

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2022 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 No. 1-8625



READING INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

95-3885184

(I.R.S. Employer Identification Number)

**189 Second Avenue, Suite 2S
New York New York**

(Address of principal executive offices)

10003

(Zip Code)

Registrant's telephone number, including Area Code: (213) 235-2240

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

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the preceding 12 months (or for shorter period than 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 post such files). Yes No

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

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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 June 30, 2022 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates based on the closing price on that date as reported by the Nasdaq Stock Market was \$124,342,409. As of March 30, 2023, there were 20,501,150 shares of class A non-voting common stock, par value \$0.01 per share and 1,680,590 shares of class B voting common stock, par value \$0.01 per share, outstanding.

Documents Incorporated by Reference

Certain portions of the registrant's definitive Proxy Statement for the 2023 annual meeting of the stockholders to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year ended December 31, 2022 are incorporated by reference into Part III of this Annual Report on Form 10-K.

READING INTERNATIONAL, INC.

ANNUAL REPORT ON FORM 10-K
YEAR ENDED DECEMBER 31, 2022

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PART I

Item 1 – Our Business

GENERAL

Reading International, Inc. ("RDI" and collectively with our consolidated subsidiaries and corporate predecessors, our "Company," "Reading," "we," "us," or "our") was incorporated in 1999 incident to our reincorporation in the State of Nevada. Our class A non-voting common stock ("Class A Stock") and class B voting common stock ("Class B Stock") are listed for trading on the NASDAQ Capital Market (Nasdaq-CM) under the symbols RDI and RDIB, respectively. Our Corporate Headquarters is at 189 Second Avenue, Suite 2S, New York, New York, 10003.

Our corporate website address is www.ReadingRDI.com. We provide, free of charge on our website, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Sections 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we have electronically filed such material with, or furnished it to, the Securities and Exchange Commission (the "SEC") (www.sec.gov). The contents of our Company website are not incorporated into this report. Our corporate governance charters for our Audit and Conflicts Committee and Compensation and Stock Options Committee are available on our website.

BUSINESS DESCRIPTION

Synergistic Diversification and Branding

We are an internationally diversified company focused on the development, ownership and operation of entertainment and real property assets in three jurisdictions: (i) United States ("U.S."), (ii) Australia, and (iii) New Zealand. We group our businesses in two operating segments, which are owned and operated through various operating subsidiaries:

- **Theatrical Motion Picture Exhibition** ("Cinema Exhibition"), through our 62 cinemas.
- **Real Estate**, including real estate development and the rental or licensing of retail, commercial and live theatre assets comprised, as of the date of this 2022 Annual Report, of approximately 9,926,000 square feet of land and approximately 728,000 square feet of net rentable area.

COVID-19 Impact and Company Response

COVID-19 Impact on our Cinema Business

The COVID-19 pandemic materially impacted not only the global economy, but the global cinema industry, including our Company. Our cinema segment, along with our live theaters, suffered a material adverse impact in 2020, 2021 and into 2022. In March 2020, as a result of the pandemic, all of our cinemas and live theatres in the United States, Australia, and New Zealand were forced to temporarily close by government mandate, ultimately causing an immediate halt to our cinema revenues and income. To address this liquidity challenge in 2020 and 2021, we monetized five non-core assets to create short term liquidity for our Company, we implemented various cash preservation strategies, including, but not limited to, laying off our hourly U.S. cinema and live theatre staff, postponing non-essential operating and capital expenditures, negotiating rent abatements/deferrals with third-party cinema landlords and other major suppliers. We also worked with our lenders to modify our financing arrangements to accommodate the economic condition of the business resulting from the pandemic.

In 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. As a result of both production backlogs and concerns about movie-goers desire to attend public events through the pandemic, major studios and distributors moved certain movies (i) to later release dates or (ii) directly to streaming, home video or premium video on demand ("PVOD") platforms and thereby passing the exclusive theatrical release window.

Further impacting our overall profitability was the impact the pandemic had on our cinema business' operating expenses. Supply chain issues and the marked increase in inflation through this period resulted in higher operating expenses. Our venues also faced labor challenges, including hiring and retaining staff, in addition to mandated increasing wage rates.

As of the date of this 2022 Annual Report, all our cinemas are open other than our Courtenay Central in Wellington, New Zealand which is unlikely to reopen until the redevelopment of the property is completed. Despite being open for business and Hollywood's COVID induced production backlog, 2022 resulted in significantly fewer wide releases than pre-COVID periods. Additionally, the 2022 box office was impacted by the direct or simultaneous release of movies to ancillary platforms rather than an exclusive theatrical run basis. A more robust slate of major movie releases is expected during 2023, which has generated optimism that box office revenues will continue to improve compared to the pandemic periods (2020-2022). Based on today's 2023 movie release schedule, the number of titles available for theatrical release, and the anticipated appeal of many of those titles to a variety of audiences, should support increased attendance and box office grosses for 2023. Total revenues for the years ended December 31, 2020, 2021 and 2022 were \$77.9 million, \$139.1 million, and \$203.1 million, respectively, compared to \$276.8 million for the year ended December 31, 2019, the last pre-pandemic year. Finally, we believe that the major studios have reinforced a commitment to an exclusive theatrical window, as opposed to releasing their content either direct to or simultaneously with streaming, home video or PVOD platforms.

As a result of fallout from the pandemic, a number of U.S. exhibitors have filed for bankruptcy and/or have begun to shed underperforming cinemas. During 2022, we terminated our lease and permanently closed one U.S. cinema and have advised two additional U.S. landlords of our intention to end our leases and close those U.S. cinemas.

Over the course of the pandemic, we have been able to negotiate certain lease concessions from some of our landlords. However, many of those concessions have been in the form of rent deferrals, and we are, in a number of situations, now carrying the added burden of paying down those deferrals, which puts additional stress on our cinema cash flows. As of the date of this 2022 Annual Report, our existing rent deferral obligation is \$9.4 million.

The COVID-19 pandemic has had a greater impact on us than some other U.S. based exhibitors. The U.S. Congress determined that, as a public company (despite our micro-cap status), we should be excluded from participation in various federal pandemic relief programs such as the Shuttered Venue Operator Grant Program and Payroll Protection Programs. Our liquidity position and recovery from the unprecedented impacts of the COVID-19 pandemic would have been significantly improved if we had been eligible for such U.S. federal pandemic relief. This has put us at a competitive disadvantage to private operators who were able to access such funding.

COVID-19 Impact on our Real Estate Business

Our real estate business has been less impacted by the COVID-19 pandemic. As of the date of this 2022 Annual Report, virtually all of our third-party tenants in Australia are operating and paying full rent. While New York City live theatre audiences have not returned to pre-pandemic levels, our two live theatres are both currently licensed. Following government mandated closures effective in March 2020, STOMP reopened at our Orpheum Theater in New York on July 20, 2021. However, STOMP closed on January 8, 2023 after an historic nearly 30 year run. We have entered into license agreement for a new production – *The Empire Strips Back* – which is scheduled to open at the Orpheum in April 2023. Audible, an Amazon company, continues to license our Minetta Lane Theatre in New York, and, following almost 18 months of government mandated closure resumed public performances on October 8, 2021.

With regard to our architectural award winning 44 Union Square redevelopment project in New York City, while the COVID-19 pandemic and the current “work from home” focus of many employees severely constrained leasing activity in New York City, in January 2022 we did secure a long-term lease for the cellar, ground floor, and second floor of the building with an affiliate of Petco Health and Wellness Company, Inc. (NASDAQ: WOOF), a leading pet health and wellness company (“Petco”). 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 slower pace of the “return to office” effort in New York City have impacted and will continue to 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.

With respect to our office building in Culver City, we began receiving rental income from a new tenant in October 2020.

In general, the loss of cinema cash flow due to the COVID-19 pandemic has caused us to scale back our real estate development activities during the 2020-2022 period.

