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

FORM 10-Q

(Mark One)

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

For the quarterly period ended: March 31, 2023

OR

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

For the transition period from ___________ to ___________

Commission file number 1-8625

READING INTERNATIONAL, INC.
(Exact name of Registrant as specified in its charter)

Nevada	**95-3885184**
State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)
189 Second Avenue, Suite 2S **New York, New York**	**10003**
(Address of principal executive offices)	(Zip Code)

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

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Nonvoting Common Stock, $0.01 par value	**RDI**	**NASDAQ**
Class B Voting Common Stock, $0.01 par value	**RDIB**	**NASDAQ**

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

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

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of May 14, 2023, there were 20,592,834 shares of Class A Nonvoting Common Stock, $0.01 par value per share and 1,680,590 shares of Class B Voting Common Stock, $0.01 par value per share outstanding.

READING INTERNATIONAL, INC. AND SUBSIDIARIES

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

	March 31, 2023	December 31, 2022
ASSETS	(unaudited)	
Current Assets:		
Cash and cash equivalents	$ 14,628	$ 29,947
Restricted cash	5,749	5,032
Receivables	4,858	6,206
Inventories	1,417	1,616
Derivative financial instruments - current portion	293	907
Prepaid and other current assets	5,905	3,804
Total current assets	32,850	47,512
Operating property, net	281,886	286,952
Operating lease right-of-use assets	193,655	200,417
Investment and development property, net	8,694	8,792
Investment in unconsolidated joint ventures	4,707	4,756
Goodwill	25,272	25,504
Intangible assets, net	2,292	2,391
Deferred tax asset, net	420	447
Other assets	10,422	10,284
Total assets	$ 560,198	$ 587,055
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 40,418	$ 42,590
Film rent payable	3,944	5,678
Debt - current portion	47,345	37,279
Subordinated debt - current portion	756	747
Taxes payable - current	649	300
Deferred revenue	9,093	10,286
Operating lease liabilities - current portion	24,016	23,971
Other current liabilities	824	813
Total current liabilities	127,045	121,664
Debt - long-term portion	136,473	148,688
Subordinated debt, net	27,005	26,950
Noncurrent tax liabilities	6,797	7,117
Operating lease liabilities - non-current portion	192,787	200,037
Other liabilities	19,119	19,320
Total liabilities	$ 509,226	$ 523,776
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Class A non-voting common shares, par value $0.01, 100,000,000 shares authorized, 33,437,260 issued and 20,501,150 outstanding at March 31, 2023 and 33,348,295 issued and 20,412,185 outstanding at December 31, 2022	235	235
Class B voting common shares, par value $0.01, 20,000,000 shares authorized and 1,680,590 issued and outstanding at March 31, 2023 and December 31, 2022	17	17
Nonvoting preferred shares, par value $0.01, 12,000 shares authorized and no issued or outstanding shares at March 31, 2023 and December 31, 2022	—	—
Additional paid-in capital	154,095	153,784
Retained earnings/(deficits)	(59,927)	(48,816)
Treasury shares	(40,407)	(40,407)
Accumulated other comprehensive income	(3,250)	(1,957)
Total Reading International, Inc. stockholders' equity	50,763	62,856
Noncontrolling interests	209	423
Total stockholders' equity	50,972	63,279
Total liabilities and stockholders' equity	$ 560,198	$ 587,055

See accompanying Notes to the Unaudited Consolidated Financial Statements.

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Revenue		
Cinema	$ 41,987	$ 37,347
Real estate	3,820	2,853
Total revenue	45,807	40,200
Costs and expenses		
Cinema	(41,654)	(38,503)
Real estate	(2,215)	(2,157)
Depreciation and amortization	(4,639)	(5,524)
General and administrative	(5,179)	(5,796)
Total costs and expenses	(53,687)	(51,980)
Operating income (loss)	(7,880)	(11,780)
Interest expense, net	(4,117)	(3,205)
Other income (expense)	174	(781)
Income (loss) before income tax expense and equity earnings of unconsolidated joint ventures	(11,823)	(15,766)
Equity earnings of unconsolidated joint ventures	19	(65)
Income (loss) before income taxes	(11,804)	(15,831)
Income tax benefit (expense)	480	378
Net income (loss)	$ (11,324)	$ (15,453)
Less: net income (loss) attributable to noncontrolling interests	(213)	(99)
Net income (loss) attributable to Reading International, Inc.	$ (11,111)	$ (15,354)
Basic earnings (loss) per share	$ (0.50)	$ (0.70)
Diluted earnings (loss) per share	$ (0.50)	$ (0.70)
Weighted average number of shares outstanding–basic	22,114,927	21,955,985
Weighted average number of shares outstanding–diluted	22,897,990	22,500,658

See accompanying Notes to the Unaudited Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2023	2022
Net income (loss)	$ (11,324)	$ (15,453)
Foreign currency translation gain (loss)	(763)	2,677
Gain (loss) on cash flow hedges	(582)	800
Other	52	47
Comprehensive income (loss)	(12,617)	(11,929)
Less: net income (loss) attributable to noncontrolling interests	(213)	(99)
Less: comprehensive income (loss) attributable to noncontrolling interests	(1)	1
Comprehensive income (loss)	$ (12,403)	$ (11,831)

See accompanying Notes to the Unaudited Consolidated Financial Statements.

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Operating Activities		
Net income (loss)	$ (11,324)	$ (15,453)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Equity earnings of unconsolidated joint ventures	(19)	65
(Gain) loss recognized on foreign currency transactions	—	793
Amortization of operating leases	5,523	5,846
Amortization of finance leases	8	12
Change in operating lease liabilities	(5,910)	(5,839)
Change in net deferred tax assets	11	67
Depreciation and amortization	4,639	5,524
Other amortization	400	396
Stock based compensation expense	443	416
Net changes in operating assets and liabilities:		
Receivables	1,333	2,024
Prepaid and other assets	(2,142)	(2,093)
Payments for accrued pension	(171)	(171)
Accounts payable and accrued expenses	(1,656)	(397)
Film rent payable	(1,717)	(3,894)
Taxes payable	351	(230)
Deferred revenue and other liabilities	(1,321)	(1,128)
Net cash provided by (used in) operating activities	(11,552)	(14,062)
Investing Activities		
Purchases of and additions to operating and investment properties	(1,527)	(1,741)
Contributions to unconsolidated joint ventures	—	(34)
Net cash provided by (used in) investing activities	(1,527)	(1,775)
Financing Activities		
Repayment of borrowings	(1,116)	(1,540)
Repayment of finance lease principal	(8)	(12)
Capitalized borrowing costs	(154)	—
(Cash paid) proceeds from the settlement of employee share transactions	(131)	(32)
Noncontrolling interest distributions	—	(22)
Net cash provided by (used in) financing activities	(1,409)	(1,606)
Effect of exchange rate on cash and restricted cash	(114)	687
Net increase (decrease) in cash and cash equivalents and restricted cash	(14,602)	(16,756)
Cash and cash equivalents and restricted cash at the beginning of the period	34,979	88,571
Cash and cash equivalents and restricted cash at the end of the period	$ 20,377	$ 71,815
Cash and cash equivalents and restricted cash consists of:		
Cash and cash equivalents	$ 14,628	$ 67,263
Restricted cash	5,749	4,552
	$ 20,377	$ 71,815

	2023	2022
Supplemental Disclosures		
Interest paid	$ 4,374	$ 2,732
Income taxes (refunded) paid	57	399
Non-Cash Transactions		
Additions to operating and investing properties through accrued expenses	3,127	2,970

See accompanying Notes to the Unaudited Consolidated Financial Statements.

Note 1 – Description of Business and Segment Reporting

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

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

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

The table below summarizes the results of operations for each of our business segments for the quarter ended March 31, 2023, and 2022, respectively. Operating expense includes costs associated with the day-to-day operations of the cinemas and the management of rental properties, including our live theatre assets.

	Three Months Ended March 31,	
(Dollars in thousands)	**2023**	**2022**
Revenue:		
Cinema exhibition	$ 41,987	$ 37,347
Real estate	5,065	4,162
Inter-segment elimination	(1,245)	(1,309)
	$ 45,807	**$ 40,200**
Segment operating income (loss):		
Cinema exhibition	$ (4,612)	$ (7,216)
Real estate	1,006	104
	$ (3,606)	**$ (7,112)**

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

	Three Months Ended March 31,	
(Dollars in thousands)	**2023**	**2022**
Segment operating income (loss)	$ (3,606)	$ (7,112)
Unallocated corporate expense		
Depreciation and amortization expense	(179)	(277)
General and administrative expense	(4,095)	(4,391)
Interest expense, net	(4,117)	(3,205)
Equity earnings of unconsolidated joint ventures	19	(65)
Other income (expense)	174	(781)
Income (loss) before income tax expense	**$ (11,804)**	**$ (15,831)**

Note 2 – Summary of Significant Accounting Policies

Basis of Consolidation
The accompanying consolidated financial statements include the accounts of our Company's wholly-owned subsidiaries as well as majority-owned subsidiaries that our Company controls, and should be read in conjunction with our Company's Annual Report on Form 10-K as of and for the year ended December 31, 2022 ("2022 Form 10-K"). All significant intercompany balances and transactions have been eliminated on consolidation. These consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim reporting with the instructions for Form 10-Q and Rule 10-01 of Regulation S-X of the Securities and Exchange Commission ("SEC"). As such, they do not include all information and footnotes required by U.S. GAAP for complete financial statements. We believe that we have included all normal and recurring adjustments necessary for a fair presentation of the results for the interim period.

Operating results for the quarter ended March 31, 2023, are not necessarily indicative of the results that may be expected for the year ending December 31, 2023.

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

Note 3 – Impact of COVID-19 Pandemic and Liquidity

Cinema Segment Ongoing Impact
While the World Health Organization has declared that the COVID-19 emergency has passed, the legacy of COVID-19 continues to impact the profitability of our cinema operating segment. Attendances are improving, but they have yet to return to pre-Covid-19 levels. We are seeing an increase in the number of films being released to exhibitors, but distributors are charging higher license fees for these films. Accordingly, while our industry is recovering, it has not returned to pre-Covid-19 levels of profitability.

Also due to a combination of ongoing supply chain issues, inflation, labor cost increases (resulting from a combination of government mandates and labor shortages), and increases in the cost of insurance, our variable costs of operation have increased. Our fixed costs have also increased. Rent costs are increasing under long ago negotiated fixed rent increases, exacerbated on a cash flow basis by our need to now pay certain rent deferrals due to the periods when our operations were closed or restricted due to the pandemic. As the Fed has increased interest rates, our cost of borrowing has also increased materially. These factors are largely beyond our control.

Cost-reduction efforts in our cinema operating segment continue, including, but not limited to, restricting utilities and essential operating expenditures to the minimum levels necessary, reducing employment costs by limiting hours of operation and/or shifts and increasing reliance on automation, and minimizing capital outlays. We continue to work with our landlords to manage our rent obligations. We are prepared to terminate cinema leases where their long-term profitability is in sufficient doubt.

Our Real Estate operating segment has been less impacted by the COVID-19 pandemic and is generating near-to-expected cash flows. The principal exception to this has been the post-Covid softness in the New York office market.

Going Concern
We continue to evaluate the going concern assertion required by *ASC 205-40 Going Concern* as it relates to our Company. The evaluation of the going concern assertion involves firstly considering whether it is probable that our Company has sufficient resources, as at the issue date of the financial statements, to meet its obligations as they fall due for twelve months following the issue date. Should it be probable that there are not sufficient resources, we must determine whether it is probable that our plans will mitigate the consequential going concern substantial doubt. Our evaluation is informed by current liquidity positions, debt obligations, cash flow estimates, known capital and other expenditure requirements and commitments and our current business plan and strategies. Our Company's business plan - two businesses (real estate and cinema) in three countries (Australia, New Zealand and the U.S.) - has served us well since the onset of COVID-19 and is key to management's overall evaluation of *ASC 205-40 Going Concern*. As at December 31, 2022, in our Form 10-K, we reported that our plans were probable of being implemented and thus they alleviated the substantial doubt about our Company's ability to continue as a going concern.

We have $48.1 million of debt maturing in the twelve months from the issue of this Form 10-Q. $22.3 million of this debt is due on July 3, 2023. As at March 31, 2023, we have cash of $14.6 million and negative working capital of $94.2 million. To alleviate doubt that our Company will be able to generate sufficient cash flows for the coming twelve-months, these loans need to be refinanced, our revenues and net income need to improve, and/or funds need to be raised through asset monetization.

We believe that it is probable that these outstanding loans with current maturities will be extended on terms acceptable to us. Valley National extended its loan from April 1, 2023 to July 3, 2023 to allow additional time to complete refinancing under a term sheet from Valley National. We believe that we have sufficient time to address our Santander ($8.0 million) and our Westpac ($8.7 million) facilities, due in the fourth quarter of 2023 and the first quarter of 2024, respectively. We have begun active processes to monetize certain assets, and, based on our successes in 2021, we believe these processes will be successful.

We believe that the global cinema industry will continue to recover in 2023 and 2024. This belief underpins our forecasts and cash flow projections. Our forecasts rely upon, among other things, the current industry movie release schedule, which demonstrates an increased number of movies from the major studios and other distributors and an improvement in the quality of the movie titles, and the public's demonstrable desire to attend movies in a theatrical environment. These named factors are both out of management's control and are material, individually and in the aggregate, to the realization of management's forecasts and expectations.

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

Impairment Considerations

Our Company considers that the events and factors described above constitute impairment indicators under *ASC 360 Property, Plant and Equipment*. In 2022, when considered necessary, our Company performed quantitative recoverability tests of the carrying values of all its asset groups. These tests compare the carrying values of all asset groups to the estimated undiscounted future cash flows expected to result from the use of those asset groups. As a result of this testing, we recorded $1.5 million of impairment charges against certain cinema asset groups in the second quarter of 2022. The charges related to cinemas whose performance had not improved commensurate with the wider group. No further impairment charges were recorded in the remainder of the year. No impairment charges were recorded in the first quarter of 2023. Actual performance against our forecasts is dependent on several variables and conditions, many of which are subject to the uncertainties associated with COVID-19 and its aftermath, with government policy related to work-place regulation, increasing interest rates, inflationary impacts and with ongoing theatrical release patterns and applicable film rent, and as a result, actual results may materially differ from management's estimates.

Our Company also considers that the events and factors described above continue to constitute impairment indicators under *ASC 350 Intangibles – Goodwill and Other*. Our Company performed a quantitative goodwill impairment test and determined that our goodwill was not impaired as of December 31, 2022. The test was performed at a reporting unit level by comparing each reporting unit's carrying value, including goodwill, to its fair value. The fair value of each reporting unit was assessed using a discounted cash flow model based on the budgetary revisions performed by management in response to COVID-19 and the developing market conditions. No additional triggering events were identified in the first quarter of 2023, and therefore no goodwill impairment testing or charges were necessary. Actual performance against our forecasts is dependent on several variables and conditions, many of which are subject to the uncertainties associated with COVID-19 and its aftermath, with government policy related to work-place regulation, increasing interest rates, inflationary impacts and with ongoing theatrical release patterns and applicable film rent and as a result, actual results may materially differ from management's estimates.

