21, 2024.]
10.5	Form of The Marcus Corporation 2004 Equity and Incentive Awards Plan Performance Share Award Agreement (Leadership). [Incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K dated February 21, 2024.]
10.6	Form of The Marcus Corporation 2004 Equity and Incentive Awards Plan Restricted Stock Unit Agreement for awards granted after February 21, 2024 (Employees). [Incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K dated February 21, 2024.] , 2024.]
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Written Statement of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. §1350.
101.INS	The instance document does not appear in the interactive data file because its XBRL (Extensible Business Reporting Language) tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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.

THE MARCUS CORPORATION

DATE: May 2, 2024 August 1, 2024	By:	/s/ Gregory S. Marcus Gregory S. Marcus President and Chief Executive Officer
DATE: May 2, 2024 August 1, 2024	By:	/s/ Chad M. Paris Chad M. Paris Chief Financial Officer and Treasurer

Exhibit 31.1

Certification of Chief Executive Officer

Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a)
or 15d-14(a) under the Securities Exchange Act of 1934

I, Gregory S. Marcus, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Marcus Corporation;

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 (the registrant's fourth fiscal quarter in the case of an annual report) 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.

DATE: May 2, 2024 August 1, 2024 By: /s/ Gregory S. Marcus

Gregory S. Marcus
President and Chief Executive Officer

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a)
or 15d-14(a) under the Securities Exchange Act of 1934

I, Chad M. Paris, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Marcus Corporation;

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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

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.

DATE: May 2, 2024 August 1, 2024

By: /s/ Chad M. Paris
Chad M. Paris
Chief Financial Officer and Treasurer

Exhibit 32

Written Statement of the Chief Executive Officer and Chief Financial Officer
Pursuant to 18 U.S.C. §1350

Solely for the purposes of complying with 18 U.S.C. §1350, we, the undersigned Chief Executive Officer and Chief Financial Officer of The Marcus Corporation (the "Company"), hereby certify, based on our knowledge, that the accompanying Quarterly Report on Form 10-Q of the Company (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gregory S. Marcus
Gregory S. Marcus
President and Chief Executive Officer

/s/ Chad M. Paris
Chad M. Paris
Chief Financial Officer and Treasurer

Date: May 2, August 1, 2024

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