Management's Responses to the Challenges of COVID-19

To date, we have taken a number of significant steps to preserve our liquidity, and we will continue to evaluate our operations as the world more fully recovers from the pandemic in 2023. We have modified our business strategy in order to shore up our long-term viability in a way that would not have a dilutive impact on our stockholders, overleverage our Company, or require that we fire sale assets. In response to lower cash inflows from our cinema businesses, we reviewed our real estate portfolio to identify assets that had not been adversely impacted by the pandemic and which would require material capital investment to generate any material increase in value. These asset monetizations are detailed at *Note 5 - Real Estate Transactions* to the financial statements. In arriving at the determination to rely upon the monetization of certain non-core real estate assets to bridge this gap in cinema cashflow (which in 2021

produced net proceeds to our Company of \$139.4 million), we considered a variety of alternatives, including the issuance of additional common stock and the issuance of high interest rate “junk” debt. We determined that it would be in the best interests of our Company and our stockholders to avoid dilutive equity issuances and to avoid high interest rate debt. We have used the proceeds from the sale of these properties to pay down debt, to cover operating expenses, to fund limited capital improvements, and to strengthen our liquidity. At December 31, 2022, we had cash and cash equivalents totaling \$29.9 million, compared to \$83.3 million at December 31, 2021. During 2022, we have reduced our net bank debt from \$236.9 million as of December 31, 2021, to \$215.6 million as of December 31, 2022.

As we continue to navigate the post-pandemic period and the challenging macro-economic environment marked by higher interest rates and costs of operations, we will continue to assess and reassess our real estate holdings as a funding resource. We continue to analyze and reanalyze each of our properties as a possible source of cash to fund operations and/or pay debt. In this process, we remain focused on identifying non-core assets unlikely to enjoy material value increases without substantial capital investment that can be monetized in a reasonable manner without material adverse tax consequences.

In addition to the monetization of certain non-core real estate assets, we implemented a number of measures to reduce our day-to-day cost of operations while improving the safety of our cinemas in the light of the COVID-19 pandemic. These measures have included, but are not limited to, terminating U.S. cinema and live theater staff for the period of cinema closures, reducing our utilities and essential operating expenditures to the minimum levels necessary, terminating or deferring non-essential capital expenditure, and reducing corporate-level employment costs. We have enhanced our cleaning protocols and installed partitions and air filtration systems to improve the safety aspects of our cinemas and upgraded our mobile platforms to increase social distancing. Furthermore, we were able to keep our Australia and New Zealand cinema level staff due to government assistance provided in those countries.

We were able to maintain most of our cinema assets and keep our key personnel in place as we reopened our cinemas. Generally speaking, our lenders and landlords continue to work with us. While we have closed or anticipate that we will close certain non-performing U.S. cinemas, and while we are in discussions with various landlords as to modifications in our occupancy arrangements, to date no landlord has terminated our right to occupy any of our cinemas. We have a variety of landlords, and these discussions are being progressed on a location-by-location basis. Further, we believe that our relationships with our film suppliers continue to be strong.

While COVID-19 impacts seem to be on the decline globally, we continue to experience residual impacts that we anticipate will be passing in the long-term, and we believe that we will ultimately return to results that resemble those of the pre-pandemic era in the future. However, no assurance can be given that we will achieve these results and, unfortunately, there is still a risk of future global outbreaks of COVID-19 or other diseases. In addition, we may be adversely impacted by long-term social trends and movie release patterns, which are placing greater emphasis on streaming in periods prior to the COVID-19 pandemic.



In short, we have thus far preserved our core business and, while we have monetized on favorable terms certain real estate assets earlier than we had intended and may be called upon to further cull our portfolio, we still hold quality real estate assets in which to invest our time and resources.

OUR COMMERCIAL BRANDS

Set forth below is a brief description of the various brands under which we organize our business operations:

Business Segment / Unit	Our Commercial Brands	Country	Description	Website Link
Cinema Exhibition / All Countries		United States Australia New Zealand	<p>Our Reading Cinemas tradename is derived from our over 185-year history as the “Reading Railroad” featured on the <i>Monopoly</i>® game board. Under this brand, we deliver beyond-the-home entertainment (principally mainstream movies and alternative content and food and beverage) across our three operating jurisdictions. All our cinemas are equipped with the latest, state-of-the-art digital screens, 33 Reading Cinemas feature at least one TITAN LUXE, TITAN XC or IMAX premium auditorium, and 187 of our Reading Cinemas screens feature luxury recliner seating as of December 31, 2022.</p>	Reading Cinemas US Reading Cinemas AU Reading Cinemas NZ
		United States	<p>In 2022, our Consolidated Theatres celebrated 105 years of providing cinematic entertainment in the state of Hawaii. We are the oldest and largest circuit in Hawaii with eight cinemas on the islands of Oahu and Maui. In 2019, we completed the “Top-To-Bottom” renovation of our Consolidated Theatre in Mililani on Oahu, now featuring 14-screens with recliner seating and a TITAN LUXE screen, a full F&B upgrade, including the sale of beer, wine & spirits, and a lobby re-design.</p> <p>Our Consolidated Theatre at the Kahala Mall underwent a “Top-to-Bottom” renovation and reopened on November 5, 2021, with recliner seating throughout along with a state-of-the-art kitchen and an elevated F&B menu.</p> <p>Our Consolidated Theatre at Kapolei commenced renovation during the second quarter of 2021 and reopened March 3, 2022, with recliner seating in half of the auditoriums and an elevated F&B menu.</p>	Consolidated Theatres
		United States Australia	<p>Several of our cinemas are arthouses or specialty theaters operating under our Angelika brand. These cinemas feature specialty films, such as independent films, international films, and documentaries.</p> <p>Since its opening in 1989, our New York City Angelika Film Center has been and consistently continues to be one of the most popular and influential arthouse cinemas in the U.S., featuring principally independent and foreign films. To date, we have expanded our Angelika Film Center Group to include nine other Angelika Film Centers: two in Dallas, TX, two in the Washington DC area, three in New York, NY, one in Sacramento, CA and one in San Diego, CA. Each of our Angelika Film Centers also offers a curated food and beverage experience.</p> <p>In early 2021, we announced that our Cinemas 1,2,3, Village East and Tower Theatre cinemas would be operated as Angelika brand cinemas: (i) the Cinemas 1,2,3 by Angelika, (ii) the Village East by Angelika and (iii) the Tower Theatre by Angelika.</p> <p>In December 2019, we acquired the iconic 100-year-old State Cinema in Hobart, Tasmania, Australia, which has been ranked the fifth highest grossing arthouse in Australia for the last decade. The cinema, which features 10 screens, a rooftop cinema and bar, a large café and an independent bookstore, is and has been a major cultural destination in North Hobart for decades. In early 2021, the cinema was also rebranded as State Cinema by Angelika.</p> <p>The State Cinema Bar which serves a range of wines and spirits was rebranded the Angelika Bar in 2020.</p> <p>We continue to look to expand our specialty theater portfolio by looking for more specialty theater sites in the U.S., Australia, and New Zealand. We anticipate opening later this year in Brisbane our first “Angelika” Film Centre in Australia.</p>	Angelika Film Center State Cinema
				

Business Segment / Unit	Our Commercial Brands	Country	Description	Website Link
	 ANGELIKA ANYWHERE	United States Australia	Launched in December 2020, Angelika Anywhere , is an art focused streaming platform available in the U.S. and more recently, in Australia. We created Angelika Anywhere to allow us to expand the reach of our “Angelika” based cinema experience beyond the four walls of a conventional brick-and-mortar cinema. Our goal is to offer cinephiles easy and curated access to the type of product that has made our Angelika Film Center in NYC the most recognized, dedicated arthouse in North America.	Angelika Anywhere
Real Estate / Leasing		United States	Historically known as Tammany Hall, this approximately 70,000 square foot building overlooking Manhattan’s Union Square , has now signed its first tenant Petco Animal Supplies Stores, Inc (“Petco”) who will occupy most of the ground floor, the cellar and the second floor. Hailed as a dramatic <i>pièce de résistance</i> with its first in the city, over 800-piece, glass dome, this building brings the future to New York’s fabled past. In 2022, the building was selected for the following awards: (i) 2022 The American Architecture Award for Restoration and Renovation; (ii) 2022 ACEC NY Engineering Excellence Award; and (iii) 2022 Building/Technology Systems Diamond Award. 44 Union Square is one of a very limited number of locations in Manhattan that will provide major office tenant(s) with a “brandable” site, and the only such location on Union Square. This location now has an active lease with Petco leasing 42% of the leasable area, including the lower level, ground floor and second floor.	44 Union Square
		Australia	Located on 203,000 square feet of land in suburban Brisbane, Newmarket Village is currently comprised of approximately 143,828 square feet of net rentable area, including a Coles Supermarket and 47 other third-party tenants, offering community level F&B, retail, and professional services. At the end of 2017, we completed a major expansion that added a new eight-screen Reading Cinemas with TITAN LUXE, an additional 10,000 square feet of restaurant tenant space and 124 parking spaces. Adjacent to our Newmarket Village, we own a three-level, 22,000 square foot office building. Taken together with the retail components, the center is 98% leased as of December 31, 2022.	Newmarket Village
		Australia	Anchored by our six-screen Reading Cinemas, and 13 other third party tenants offering F&B or other retail offers, Cannon Park is located in Townsville, Australia, and is currently comprised of 408,000 square feet of land and 133,032 square feet of net rentable area. As of December 31, 2022, this property was 92% leased.	Cannon Park Townsville
		Australia	Anchored by our 10-screen Reading Cinemas and six F&B or third-party tenants, The Belmont Common is located in Perth, Australia, and is currently comprised of 103,000 square feet of land and 60,118 square feet of net rentable area. As of December 31, 2022, this property was 100% leased.	The Belmont Common