Note 4 – Operations in Foreign Currency

We have significant assets in Australia and New Zealand. Historically, we have conducted our Australian and New Zealand operations (collectively "foreign operations") on a self-funding basis, where we use cash flows generated by our foreign operations to pay for the expenses of those foreign operations. However, in recent periods, we have looked to our overseas operations to cover an increasing portion of our domestic general and administrative costs. Our Australian and New Zealand assets and liabilities are translated from their functional currencies of Australian dollar ("AU$") and New Zealand dollar ("NZ$"), respectively, to the U.S. dollar based on the exchange rate as of March 31, 2023. The carrying value of the assets and liabilities of our foreign operations fluctuates as a result of changes in the exchange rates between the functional currencies of the foreign operations and the U.S. dollar. The translation adjustments are accumulated in the Accumulated Other Comprehensive Income in the Consolidated Balance Sheets.

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

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

	Foreign Currency / USD		
	As of and for the quarter ended March 31, 2023	As of and for the twelve months ended December 31, 2022	As of and for the quarter ended March 31, 2022
Spot Rate			
Australian Dollar	0.6704	0.6805	0.7499
New Zealand Dollar	0.6271	0.6342	0.6946
Average Rate			
Australian Dollar	0.6841	0.6946	0.7241
New Zealand Dollar	0.6299	0.6357	0.6763

Note 5 – Earnings Per Share

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

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

	Three Months Ended March 31,	
(Dollars in thousands, except share data)	2023	2022
Numerator:		
Net income (loss) attributable to Reading International, Inc.	$ (11,111)	$ (15,354)
Denominator:		
Weighted average number of common stock – basic	22,114,927	21,955,985
Weighted average dilutive impact of awards	783,063	544,673
Weighted average number of common stock – diluted	22,897,990	22,500,658
Basic earnings (loss) per share	$ (0.50)	$ (0.70)
Diluted earnings (loss) per share	$ (0.50)	$ (0.70)
Awards excluded from diluted earnings (loss) per share	783,063	544,673

Our weighted average number of common stock - basic increased, primarily as a result of the vesting of restricted stock units. We did not repurchase any shares of Class A Common Stock during the first three months of 2023 and 2022.

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

Note 6 – Property and Equipment

Operating Property, net

Property associated with our operating activities as at March 31, 2023 and December 31, 2022, is summarized as follows:

(Dollars in thousands)	March 31, 2023	December 31, 2022
Land	$ 66,977	$ 67,392
Building and improvements	212,055	213,226
Leasehold improvements	62,163	64,230
Fixtures and equipment	192,088	194,753
Construction-in-progress	7,062	6,839
Total cost	540,345	546,440
Less: accumulated depreciation	(258,459)	(259,488)
Operating property, net	**$ 281,886**	**$ 286,952**

Depreciation expense for operating property was $4.6 million for the three months ended March 31, 2023, and $5.4 million for the three months ended March 31, 2022.

Investment and Development Property, net

Our investment and development property as of March 31, 2023 and December 31, 2022, is summarized below:

(Dollars in thousands)	March 31, 2023	December 31, 2022
Land	$ 3,814	$ 3,857
Construction-in-progress (including capitalized interest)	4,880	4,935
Investment and development property	**$ 8,694**	**$ 8,792**

Construction-in-Progress – Operating and Investment Properties

Construction-in-Progress balances are included in both our operating and development properties. The balances of our major projects along with the movements for the three months ended March 31, 2023 are shown below:

(Dollars in thousands)	Balance, December 31, 2022	Additions during the period	Completed during the period	Foreign currency translation	Balance, March 31, 2023
Courtenay Central development	6,380	—	—	(69)	6,311
Cinema developments and improvements	2,990	437	(444)	(21)	2,962
Other real estate projects	2,404	343	(72)	(6)	2,669
Total	**$ 11,774**	**$ 780**	**$ (516)**	**$ (96)**	**$ 11,942**

Note 7 – Leases

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

As Lessee

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

The components of lease expense were as follows:

(Dollars in thousands)	Three Months Ended March 31, 2023		Three Months Ended March 31, 2022	
Lease cost				
Finance lease cost:				
Amortization of right-of-use assets	$	8	$	12
Interest on lease liabilities		—		1
Operating lease cost		8,208		8,714
Variable lease cost		271		(88)
Total lease cost	**$**	**8,487**	**$**	**8,639**

Supplemental cash flow information related to leases is as follows:

(Dollars in thousands)	Three Months Ended March 31, 2023		Three Months Ended March 31, 2022	
Cash flows relating to lease cost				
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows for finance leases	$	9	$	13
Operating cash flows for operating leases		8,435		10,141
Right-of-use assets obtained in exchange for new operating lease liabilities		—		66

Supplemental balance sheet information related to leases is as follows:

(Dollars in thousands)	March 31, 2023		December 31, 2022	
Operating leases				
Operating lease right-of-use assets	**$**	**193,655**	**$**	**200,417**
Operating lease liabilities - current portion		24,016		23,971
Operating lease liabilities - non-current portion		192,787		200,037
Total operating lease liabilities	**$**	**216,803**	**$**	**224,008**
Finance leases				
Property plant and equipment, gross		361		363
Accumulated depreciation		(344)		(338)
Property plant and equipment, net	**$**	**17**	**$**	**25**
Other current liabilities		20		28
Other long-term liabilities		—		—
Total finance lease liabilities	**$**	**20**	**$**	**28**
Other information				
Weighted-average remaining lease term - finance leases		1		1
Weighted-average remaining lease term - operating leases		11		11
Weighted-average discount rate - finance leases		5.21%		5.21%
Weighted-average discount rate - operating leases		4.55%		4.55%

The maturities of our leases were as follows:

(Dollars in thousands)	Operating leases		Finance leases	
2023	$	25,120	$	20
2024		32,128		—
2025		30,157		—
2026		28,218		—
2027		25,879		—
Thereafter		136,670		—
Total lease payments	**$**	**278,172**	**$**	**20**
Less imputed interest		(61,369)		—
Total	**$**	**216,803**	**$**	**20**

As of March 31, 2023, we have one additional cinema operating lease that has not yet commenced operations with a right-of-use value of approximately $7.2 million. It is anticipated that it will commence before the end of 2023 with a lease term of 15 to 20 years.

As Lessor

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

Lease income relating to operating lease payments was as follows:

	Three Months Ended March 31,	
(Dollars in thousands)	**2023**	**2022**
Components of lease income		
Lease payments	$ 2,636	$ 2,068
Variable lease payments	187	130
Total lease income	**$ 2,823**	**$ 2,198**

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

(Dollars in thousands)	**March 31, 2023**	**December 31, 2022**
Building and improvements		
Gross balance	$ 137,220	$ 136,749
Accumulated depreciation	(27,818)	(26,148)
Net Book Value	**$ 109,402**	**$ 110,601**

The Maturity of our leases were as follows:

(Dollars in thousands)	**Operating leases**
2023	$ 9,711
2024	9,524
2025	9,026
2026	7,496
2027	6,407
Thereafter	27,455
Total	**$ 69,619**

Note 8 – Goodwill and Intangible Assets

The table below summarizes goodwill by business segment as of March 31, 2023, and December 31, 2022.

(Dollars in thousands)	**Cinema**	**Real Estate**	**Total**
Balance at December 31, 2022	$ 20,280	$ 5,224	$ 25,504
Foreign currency translation adjustment	(232)	—	(232)
Balance at March 31, 2023	**$ 20,048**	**$ 5,224**	**$ 25,272**

Our Company is required to test goodwill and other intangible assets for impairment on an annual basis and, if current events or circumstances require, on an interim basis. Our next annual evaluation of goodwill and other intangible assets is scheduled during the fourth quarter of 2023. To test the impairment of goodwill, our Company compares the fair value of each reporting unit to its carrying amount, including the goodwill, to determine if there is potential goodwill impairment. A reporting unit is generally one level below the operating segment. As of March 31, 2023, we were not aware that any events indicating potential impairment of goodwill had occurred outside of those described at *Note 3 – Impact of COVID-19 Pandemic and Liquidity*.

The tables below summarize intangible assets other than goodwill, as of March 31, 2023, and December 31, 2022, respectively.

	As of March 31, 2023			
(Dollars in thousands)	**Beneficial Leases**	**Trade Name**	**Other Intangible Assets**	**Total**
Gross carrying amount	$ 12,191	$ 9,058	$ 4,892	$ 26,141
Less: Accumulated amortization	(11,954)	(7,878)	(3,977)	(23,809)
Less: Impairments	—	—	(40)	(40)
Net intangible assets other than goodwill	**$ 237**	**$ 1,180**	**$ 875**	**$ 2,292**

	As of December 31, 2022			
(Dollars in thousands)	**Beneficial Leases**	**Trade Name**	**Other Intangible Assets**	**Total**
Gross carrying amount	$ 12,216	$ 9,058	$ 4,915	$ 26,189
Less: Accumulated amortization	(11,964)	(7,838)	(3,956)	(23,758)
Less: Impairments	—	—	(40)	(40)
Net intangible assets other than goodwill	**$ 252**	**$ 1,220**	**$ 919**	**$ 2,391**

Beneficial leases obtained in business combinations where we are the landlord are amortized over the life of the relevant leases. Trade names are amortized based on the accelerated amortization method over their estimated useful life of 30 years, and other intangible assets are amortized over their estimated useful lives of up to 30 years (except for transferrable liquor licenses, which are indefinite-lived assets). The table below summarizes the amortization expense of intangible assets for the quarter ended March 31, 2023

	Three Months Ended March 31,	
(Dollars in thousands)	**2023**	**2022**
Beneficial lease amortization	$ 15	$ 22
Other amortization	54	135
Total intangible assets amortization	**$ 69**	**$ 157**

Note 9 – Investments in Unconsolidated Joint Ventures

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

The table below summarizes our active investment holdings in two (2) unconsolidated joint ventures as of March 31, 2023, and December 31, 2022:

(Dollars in thousands)	**Interest**	**March 31, 2023**	**December 31, 2022**
Rialto Cinemas	50.0%	$ 870	$ 920
Mt. Gravatt	33.3%	3,837	3,836
Total investments		**$ 4,707**	**$ 4,756**

For the quarter ended March 31, 2023 and 2022, the recognized share of equity earnings from our investments in unconsolidated joint ventures are as follows:

	Three Months Ended March 31,	
(Dollars in thousands)	**2023**	**2022**
Rialto Cinemas	$ (41)	$ (85)
Mt. Gravatt	60	20
Total equity earnings	**$ 19**	**$ (65)**

Note 10 – Prepaid and Other Assets

Prepaid and other assets are summarized as follows:

(Dollars in thousands)	March 31, 2023	December 31, 2022
Prepaid and other current assets		
Prepaid expenses	$ 2,295	$ 1,859
Prepaid taxes	2,025	1,687
Income taxes receivable	61	—
Prepaid rent	1,256	—
Deposits	242	233
Other receivables	11	—
Interest receivable	—	8
Investments in marketable securities	15	17
Total prepaid and other current assets	**$ 5,905**	**$ 3,804**
Other non-current assets		
Other non-cinema and non-rental real estate assets	1,134	1,134
Investment in Reading International Trust I	838	838
Straight-line rent asset	8,442	8,302
Long-term deposits	8	10
Total other non-current assets	**$ 10,422**	**$ 10,284**

Note 11 – Income Taxes

The interim provision for income taxes is different from the amount determined by applying the U.S. federal statutory rate to consolidated income or loss before taxes. The differences are attributable to foreign tax rate differential, unrecognized tax benefits, and change in valuation allowance. Our effective tax rate was 4.1% and 2.4% for the three months ended March 31, 2023, and 2022, respectively. The difference is primarily due to the decrease in reserve for valuation allowance in 2023. The forecasted effective tax rate is updated each quarter as new information becomes available.

Note 12 – Borrowings

Our Company's borrowings at March 31, 2023 and December 31, 2022, net of deferred financing costs and including the impact of interest rate derivatives on effective interest rates, are summarized below:

	As of March 31, 2023					
(Dollars in thousands)	**Maturity Date**	**Contractual Facility**	**Balance, Gross**	**Balance, Net(1)**	**Stated Interest Rate**	**Effective Interest Rate**
Denominated in USD						
Trust Preferred Securities (US)	April 30, 2027	$ 27,913	$ 27,913	$ 27,005	8.80%	8.80%
Bank of America Credit Facility (US)	September 4, 2024	26,000	26,000	25,823	10.50%	10.50%
Cinemas 1, 2, 3 Term Loan (US)	July 3, 2023	22,341	22,341	22,167	6.63%	6.63%
Minetta & Orpheum Theatres Loan (US)(2)	November 1, 2023	8,000	8,000	7,982	6.00%	5.15%
U.S. Corporate Office Term Loan (US)	January 1, 2027	8,607	8,607	8,550	4.64% / 4.44%	4.61%
Union Square Financing (US)(3)	May 6, 2024	55,000	43,000	42,571	11.68%	7.40%
Purchase Money Promissory Note (US)	September 18, 2024	1,149	1,149	1,149	5.00%	5.00%
Denominated in foreign currency ("FC") (4)						
NAB Corporate Term Loan (AU)	June 30, 2024	67,712	67,712	67,653	5.43%	5.43%
Westpac Bank Corporate (NZ)	January 1, 2024	8,679	8,679	8,679	7.45%	7.45%
		$ 225,401	**$ 213,401**	**$ 211,579**		

(1) Net of deferred financing costs amounting to $1.8 million.
(2) The interest rate derivative associated with the Minetta & Orpheum loan provides for an effective fixed rate of 5.15%.
(3) The interest rate derivative associated with the Union Square loan provides for a maximum effective rate of 7.40%.
(4) The contractual facilities and outstanding balances of the foreign currency denominated borrowings were translated into U.S. dollars based on the applicable exchange rates as of March 31, 2023.

(Dollars in thousands)	Maturity Date	Contractual Facility	Balance, Gross	Balance, Net[(1)]	Stated Interest Rate	Effective Interest Rate
	As of December 31, 2022					
Denominated in USD						
Trust Preferred Securities (US)	April 30, 2027	$ 27,913	$ 27,913	$ 26,950	8.41%	8.41%
Bank of America Credit Facility (US)(5)	March 1, 2024	26,750	26,750	26,663	10.00%	10.00%
Cinemas 1, 2, 3 Term Loan (US)(5)	April 1, 2023	22,455	22,455	22,208	6.63%	6.63%
Minetta & Orpheum Theatres Loan (US)(2)	November 1, 2023	8,000	8,000	7,974	7.12%	6.00%
U.S. Corporate Office Term Loan (US)	January 1, 2027	8,674	8,674	8,613	4.64% / 4.44%	4.64%
Union Square Financing (US)[(3)]	May 6, 2024	55,000	43,000	42,484	11.25%	7.40%
Purchase Money Promissory Note (US)	September 18, 2024	1,333	1,333	1,333	5.00%	5.00%
Denominated in foreign currency ("FC")(4)						
NAB Corporate Term Loan (AU)	June 30, 2024	68,731	68,731	68,662	4.82%	4.82%
Westpac Bank Corporate (NZ)	January 1, 2024	8,777	8,777	8,777	6.95%	6.95%
Total		**$ 227,633**	**$ 215,633**	**$ 213,664**		

(1) Net of deferred financing costs amounting to $2.0 million.
(2) The interest rate derivative associated with the Minetta & Orpheum loan provides for an effective fixed rate of 5.15%.
(3) The interest rate derivative associated with the Union Square loan provides for an effective fixed rate of 7.40%.
(4) The contractual facilities and outstanding balances of the foreign currency denominated borrowings were translated into U.S. dollars based on the applicable exchange rates as of December 31, 2022.
(5) This financing facility was extended after December 31, 2022.