Business Segment / Unit	Our Commercial Brands	Country	Description	Website Link
		New Zealand	<p>Located in the heart of Wellington – New Zealand’s capital city – this center is comprised, on a consolidated basis through various subsidiaries, of 161,000 square feet of land, including two parking lot parcels totaling 84,184 square feet. Courtenay Central is situated proximate to the Te Papa Tongarewa Museum (attracting over 1.5 million visitors annually, pre-COVID), across the street from the site of the new convention center being constructed to handle the demand for such space in Wellington (estimated to open its doors in 2023) and at a major public transit hub. Damage from the 2016 earthquake necessitated demolition of our nine-story parking garage at the site. In January 2019, unrelated seismic issues caused us to close major portions of the existing cinema and retail structure while we move forward with plans to redevelop the center as an entertainment themed urban center with major food beverage components.</p> <p>Wellington continues to be rated as one of the top cities in the world in which to live, and we continue to believe that our assets in Wellington are located in one of the most vibrant areas of New Zealand.</p>	Courtenay Central
Live Theatre		United States	<p>We operate two off-Broadway live theatres in Manhattan under the Liberty Theatres tradename. In 2018, we entered a license with Audible, a subsidiary of Amazon, pursuant to which our Minetta Lane Theatre serves as Audible’s live theatre home in New York City, which now runs through March 15, 2024. The long running show STOMP has ended its 30-year run at our Orpheum Theatre, and we have entered into a license agreement for a new show, <i>The Empire Strips Back</i>, scheduled to open in April 2023.</p>	Liberty Theatres

Our business plan is to coordinate cinema-based entertainment and real estate to create a powerful and mutually beneficial partnership. Our historically strong and consistent cash flows from our cinemas have, prior to the pandemic, enabled us to be strategic and proactive in acquiring and holding long-term real estate assets, including non-income producing land, and to fuel our real estate development endeavors. However, uncertainty as to current U.S. cinema cash flows has required that we constrain our activities on both the cinema side and the real estate side of our business.

Our real estate portfolio has historically provided us with a solid foundation and helped us weather the COVID caused storm. It has also, over the years, given us financial leverage providing us with a collateral base to support comparatively long term and stable real estate based borrowing. This dynamic combination of cinema and real estate has historically offered a host of advantages that we believe will continue to pay dividends as the longer term pandemic consequences abate. More specifically, the combination of these two segments can provide a variety of business advantages including the following:

- *Diversification of our Risk Profile and Enhanced Flexibility in meeting our Cash Needs.* We believe that a solid real estate base provides flexibility to raise additional liquidity through one, or a combination of mortgage-based borrowing, sale and leaseback transactions and/or sale. Real-estate backed loans typically allow higher leverage of cash flows than operating loans secured by cinema assets, and the underlying assets themselves provide us a more ready source of liquidity through sale than traditional cinema assets. Strategic asset monetization has formed a key part of our COVID-19 response strategy.
- *Reduced Pressure to Deliver Cinema Business Growth; to Grow for Growth’s Sake.* During pre-pandemic periods, our competitors bid up the price of independent circuits and cinema leases in order to grow their market share through re-investment of their cinema cash flow and leverage. While we investigated many of these opportunities, we could not justify the prices paid and the rents required. We have in recent periods focused our cash flow on upgrading our existing cinemas and developing our real estate assets, rather than chasing cinema deals. We have adopted a “better, not bigger” strategy with respect to our U.S. cinema circuit. In 2022, we allocated \$6.3 million to upgrade and expand our cinema assets and \$2.6 million for non-cinema real estate investments. The COVID-19 pandemic restrained our capital reinvestment. We believe, however, that maintaining a strategic approach to our investments and focusing on our core real estate activities will enable us to weather the challenges posed by the current economic climate and continue to grow our business in the long term. We will continuously monitor market conditions and adjust our investments as needed to ensure financial stability and continued success. It may be, as major exhibitors, such as Regal, walk away from cinema assets that opportunities will present themselves to expand our circuit with minimal capital expenditure and on sustainable lease terms.

- *Enhanced Control over our own Destiny.* As a developer and operator of cinemas, we have enjoyed a unique advantage in creating large-scale retail developments such as our entertainment-themed centers (ETCs). Our cinemas have served as anchor tenants for our projects, historically providing a steady and reliable source of foot traffic and drawing in other businesses to the area. This had allowed us to have more control over the tenant mix and overall development of our ETCs. Additionally, because we are the anchor tenant, we do not have to go through the process of identifying and negotiating with third-party anchor tenants, providing us with a streamlined and efficient development process. We have successfully utilized this approach at our three currently operating ETCs (and one to be redeveloped) and are excited about the potential for future developments. We are confident that our cinema-anchored developments will continue to be a key driver of our business and create thriving communities.
- *The Certainty of Cinema Anchor Tenancies.* Our expertise in the cinema industry gives us a significant advantage in developing large-scale retail spaces such as our ETCs. Our cinemas serve as the anchor tenants, creating a bustling and vibrant atmosphere that draws in other businesses to the area. This allows us to carefully curate the tenant mix and shape the overall development of our ETCs. Furthermore, as anchor tenants ourselves, we can streamline the development process without having to negotiate with third-party tenants. We have successfully implemented this approach at our four existing ETCs and are excited about the potential for future developments. In 2021, we monetized our Auburn ETC, retaining a leasehold interest for our cinema there. A profit of \$38.7 million was booked on that transaction. We are currently developing plans and strategies to execute as a redevelopment of our fourth ETC in Wellington, NZ. Our cinema-anchored developments are a key strength of our business, and we are confident in their ability to create thriving and dynamic communities.
- *Flexibility in Property Use.* We are always open to the idea of converting an entertainment property to another use, if there is a higher and better use for the property, or to sell individual assets if an attractive opportunity presents itself. Our 44 Union Square property has a long-term lease with Petco for the lower level, ground floor and second floor, which went into effect in the first quarter of 2022.

Our hybrid, multi-country strategy emphasizes diversification, and the building of long-term hard asset values. We believe that this business strategy is proving its worth as we have progressed through and are emerging from the current pandemic.

As of December 31, 2022, our principal tangible assets included:

- interests in 62 cinemas comprising of 505 screens;
- fee interests in two live theatres (the Orpheum and Minetta Lane both in Manhattan);
- fee interest in our 44 Union Square property, at which we have leased the lower level, ground floor and second floor to Petco. Petco began paying rent in December 2022, and is now in occupancy of such space on a full rent paying basis. CBRE is currently acting as our exclusive broker for the remainder of the space.
- fee interest in one cinema (the Cinemas 1,2,3) in Manhattan, in which we own a 75% managing member interest in the holding limited liability company;
- fee interests in two cinemas in Australia (Bundaberg and Maitland) and three cinemas in New Zealand (Dunedin, Napier and Rotorua);
- fee interest in our currently operating ETCs in Brisbane (Newmarket Village), Townsville (Cannon Park), and Perth (The Belmont Common) and our ETC currently in the process of redevelopment in Wellington, New Zealand (“Courtenay Central”);
- fee interest in our administrative office buildings in Culver City, California and Melbourne, Australia. Both buildings also feature one other third-party tenant;
- fee interest in a 23 acre industrial site with rail access in Williamsport, Pennsylvania, leased to Transco;
- in addition to the fee interests described immediately above, fee ownership of approximately 9.1 million square feet of developed and undeveloped real estate in the United States, Australia, and New Zealand; and
- cash and cash equivalents, aggregating \$29.9 million.

We now present an overview of our business segments.

CINEMA EXHIBITION

Overall

We are dedicated to creating engaging cinema experiences for our guests through hospitality-styled comfort and service, state-of-the-art cinematic presentation, uniquely designed venues, curated film and event programming, and crafted food and beverage options. As discussed previously, we manage our worldwide cinema exhibition business under various brands.

Shown in the following table are the number of locations and screens in our theater circuit in each country, by state/territory/region, our cinema brands, and our interest in the underlying asset as of December 31, 2022:

Country	State / Territory / Region	Location Count	Screen Count	Interest in Asset Underlying the Cinema		Operating Brands
				Leased	Owned	
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 DC	1	3	1		Angelika Film Center
	U.S. Total	23	228	22	1	
Australia	Victoria	9	62	9		Reading Cinemas
	New South Wales	6	44	5	1	Reading Cinemas
	Queensland	6	56	3	3	Reading Cinemas, Event Cinemas ⁽¹⁾
	Western Australia	2	16	1	1	Reading Cinemas
	South Australia	2	15	2		Reading Cinemas
	Tasmania	2	14	2		Reading Cinemas, State Cinema
	Australia Total	27	207	22	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		62	505	52	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 totaling 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) On November 9, 2022, we permanently closed our 10-screen cinema at Ko'olau in Hawaii and on Jan 13, 2023, took over an existing 6-screen cinema in Armadale in Australia.

Subject to current cash flow constraints, we continue to focus on upgrading our existing cinemas, obtaining liquor licenses, and developing new cinema opportunities to provide our customers with premium offerings, including luxury recliner seating, state-of-the-art presentation including sound, lounges, cafés and bar service, and other amenities. Currently, 187 of our auditoriums feature recliner seating (excluding our joint ventures). In addition, 33 of our auditoriums now feature large format TITAN XC, TITAN LUXE, or IMAX screens. Our circuit has been completely converted to digital projection and sound systems. However, in certain of our cinemas we have, as a point of differentiation, retained the ability to show film in the 70MM format preferred by some directors.

Although we operate cinemas in three nations, the general nature of our operations and operating strategies does not vary materially from jurisdiction-to-jurisdiction. In each jurisdiction, our gross receipts are primarily from box office receipts, food and beverage sales, gift card purchases, online ticketing fees, and screen advertising. Our ancillary revenue is created principally from theater rentals (for example, for film festivals and special events), and ancillary programming (such as concerts and sporting events).

Our cinemas generated approximately 58% of their 2022 revenue from box office receipts. Ticket prices vary by location, and in selected locations we offer reduced rates for senior citizens, children and, in certain markets, military and students.

Showtimes and features are placed in advertisements on our various websites, on internet sites and, in some markets, in limited instances, local newspapers. We are continually increasing our presence in social media, thereby, reducing our dependency on print advertising. Film distributors may also advertise certain feature films in various print, radio and television media, as well as on the internet, and distributors generally pay those costs.

F&B sales accounted for approximately 34% of our total 2022 cinema revenue. Although certain cinemas have licenses for the sale and on-premises consumption of alcoholic beverages, historically F&B products have been primarily popcorn, candy, and soda. This is changing, as more of our theaters are offering expanded food and beverage offerings. One of our strategic focuses is to upgrade our

existing cinemas with expanded F&B offerings consistent with what we believe to be the new position of cinemas in the pathway from content provider to consumer. 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.

Screen advertising and other revenue contribute approximately 8% of our total 2022 cinema revenue. With the exception of certain rights that we have retained to sell screen advertising to local advertisers, generally speaking, we are not in the screen advertising business and nationally recognized screen-advertising companies' contract with us for the right to show such advertising on our screens.

Management of Cinemas

With the exception of our three unconsolidated cinemas, we manage our cinemas with executives located in Los Angeles and Manhattan in the U.S., Melbourne, Australia, and Wellington, New Zealand. Our two New Zealand Rialto cinemas are owned by a joint venture in which Reading New Zealand is a 50% joint venture partner. While we assist in the booking of these two cinemas, our joint venture partner, Event Cinemas, manages their day-to-day operations. Our one-third interest in a 16-screen Brisbane cinema is passive in nature. That cinema is also managed by Event Cinemas.

Licensing and Pricing

Film product is available from a variety of sources, ranging from the major film distributors, such as Paramount Pictures, Warner Bros, Disney, Sony Pictures, Universal Pictures and Lionsgate, to a variety of smaller independent film distributors. In Australia and New Zealand, some of those major distributors distribute through local unaffiliated distributors. Worldwide, the major film distributors dominate the market for mainstream conventional films. In the U.S., art and specialty film is distributed through the art and specialty divisions of these major distributors, such as Searchlight Pictures and Sony Pictures Classics, and through independent distributors such as A24 and Neon. Film payment terms are generally based on an agreed-upon percentage of box office receipts that will vary from film-to-film.

Competition

Film is allocated by the applicable distributor among competitive cinemas and in an increasingly material number of situations to streaming services. Accordingly, from time to time, we may be unable to license every film that we desire to play. In the Australian and New Zealand markets, we generally have access to all film products in the market. Due to the COVID-19 pandemic, we have seen a rise in streaming services with greater quantity and quality of films offered. We have also seen certain major distributors skip the traditional theatrical window and go straight to streaming, PVOD or Video on Demand ("VOD"). Over the last few years, videos have become an essential component of internet usage, with their prevalence increasing across all online platforms as part of digital marketing strategies. Whether it's through social media, websites, emails, or other communication channels, both short and long videos have emerged as the primary mode of connecting with audiences.

Moreover, the surge in popularity of video-on-demand platforms such as Netflix, Amazon Prime, and Hulu is evident. From September 8-19, 2022, selected AMC Theatres celebrated Disney+ Day which showcased beloved films from the Disney catalog. Additionally, in October 2022, a Netflix movie had a one-week theatrical sneak preview across 600 AMC, Regal, and Cinemark theaters in the United States, marking the first time all three major theater chains had agreed to screen a big-budget Netflix film. Along with this partnership, the sequel to "Knives Out," titled "Glass Onion: A Knives Out Mystery," also premiered in select theaters in the United States, Canada, the United Kingdom, Ireland, Italy, Germany, Spain, Israel, Australia, and New Zealand.

Competition for films may be intense, depending upon the number of cinemas in a particular competitive market. Our ability to obtain top grossing, first run feature films may be adversely impacted by our comparatively small size, and the limited number of screens and markets that we can supply to distributors. Moreover, because of the dramatic consolidation of screens into the hands of a few very large and powerful exhibitors such as AMC, Cineworld, and Cinemark, who between them control over 57% of the North American market, these mega-exhibition companies are in a position to offer distributors access to many more screens in major markets than we can. Also, the major exhibitors have a significant number of markets where they operate without material competition, meaning that the distributors have no alternative exhibitor for their films in these markets. Accordingly, distributors may decide to give preference to these mega-exhibitors when it comes to licensing top-grossing films, rather than deal with independent exhibitors such as ourselves. The situation is different in Australia and New Zealand, where typically every major multiplex cinema has access to all of the film currently in distribution, regardless of the ownership of that multiplex cinema. However, on the reverse side, we have suffered somewhat in these markets from competition from boutique operators, who are able to book top grossing commercial films for limited runs, thus increasing competition for customers wishing to view such top grossing films. The implementation of a two-year sunset period for block booking and circuit dealing is meant to give movie theaters time to adjust their operations during a period of significant market changes. This prevents the block booking licensing agreements from having a negative impact on independent movie distributors' access to the market by creating a barrier to entry.

The availability of state-of-the-art technology and/or luxury recliner seating can also be a factor in the preference of one cinema over another. In recent periods, a number of cinemas have opened or reopened featuring luxury recliner seating and/or expanded food and beverage service, including the sale of alcoholic beverages and food served to the seat. After significant investment in our cinema portfolio since 2015, our circuit is ready for post COVID-19 recovery. 48% of US screens feature Luxury Recliner Seating. 31% of AU/NZ screens feature Luxury Recliner Seating. 35% of US theaters feature at least one Premium Large Format auditorium (IMAX, TITAN LUXE or TITAN XC) and 53% of AU/NZ theaters feature a PLF Auditorium (TITAN XC or TITAN LUXE). Lastly, 78% of US cinemas offer enhanced F&B menus (including liquor), while 53% of AU/NZ cinemas offer enhanced F&B menus, and 66% of our global cinemas serve liquor.