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

Balance Sheet Caption (Dollars in thousands)	March 31, 2023	December 31, 2022
Debt - current portion	$ 47,345	$ 37,279
Debt - long-term portion	136,473	148,688
Subordinated debt - current portion	756	747
Subordinated debt - long-term portion	27,005	26,950
Total borrowings	**$ 211,579**	**$ 213,664**

Bank of America Credit Facility

Our $55.0 million Bank of America facility now matures on September 4, 2024, following a Q1 2023 loan modification, which, among other things, extended the maturity date from March 1, 2024. The current facility requires monthly repayments of $725,000 commencing in May 2023, with a balloon payment upon maturity. Interest is charged at a fixed rate of 3.0% above the Bank of America Prime rate, which itself has a floor of 1.0%. Payment-in-kind interest of 0.5% accrues from January 1, 2024, but will be waived in the event of repayment of the entire debt prior to April 1, 2024.

Minetta and Orpheum Theatres Loan

On October 12, 2018, we refinanced our $7.5 million loan with Santander Bank, which is secured by our Minetta and Orpheum Theatres, with a loan for a five year term of $8.0 million. Such modification was not considered to be substantial under U.S. GAAP.

U.S. Corporate Office Term Loan

On December 13, 2016, we obtained a ten year $8.4 million mortgage loan on our Culver City building at a fixed annual interest rate of 4.64%. On June 26, 2017, we obtained a further $1.5 million at a fixed annual interest rate of 4.44%.

Cinemas 1,2,3 Term Loan

Our Cinemas 1,2,3 Term Loan, held by Sutton Hill Properties LLC ("SHP"), a 75% owned subsidiary of RDI, matures on July 3, 2023, following a modification in Q1 of 2023 to extend the maturity date from April 1, 2023. The term loan is with Valley National Bank and carries an interest rate of 4.25%.

Union Square Financing

On May 7, 2021, we closed on a new three-year $55.0 million loan facility with Emerald Creek Capital secured by our 44 Union Square property and certain limited guarantees. The facility bears a variable interest rate of one month LIBOR plus 6.9% with a floor of 7.0 % and includes provisions for a prepaid interest and property tax reserve fund. The loan has two 12-month options to extend, and may be repaid at any time, without the payment of any premium.

Purchase Money Promissory Note

On September 18, 2019, we purchased for $5.5 million 407,000 shares of our Class A Common Stock in a privately negotiated transaction under our Share Repurchase Program. Of this amount, $3.5 million was paid by the issuance of a Purchase Money Promissory Note, which bears an interest rate of 5.0% per annum, payable in equal quarterly payments of principal plus accrued interest. The Purchase Money Promissory Note matures on September 18, 2024.

Westpac Bank Corporate Credit Facility (NZ)

Our Westpac Corporate Credit Facility for NZ$13.8 million matures on January 1, 2024. The facility currently carries an interest rate and line of credit charge of 2.40% above the Bank Bill Bid Rate and 1.65% respectively. Westpac has waived the requirement to test certain covenants for each quarter since the third quarter of 2020, including the current quarter.

Australian NAB Corporate Term Loan (AU)

Our Revolving Corporate Markets Loan Facility with National Australia Bank ("NAB") matures on June 30, 2024. It currently consists of (i) a AU$100.0 million Corporate Loan facility at 1.75% above BBSY, of which AU$60.0 million is revolving and AU$40.0 million is core, (ii) a Bank Guarantee Facility of AU$5.0 million at a rate of 1.85% per annum and (iii) a further AU$3.0 million of core debt added in December 2020, relating to the funding of our cinema at Jindalee, Queensland, which is repayable in semi-annual installments of AU$500,000, the first installment being April 30, 2021, until fully repaid on October 31, 2023.

Note 13 – Other Liabilities

Other liabilities are summarized as follows:

(Dollars in thousands)	**March 31, 2023**	**December 31, 2022**
Current liabilities		
Accrued pension	684	684
Security deposit payable	88	68
Finance lease liabilities	20	28
Other	32	33
Other current liabilities	**$ 824**	**$ 813**
Other liabilities		
Lease make-good provision	6,124	6,131
Accrued pension	3,017	3,138
Deferred rent liability	2,412	2,484
Environmental reserve	1,656	1,656
Lease liability	5,900	5,900
Acquired leases	10	11
Other non-current liabilities	**$ 19,119**	**$ 19,320**

Pension Liability – Supplemental Executive Retirement Plan

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

Included in our current and non-current liabilities are accrued pension costs of $3.7 million at March 31, 2023. The benefits of our pension plan are fully vested and therefore no service costs were recognized for the three months ended March 31, 2023, and 2022. Our pension plan is unfunded.

During the quarter ended March 31, 2023, the interest cost was $50,000, and the actuarial loss was $52,000. During the quarter ended March 31, 2022, the interest cost was $56,000, and the actuarial loss was $52,000.

Note 14 – Accumulated Other Comprehensive Income

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

(Dollars in thousands)	Foreign Currency Items	Unrealized Gain (Losses) on Available-for-Sale Investments	Accrued Pension Service Costs	Hedge Accounting Reserve	Total
Balance at January 1, 2023	$ (697)	$ (18)	$ (1,822)	$ 580	$ (1,957)
Change related to derivatives					
Total change in hedge fair value recorded in Other Comprehensive Income	—	—	—	(18)	(18)
Amounts reclassified from accumulated other comprehensive income	—	—	—	(564)	(564)
Net change related to derivatives	—	—	—	(582)	(582)
Net current-period other comprehensive income (loss)	(763)	—	52	(582)	(1,293)
Balance at March 31, 2023	**$ (1,460)**	**$ (18)**	**$ (1,770)**	**$ (2)**	**$ (3,250)**

Note 15 – Commitments and Contingencies

Litigation General

Insofar as our Company is aware, there are no claims, arbitration proceedings, or litigation proceedings that constitute material contingent liabilities of our Company. Such matters require significant judgments based on the facts known to us. These judgments are inherently uncertain and can change significantly when additional facts become known. We provide accruals for matters that have probable likelihood of occurrence and can be properly estimated as to their expected negative outcome. We do not record expected gains until the proceeds are received by us. However, we typically make no accruals for potential costs of defense, as such amounts are inherently uncertain and dependent upon the scope, extent and aggressiveness of the activities of the applicable plaintiff.

Discussed below are certain litigation matters which, however, have been significant to our Company.

Litigation Matters

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

Where we are the *plaintiffs*, we accrue legal fees as incurred on an on-going basis and make no provision for any potential settlement amounts until received. In Australia, the prevailing party is usually entitled to recover its attorneys' fees, which recoveries typically work out to be approximately 60% of the amounts actually spent where first-class legal counsel is engaged at customary rates. Where we are a plaintiff, we have likewise made no provision for the liability for the defendant's attorneys' fees in the event we are determined not to be the prevailing party.

Where we are the *defendants*, we accrue for probable damages that insurance may not cover as they become known and can be reasonably estimated, as permitted under ASC 450-20 *Loss Contingencies*. In our opinion, any claims and litigation in which we are currently involved are not reasonably likely to have a material adverse effect on our business, results of operations, financial position, or liquidity. It is possible, however, that future results of the operations for any particular quarterly or annual period could be materially affected by the ultimate outcome of the legal proceedings. From time to time, we are involved with claims and lawsuits arising in the ordinary course of our business that may include contractual obligations, insurance claims, tax claims, employment matters, and anti-trust issues, among other matters.

Environmental and Asbestos Claims on Reading Legacy Operations

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

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

California Employment Litigation

On April 18, 2023, final judgement (the "Final Judgement") was entered by the Superior Court of California on our settlement of certain California employment matters which include substantially overlapping wage and hour claims relating to our California cinema operations as described below. Taylor Brown, individually, and on behalf of other members of the general public similarly situated vs. Reading Cinemas et al. Superior Court of the State of California for the County of Kern, Case No. BCV-19-1000390 ("Brown v. RC," and the "Brown Class Action Complaint") was initially filed in December 2018, as an individual action and refiled as a putative class action in February 2019, but not served until June 24, 2019. Peter M. Wagner, Jr., an individual, vs. Consolidated Entertainment, Inc. et al., Superior Court of the State of California for the County of San Diego, Case NO. 37-2019-00030695-CU-WT-CTL ("Wagner v. CEI," and the "Wagner Individual Complaint") was filed as a discrimination and retaliation lawsuit in June 2019. The following month, in July 2019, a notice was served on us by separate counsel for Mr. Wagner under the California Private Attorney General Act of 2004 (Cal. Labor Code Section 2698, et seq) (the "Wagner PAGA Claim") purportedly asserting in a representational capacity claims under the PAGA statute, overlapping, in substantial part, the allegations set forth in the Brown Class Action Complaint. On March 6, 2020, Wagner filed a purported class action in the Superior Court of California, County of San Diego, again covering basically the same allegations as set forth in the Brown Class Action Complaint, and titled Peter M. Wagner, an individual, on behalf of himself and all others similarly situated vs. Reading International, Inc., Consolidated Entertainment, Inc. and Does 1 through 25, Case No. 37-2020-000127-CU-OE-CTL (the "Wagner Class Action" and the "Wagner Class Action Complaint"). Following mediation, the Wagner Individual Complaint was settled, and final judgment entered on February 10, 2021, at what we believe to have been its nuisance value.

On July 13, 2021, following a mediation, the parties agreed to settle the claims set forth in the remaining lawsuits (specifically, the Brown Class Action Complaint, the Wagner PAGA Claim and the Wagner Class Action Complaint) for the Company's payment of $4.0 million (the "Settlement Amount"). Under the terms of the Final Judgment, the Settlement Amount is to be paid as follows: (i) $1,351,000 on May 18, 2023, (ii) $1,351,000 on February 19, 2024, and (iii) the balance on December 2, 2024. We accrued the Settlement Amount in 2021 as a cinema segment administrative expense.

General Distributors Limited v. Reading Wellington Properties Arbitration

On June 18, 2021, General Distributors Limited ("GDL"), an owner and operator of supermarkets in New Zealand, filed an arbitration statement of claim (the "Statement of Claim") in Auckland, New Zealand, against our wholly owned subsidiary, Reading Wellington Properties, Limited ("RWPL"), relating to the enforceability of an Agreement to Lease (the "ATL") entered into between the parties in February 2013, contemplating the construction by RWPL and the lease by GDL of a supermarket in Wellington, New Zealand on property owned by RWPL. This matter was settled on August 26, 2022, pursuant to the parties' written settlement agreement to the effect that the ATL has terminated and is at an end and that any and all rights or claims arising under or in respect of the ATL have lapsed or are, by such settlement, waived and abandoned, including any and all right or claims against any of our Company's properties in Wellington, New Zealand. No amounts in settlement were paid by either party, and each party bore its own legal costs and expenses. The costs of the arbitrator were shared equally by the parties. The matter is now at an end.

Note 16 – Non-controlling Interests

These are composed of the following enterprises:

Australia Country Cinemas Pty Ltd. - 25% noncontrolling interest owned by Panorama Group International Pty Ltd.:

Shadow View Land and Farming, LLC - 50% noncontrolling membership interest owned by the estate of Mr. James J. Cotter, Sr. (the “Cotter Estate”); and,

Sutton Hill Properties, LLC - 25% noncontrolling interest owned by Sutton Hill Capital, LLC (which in turn is 50% owned by the Cotter Estate).

The components of noncontrolling interests are as follows:

(Dollars in thousands)	March 31, 2023	December 31, 2022
Australian Country Cinemas, Pty Ltd	$ 36	$ 26
Shadow View Land and Farming, LLC	(3)	(3)
Sutton Hill Properties, LLC	176	400
Noncontrolling interests in consolidated subsidiaries	**$ 209**	**$ 423**

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

(Dollars in thousands)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Australian Country Cinemas, Pty Ltd	$ 10	$ (11)
Shadow View Land and Farming, LLC	—	(1)
Sutton Hill Properties, LLC	(223)	(87)
Net income (loss) attributable to noncontrolling interests	**$ (213)**	**$ (99)**

<u>Summary of Controlling and Noncontrolling Stockholders’ Equity</u>

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

(Dollars in thousands, except shares)	Common Stock Class A Non-Voting Shares	Common Stock Class A Par Value	Common Stock Class B Voting Shares	Common Stock Class B Par Value	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Reading International Inc. Stockholders’ Equity	Noncontrolling Interests	Total Stockholders’ Equity
At January 1, 2023	20,410	$ 235	1,680	$ 17	$ 153,784	$ (48,816)	$ (40,407)	$ (1,957)	$ 62,856	$ 423	$ 63,279
Net income (loss)	—	—	—	—	—	(11,111)	—	—	(11,111)	(213)	(11,324)
Other comprehensive income, net	—	—	—	—	—	—	—	(1,293)	(1,293)	(1)	(1,294)
Share-based compensation expense	—	—	—	—	443	—	—	—	443	—	443
Restricted Stock Units	89	—	—	—	(132)	—	—	—	(132)	—	(132)
At March 31, 2023	20,499	$ 235	1,680	$ 17	$ 154,095	$ (59,927)	$ (40,407)	$ (3,250)	$ 50,763	$ 209	$ 50,972

(Dollars in thousands, except shares)	Common Stock Class A Non-Voting Shares	Common Stock Class A Par Value	Common Stock Class B Voting Shares	Common Stock Class B Par Value	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Reading International Inc. Stockholders’ Equity	Noncontrolling Interests	Total Stockholders’ Equity
At January 1, 2022	20,260	$ 233	1,680	$ 17	$ 151,981	$ (12,632)	$ (40,407)	$ 4,882	$ 104,074	$ 986	$ 105,060
Net income (loss)	—	—	—	—	—	(15,354)	—	—	(15,354)	(99)	(15,453)
Other comprehensive income, net	—	—	—	—	—	—	—	3,524	3,524	1	3,525
Share-based compensation expense	—	—	—	—	415	—	—	—	415	—	415
Restricted Stock Units	52	1	—	—	(32)	—	—	—	(31)	—	(31)
Distributions to noncontrolling stockholders	—	—	—	—	—	—	—	—	—	(22)	(22)
At March 31, 2022	20,312	$ 234	1,680	$ 17	$ 152,364	$ (27,986)	$ (40,407)	$ 8,406	$ 92,628	$ 866	$ 93,494

Note 17 – Stock-Based Compensation and Stock Repurchases

Employee and Director Stock Incentive Plan

2020 Stock Incentive Plan

On November 4, 2020, the Company enacted the 2020 Stock Incentive Plan, which was also approved by the Company's stockholders on December 8, 2020 (the "2020 Plan"). Under the 2020 Plan, the Company may grant stock options and other share-based payment awards of our Class A Common Stock to eligible employees, directors and consultants. The aggregate total number of shares of Class A Common Stock authorized for issuance under the 2020 Plan at March 31, 2023, was 1,250,000, of which 234,955 remain available for future issuance. In addition, if any awards that were outstanding under the 2010 Plan are subsequently forfeited or if the related shares are repurchased, a corresponding number of shares will automatically become available for issuance under the 2020 Plan, thus resulting in a potential increase in the number of shares available for issuance under the 2020 Plan. At March 31, 2023, this potential increase in the number of shares eligible for issuance under the 2020 Plan was 316,902 Class A Common Stock.