The film exhibition markets in the United States, Australia, and New Zealand are to a certain extent dominated by a limited number of major exhibition companies who have substantial financial resources which could allow them to operate in a more competitive manner than us. Based on information contained in filings made with the SEC, as of December 31, 2022, the principal exhibitors in the United States are AMC (with 7,855 screens in 600 cinemas); Regal (with 6,860 screens in 516 cinemas), owned by Cineworld Group, the U.K.'s largest cinema operator; and Cinemark (with 4,458 screens in 323 cinemas). It is to be noted that these numbers are subject to fluctuations, as Regal and AMC have been shedding screens in the United States in recent periods. As of December 31, 2022, we were the 14th largest exhibitor with 1% of the box office in the United States with 228 screens in 23 cinemas.

The principal exhibitors in Australia are Greater Union, which does business under the Event Cinemas name (a subsidiary of Event Hospitality and Entertainment, Limited) ("Event"), Hoyts Cinemas ("Hoyts"), and Village Cinemas ("Village"). The major exhibitors control approximately 65% of the total cinema box office: Event 29%, Hoyts 24%, and Village 12%. Event has 526 screens nationally, Hoyts 421 screens, and Village 229 screens. By comparison, our 191 screens (excluding our joint venture theaters) represent approximately 8% of the total box office making us the fourth largest exhibitor in Australia. The industry is somewhat vertically integrated in Australia and New Zealand, in that Roadshow Film Distributors, a subsidiary of Village, serves as a distributor of film in Australia and New Zealand.

The principal exhibitors in New Zealand are Event Cinemas with 127 screens and Hoyts with 76 screens, nationally. The major exhibitors in New Zealand control approximately 51% of the total box office: Event 31% and Hoyts 20%. We have 57 screens (excluding its interests in unconsolidated joint ventures). We have 11% of the market (Event and Reading market share figures exclude any partnership theaters) and we are the third largest exhibitor in New Zealand.

In-Home, Streaming and Mobile Device Competition

The in-home streaming and mobile device entertainment industry has experienced significant leaps in recent periods in both the quality and affordability of in-home and mobile device entertainment systems and in the accessibility to, and quality of, entertainment programming through cable, satellite, and internet distribution channels. The success of these alternative distribution channels (like Netflix, Hulu, Disney+ and Amazon Prime Video) and the entrance of new specially curated product for the home and streaming markets are competing with films produced for theatrical release which puts additional pressure on film distributors to reduce and/or eliminate the time period between theatrical and secondary release dates.

Since 2020 the streaming landscape has experienced significant transformation. In 2022 newly named Paramount Global (formerly Viacom CBS) finally revealed specifics about its streaming services, including the number of Paramount+ subscribers. AT&T is in the process of merging Warner Media, which owns HBO Max, with Discovery Communications. AMC Networks launched a premium AMC+ subscription bundle in Canada and Australia on Apple TV channels and Amazon Prime Video Channels. In December 2020 and December 2021, respectively, we launched our very own streaming service, Angelika Anywhere, in the U.S. and Australia, which is curated for film lovers of independent and foreign film, documentaries, and the more specialized movies from the major studios. Currently our US based website and mobile app have the function which allow guests to instantly book Private Watch Parties online instantly. Our Australia and New Zealand, customers can also book Private VIP via online.

We are responding to these challenges generally by increasing the comfort and service levels available at our cinemas, by offering convenient online ticket reservation services with guaranteed seating, by investing in larger screens and enhanced sound, by offering more specialized and alternative product to our audiences, and by providing value for the moviegoer's dollar. We are focusing on the fact that going to the movies is a special social experience, and we are working to make that experience the best that it can be. We must differentiate ourselves from other forms of video entertainment by emphasizing the special nature of seeing film and alternative content in a cinema environment and by developing ways to position ourselves to take advantage of the increased output of film and feature product. These are issues common to both our U.S. and international cinema operations. We are proactively adjusting our operating, programming, and marketing strategies to take into account the wide-ranging impacts of the pandemic. We want to grow our cinema-based business through a disciplined approach to renovations and new opportunities globally.

Further competitive issues are discussed under Item 1A – *Risk Factors*.

Seasonality

Major films are generally released to coincide with holidays. This fact provides some balancing of our revenue because, with the exception of Christmas and New Years, there is no material overlap between holidays in the United States and those in Australia and New Zealand. Distributors will delay, in certain cases, releases in Australia and New Zealand to take advantage of Australian and New Zealand holidays that are not celebrated in the United States. However, the deferral of releases is becoming increasingly less common, given the need to address internet and other channels of distribution that operate on a worldwide basis and are less tied to holiday schedules.

2022 saw some successful releases including *Top Gun: Maverick* and concluded with the release of *Avatar: The Way of Water*, but only three films reached the \$1 billion mark, which included *Jurassic World Dominion*. Cinema operators are more hopeful for 2023 as the year offers several highly anticipated releases, such as three Marvel titles, a new *Indiana Jones* movie, a new *Mission: Impossible* film featuring a Maverick-boosted Tom Cruise, a second *Dune* film, the *Hunger Games* prequel, and highly anticipated adaptations of *Wonka*, *Super Mario Bros*, *Barbie*, and Christopher Nolan's *Oppenheimer*.

REAL ESTATE

Overall

We engage in the real estate business through the development and our ownership and rental or licensing to third parties of retail, commercial and live theatre assets. We own the fee interests in both our live theatres, and in 10 of our cinemas (as presented in the preceding table within the “*Cinema Exhibition*” section). 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.

Our real estate activities have historically consisted principally of:

- the ownership of fee or long-term leasehold interests in properties used in our cinema exhibition activities or which were acquired for the development of cinemas or cinema-based real estate development projects;
- the acquisition of fee interests in land for general real estate development;
- the licensing to production companies of our live theatres; and,
- the redevelopment of our existing fee-owned cinema or live theatre sites to their highest and best use.

All of our leasehold interests are cinema operating properties. We utilize office space at the Village East cinema building for our corporate headquarters.

We have historically made use of third-party agencies to provide the on-site management and leasing administration functions of our Australia and New Zealand sites. In 2020, however, we terminated these arrangements and brought these activities in-house. All of our U.S. real estate operations are managed in-house, with operational support from a third-party for 44 Union Square.

In addition to our principal properties as set out below, we own certain historic railroad properties (such as our 8.2-acre North Viaduct and adjacent commercial properties in Philadelphia).

United States

Live Theatres – Minetta Lane and Orpheum

Included among our real estate holdings are two Off-Broadway style live theatres, operated through our Liberty Theatres subsidiary. We license theatre auditoriums to the producers of Off-Broadway theatrical productions and provide various box office and food & beverage services. The terms of our licenses are, naturally, principally dependent upon the commercial success of our tenants. While we attempt to choose productions that we believe will be successful, we have no control over the production itself. At the current time, we have two single-auditorium theatres in Manhattan:

- the Minetta Lane (399 seats); and
- the Orpheum (347 seats).

Liberty Theatres is primarily in the business of licensing theatre space. However, we may from time to time participate as an investor in a play, which can help facilitate the exhibition of the play at one of our theatres and do from time to time rent space on a basis that allows us to share in a production's revenues or profits. Rental revenues, expenses, and profits are reported as part of the real estate segment of our business.

44 Union Square

At the end of 2019, we substantially completed the construction phase of our 44 Union Square redevelopment project, achieving approximately 73,000 square feet of net rentable area (calculated inclusive of anticipated BOMA adjustments) comprised of retail and office space. We have leased all the retail space to Petco for a flagship, state-of-the-art facility. We are currently working with CBRE to lease the office portions of the project. 44 Union Square/Tammany Hall, hailed as a dramatic *pièce de résistance* with its first in the city, over 800-piece, glass dome, brings the future to New York's fabled past and in 2022 was awarded the (i) The American Architecture Award for Restoration and Renovation, (ii) the ACEC NY Engineering Excellence Award, (iii) and the Building/Technology Systems Diamond Award. *Item 7 – Recent Developments.*

5995 Sepulveda Boulevard

We own an approximately 24,000 square foot office building with 72 parking spaces located at 5995 Sepulveda Boulevard in Culver City, California. We occupy approximately 12,000 square feet of our Culver City office building for administrative purposes. The remainder of the building is leased to an unrelated third-party. Reading purchased the building and acquired an existing A & T Lease on April 8, 2016. An update on this property is provided in *Item 7 – Recent Developments.*

Cinemas 1,2,3

We own, through our 75% managing member interest, the fee interest in our Cinemas 1,2,3 property in Manhattan. While we are evaluating the potential to redevelop this property as a mixed-use property, these endeavors have been deferred as we deal with the challenges posed by the COVID-19 pandemic. However, located on 3rd avenue, across from Bloomingdales on Manhattan's Upper Eastside, this property is a prime long-term hold-for-development asset of our Company, and we are confident in the long-term outlook for the New York City commercial market. While we monitor the market for conditions to stabilize, we have been operating the property as a 3-screen cinema by Angelika since March 2021.

Australia

We own and operate three ETCs in Australia. Our revenues from these sites consist of rental income and other ancillary charges from our various tenants.

Newmarket Village

Located on 226,537 square feet of land in suburban Brisbane, Newmarket Village is currently comprised of approximately 165,830 square feet of net rentable area, including a Coles Supermarket and 47 other third-party tenants. We added a state-of-the-art eight-screen Reading Cinemas in December 2017. In 2022, we also executed 2 new leases and 4 renewal leases.

Cannon Park

Comprising 9.4-acres across two properties, Cannon Park City Center and Cannon Park Discount Center. Cannon Park was acquired in December 2015. Our multiplex cinema is one of the anchor tenants for Cannon Park City Center, which features 14 third-party F&B and leisure tenants. In 2022, we executed 1 new lease and 3 renewal leases.

The Belmont Common

Anchored by our 10-screen Reading Cinemas and six F&B or third-party tenants, The Belmont Common is located in Perth, Australia, and is currently comprised of 103,204 square feet of land and 60,118 square feet of net rentable area.

New Zealand

Courtenay Central

Located in the heart of Wellington – New Zealand's capital city – our Courtenay Central ETC is currently under redevelopment and is comprised, on a consolidated basis through various subsidiaries, of 161,071 square feet of land situated (i) proximate to the Te Papa Tongarewa Museum (attracting over 1.5 million visitors annually, pre-COVID), and (ii) across the street from the site of the future Takina, Wellington Convention and Exhibition Center (wcec.co.nz), the capital's first premium conference and exhibition space, which is due to be completed in 2023, and (iii) across the street from the St. James Theatre which was recently renovated and has strengthened Wellington's theatre scene. Despite the COVID-19 pandemic, construction for this major public project is on track with plans including the creation of a public concourse linking through to Wakefield Street. When it is completed, not only will it be a major generator of foot traffic in the area, but its presence (together with the Te Papa Tongarewa Museum) will provide our property with the potential for

unhindered view lines overlooking Wellington Harbor. During 2022, our Company completed a second Urban Activation and created a space for the public to enjoy on our Wakefield Street Property in collaboration with Wellington City Council. In the third quarter of 2022, we also favorably resolved disputes regarding our pre-earthquake, pre-COVID development obligations to a third-party tenant which now allows us to proceed with our development and seismic strengthening projects in order to achieve their highest and best use. This pivotal settlement has ultimately provided us a path to freely and strategically work with various stakeholders to advance an overall re-thinking and master plan for our properties and to re-establish our assets as the key Wellington destination for film, families, and fun.

As previously reported, damage from the 2016 Kaikoura earthquake necessitated demolition of our nine-story parking garage at the site, and unrelated seismic issues caused us to close major portions of the existing cinema and retail structure in early 2019. Wellington continues to be rated as one of the top cities in the world in which to live, and we continue to believe that the Courtenay Central site is located in one of the most vibrant and growing commercial and entertainment precinct areas of Wellington. In 2022, the University of Canterbury hailed Wellington as New Zealand's most walkable city as 35% of all residents lived within a 10-minute walk of all amenities and the Keep New Zealand Beautiful Society designated it as "The Most Beautiful Large City in Aotearoa".

Prior to the COVID-19 pandemic, the real estate team had developed a comprehensive plan featuring a variety of uses to complement and build upon the "destination quality" of the Courtenay Central location. Notwithstanding the COVID-19 pandemic, our real estate team is continuing to work with our consultants, potential tenants, and city representatives to advance our redevelopment plans for this property.

Our real estate holdings are described in further detail in *Item 2 – Properties*. Our real estate developments are described in *Item 7 – Recent Developments*.

Competition

A summary discussion of our view as to the competitive aspects of the markets where we own real estate properties is as follows:

United States

We believe that the COVID effect, while significant in 2020 and 2021, will not survive in the long-term as the human need for interaction will outweigh the reduced COVID post-vaccine risks. In 2022, we witnessed a return to normalcy as health and safety measures in public spaces subsided and as large gatherings rebounded. To meet this need for human interaction, we expect that U.S. retail real estate owners will continue to reuse the space vacated by anchor retailers to offer a variety of entertainment options and ultimately enhance the customer experience.

Demand for office space may decline in the near term as corporations adapt to employees' "work-life balance" and leverage technology to automate tasks. However, our office space offering in the United States is limited. The available space in our Culver City office building is now completely leased. Our 44 Union Square office space is not generic in nature, given its Union Square location, its boutique size and brandability. The retail portion of our 44 Union Square property is now fully leased to Petco.

Australia and New Zealand

Over the past few years, there has been a noted stabilization in real estate market activity resulting in some increases to commercial and retail property values in Australia and to a lesser extent in New Zealand. Both countries have relatively stable economies with varying degrees of economic growth that are mostly influenced by global trends. Also, we have noted that our Australian and New Zealand developed properties have had consistent growth in rentals and values, despite the COVID effects. This is in part a product of the fact that our tenancies have focused on entertainment services (cinemas, food and beverage) and essentials (such as groceries and

pharmacies), which has to some extent insulated us from internet competition. We remain optimistic that our Australian and New Zealand holdings will continue to provide value and cash flows to our operations.

BUSINESS MIX AND FOREIGN CURRENCY IMPACT

At December 31, 2022, the book value of our assets was \$587.1 million, and our consolidated stockholders' book equity was \$63.3 million. Calculated based on book value, \$267.9 million, or 46% of our assets, relate to our cinema exhibition activities and \$247.2 million, or 42%, of our assets, relate to our real estate activities.



For additional segment financial information, please see *Part II, Item 8 – Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements-- Note 1 – Description of Business and Segment Reporting*.

We have diversified our assets among three countries: the United States, Australia, and New Zealand. Based on book value, at December 31, 2022, we had approximately 58% of our assets in the United States, 34% in Australia and 8% in New Zealand compared to 49%, 40%, and 11%, respectively, at the end of 2021. This shift in the ratio is principally due to repatriation of the proceeds from the monetization of certain AU and NZ real estate assets to US, and currency fluctuations.

We have worked to maintain a balance both between our cinema and real estate assets and between our U.S. and our Australian and New Zealand assets. In 2022, we invested approximately \$4.3 million in our U.S. assets: \$1.8 million for the development of our real estate assets (principally for the construction of our 44 Union Square property) and \$2.5 million for the improvements of our cinema assets (principally the renovations of our cinema at Kapolei, and upgrades of certain other cinemas). We invested approximately \$3.2 million in our Australia asset, primarily for the development of our cinema assets (principally the fit-out of our new South City Square eight-screen complex and Busselton five-screen reading cinema). We invested approximately \$1.5 million in our New Zealand assets: \$1.1 million for our Invercargill cinema renovation and \$0.4 million was used for the development of real estate assets (principally on the predevelopment of our Courtenay Central asset).

At December 31, 2022, we had cash and cash equivalents of \$29.9 million, which are treated as corporate assets. Our cash included \$24.0 million denominated in U.S. dollars, \$4.9 million (AU\$7.2 million) in Australian dollars, and \$1.1 million (NZ\$1.7 million) in New Zealand dollars. We had total worldwide non-current assets of \$539.6 million, distributed as follows: \$300.0 million in the United States, \$192.1 million (AU\$320.0 million) in Australia and \$47.5 million (NZ\$74.8 million) in New Zealand. We had no unrestricted unused capacity of available corporate credit facilities on December 31, 2022.

For 2022, our gross revenues in the United States, Australia, and New Zealand were \$100.1 million, \$87.8 million, and \$15.2 million, respectively, compared to \$61.8 million, \$64.7 million, and \$12.6 million for 2021. All three countries posted revenue increases in 2022 as a result of no mandated COVID-19 related closures in 2022, compared to 2021 due to the wide distribution of COVID-19 vaccines and better film releases.