Stock options are granted at exercise prices equal to the grant-date market prices and typically expire no later than five years from the grant date. In contrast to a stock option where the grantee buys our Company's share at an exercise price determined on the grant date, a restricted stock unit ("RSU") entitles the grantee to receive one share for every RSU based on a vesting plan, typically between one year and four years from grant. As discussed further below, a performance component has been added to certain of the RSUs granted to management. At the time the options are exercised or RSUs vest and are settled, at the discretion of management, we will issue treasury shares or make a new issuance of shares to the option or RSU holder.

Stock Options

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

No stock options were issued in the three months ended March 31, 2023.

For the quarters ended March 31, 2023, and 2022, we recorded compensation expense of $9,000 and $53,000, respectively, with respect to our prior stock option grants. At March 31, 2023, the total unrecognized estimated compensation expense related to non-vested stock options was $27,000, which we expect to recognize over a weighted average vesting period of 0.75 years. The intrinsic, unrealized value of all options outstanding vested and expected to vest, at March 31, 2023, was $nil, as the closing price of our Common Stock on that date was $3.25.

The following table summarizes the number of options outstanding and exercisable as of March 31, 2023, and December 31, 2022:

	Outstanding Stock Options - Class A Shares			
	Number of Options Class A	Weighted Average Exercise Price Class A	Weighted Average Remaining Years of Contractual Life Class A	Aggregate Intrinsic Value Class A
Balance - December 31, 2021	517,344	$ 15.42	1.66	$ —
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	(189,846)	14.63	—	—
Balance - December 31, 2022	327,498	$ 15.87	1.24	$ —
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	—	—	—	—
Balance - March 31, 2023	327,498	$ 15.51	0.71	$ —

Restricted Stock Units
The following table summarizes the status of RSUs granted to date as of March 31, 2023:

	Outstanding Restricted Stock Units					
	RSU Grants (in units)					
Grant Date	**Directors**	**Management**	**Total Grants**	**Vested, March 31, 2023**	**Unvested, March 31, 2023**	**Forfeited, March 31, 2023**
Opening balance	129,796	165,753	295,549	287,958	—	7,591
March 10, 2020	—	287,163	287,163	211,679	48,402	27,082
December 14, 2020	—	43,260	43,260	42,084	—	1,176
December 16, 2020	60,084	11,459	71,543	71,543	—	—
April 5, 2021	—	262,830	262,830	45,403	217,427	—
April 19, 2021	—	22,888	22,888	5,536	15,855	1,497
August 11, 2021	26,924	—	26,924	26,924	—	—
December 8, 2021	48,951	—	48,951	48,951	—	—
April 18, 2022	—	428,899	428,899	—	427,696	1,203
December 15, 2022	73,683	—	73,683	—	73,683	—
Total	**339,438**	**1,222,252**	**1,561,690**	**740,078**	**783,063**	**38,549**

RSU awards to management vest 25% on the anniversary of the grant date over a period of four years. Beginning in 2020, a performance component has been added to certain of the RSUs granted to management, which vest on the third anniversary of their grant date based on the achievement of certain performance metrics. From 2021 onwards, RSUs have two structures, which include time vesting and performance vesting. The majority of RSUs vest 75% evenly over a period of four years, with the remaining 25% contingent upon the achievement of certain performance metrics, vesting in full on the third anniversary of the date of the grant. In the case of our Chief Executive Officer, RSUs vest 50% evenly over a period of four years with the remaining 50%, contingent upon the achievement of certain performance metrics, vesting in full on the third anniversary of the grant date.

RSUs issued to non-employee directors vest on the first to occur of (i) 5:00 pm, Los Angeles, CA time on the last business day prior to the one-year anniversary of the Grant Date or (ii) the date on which the Recipient has served such Recipient's full term as a Director.

For the quarters ended March 31, 2023, and 2022, we recorded compensation expense of $434,000 and $363,000, respectively. The total unrecognized compensation expense related to the non-vested RSUs was $2.8 million as of March 31, 2023, which we expect to recognize over a weighted average vesting period of 1.56 years.

Stock Repurchase Program

On March 10, 2020, our Board of Directors authorized a $25.0 million increase to our 2017 stock repurchase program, bringing our total authorized repurchase amount remaining to $26.0 million, and extended the program to March 2, 2024. Through March 31, 2023, we have repurchased 1,792,819 shares of Class A Common Stock at an average price of $13.39 per share (excluding transaction costs). The last share repurchase made by our Company was made on March 5, 2020, at which time 25,000 shares were purchased at an average cost per share of $7.30.

Note 18 – Hedge Accounting

As of March 31, 2023, and December 31, 2022, our Company held interest rate derivatives in the total notional amount of $51.0 million.

The derivatives are recorded on the balance sheet at fair value and are included in the following line items:

	Asset Derivatives			
	March 31, 2023		December 31, 2022	
(Dollars in thousands)	**Balance sheet location**	**Fair value**	**Balance sheet location**	**Fair value**
Interest rate contracts	Derivative financial instruments - current portion	$ 293	Derivative financial instruments - current portion	$ 907
	Derivative financial instruments - non-current portion	—	Derivative financial instruments - non-current portion	—
Total derivatives designated as hedging instruments		**$ 293**		**$ 907**
Total derivatives		**$ 293**		**$ 907**

	Liability Derivatives			
	March 31, 2023		December 31, 2022	
(Dollars in thousands)	**Balance sheet location**	**Fair value**	**Balance sheet location**	**Fair value**
Interest rate contracts	Derivative financial instruments - current portion	$ —	Derivative financial instruments - current portion	$ —
	Derivative financial instruments - non-current portion	—	Derivative financial instruments - non-current portion	—
Total derivatives designated as hedging instruments		**$ —**		**$ —**
Total derivatives		**$ —**		**$ —**

The changes in fair value are recorded in Other Comprehensive Income and released into interest expense in the same period(s) in which the hedged transactions affect earnings. In the quarter ended March 31, 2023 and March 31, 2022, respectively, the derivative instruments affected Comprehensive Income as follows:

(Dollars in thousands)	**Location of Loss Recognized in Income on Derivatives**	**Three Months Ended March 31**	
		2023	**2022**
Interest rate contracts	Interest expense	$ (564)	$ 69
Total		**$ (564)**	**$ 69**

(Dollars in thousands)	**Amount**	
	Three Months Ended March 31	
	2023	**2022**
Interest rate contracts	$ 18	$ (731)
Total	**$ 18**	**$ (731)**

Line Item	**Amount**	
	Three Months Ended March 31	
	2023	**2022**
Interest expense	$ (564)	$ 69
Total	**$ (564)**	**$ 69**

The derivatives have no ineffective portion, and consequently no losses have been recognized directly in income.

Note 19 – Fair Value Measurements

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

Level 1: Quoted market prices in active markets for identical assets or liabilities;

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and,

Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

As of March 31, 2023, and December 31, 2022, we had derivative financial assets carried and measured at fair value on a recurring basis of $293,000 and $907,000, respectfully. As of March 31, 2023, and December 31, 2022, we had no derivatives in a liability position.

The following tables summarize our financial liabilities that are carried at cost and measured at fair value on a non-recurring basis as of March 31, 2023, and December 31, 2022, by level within the fair value hierarchy.

		Fair Value Measurement at March 31, 2023			
(Dollars in thousands)	Carrying Value(1)	Level 1	Level 2	Level 3	Total
Notes payable	$ 184,339	$ —	$ —	$ 169,305	$ 169,305
Subordinated debt	29,062	—	—	25,203	25,203
	$ 213,401	**$ —**	**$ —**	**$ 194,508**	**$ 194,508**

		Fair Value Measurement at December 31, 2022			
(Dollars in thousands)	Carrying Value(1)	Level 1	Level 2	Level 3	Total
Notes payable	$ 186,387	$ —	$ —	$ 172,230	$ 172,230
Subordinated debt	29,246	—	—	25,025	25,025
	$ 215,633	**$ —**	**$ —**	**$ 197,255**	**$ 197,255**

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

Following is a description of the valuation methodologies used to estimate the fair value of our financial assets and liabilities. There have been no changes in the methodologies used as of March 31, 2023, and December 31, 2022.

Level 1 investments in marketable securities primarily consist of investments associated with the ownership of marketable securities in U.S. and New Zealand. These investments are valued based on observable market quotes on the last trading date of the reporting period.

Level 2 derivative financial instruments are valued based on discounted cash flow models that incorporate observable inputs such as interest rates and yield curves from the derivative counterparties. The credit valuation adjustments associated with our non-performance risk and counterparty credit risk are incorporated in the fair value estimates of our derivatives. As of March 31, 2023, and December 31, 2022, we concluded that the credit valuation adjustments were not significant to the overall valuation of our derivatives.

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

Our Company's financial instruments also include cash, cash equivalents, receivables and accounts payable. The carrying values of these financial instruments approximate the fair values due to their short maturities. Additionally, there were no transfers of assets and liabilities between levels 1, 2, or 3 during the quarter ended March 31, 2023, and March 31, 2022.

Note 20 – Subsequent Events

On May 12, 2023, we listed our office building located at 5995 Sepulveda Blvd., Culver City, CA for sale.

This MD&A should be read in conjunction with the accompanying unaudited consolidated financial statements included in Part I, Item 1 (Financial Statements). The foregoing discussions and analyses contain certain forward-looking statements. Please refer to the "Cautionary Statement Regarding Forward-Looking Statements" included at the conclusion of this section and our "Risk Factors" set forth in our 2022 Form 10-K, Part 1 – Financial Information, Item 1A and the Risk Factors set out below.

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

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

General COVID-19 Pandemic Overview & Updates

While COVID-19 related shutdowns, mask mandates and social distancing requirements appear to be behind us, the impacts of the pandemic have continuing effect. The number of major films being released to exhibitors has increased, but the rents for such films are also increasing while the cinema exhibition exclusivity periods are shortening. The pandemic released the streaming "genie" from the bottle and that genie is unlikely ever to return to the bottle. Cinema attendance is improving but has not returned to pre-pandemic levels. In particular, we believe that older patrons have been slow to return to the cinemas. Films which do not achieve "blockbuster" status are still not bringing out movie goers commensurate with historic levels.

COVID-19 and its aftermath have had ongoing adverse impacts on our profitability and cash flow. We have enhanced cleaning protocols and supply chain disruptions and inflation have adversely affected our costs of goods sold. Government mandates and post-pandemic labor shortages have increased our cost of labor. Utility costs, insurance premiums and costs of borrowing have increased dramatically. Also, we are now paying the rents we deferred during the periods that our cinema operations were restricted due to COVID-19. While these rents have been accrued, they are adversely impacting our cash flow during this recovery period.

Nevertheless, we believe that with the re-recognition by distributors of the importance of the cinema release to the overall economic performance of their films and the increasing quantity and quality of film being released to the cinemas, the future prospects for our industry are good. Still, it is generally recognized that there are too many cinemas in the U.S., and we are reviewing and culling our poor performers. Fortunately, most of our cinemas are in good markets which are not, in our view, over-screened and we believe that oversupply is less an issue in post-pandemic Australia and New Zealand. We continue to receive and review proposals for new or available existing cinemas, and currently have four new builds cinemas in our Australia pipeline.

The COVID-19 pandemic had a significant impact on our global operations, forcing us to shut down all cinemas and lay off U.S. cinema level personnel beginning March 2020. During 2021, a majority of our cinemas reopened (some with occupancy restrictions in place), but admissions continued to be down from pre-pandemic levels due to a weaker slate of movies from the major studios and distributors. To address our negative cash flow situation during the pandemic, in 2021 we monetized non-core real estate assets, generating net cash that we used to pay down debt, fund necessary capital expenditures. Although most of our tenants remained open for business during the COVID-19 crisis, we experienced trading restrictions affecting third-party tenants at our ETCs in Australia and New Zealand. When health and safety measures finally subsided in 2022, our cinemas reopened for business, and our operations began to experience a return to normalcy. While 2022 had fewer wide releases than pre-COVID periods, the industry box office results significantly rebounded with the release of blockbuster films such as *Top Gun: Maverick, Black Panther: Wakanda Forever, Doctor Strange: In The Multiverse of Madness*, and concluded with the December 2022 release of *Avatar: The Way of Water*.

We are working to address the challenges of the post-COVID world. We are increasing automation and self-service options at the cinema level to reduce labor costs. We are continuing to focus on our food and beverage offerings and now have liquor licenses in every U.S. cinema where we believe that such an offering makes sense. We are experimenting with alternative content intended to attract a broader and more diversified range of patrons. With the return of high quality film to our cinemas, we have confidence that, while we still must deal with COVID legacy issues, we will return to profitability and to use cinema cash flow to once again support our real estate development activities.

Recent Box Office Improvements

The cinema industry continued its progressive recovery during the first quarter of 2023. The release of films such as *Ant-Man and The Wasp: Quantumania*, *Creed III*, and *Avatar: The Way of Water*, which continued to drive attendance levels in the first quarter despite being released in December 2022, continues to support our confidence in the long term viability of the global cinema business And, the success of these films reinforces the industry's resilience in the face of ongoing challenges such as labor shortages, supply chain constraints and rising costs. The continued enthusiasm of patrons for the movie-going experience and strong movie slates have been the driving forces behind this success. *Avatar: The Way of Water*, in particular, has shattered box office records, surpassing previous global box office records and to become the third highest grossing film of all time. These outstanding achievements are a testament to the continued enthusiasm of patrons for the magic of movies.

In recent weeks, the cinema industry has also benefitted from the release of the long anticipated Super Mario Brothers Movie, which was released on April 5, 2023. As of the date of this report, this title has achieved notable box office milestones such as the biggest worldwide opening of all time for an animated film and the second biggest opening of all time for a video game adaptation. Moreover, it became the first billion-dollar grossing film of 2023. The new year is off to a positive start and the release schedule for the remainder of the year gives us confidence that we will continue building on this box office momentum. The Q2 2023 movie slate is encouraging with *Guardians of the Galaxy Vol .3, Spider-Man: Across the Spider-Verse*, and a new *Indiana Jones* movie. Announced Q3 releases include, *Mission Impossible: Dead Reckoning, Barbie, Oppenheimer*, and *Teenage Mutant Ninja Turtles: Mutant Mayhem*. In the last quarter of 2023, *Kraven: The Hunter, The Marvels, Hunger Games, Wonka*, and *Aqua-Man: The Lost Kingdom* are scheduled to be released.

Real Estate Developments

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

Though our real estate team continues to work to secure one or more tenants for the remaining space at 44 Union Square, we believe that the pandemic's impact on the office leasing market in New York City and the slow pace of the "return to office" effort in New York City have adversely impacted and will continue to adversely impact our efforts to locate an office tenant for the space at 44 Union Square. We have mortgage financing in place for this project to cover leasing and tenant improvement costs of such space. We are currently exploring non-office and alterative uses of the remainder of the building.

All of our tenants are currently open for business at our Australian and New Zealand properties (with the exception of one tenant in Australia completing a new fit out). Most of the rentable retail portions of our Courtenay Central location in New Zealand continue to be closed due to seismic concerns, however, two tenants remain open and trading.

BUSINESS OVERVIEW

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

Cinema exhibition, through our 63 cinemas.

Real estate, including real estate development and the rental of retail, commercial, and live theatre assets.

We believe these two business segments complement and support one another. Prior to COVID-19, we used cash flows generated by our cinema operations to fund the front-end cash demands of our real estate development business. As a result of COVID-19, we relied more upon income from our real estate assets, and tapped into the imbedded value in those assets, to support our Company through the COVID-19 crisis. As COVID-19 impacts decrease, government restrictions ease, quality film product improves, and patrons return to our cinemas, we believe we will once again be able to rely on the cash flows generated by our cinema portfolio. However, we are at the current time cash flow negative, and have been relying upon borrowings and have identified certain non-core assets to monetize to support our liquidity. We are steadfast in our belief that this two-pronged, diversified international business strategy will keep carrying our Company through these difficult times as we continue to navigate the uncertainty and challenges posed by the recent macroeconomic challenges.

Key Performance Indicators

A key performance indicator utilized by management is Food and Beverage (“F&B”) Spend Per Patron (“SPP”), which is our total Food & Beverage Revenues divided into our attendance.

One of our strategic priorities has been to continue upgrading the food and beverage menu at several of our global cinemas. As of March 31, 2023, we have a total of 37 theater locations with elevated food and beverage menus (i.e. beyond traditional popcorn, soda and candy). We use SPP as a measure of our performance as compared to the performance of our competitors, as well as a measure of the performance of our food and beverage operations. While ultimately, the profitability of our food and beverage operations depends on a variety of factors, including labor cost and cost of goods sold, we think that this calculation is important to show how well we are doing on a top line basis.

Cinema Exhibition Overview

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

in the U.S., under the Reading Cinemas, Angelika Film Centers, and Consolidated Theatres brands.

in Australia, under the Reading Cinemas, the State Cinema by Angelika, and for our one unconsolidated joint venture theatre, Event Cinemas brands.

in New Zealand, under the Reading Cinemas and our two unconsolidated joint venture theatres, Rialto Cinemas brands.

Shown in the following table are the number of locations and screens in our cinema circuit in each country, by state/territory/region, our cinema brands, and our interest in the underlying assets as of March 31, 2023.

Country	State / Territory / Region	Location Count[3]	Screen Count	Interest in Asset Underlying the Cinema: Leased	Interest in Asset Underlying the Cinema: Owned	Operating Brands
United States	Hawaii	8	88	8		Consolidated Theatres
	California	7	88	7		Reading Cinemas, Angelika Film Center
	New York	3	16	2	1	Angelika Film Center
	Texas	2	13	2		Angelika Film Center
	New Jersey	1	12	1		Reading Cinemas
	Virginia	1	8	1		Angelika Film Center
	Washington, D.C.	1	3	1		Angelika Film Center
	U.S. Total	**23**	**228**	**22**	**1**	
Australia	Victoria	9	62	9		Reading Cinemas, State Cinema by Angelika
	New South Wales	6	44	5	1	Reading Cinemas
	Queensland	6	56	3	3	Reading Cinemas, Event Cinemas[1]
	Western Australia	3	22	2	1	Reading Cinemas
	South Australia	2	15	2		Reading Cinemas
	Tasmania	2	14	2		Reading Cinemas, State Cinema
	Australia Total	**28**	**213**	**23**	**5**	
New Zealand	Wellington	3	18	2	1	Reading Cinemas
	Otago	3	15	2	1	Reading Cinemas, Rialto Cinemas[2]
	Auckland	2	15	2		Reading Cinemas, Rialto Cinemas[2]
	Canterbury	1	8	1		Reading Cinemas
	Southland	1	5	1		Reading Cinemas
	Bay of Plenty	1	5		1	Reading Cinemas
	Hawke's Bay	1	4		1	Reading Cinemas
	New Zealand Total	**12**	**70**	**8**	**4**	
GRAND TOTAL		**63**	**511**	**53**	**10**	

(1) Our Company has a 33.3% unincorporated joint venture interest in a 16-screen cinema located in Mt. Gravatt, Queensland managed by Event Cinemas.
(2) Our Company is a 50% joint venture partner in two New Zealand Rialto Cinemas, with a total of 13 screens. We are responsible for the booking of these cinemas and our joint venture partner, Event Cinemas, manages their day-to-day operations.
(3) Our total location counts as of March 31, 2023, reflects all operating cinemas, plus the Reading Cinemas at Courtenay Central in New Zealand which remains closed while we address certain seismic issues.

Our cinema revenues consist primarily of cinema ticket sales, F&B sales, screen advertising, gift card purchases, cinema rentals, and online convenience fee revenue generated by the sale of our cinema tickets through our websites and mobile apps. Cinema operating expenses consist of the costs directly attributable to the operation of the cinemas, including (i) film rent expense, (ii) operating costs, such as employment costs and utilities, and (iii) occupancy costs. Cinema revenues and certain expenses fluctuate with the availability of quality first run films and the number of weeks such first run films stay in the market. For a breakdown of our current cinema assets that we own and/or manage, please refer to *Part I, Item 1 – Our Business* of our 2022 Form 10-K. We now present a discussion of recent material developments.

Cinema Additions and Pipeline

The latest additions to our cinema portfolio as of March 31, 2023, were as follows:

Armadale, Western Australia, Australia: On January 13, 2023, we took over an existing 6-screen cinema in Armadale, Australia, a suburb of Perth in Western Australia.

By the end of 2023, we anticipate adding two new cinemas, totaling 13 screens, to our Australian cinema circuit. South City Square in Brisbane, QLD is an eight-screen complex, which will operate under the Angelika Film Center brand, and Busselton in Western Australia is a five-screen Reading Cinema with TITAN LUXE. Both new cinema complexes are part of broader shopping center developments currently under construction. Each will be a state-of-the-art facility, with recliner seating and elevated food and beverage offerings (including alcoholic beverages). Each will open in a market which we believe is currently underserved. In addition, our Board has authorized management to proceed with the negotiation of leases for two new state-of-the-art cinemas, one of which is in Australia and the other is in New Zealand.

Cinema Upgrades

As of March 31, 2023, the upgrades to our cinema circuits' film exhibition technology and amenities over the years are as summarized in the following table:

	Location Count(6)	Screen Count
Screen Format		
Digital (all cinemas in our cinema circuit)	63	511
IMAX	1	1
TITAN XC and LUXE	26	32
Dine-in Service		
Gold Lounge (AU/NZ)(1)	10	26
Premium (AU/NZ)(2)	16	41
Spotlight (U.S.)(3)	1	6
Upgraded Food & Beverage menu (U.S.)(4)	18	n/a
Premium Seating (features recliner seating)	31	190
Liquor Licenses (5)	42	n/a

(1) **Gold Lounge**: This is our "First Class Full Dine-in Service" in our Australian and New Zealand cinemas, which includes an upgraded F&B menu (with alcoholic beverages), luxury recliner seating features (intimate 25-50 seat cinemas) and waiter service.

(2) **Premium Service**: This is our "Business Class Dine-in Service" in our Australian and New Zealand cinemas, which typically includes upgraded F&B menu (some with alcoholic beverages) and may include luxury recliner seating features (less intimate 80-seat cinemas), but no waiter service.

(3) **Spotlight Service**: Our first dine-in cinema concept in the U.S. at Reading Cinemas in Murrieta, California. Six of our 17 auditoriums at this cinema feature waiter service before the movie begins with a full F&B menu, luxury recliner seating, and laser focus on customer service. Our Spotlight service has been temporarily suspended since the initial COVID-19 shutdown.

(4) **Upgraded Food & Beverage Menu**: Features an elevated F&B menu including a menu of locally inspired and freshly prepared items that go beyond traditional concessions, which we have worked with former Food Network executives to create. The elevated menu also includes beer, wine and/or spirits at most of our locations.

(5) **Liquor Licenses:** Licenses are applicable at each cinema location, rather than each cinema auditorium. As of today, we have liquor licenses in 100% of the cinemas in the U.S. that we intend to operate long-term. Two of these licenses will be activated shortly. In Australia, we have one liquor licenses pending, and in New Zealand we have one liquor license pending.

Recent Enhancements:

United States

Renovation Work: As of March 31, 2023, we have converted 110 of our 238 U.S. auditoriums to luxury recliner seating. We have an agreement in place with our landlord at the Dallas Angelika for a complete remodel of that cinema, which we anticipate will be completed in Q1 of 2024.

Australia and New Zealand

Invercargill renovation: On July 25, 2022, we closed our Reading Cinemas in Invercargill, New Zealand for renovation. In conjunction with the development of a new shopping center, we renovated our Reading Cinemas to improve the lobby, add facilities for an elevated F&B offer, convert one screen to electric recliner seats, and integrate the cinema foyer into the new state-of-art shopping center. The renovated Reading Cinema re-opened on November 24, 2022 in conjunction with the launch of the shopping center.

Other Cinema Upgrades: In addition, during the three-year period 2021 to 2023, we also improved Sunbury and State Cinema in Australia, with further renovation plans for Rouse Hill in New South Wales Australia and The Palms in New Zealand.

During 2023, we will continue to focus on the enhancement of our proprietary online ticketing capabilities and social media interfaces. These are intended to enhance the convenience of our offerings and to promote guest affinity with the experiences and products that we are offering. We will also be focusing on post-COVID-19 technology improvements and contactless experiences.

Cinema Closures

None of our cinemas are currently closed due to COVID-19 or other contagious diseases. Our cinema in Wellington, New Zealand remains closed due to seismic concerns pending the redevelopment of that ETC. However, we still have approximately $9.5 million in deferred occupancy costs that must be repaid.

Ko'Olau was permanently closed on November 9, 2022. We are currently working on potentially closing two additional cinemas, neither of which we believe can be operated profitably in the current environment on any meaningful rent paying basis.

Real Estate Overview

Through our various subsidiaries, we engage in the real estate business through the development, ownership, rental or licensing to third parties of retail, commercial, and live theatre assets. Our real estate business creates long-term value for our stockholders through the continuous improvement and development of our investment and operating properties, including our ETCs. As of March 31, 2023, we own the fee interests in both of our live theatres in Manhattan and in 10 of our cinemas (as presented in the table under *Cinema Exhibition Overview*). In addition, we:

- own our 44 Union Square property in Manhattan comprised of retail and office space which is currently in the lease-up phase. The cellar, ground floor, and second floor of the building are now fully leased to Petco, which is in occupancy of its premises on a full rent paying basis.
- own and operate four ETCs known as Newmarket Village (in a suburb of Brisbane), The Belmont Common (in a suburb of Perth), and Cannon Park (in Townsville) in Australia, and Courtenay Central (in Wellington) in New Zealand;
- own and operate our administrative office building in Culver City, California;
- own and operate our administrative office building in South Melbourne, Australia;
- own and operate the fee interests in two developed commercial properties in Manhattan improved with live theatres comprised of two stages;
- own a 75% managing member interest in a limited liability company which in turn owns the fee interest in and improvements constituting our Cinemas 1,2,3 located in Manhattan;
- own an approximately 26.6 acre property in Williamsport, Pennsylvania, currently leased to Transco Railway Products, Inc;
- own approximately 201-acres principally in Pennsylvania from our legacy railroad business, including the Reading Viaduct in downtown Philadelphia; and
- exercised our option to purchase the improvements and ground lease comprising our cinema, Village East by Angelika cinema, and headquarters building at 189 Second Avenue in Manhattan, such sale scheduled to close in July 2024.

For a breakdown of our real estate assets, made current by our discussion below, please refer to *Part I, Item 1 – Our Business* of our 2022 Form 10-K. We now present a discussion of recent material developments.

Value-creating Opportunities

The implementation of most of our Company's real estate development plans have remained delayed due to the effects of the COVID-19 pandemic on the global cinema industry and the need to conserve capital and fund our cinema operation. However, we intend to continue to emphasize the prudent development of our real estate assets as we emerge from the pandemic.

United States:

<u>*44 Union Square Redevelopment (New York, N.Y.)*</u> – We have made significant progress in the development of our 44 Union Square property in Manhattan. On January 27, 2022, we entered a long-term lease with Petco for the cellar, ground floor, and second floor of the building, representing 42% of the leasable area. While Petco is still in the process of constructing tenant improvements, it is now in occupancy of its premises on a full rent cash paying basis and we anticipate that this flagship store will be open for business to the public in the second quarter of this year. CBRE is currently engaged as our exclusive broker for the remaining space. While the space was originally designed for office uses, given the dramatic presence of the property on Union Square, the rebound in foot traffic being enjoyed by Union Square and our building's great branding potential, we are considering, a range of uses beyond traditional office tenants, including short term and special purpose uses. While we cannot guarantee the successful leasing of the remaining space, our leasing team continues to actively pursue potential tenants.

<u>*Minetta Lane Theatre (New York, N.Y.)*</u> – Prior to COVID-19, our theatre was used by Audible, to present plays featuring a limited cast of one or two characters and special live performance engagements on the Audible streaming service. Due to COVID-19, no shows were presented between March 2020 and October 8, 2021, the date on which public performances

resumed, and during this period we provided certain abatements. Audible has resumed full operations at the theatre and extended its license arrangement with us through March 15, 2024.

Orpheum Theatre (New York, N.Y.) – Prior to COVID-19, our theatre was the home to STOMP. Due to COVID-19, no shows were presented between April 2020 and June 2021. Thereafter, performances were intermittent. During this period, we provided certain abatements. STOMP ultimately closed (after 30 years at our theatre) on January 8, 2023. Under our termination agreement with the producers of STOMP, we have certain rights to provide the New York City venue for any future production of that show. A new show, *The Empire Strips Back*, has opened at the theatre and to date, has very strong advanced ticket sales by industry standards.

Cinemas 1,2,3 Redevelopment (New York, N.Y.) – We have received the consent of the 25% minority member of the ownership entity for the redevelopment of the property. We continue to evaluate the potential to redevelop the property as a mixed-use property. As our negotiations with our neighbor for a joint development did not bear fruit and given the closure of our two cinemas in New York City's Upper East Side, we have determined to continue to operate this location as a cinema for at least the near term. All other redevelopment activity related to this location has been suspended, until we are able to develop a better understanding of the ongoing effects of COVID-19 on our assets and the market.

The Philadelphia Viaduct and Adjacent Properties (Philadelphia, Pennsylvania) – This will be an area of focus for us in 2023. We have, in recent periods, begun the process of demolishing obsolete structures on the viaduct or on our properties adjacent to the Viaduct. These properties are currently carried on our balance sheet at $0 value.

Australia:

Newmarket Village ETC, (Brisbane, Australia) – We continue to work on the expansion and upgrading of our Newmarket Village ETC. Our site includes a 23,000 square foot parcel adjacent to the center, improved with an office building. Over the next few years, we will be evaluating development options for this space. The center is currently 97% leased.

Cannon Park Center ETC, (Queensland, Australia) – We own two adjoining properties in Townsville, Queensland, Australia, Cannon Park City Center and Cannon Park Discount Center) comprising approximately 9.4-acres which we operate as our Cannon Park Center ETC. The total gross leasable area of the two properties is 105,000 square feet. Our multiplex cinema is the anchor tenant. These properties are currently 92% leased.

The Belmont Common, (Belmont, Perth, Australia): The total gross leasable area of the Belmont Common is 60,117 Sq ft. Our multiplex cinema is the anchor tenant with five third-party tenants and our Reading Cinemas, the site is currently 100% leased.