As shown in the chart set forth in the *International Business Risks* section, exchange rates for the currencies of these jurisdictions have varied, sometimes materially. These ratios naturally have an impact on our revenues and asset values, which are reported in USD. The U.S. dollar is trading at or about a ten year high compared to the Australian and New Zealand Dollar, which has the effect of reducing the value of our Australia and New Zealand earnings and cash flow from a U.S. point of view. Notwithstanding these fluctuations, we continue to believe that, over the long term, operating in Australia and New Zealand is a prudent diversification of risk. Australia has been identified by the United Nations to be among the Top 10 countries in the World in terms of natural resources per person. Deutsche Bank has twice named Wellington the best place in the world to live. The Organization for Economic Cooperation and Development has twice rated Australia as the best place to live and work in the world. In our view, the economies of Australia and New Zealand are stable economies, and their lifestyles support our entertainment/lifestyle focus.

HUMAN CAPITAL RESOURCES

Our company is committed to diversity and does not discriminate on the basis of sex, race, gender, ethnicity, religious beliefs or practices or any other protected characteristics. We strive to recruit and retain a diverse group of employees. Our board of directors is comprised of three women (including our Chair, Vice Chair and Chair of our Compensation Committee) and two men.

Our cinemas typically employ persons from the communities that they serve and accordingly, we believe that they reasonably reflect the diversification of such communities. Many of our jobs are entry level positions and offer comparatively flexible hours attractive to students and others seeking part time employment. We believe that we provide a starting point for younger people entering the job market for the first time, as well as an opportunity for individuals with other life commitments and interests and who are not seeking full time employment. Finding and retaining cinema staff has been a challenge in the post COVID period.

As of December 31, 2022, we had approximately (i) 89 executive/administrative and 8 real estate employees who were primarily full-time and (ii) 20 live theatre and 1,908 cinema employees worldwide who were predominantly part-time/casual employees. A small number of our cinema employees in New Zealand are union members, as are our projectionists in Hawaii. None of our Australian-based employees or other employees are subject to union contracts. Overall, we are of the view that the existence of these collective bargaining agreements does not materially increase our costs of labor or our ability to compete.

We offer our employees a competitive benefits package. In the U.S., we offer a 401(k)-retirement savings plan (our “401(k) Plan”) that allows eligible U.S. employees to defer a portion of their compensation, within limits prescribed by the Internal Revenue Code, on a pre- and post-tax basis through contributions to the plan. We match contributions made by participants in our 401(k) Plan up to a specified percentage, and these matching contributions are fully vested as of the date on which the contributions are made. Currently, matching has been deferred as allowed by our 401(k)-plan due to COVID-19. For our employees in Australia and New Zealand, we offer superannuation plans in line with the requirements as they pertain to each government. We believe that providing a vehicle for retirement savings through our 401(k) Plan or superannuation plan, and making fully vested matching contributions in the U.S., in accordance with our compensation policies, adds to the overall desirability of our employee compensation package and further incentivizes our employees.

We have adopted a Code of Business Conduct and Ethics (the “Code of Conduct”) designed to help our Directors and employees resolve ethical issues. Our Code of Conduct applies to all Directors and employees and is posted on our website. Our Board has established a means for employees to report a violation or suspected violation of the Code of Conduct anonymously. In addition, we have adopted an “Amended and Restated Whistleblower Policy and Procedures,” which is also posted on our website, and establishes a process by which employees may anonymously disclose to our Principal Compliance Officer alleged fraud or violations of accounting, internal accounting controls or auditing matters. We are firm supporters of equal rights and diversity, and have accordingly adopted the Anti-Discrimination, Harassment and Bullying Policy posted on our website.

Our Green Initiatives.

We strive to do our part in the fight against climate change.

United States

In our U.S. theaters we are looking at transitioning to paper straws and bamboo biodegradable cutlery in the immediate future. We provide recycle bins at all of our theaters. Prior to the COVID-19 pandemic, we completed a variety of energy enhancements, including the installation of (i) LED Lighting retrofits to lower KWH Usage and reduce our energy consumption across all the theatres, (ii) modern and smart EMS systems at various locations, to efficiently control the current HVAC systems, and (iii) replacement HVAC package units to improve our carbon footprint.

Australia and New Zealand

In our theaters in Australia and New Zealand, we are (i) using commercially compostable bamboo takeaway cutlery nationally, (ii) using commercially compostable paper straws (which are individually wrapped in paper to ensure we are COVID safe), (iii) using commercially compostable soft drink cold cups, coffee cups, popcorn boxes, takeaway pizza boxes and takeaway clamshell hot food boxes. We have achieved our 2021 goal to source only commercially compostable packaging, we expect all AU/NZ locations in Q2 2022 to be 100% converted to the new environmentally friendly stock. At our Burwood cinema in Australia, we are separating waste into three waste streams (compostable material/general waste/recyclable). At our Belmont ETC in Australia, we have installed Solar Panels to minimize our reliance on non-renewable energies.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Our statements in this annual 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 a person's desire 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 retail real estate owner's use of vacant anchor spaces; 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 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 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 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 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 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 diseases or to otherwise conduct work under any revised work environment protocols;
 - the continuing adverse impact that the COVID-19 pandemic or other diseases may continue to have on the national and global macroeconomic environment;
 - competition from cinema operators who have successfully used debtor laws to reduce their debt and/or rent exposure;
 - the uncertainty as to the scope and extent of government responses to the COVID-19 pandemic or other 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 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 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 diseases on real estate valuations in major urban centers, such as New York;
 - uncertainty as to governmental responses to COVID-19 or other 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 are experiencing 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 annual report are based only on information currently available to us and are current only as of the date of this 2022 Annual Report. 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.

Additionally, certain of the presentations included in this annual report may contain “non-GAAP financial measures.” In such case, a reconciliation of this information to our GAAP financial statements will be made available in connection with such statements.

Item 1A – Risk Factors

Like any other investment, investing in our securities involves risk. Set forth below is a summary of various risk factors that you should consider in connection with your investment in our Company. This summary should be considered in the context of our overall Annual Report on Form 10-K.

BUSINESS RISK FACTORS

We are in the cinema exhibition and real estate businesses. We discuss separately the risks we believe to be material to our involvement in each of these segments. We have discussed separately the risks relating to the international nature of our business activities, our use of leverage, and our status as a controlled corporation. While we report the results of our live theatre operations as real estate operations – because we are principally in the business of renting space to producers rather than in producing plays ourselves – the cinema exhibition and live theatre businesses share certain risk factors and are, accordingly, discussed together.

Cinema Exhibition and Live Theatre Business Risk Factors

Our cinema and live theatre businesses are dependent upon attendance, the availability of attractive entertainment product and employees willing to work in a public environment and, accordingly, are vulnerable to the adverse effects of any future pandemics which may result in government ordered closures, imposition of social distancing requirements, and changes in film release patterns. As demonstrated by the governmental and public response to the COVID-19 pandemic, businesses that bring large numbers of unrelated people together in an enclosed environment are particularly vulnerable to business disruption in the face of contagious diseases with life threatening potential. Not only may government authorities order closures or reduce operating capacities, but the public may feel uncomfortable attending our performances in the face of such an infectious disease risk. Our cinema business has high fixed costs (rent and increasing labor) and our revenue in this segment (ticket sales, food and beverage sales, screen advertising fees) is directly tied to our success at attracting customers to our venues.

We are dependent upon third parties to supply the entertainment product we need for our cinemas and live theatres to attract customers. We do not produce the films we show at our cinemas and, generally speaking, we do not produce the plays that are performed at our live theatres. Film distributors have no obligation to supply us with film and producers have no obligation to make use of our live theatres.

We face competition from other sources of entertainment and other entertainment delivery systems. Both our cinema and live theatre operations face competition from “in-home” and mobile device sources of entertainment. These include competition from network, cable and satellite television, and Video on Demand, internet streaming video services such as Netflix, Hulu, Disney+, HBO Max, Peacock, and Amazon Prime, and social media or user generated internet programming such as, YouTube, TikTok, Reddit, Instagram, and Snapchat, video games and other sources of entertainment. The quality of “in-home” and mobile entertainment systems, as well as programming available on an in-home and mobile basis, has increased, while the cost to consumers of such systems (and such programming) has decreased in recent periods, and some consumers may prefer the security and/or convenience of an “in-home” or mobile entertainment experience to the more public and presentation-oriented experience offered by our cinemas and live theatres. Film distributors have been responding to these developments by, in some cases, decreasing or eliminating the period of time between cinema release and the date such product is made available to “in-home” or mobile forms of distribution. During the COVID-19 pandemic, many distributors moved product onto their proprietary streaming service platforms or onto third party platforms (like Netflix) either in lieu of or simultaneously with a cinema release. Even before the recent pandemic, some traditional in-home and mobile distributors had begun to produce full-length movies, specifically for the purpose of direct or simultaneous release to the in-home and mobile markets. Cinemas will need to meet these competitive factors to continue to attract customers. This may require substantial capital outlays and increased labor expense, which exhibitors may not be able to fully pass on to their customers.