New Zealand:

Courtenay Central Redevelopment (Wellington) – Comprised of four parcels representing approximately 60,000 square feet of land in the entertainment core of Wellington, we anticipate that this redevelopment opportunity will be a principal focus over the next few years Progress on this site has been delayed due to a combination of Kaikoura earthquake (which necessitated the demolition of the nine-story parking garage comprising a part of the assemblage), seismic issues with the existing center, the COVID-19 pandemic, the cloud on title created by claims made by the counter party to a now terminated agreement to lease with respect to a portion of the property and recent economic headwinds from increasing interest rates, inflationary pressures and increasing labor and construction costs. Most recently, Cyclone Gabrielle hit the island nation on February 6, 2023, and has increased demands for (and as a result, the cost of) building materials and labor and may have a cooling effect on real estate development activities in New Zealand. Nevertheless, we remain optimistic about the development potential for our Courtenay Central property, given, among other things, the anticipated completion this year of the Takina Wellington Convention and Exhibition Center (wcec.co.nz), the capital's first premium conference and exhibition space, the loosening of certain height and density restrictions, and the lack of comparable building sites..

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

Corporate Matters

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

Please refer to our 2022 Form 10-K for more details on our cinema and real estate segments.

RESULTS OF OPERATIONS

The table below summarizes the results of operations for each of our principal business segments along with the non-segment information for the quarter and three months ended March 31, 2023, and March 31, 2022, respectively:

(Dollars in thousands)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	% Change Fav/ (Unfav)
SEGMENT RESULTS			
Revenue			
Cinema exhibition	$ 41,987	$ 37,347	12 %
Real estate	5,065	4,162	22 %
Inter-segment elimination	(1,245)	(1,309)	5 %
Total revenue	45,807	40,200	14 %
Operating expense			
Cinema exhibition	(42,899)	(39,812)	(8) %
Real estate	(2,215)	(2,157)	(3) %
Inter-segment elimination	1,245	1,309	(5) %
Total operating expense	(43,869)	(40,660)	(8) %
Depreciation and amortization			
Cinema exhibition	(2,873)	(3,575)	20 %
Real estate	(1,587)	(1,672)	5 %
Total depreciation and amortization	(4,460)	(5,247)	15 %
General and administrative expense			
Cinema exhibition	(827)	(1,176)	30 %
Real estate	(257)	(229)	(12) %
Total general and administrative expense	(1,084)	(1,405)	23 %
Segment operating income			
Cinema exhibition	(4,612)	(7,216)	36 %
Real estate	1,006	104	>100 %
Total segment operating income (loss)	$ (3,606)	$ (7,112)	49 %
NON-SEGMENT RESULTS			
Depreciation and amortization expense	(179)	(277)	35 %
General and administrative expense	(4,095)	(4,391)	7 %
Interest expense, net	(4,117)	(3,205)	(28) %
Equity earnings of unconsolidated joint ventures	19	(65)	>100 %
Gain (loss) on sale of assets	—	—	- %
Other income (expense)	174	(781)	>100 %
Income before income taxes	(11,804)	(15,831)	25 %
Income tax benefit (expense)	480	378	27 %
Net income (loss)	(11,324)	(15,453)	27 %
Less: net income (loss) attributable to noncontrolling interests	(213)	(99)	(>100) %
Net income (loss) attributable to Reading International, Inc.	**$ (11,111)**	**$ (15,354)**	**28 %**
Basic earnings (loss) per share	**$ (0.50)**	**$ (0.70)**	**29 %**

Consolidated and Non-Segment Results:

First Quarter Net Results

Revenue

Revenue for the quarter ended March 31, 2023, increased by $5.6 million, to $45.8 million, when compared to the same period in the prior year. This increase was attributable to a stronger and diversified film slate, along with rent income related to our tenant at our 44 Union Square property beginning November 2022.

Segment Operating Income/(Loss)

Our total segment operating loss for the quarter ended March 31, 2023, decreased by $3.5 million, from a loss of $7.1 million to a loss of $3.6 million, primarily due to our patrons returning to the theaters as a result of a stronger and more diversified film slate during the current reporting period, along with rent received from our tenant at our 44 Union Square property that did not occur in the first quarter of 2022.

During the first quarter 2023, both the Australia and New Zealand dollars devalued against the U.S. dollar. The average Australia dollar exchange rate against the U.S. dollar for the three months in Q1 2023 decreased 5.5% compared to the same period in 2022. The average New Zealand dollar exchange rate against the U.S. dollar for the three months in Q1 2023 decreased 6.9% compared to the same period in 2022. The devaluation of the Australia and New Zealand currencies negatively impacts segment operating income and positively impacts segment operating loss in U.S. dollar terms.

Net Income/(Loss)

Our net loss attributable to Reading International, Inc. for the quarter ended March 31, 2023, decreased by $4.2 million, from a loss of $15.4 million to a loss of $11.1 million, when compared to the same period in the prior year. This change is largely due to our increased cinema revenue from a stronger and more diversified movie slate, along with rent received from our tenant at our 44 Union Square property that did not occur in the first quarter of 2022.

Income Tax Expense

Income tax benefit for the three months ended March 31, 2023, increased by $0.1 million compared to the equivalent prior-year period. The change between 2023 and 2022 is primarily related to a decrease in reserve for valuation allowance.

Business Segment Results

Cinema Exhibition

The following table details our cinema exhibition segment operating results for the quarter and three months ended March 31, 2023, and March 31, 2022, respectively:

(Dollars in thousands)		Three Months Ended March 31, 2023	% of Revenue	March 31, 2022	% of Revenue	Three Months Ended
REVENUE						
United States	Admissions revenue	$ 12,044	*29%*	$ 9,648	*26%*	25%
	Food & beverage revenue	7,448	*18%*	6,097	*16%*	22%
	Advertising and other revenue	2,319	*6%*	1,772	*5%*	31%
		$ 21,811	***52%***	**$ 17,517**	***47%***	**25%**
Australia	Admissions revenue	$ 10,371	*25%*	$ 10,181	*27%*	2%
	Food & beverage revenue	5,634	*13%*	5,717	*15%*	(1)%
	Advertising and other revenue	1,207	*3%*	1,083	*3%*	11%
		$ 17,212	***41%***	**$ 16,981**	***45%***	**1%**
New Zealand	Admissions revenue	$ 1,805	*4%*	$ 1,746	*5%*	3%
	Food & beverage revenue	991	*2%*	942	*3%*	5%
	Advertising and other revenue	168	*0%*	161	*0%*	4%
		$ 2,964	***7%***	**$ 2,849**	***8%***	**4%**
Total revenue		**$ 41,987**	***100%***	**$ 37,347**	***100%***	**12%**
OPERATING EXPENSE						
United States	Film rent and advertising cost	$ (6,238)	*15%*	$ (5,231)	*14%*	(19)%
	Food & beverage cost	(1,981)	*5%*	(1,574)	*4%*	(26)%
	Occupancy expense	(6,113)	*15%*	(6,050)	*16%*	(1)%
	Other operating expense	(9,899)	*24%*	(8,306)	*22%*	(19)%
		$ (24,231)	***58%***	**$ (21,161)**	***57%***	**(15)%**
Australia	Film rent and advertising cost	$ (4,366)	*10%*	$ (4,440)	*12%*	2%
	Food & beverage cost	(1,209)	*3%*	(1,196)	*3%*	(1)%
	Occupancy expense	(4,292)	*10%*	(4,328)	*12%*	1%
	Other operating expense	(5,822)	*14%*	(5,755)	*15%*	(1)%
		$ (15,689)	***37%***	**$ (15,719)**	***42%***	**-%**
New Zealand	Film rent and advertising cost	$ (772)	*2%*	$ (720)	*2%*	(7)%
	Food & beverage cost	(192)	*0%*	(170)	*0%*	(13)%
	Occupancy expense	(789)	*2%*	(850)	*2%*	7%
	Other operating expense	(1,226)	*3%*	(1,192)	*3%*	(3)%
		$ (2,979)	***7%***	**$ (2,932)**	***8%***	**(2)%**
Total operating expense		**$ (42,899)**	***102%***	**$ (39,812)**	***107%***	**(8)%**
DEPRECIATION, AMORTIZATION, IMPAIRMENT AND GENERAL AND ADMINISTRATIVE EXPENSE						
United States	Depreciation and amortization	$ (1,483)	*4%*	$ (1,900)	*5%*	22%
	General and administrative expense	(423)	*1%*	(776)	*2%*	45%
		$ (1,906)	***5%***	**$ (2,676)**	***7%***	**29%**
Australia	Depreciation and amortization	$ (1,244)	*3%*	$ (1,434)	*4%*	13%
	General and administrative expense	(404)	*1%*	(400)	*1%*	(1)%
		$ (1,648)	***4%***	**$ (1,834)**	***5%***	**10%**
New Zealand	Depreciation and amortization	$ (146)	*0%*	$ (242)	*1%*	40%
	General and administrative expense	—	*0%*	—	*0%*	-%
		$ (146)	***0%***	**$ (242)**	***1%***	**40%**
Total depreciation, amortization, general and administrative expense		**$ (3,700)**	***9%***	**$ (4,752)**	***13%***	**22%**
OPERATING INCOME (LOSS) – CINEMA						
United States		$ (4,326)	*(10)%*	$ (6,320)	*(17)%*	32%
Australia		(125)	*(0)%*	(572)	*(2)%*	78%
New Zealand		(161)	*(0)%*	(325)	*(1)%*	50%
Total Cinema operating income (loss)		**$ (4,612)**	***(11)%***	**$ (7,217)**	***(19)%***	**36%**

First Quarter Results

Revenue

For the quarter ended March 31, 2023, cinema revenue increased by $4.6 million, to $42.0 million compared to the same period in the prior year. This increase is primarily driven by a higher quality and quantity of film product, such as *Avatar: The Way of Water*, *Ant-Man and The Wasp: Quantumania*, and *Creed III*, and continued willingness from patrons to return to the in-person experience of the big screen.

Cinema Segment Operating Income/(Loss)

Cinema segment operating loss for the quarter ended March 31, 2023, decreased by $2.6 million, to a loss of $4.6 million when compared to the same period in the prior year, due to a higher quantity and quality of tentpole films released during the first three months of 2023 and a decrease in depreciation and amortization and general and administrative expense of $1.1 million, partially offset by increased film rent as a result of tentpole movies, other increased operating expenses and the discontinuation of virtual print fees (VPFs) that were paid by the film companies to help finance the costs of converting our 35mm projectors to digital projector technology.

Operating expense

Operating expense for the quarter ended March 31, 2023, increased by $3.1 million, to $42.9 million, compared to the same quarter in the prior year. These increases are due to, as discussed above, increased film rent and other operating expenses and the negative impacts of the discontinuation of VPFs.

Depreciation, amortization, impairment, general and administrative expense

Depreciation, amortization, impairment and general and administrative expense for the three months ended March 31, 2023, decreased by $1.1 million, to $3.7 million, compared to the same period in the prior year. This decrease is due to a decrease in general and administrative expense which is attributable to recovery of doubtful debt that had previously been written off and a reduction in depreciation and amortization in the U.S. due to no replacement of aged assets in the first quarter of 2023.

Real Estate

The following table details our real estate segment operating results for the quarter and three months ended March 31, 2023 and March 31, 2022, respectively:

(Dollars in thousands)		March 31, 2023	*% of Revenue*	March 31, 2022	*% of Revenue*	Three Months Ended
REVENUE						
United States	Live theatre rental and ancillary income	$ 339	*7%*	$ 516	*12%*	(34)%
	Property rental income	1,215	*24%*	160	*4%*	>100%
		1,554	***31%***	**676**	***16%***	**>100%**
Australia	Property rental income	**3,137**	***62%***	**3,130**	***75%***	-%
New Zealand	Property rental income	**374**	***7%***	**356**	***9%***	5%
Total revenue		**$ 5,065**	***100%***	**$ 4,162**	***100%***	**22%**
OPERATING EXPENSE						
United States	Live theatre cost	$ (172)	*3%*	$ (177)	*4%*	3%
	Property cost	(441)	*9%*	(325)	*8%*	(36)%
	Occupancy expense	(243)	*5%*	(256)	*6%*	5%
		(856)	***17%***	**(758)**	***18%***	**(13)%**
Australia	Property cost	(512)	*10%*	(470)	*11%*	(9)%
	Occupancy expense	(483)	*10%*	(522)	*13%*	7%
		(995)	***20%***	**(992)**	***24%***	**-%**
New Zealand	Property cost	(262)	*5%*	(306)	*7%*	14%
	Occupancy expense	(102)	*2%*	(101)	*2%*	(1)%
		(364)	***7%***	**(407)**	***10%***	**11%**
Total operating expense		**$ (2,215)**	***44%***	**$ (2,157)**	***52%***	**(3)%**
DEPRECIATION, AMORTIZATION, GENERAL AND ADMINISTRATIVE EXPENSE						
United States	Depreciation and amortization	$ (739)	*15%*	$ (754)	*18%*	2%
	General and administrative expense	(176)	*3%*	(227)	*5%*	22%
		(915)	***18%***	**(981)**	***24%***	7%
Australia	Depreciation and amortization	$ (648)	*13%*	$ (692)	*17%*	6%
	General and administrative expense	(81)	*2%*	(2)	*0%*	(>100)%
		(729)	***14%***	**(694)**	***17%***	**(5)%**
New Zealand	Depreciation and amortization	(200)	*4%*	(226)	*5%*	12%
	General and administrative expense	—	*0%*	—	*0%*	-%
		(200)	***4%***	**(226)**	***5%***	**12%**
Total depreciation, amortization, general and administrative expense		**$ (1,844)**	***36%***	**$ (1,901)**	***46%***	**3%**
OPERATING INCOME (LOSS) - REAL ESTATE						
United States		$ (217)	*(4)%*	$ (1,063)	*(26)%*	80%
Australia		1,413	*28%*	1,444	*35%*	(2)%
New Zealand		(190)	*(4)%*	(277)	*(7)%*	31%
Total real estate operating income (loss)		**$ 1,006**	***20%***	**$ 104**	***2%***	**>100%**

First Quarter Results

Revenue

Real estate revenue for the quarter ended March 31, 2023, increased by $0.9 million to $5.1 million, compared to the same period in the prior year. This increase was due to the recognition of rental income from our tenant at our 44 Union Square property, which did not occur in the same period of prior year.

Real Estate Segment Income/(Loss)

Real estate segment operating income for the quarter ended March 31, 2023, increased by $0.9 million, to $1.0 million, compared to the same period in the prior year. This change is attributable to rent recognized in Q1 2023 from our tenant at our 44 Union Square property, that did not occur in the same period of the prior year.

Operating Expense

Operating expense for the quarter ended March 31, 2023, increased by $0.1 million, to $2.2 million. This increase in expenses is related to increases in utilities, insurance, and security.

LIQUIDITY AND CAPITAL RESOURCES

Our Financing Strategy

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

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

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

Our Company remains focused on the various economic factors affecting us as the markets in which we operate emerge from the worst effects of the COVID-19 pandemic, including financial, economic, competitive, regulatory, and other factors, many of which are beyond our control. If our Company is unable to generate sufficient cash flow in the upcoming months or if its cash needs exceed our Company's borrowing capacity under its available facilities, we could be required to adopt one or more alternatives, such as reducing, delaying or eliminating planned capital expenditures, selling additional assets, or restructuring debt.

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

The changes in cash and cash equivalents for the three months ended March 31, 2023, and March 31, 2022, respectively, are discussed as follows:

(Dollars in thousands)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	% Change
Net cash provided by (used in) operating activities	$ (11,552)	$ (14,062)	18 %
Net cash provided by (used in) investing activities	(1,527)	(1,775)	14 %
Net cash provided by (used in) financing activities	(1,409)	(1,606)	12 %
Effect of exchange rate on cash and restricted cash	(114)	687	(>100) %
Increase (decrease) in cash and cash equivalents and restricted cash	$ (14,602)	$ (16,756)	13 %

Operating activities

Cash used in operating activities for the three months ended March 31, 2023, decreased by $2.5 million, to $11.6 million. This was driven by an improved cinema operating performance compared to the prior year period and recognition of rental income from our tenant, at our 44 Union Square property, which did not occur in the same period of prior year.

Investing activities

Cash used in investing activities during the three months ended March 31, 2023, was $1.5 million, an increase of $0.2 million compared to the same period of prior year.

Financing activities

Cash used in financing activities for the three months ended March 31, 2023, decreased by $0.2 million, to $1.4 million due to higher debt repayments in Q1 2022 when compared to Q1 2023, discussed in *Part 1 – Financial Information, Item 1 – Notes to Consolidated Financial Statements-- Note 12 – Borrowings*.

The table below presents the changes in our total available resources (cash and borrowings), debt-to-equity ratio, working capital, and other relevant information addressing our liquidity for the first quarter ended March 31, 2023, and preceding four years:

($ in thousands)	As of and for the 3-Months Ended March 31, 2023	Year Ended December 31 2022	2021	2020	2019
Total Resources (cash and borrowings)					
Cash and cash equivalents (unrestricted)	$ 14,628	$ 29,947	$ 83,251	$ 26,826	$ 12,135
Unused borrowing facility	12,000	12,000	12,000	15,490	73,920
Restricted for capital projects	12,000	12,000	12,000	9,377	13,952
Unrestricted capacity	—	—	—	6,113	59,968
Total resources at period end	26,628	41,947	95,251	42,316	86,055
Total unrestricted resources at period end	14,628	29,947	83,251	32,939	72,103
Debt-to-Equity Ratio					
Total contractual facility	$ 225,401	$ 227,633	$ 248,948	$ 300,449	$ 283,138
Total debt (gross of deferred financing costs)	213,401	215,633	236,948	284,959	209,218
Current	48,101	38,026	12,060	42,299	37,380
Non-current	165,300	177,607	224,888	242,660	171,838
Finance lease liabilities	20	28	209	—	—
Total book equity	50,972	63,279	105,060	81,173	139,616
Debt-to-equity ratio	4.19	3.41	2.26	3.51	1.50
Changes in Working Capital					
Working capital (deficit)(2)	$ (94,195)	$ (74,152)	$ (6,673)	$ (64,140)	$ (84,138)
Current ratio	0.26	0.39	0.94	0.47	0.24
Capital Expenditures (including acquisitions)	$ 1,527	$ 9,780	$ 14,428	$ 16,759	$ 47,722

(1) Please refer to *Part II – Notes to Consolidated Financial Statements-- Note 2 – Summary of Significant Accounting Policies – Prior Period Financial Statements Correction of Immaterial Errors* of the 2022 Form 10-K for the prior period adjustments for accounting for accrued sales tax deemed not material.

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

As of March 31, 2023, we had $14.6 million in cash and cash equivalents compared to $29.9 million on December 31, 2022. On March 31, 2023, our total outstanding borrowings were $213.4 million compared to $215.6 million on December 31, 2022.

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

CONTRACTUAL OBLIGATIONS, COMMITMENTS AND CONTINGENCIES

The following table provides information with respect to the maturities and scheduled principal repayments of our recorded contractual obligations and certain of our commitments and contingencies, either recorded or off-balance sheet, as of March 31, 2023:

(Dollars in thousands)	2023	2024	2025	2026	2027	Thereafter	Total
Debt(1)	$ 39,192	$ 137,031	$ 300	$ 314	$ 7,502	$ —	$ 184,339
Operating leases, including imputed interest	25,120	32,128	30,157	28,218	25,879	136,670	278,172
Finance leases, including imputed interest	20	—	—	—	—	—	20
Subordinated debt(1)	563	586	—	—	27,913	—	29,062
Pension liability	855	684	684	684	684	110	3,701
Estimated interest on debt (2)	12,596	7,922	2,751	2,737	1,220	—	27,226
Village East purchase option(3)	—	5,900	—	—	—	—	5,900
Total	$ 78,346	$ 184,251	$ 33,892	$ 31,953	$ 63,198	$ 136,780	$ 528,420

(1) Information is presented gross of deferred financing costs.
(2) Estimated interest on debt is based on the anticipated loan balances for future periods and current applicable interest rates.
(3) Represents the lease liability of the option associated with the ground lease purchase of the Village East Cinema, which on November 4, 2022, we modified to settle on or before July 1, 2024.

Litigation

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

Please refer to *Part I, Item 3 – Legal Proceedings* in our 2022 Form 10-K for more information. There have been no material changes to our litigation since our 2022 Form 10-K, except as set forth in *Notes to Consolidated Financial Statements-- Note 14 – Commitments and Contingencies* included herein in *Part I – Financial Information, Item 1 – Financial Statements* on this Quarterly Report on Form 10-Q. This note sets out our litigation accounting policies.

Off-Balance Sheet Arrangements

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

CRITICAL ACCOUNTING POLICIES

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

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

No impairment losses were recorded for long-lived and finite-lived intangible assets for the first quarter and three months ended March 31, 2023.

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

No impairment losses were recorded for goodwill and indefinite-lived intangible assets for the first quarter and three months ended March 31, 2023.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Our statements in this quarterly report, including the documents incorporated herein by reference, contain a variety of forward-looking statements as defined by the Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "may," "will," "expect," "believe," "intend," "future," and "anticipate" and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding the closures and reopening of our cinemas and theatres, including our expectations regarding renovations and addition of cinemas; our expectations regarding the long-term impacts of the COVID-19 pandemic on customers' desires for social interaction our expected operating results, including the long-term impact of the COVID-19 pandemic and our ultimate return to pre-pandemic type results; our expectations regarding the recovery and future of the cinema exhibition industry, including the strength of movies anticipated for release in the future; our expectations regarding people returning to our theatres and continuing to use discretionary funds on entertainment outside of the home; our expectations regarding the commencement of operations of certain cinemas; our expectations regarding the timing of new cinemas being added to the circuit; our expectations regarding the timing of *The Empire Strips Back* beginning performances; our expectations regarding the impact of streaming and mobile video services on the cinema exhibition industry; our belief regarding the attractiveness of 44 Union Square to potential tenants and ability to lease space on acceptable terms; our expectations regarding the timing of the completions our renovation projects, our expectations regarding credit facility covenant compliance and our ability to continue to obtain necessary covenant waivers and loan extensions on terms acceptable to us; and our expectations of our liquidity and capital requirements and the allocation of funds.

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

- with respect to our cinema and live theatre operations:
  - reduced consumer demand due to recessionary pressures;
  - the adverse continuing impact of the COVID-19 pandemic, and other contagious diseases and the adverse effects on our anticipated cinema operations should there be further closings or restrictions mandated as a result of other pandemics or diseases;
  - the adverse continuing effects of the COVID-19 pandemic or other contagious diseases on our Company's results from operations, liquidity, cash flows, financial condition, and access to credit markets;
  - the adverse continuing impact of the COVID-19 pandemic or other contagious diseases on short-term and/or long-term entertainment, leisure and discretionary spending habits and practices of our patrons;
  - the decrease in attendance at our cinemas and theatres due to (i) continued health and safety concerns, (ii) a change in consumer behavior in favor of alternative forms or mediums of entertainment, and (iii) additional regulatory requirements limiting our seating capacity;
  - reduction in operating margins (or negative operating margins) due to the implementation of health and safety protocols;
  - potentially uninsurable liability exposure to customers and staff should they become (or allege that they have become) infected with COVID-19 or other contagious diseases while at one of our facilities;
  - unwillingness of employees to report to work due to the adverse effects of the COVID-19 pandemic or other contagious diseases or to otherwise conduct work under any revised work environment protocols;
  - the continuing adverse impact that the COVID-19 pandemic or other contagious diseases may continue to have on the national and global macroeconomic environment;
  - competition from cinema operators who have successfully used debtor laws or government grants to reduce their debt and/or rent exposure;
  - the uncertainty as to the scope and extent of government responses to the COVID-19 pandemic or other contagious diseases;
  - the disruptions or reductions in the utilization of entertainment, shopping, and hospitality venues, as well as in our operations, due to pandemics, epidemics, widespread health emergencies, or outbreaks of infectious diseases or to changing consumer tastes and habits;
  - the number and attractiveness to moviegoers of the films released in future periods, and potential changes in release dates for motion pictures;
  - the lack of availability of films in the short- or long-term as a result of (i) major film distributors releasing scheduled films on alternative channels or (ii) disruptions of film production;
  - the amount of money spent by film distributors to promote their motion pictures;
  - the licensing fees and terms required by film distributors from motion picture exhibitors in order to exhibit their films;

- the comparative attractiveness of motion pictures as a source of entertainment and willingness and/or ability of consumers (i) to spend their dollars on entertainment and (ii) to spend their entertainment dollars on movies in an outside-the-home environment;
- the extent to which we encounter competition from other cinema exhibitors, from other sources of outside-the-home entertainment, and from inside-the-home entertainment options, such as “home cinemas” and competitive film product distribution technology, such as, streaming, cable, satellite broadcast, video on demand platforms, and Blu-ray/DVD rentals and sales;
- our ability to continue to obtain, to the extent needed, waivers or other financial accommodations from our lenders and landlords;
- the impact of major movies being released directly to one of the multitudes of streaming services available;
- the impact of certain competitors’ subscription or advance pay programs;
- the failure of our new initiatives to gain significant customer acceptance and use or to generate meaningful profits;
- the cost and impact of improvements to our cinemas, such as improved seating, enhanced F&B offerings, and other improvements;
- the ability to negotiate favorable rent abatement, deferral and repayment terms with our landlords (which may include lenders who have foreclosed on the collateral held by our prior landlords);
- disruptions during cinema improvements;
- in the U.S., the impact of the termination and phase-out of the so called “Paramount Decree;”
- the risk of damage and/or disruption of cinema businesses from earthquakes as certain of our operations are in geologically active areas;
- the impact of protests, demonstrations, and civil unrest on, among other things, government policy, consumer willingness to go to the movies, and
- labor shortages and increased labor costs related to such shortages and to increasingly costly labor laws and regulations applicable to part time non-exempt workers.

with respect to our real estate development and operation activities:

- the increased costs of wages, supplies, services and other development expenses from inflation;
- the impact on tenants from recessionary pressures;
- the impact of the COVID-19 pandemic or other contagious diseases may continue to affect many of our tenants at our real estate operations in the United States, Australia, and New Zealand, their ability to pay rent, and to stay in business;
- the impact of the COVID-19 pandemic or other contagious diseases on our construction projects and on our ability to open construction sites and to secure needed labor and materials;
- the impact of the COVID-19 pandemic or other contagious diseases on real estate valuations in major urban centers, such as New York;
- uncertainty as to governmental responses to COVID-19 or other contagious diseases;
- the rental rates and capitalization rates applicable to the markets in which we operate and the quality of properties that we own;
- the ability to negotiate and execute lease agreements with material tenants;
- the extent to which we can obtain on a timely basis the various land use approvals and entitlements needed to develop our properties;
- the risks and uncertainties associated with real estate development;
- the availability and cost of labor and materials;
- the ability to obtain all permits to construct improvements;
- the ability to finance improvements, including, but not limited to increased cost of borrowing and tightened lender credit policies;
- the disruptions to our business from construction and/or renovations;
- the possibility of construction delays, work stoppage, and material shortage;
- competition for development sites and tenants;
- environmental remediation issues;
- the extent to which our cinemas can continue to serve as an anchor tenant that will, in turn, be influenced by the same factors as will influence generally the results of our cinema operations;
- the increased depreciation and amortization expense as construction projects transition to leased real property;
- the ability to negotiate and execute joint venture opportunities and relationships;
- the risk of damage and/or disruption of real estate businesses from earthquakes as certain of our operations are in geologically active areas;
- the disruptions or reductions in the utilization of entertainment, shopping and hospitality venues, as well as in our operations, due to pandemics, epidemics, widespread health emergencies, or outbreaks of infectious diseases, or to changing consumer tastes and habits; and
- the impact of protests, demonstrations, and civil unrest on government policy, consumer willingness to visit shopping centers.

with respect to our operations generally as an international company involved in both the development and operation of cinemas and the development and operation of real estate and previously engaged for many years in the railroad business in the United States:

- our ability to renew, extend, renegotiate or replace our loans that mature in 2023 and beyond, and the impact of increasing interest rates;
- our ability to grow our Company and provide value to our stockholders;
- our ongoing access to borrowed funds and capital and the interest that must be paid on that debt and the returns that must be paid on such capital, and our ability to borrow funds to help cover the cessation of cash flows we experienced during the COVID-19 pandemic;
- our ability to reallocate funds among jurisdictions to meet short-term liquidity needs;
- the relative values of the currency used in the countries in which we operate;
- the impact that any discontinuance, modification or other reform of London Inter-Bank Offered Rate (LIBOR), or the establishment of alternative reference rates, may have on our LIBOR-based debt instruments;
- changes in government regulation, including by way of example, the costs resulting from the requirements of Sarbanes-Oxley and other increased regulatory requirements;
- our labor relations and costs of labor (including future government requirements with respect to minimum wages, shift scheduling, the use of consultants, pension liabilities, disability insurance and health coverage, and vacations and leave);
- our exposure from time to time to legal claims and to uninsurable risks, such as those related to our historic railroad operations, including potential environmental claims and health-related claims relating to alleged exposure to asbestos or other substances now or in the future recognized as being possible causes of cancer or other health related problems, and class actions and private attorney general wage and hour and/or safe workplace-based claims;
- our exposure to cybersecurity risks, including misappropriation of customer information or other breaches of information security;
- the impact of major outbreaks of contagious diseases;
- the availability of employees and/or their ability or willingness to conduct work under any revised work environment protocols;
- the increased risks related to employee matters, including increased employment litigation and claims relating to terminations or furloughs caused by cinema and ETC closures;
- our ability to generate significant cash flow from operations if our cinemas and/or ETCs continue to experience demand at levels significantly lower than historical levels, which could lead to a substantial increase in indebtedness and negatively impact our ability to comply with the financial covenants, if applicable, in our debt agreements;
- our ability to comply with credit facility covenants and our ability to obtain necessary covenant waivers and necessary credit facility amendments;
- changes in future effective tax rates and the results of currently ongoing and future potential audits by taxing authorities having jurisdiction over our various companies;
- inflationary pressures on labor and supplies, and supply chain disruptions;
- changes in applicable accounting policies and practices;
- changes in future effective tax rates and the results of currently ongoing and future potential audits by taxing authorities having jurisdiction over our various companies; and
- the impact of the conflict events occurring in Eastern Europe and the threats of potential conflicts in the Asia-Pacific region.

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

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

Forward-looking statements made by us in this quarter report are based only on information currently available to us and are current only as of the date of this Quarterly Report on Form 10-Q for the period ended March 31, 2023. We undertake no obligation to publicly update or to revise any of our forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable law. Accordingly, you should always note the date to which our forward-looking statements speak.

Item 3 – Quantitative and Qualitative Disclosure about Market Risk

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

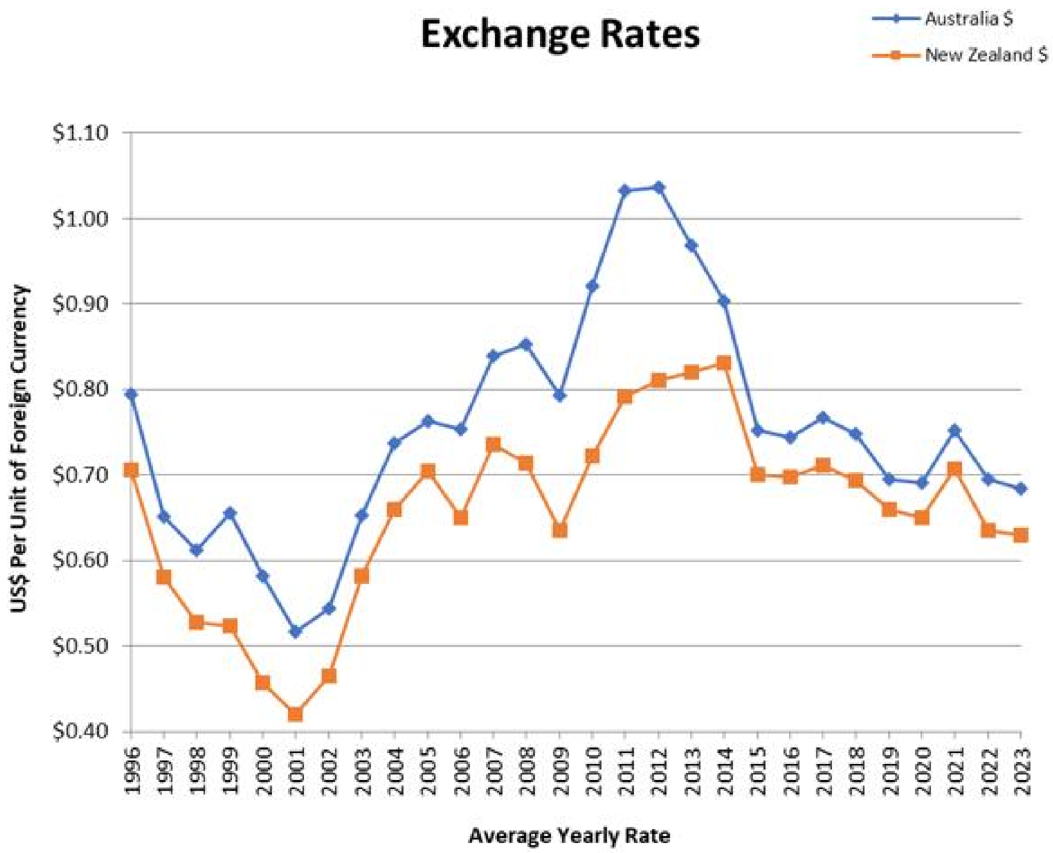
It is based on a single point in time; and

It does not include the effects of other complex market reactions that would arise from the changes modeled.

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

Currency Risk

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



In recent periods, we have paid material intercompany dividends and have repaid intercompany debt, using these proceeds to fund capital investment in the United States. Accordingly, our debt levels in Australia are higher than they would have been if funds had not been returned for such purposes. On a company wide basis, this means that a reduction in the relative strength of the U.S. dollar versus the Australian dollar and/or the New Zealand dollar would effectively raise the overall cost of our borrowing and capital and make it more expensive to return funds from the United States to Australia and New Zealand.

Our Company transacts business in Australia and New Zealand and is subject to risks associated with fluctuating foreign currency exchange rates. During the first quarter of 2023, the average Australian dollar and New Zealand dollar weakened against the U.S. dollar by 5.5% and 6.9%, respectively, compared to the same period prior year.

At March 31, 2023, approximately 34.3% and 8.6% of our assets were invested in assets denominated in Australian dollars (Reading Australia) and New Zealand dollars (Reading New Zealand), respectively, including approximately $3.7 million in cash and cash equivalents. At December 31, 2022, approximately 34.1% and 8.4% of our assets were invested in assets denominated in Australian dollars (Reading Australia) and New Zealand dollars (Reading New Zealand), respectively, including approximately ($14.6) million in cash and cash equivalents.

Our policy in Australia and New Zealand is to match revenues and expenses, whenever possible, in local currencies. As a result, we have procured a majority of our expenses in Australia and New Zealand in local currencies. Despite this natural hedge, recent movements in foreign currencies and the current holding of U.S. dollars by certain Australian and New Zealand subsidiaries have had an effect on our current earnings. The effect of the translation adjustment on our assets and liabilities noted in our other comprehensive income was a decrease of $0.8 million and $0.8 million for the quarter and three months ended March 31, 2023, respectively. As we continue to progress our acquisition and development activities in Australia and New Zealand, no assurances can be given that the foreign currency effect on our earnings will not be material in the future.

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

We record unrealized foreign currency translation gains or losses that could materially affect our financial position. As of March 31, 2023, and December 31, 2022, the balance of cumulative foreign currency translation adjustments were approximately a $1.5 million loss and a $0.7 million gain, respectively.

Interest Rate Risk

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

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

We have a combination of fixed and variable interest rate loans. In connection with our variable interest rate loans, a change of approximately 1% in short-term interest rates would have resulted in approximately $413,000 increase or decrease in our quarterly interest expense.

For further discussion on market risks, please refer to *Part I, Item 1A – Risk Factors* included on our 2022 Form 10-K.

Item 4 – Controls and Procedures

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

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such, term is defined under Rule 13a-15(e) promulgated under the Exchange Act. Based upon that evaluation, we concluded that, as of March 31, 2023, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no other changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the first quarter ended March 31, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – Other Information

Item 1 – Legal Proceedings

The information required under Part II, Item 1 *(Legal Proceedings)* is incorporated by reference to the information contained in *Notes to Consolidated Financial Statements-- Note 14 – Commitments and Contingencies* included herein in *Part I – Financial Information, Item 1 – Financial Statements* on this Quarterly Report on Form 10-Q.

For further details on our legal proceedings, please refer to *Part I, Item 3 – Legal Proceedings,* contained in our 2022 Form 10-K.

Item 1A – Risk Factors

In addition to the risk factors previously disclosed in our 2022 Form 10-K, the following risk factor was identified:

None.

Item 2 – Sales of Equity Securities and Use of Proceeds

None.

Item 3 – Defaults upon Senior Securities

None.

Item 4 – Mine Safety Disclosure

Not applicable.

Item 5 – Other Information

None.

Item 6 – Exhibits

10.1*†	Waiver and Fifth Amendment to Second Amended and Restated Credit Agreement, dated March 30, 2023, between Consolidated Amusement Holdings, LLC, and Bank of America, N.A.
31.1*	Certification of the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32**	Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following material from our Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Cash Flows, and (v) the Notes to the Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted in iXBRL and contained in Exhibit 101)

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

SIGNATURES

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

READING INTERNATIONAL, INC.

Date: May 15, 2023

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

Date: May 15, 2023

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

***** CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE COMPANY TREATS AS PRIVATE OR CONFIDENTIAL.**

EXECUTION VERSION

WAIVER AND FIFTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS WAIVER AND FIFTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this "Fifth Amendment"), dated as of March 30, 2023, is entered into by and among Consolidated Amusement Holdings, LLC, a Nevada limited liability company (the "Borrower"), the Affiliates of the Borrower identified on the signature pages hereto (collectively, the "Guarantors"), the financial institutions identified on the signature pages hereto (collectively, the "Lenders"), and Bank of America, N.A., as Administrative Agent, Swingline Lender and L/C Issuer, with reference to the following facts:

RECITALS

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

B. As stated in that certain Default Notice; Reservation of Rights Letter dated as of March 8, 2023 (the "Default Letter"), a Default has occurred and is continuing by the Borrower's breach of Section 3.2 of the Fourth Amendment due to the Borrower's failure to pay the principal payment in the amount of $5,000,000.00 due on March 1, 2023 (the "Payment Amount"). As provided in the Default Letter, from and after March 1, 2023, interest is accruing on the Payment Amount at the Default Rate of 2% above the otherwise applicable interest rate (the "Accrued Default Interest"). [***] The defaults referred to in this Recital B are collectively referred to as the "Existing Defaults."

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

NOW, THEREFORE, the parties hereby agree as follows:

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

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

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

4. **Amendments to Credit Agreement**.

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

> "Maturity Date" means the date that is September 4, 2024; provided, however, that if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day.

4.2. PIK Interest. Section 2.08 of the Credit Agreement is amended to provide for additional interest on the Loan, which shall be inserted into such Section as clause (d) and which shall read as follows:

> "(d) In consideration for the terms set forth in the Fifth Amendment dated to be effective as of March 30, 2023, Borrower agrees to pay additional interest on the unpaid principal balance of the Loan at the rate of one-half of one percent (0.50%) per annum commencing on January 1, 2024 and continuing until the Loan is paid in full (the "PIK Interest"). The PIK Interest shall accrue but not be due and payable until the earlier of (i) the Maturity Date or (ii) the date on which the Loan is paid in full; provided, however, in the event that the Loan is repaid in full prior to April 1, 2024, the Lenders shall waive (and forgive) the obligation of Borrower to pay the PIK Interest."

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

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

Month	**Principal Payment Amount**
May 4, 2023	$725,000.00
June 5, 2023	$725,000.00
July 5, 2023	$725,000.00
August 4, 2023	$725,000.00
September 5, 2023	$725,000.00
October 4, 2023	$725,000.00
November 6, 2023	$725,000.00
December 4, 2023	$725,000.00
January 4, 2024	$725,000.00
February 5, 2024	$725,000.00
March 4, 2024	$725,000.00
April 4, 2024	$725,000.00
May 6, 2024	$725,000.00
June 4, 2024	$725,000.00
July 5, 2024	$725,000.00
August 5, 2024	$725,000.00
Maturity Date	The remaining outstanding balance of the Loans

4.4. Representations.

(i) Section 5.06 of the Credit Agreement is amended and restated to read as follows:

"There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Loan Parties after due and diligent investigation, threatened, at law, in equity, in arbitration or before any Governmental Authority, by or against any Loan Party or any Subsidiary or against any of their properties or revenues that (a) purport to affect or pertain to this Agreement or any other Loan Document or any of the transactions contemplated hereby, or (b) either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect [***]."

(ii) Section 5.16 of the Credit Agreement is amended and restated to read as follows: "[Reserved.]"

4.5. Additional Reporting Requirements. In addition to delivering the financial statements and information required by Section 6.01 of the Credit Agreement, as amended by the Second Amendment, the Borrower shall:

(i) deliver Monthly cash flow statements and forecasts for Reading International, Inc. for the global consolidated entities in form and substance reasonably satisfactory to the Administrative Agent and the Lenders and generally consistent with the form dated in March of 2023 and previously provided to Administrative Agent and the Lenders in connection with this Fifth Amendment, including without limitation that such forecasts be through the period ending no earlier than December of 2024; and

(ii) participate on a quarterly basis in calls with Administrative Agent and the Lenders to discuss the monthly financial reports forecasts and other relevant information regarding the Borrower's financial performance and operations.

4.6. Schedules 5.21(b)-(g) are hereby amended and restated, with Schedules 5.21(b)-(g) attached to this Fifth Amendment.

4.7. Section 6.17 of the Credit Agreement is amended and restated to read as follows:

[***]

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

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

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

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

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

6.2. Principal Pay Down. Administrative Agent has received a principal payment of $750,000.00;

6.3. Accrued Interest. Administrative Agent has received the payment of the Accrued Default Interest that has been accruing on the Payment Amount since March 1, 2023 and all other accrued, unpaid interest owing under the Loan;

6.4. Officer's Certificates. Administrative Agent shall have received officer's certificates and resolutions authorizing this Fifth Amendment, and the Fifth Amendment Fee Letter in form and substance acceptable to Administrative Agent;

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

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

6.7. Closing Deadline. All other Conditions Precedent set forth in this Section 6 of the Fifth Amendment shall have been satisfied on or before March 30, 2023.

7. **Certain Post Closing Obligations**. As promptly as practicable, and in any event on or before April 28, 2023, or such later date as the Administrative Agent reasonably agrees to in writing, the Borrower and each other Loan Party shall deliver the following documents or take the action:

7.1. Corrected Stock Certificate and Stock Power. Administrative Agent shall have received a corrected stock certificate showing the correct name of Reading Cinemas NJ, Inc. and a new undated stock power duly executed in blank, with the understanding that the stock certificate currently in the possession of Administrative Agent with the incorrect name of "Reading Cinemas New Jersey, Inc." shall be destroyed.

7.2. Joinder Agreement. To the extent that Reading Food Services, LLC, a Nevada limited liability company ("New Subsidiary") is not an Excluded Subsidiary, the Administrative Agent shall have received (i) a Joinder Agreement duly executed by New Subsidiary, Borrower and Administrative Agent, causing New Subsidiary to be added as an additional Loan Party and Subsidiary Guarantor under the terms of the Credit Agreement, (ii) officer's certificates and resolutions from New Subsidiary authorizing the Joinder Agreement and (iii) a duly completed UCC-1 financing statement with respect to New Subsidiary in a form satisfactory for filing with the Nevada Secretary of State.

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

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

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

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

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

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

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

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

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

BORROWER:

CONSOLIDATED AMUSEMENT HOLDINGS, LLC, a Nevada limited liability company

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

[Signature Page to Waiver and Fifth Amendment to Second Amended and Restated Credit Agreement]

GUARANTORS:

CONSOLIDATED ENTERTAINMENT, LLC,
a Nevada limited liability company

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

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

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

ANGELIKA FILM CENTERS LLC,
a Delaware limited liability company

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

READING CINEMAS NJ, INC.,
a Delaware corporation

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

CONSOLIDATED CINEMA SERVICES, LLC,
a Nevada limited liability company

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

READING MURRIETA THEATER, LLC,
a Nevada limited liability company

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

KABALA CINEMA COMPANY, LLC,
a Nevada limited liability company

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

KAAHUMANU CINEMAS, LLC,
a Nevada limited liability company

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

READING CONSOLIDATING HOLDINGS, INC
a Nevada corporation

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

KMA CINEMAS, LLC,
a Nevada limited liability company

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

CARMEL THEATRES, LLC,
a Nevada limited liability company

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

ADMINISTRATIVE AGENT AND LENDERS:

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

By: /s/ G. Christopher Miller
Name: G. Christopher Miller
Title: Senior Vice President

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

By: /s/ G. Christopher Miller
Name: G. Christopher Miller
Title: Senior Vice President

BANK OF HAWAII,
as a Lender

By: /s/ Terri L. Okada
Name: Terri L. Okada
Title: Senior Vice President

EXHIBIT A-1

Section 6.17 Cinemas

[***]

EXHIBIT A-2

Section 6.17 Excluded Cinemas

[***]

SCHEDULE 5.21(b)

[***]

SCHEDULE 5.21(c)

[***]

SCHEDULE 5.21 (d)(i)

[***]

SCHEDULE 5.21(d)(ii)

[***]

SCHEDULE 5.21(e)

[***]

SCHEDULE 5.21(f)

[***]

<u>SCHEDULE 5.21(g)</u>

[***]

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

I, Ellen M. Cotter, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of Reading International, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Ellen M. Cotter
Ellen M. Cotter
President and Chief Executive Officer
May 15, 2023

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

I, Gilbert Avanes, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of Reading International, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Gilbert Avanes
Gilbert Avanes
Executive Vice President, Chief Financial Officer and Treasurer
May 15, 2023

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

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

- The Quarterly Report on Form 10-Q for the period ended March 31, 2023 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Dated: May 15, 2023

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

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