We also face competition from various other forms of “beyond-the-home” entertainment, including sporting events, concerts, restaurants, casinos, video game arcades, and nightclubs. Our cinemas also face competition from live theatres and vice versa.

Further, as we file this 2022 Annual Report, there are rumors that Amazon may be looking to acquire a brick-and-mortar cinema company. We cannot predict the impact of such a development unless and until such an event occurs.

Supply chain disruptions may negatively impact our operating results. We rely on certain suppliers for a number of our products, supplies and services. Shortages, delays, or interruptions in the availability of food and beverage items and other supplies to our theatres and restaurants may be caused by adverse weather conditions; natural disasters; governmental regulation; recalls; commodity availability; seasonality; public health crises or pandemics; labor issues or other operational disruptions; the inability of our suppliers to manage adverse business conditions, obtain credit or remain solvent; or other conditions beyond our control. Such shortages, delays or interruptions could adversely affect the availability, quality, and cost of the items we buy and the operations of our business. Supply chain risk could increase our costs and limit the availability of products that are critical to our operations. We expect these issues to continue for the foreseeable future and plan to minimize the impact by focusing on the supply of those items with the greatest impact on our sales and operations.

We operate in a highly competitive environment with many competitors who are significantly larger and may have significantly better access to films and to funds than we do. We are a comparatively small cinema operator and face competition from much larger exhibitors who are able to offer distributors more screens in more markets – including markets where they may be the exclusive exhibitor – than can we. This may adversely impact our access to films, which may adversely affect our revenue and profitability. These larger competitors may also enjoy (i) greater cash flow, which can be used to develop additional cinemas, including cinemas that may be competitive with our existing cinemas, (ii) better access to equity capital and debt, (iii) better visibility to landlords and real estate developers, (iv) for the sake of building volume, to operate cinemas with margins below our threshold for cinema acquisitions and/or development, and (v) better economies of scale. Access to reasonably priced funding is increasingly important as cinema operators need to upgrade their presentation, food and beverage in order to compete with in-home entertainment options.

In the case of our live theatres, we compete for shows not only with other “for-profit” Off-Broadway theatres, but also with “not-for-profit” operators and, increasingly, with Broadway theatres. We believe our live theatres are generally competitive with other Off-Broadway venues. However, due to the increased cost of staging live theatre productions, we are seeing an increasing tendency for plays that would historically have been staged in an Off-Broadway theatre moving directly to larger Broadway venues.

We are vulnerable to a variety of factors which are beyond our control.

- ***Our cinema and live theatre businesses may be vulnerable to fears of terrorism and random shooter incidents which could cause customers to avoid public assembly venues.*** Events, such as terrorist attacks and random shooter incidents may discourage patrons from attending our cinemas. We believe that recent shooting incidents have resulted in material increases in insurance premiums for cinema operators.
- ***Our cinema business may be vulnerable to natural disasters.*** Natural disasters, such as tropical storms, floods, fires, and earthquakes, have damaged and forced the temporary closure, and are likely in the future to similarly impact, our cinema operations. A material portion of our cinemas are located in seismically active areas, such as California, Hawaii and New Zealand.
- ***We may be more subject to general economic conditions than some other businesses.*** Going to a movie or a play is a luxury, not a necessity. Furthermore, consumer demand for better amenities and food offerings have resulted in an increase of the cost of a night at the movies. Accordingly, a decline in the economy resulting in a decrease in discretionary income, or a perception of such a decline, may result in decreased discretionary spending, which could adversely affect our cinema and live theatre businesses. Adverse economic conditions can also affect the supply side of our business, as reduced liquidity can adversely affect the availability of funding for movies and plays. This is particularly true in the case of Off-Broadway plays, which are often times financed by high-net-worth individuals (or groups of such individuals) and that are very risky due to the absence of any ability to recoup investment in secondary markets like – cable, satellite or internet distribution.

We face competition from competitors offering food and beverage and luxury seating as an integral part of their cinema offerings. The number of our competitors offering expanded food and beverage menus (including the sale of alcoholic beverages) and luxury seating, has continued to grow in recent periods. In addition, more competitors such as AMC are converting existing cinemas to provide such expanded menu offerings and in-theater dining options. The existence of such cinemas may alter traditional cinema selection practices of moviegoers, as they seek out cinemas with such expanded offerings as a preferred alternative to traditional cinemas. In order to compete with these new cinemas, the Company has been required to materially increase its capital expenditures to add such features to many of our cinemas and to take on additional and more highly trained (and, consequently, compensated) staff. Also, the conversion to luxury seating typically requires a material reduction in the number of seats that an auditorium can accommodate which may translate into fewer movie tickets being sold and the shutdown (or limitation of activities) during the time required to complete such modifications.

Our failure to obtain and maintain liquor licenses at any of our cinemas could adversely affect our ability to compete. Each of our cinemas offering alcoholic beverages, is subject to licensing and regulation. Typically, licenses must be renewed annually and may be revoked or suspended for cause at any time. Alcoholic beverage control regulations relate to numerous aspects of the daily operations of each cinema, including minimum age of patrons and employees, hours of operation, advertising, wholesale purchasing, inventory control and handling and storage and dispensing of alcoholic beverages. The failure to receive or retain a liquor license, or any other required permit or license, in a particular location, or to continue to qualify for, or renew licenses, could have a material adverse effect on our profitability, our ability to attract patrons, and our ability to obtain such a liquor license in other locations.

We may be subject to increased labor and benefits costs generally. We are subject to inflationary pressures which have resulted in increased costs of goods and increased cost of film. Our labor costs more as post COVID-19 worker shortages continue, particularly in the minimum wage sector where we operate. In venues that have alcohol licenses, there are higher labor, inventory, and insurance costs. Our cinemas are a major user of electricity, and utility costs are also rising. Given competitive pressures and other forces adversely impacting movie attendances, it may not be possible to pass all or any material portion of these increased costs on to consumers. In addition, we are subject to a variety of changing laws governing such matters as minimum wages, access to benefits and

paid or unpaid leave, working conditions and overtime under which minor violations can result in material liabilities. In California and New York, in particular, law firms have developed which advertise for plaintiffs and bring such cases on a class action, contingent fee basis, where typically between 25% and 40% of any recovery goes to the law firm. Moreover, given the statutory basis of such claims, insurance is not available to cover such exposure. In recent periods, legislatures have been actively increasing minimum wages, mandating minimum hours or imposing notice and leave provisions that make it increasingly difficult to adjust staffing levels to accommodate fluctuating cinema attendance levels, all of which have resulted in increased operating costs as we work to maintain a high level of amenity to our customers.

Real Estate Development and Ownership Business Risks

Specific Risks Related to Our Real Estate Business.

Our real estate business suffered effects from the coronavirus outbreak from which has not been full recovery. The COVID-19 pandemic resulted in the closure or reduced capacity of certain of our retail tenants. All of our ETCs are anchored by our cinemas, which suffered temporary closures and/or reductions in seating capacities during the COVID-19 Pandemic, thereby reducing foot traffic to our ETCs. In some cases, we have been compelled to provide our tenants with rent abatements or deferrals and some tenants continue to be impacted.

Competition from the Digital Economy may adversely impact our ability to lease and obtain reasonable rents for our properties. An increasing amount of shopping is being done online, a trend that has been given momentum by the stay-at-home admonitions and restrictions associated with our battle against the COVID virus. This has adversely impacted retail tenants (particularly those dealing in consumer goods), which may impact our ability to attract such retailers and to obtain rents at historic levels. This is a particular risk to us, given our high percentage of retail tenants. Also, initially motivated by the need to work from home during the COVID-19 pandemic, employers are rethinking the scope and extent of the need for their office space. Some markets may have become overbuilt, which may complicate our ability to lease our properties, to obtain reasonable rents, and to finance future development.

Many of our Properties are located in areas prone to natural disasters. Many of our properties are located in areas subject to a risk of fires such as California and Australia; of hurricanes, tropical storms and/or flooding, such as Australia, California, Hawaii and New York, New Jersey; or earthquakes in New Zealand, Hawaii and California. The availability of insurance for natural disasters (particularly earthquake) may be limited.

Our entertainment properties may be more subject to access litigation than other properties. Substantially all our properties consist of, or include as a material component, entertainment venues. These facilities may attract more access-based litigation (for example, claims under the Americans with Disabilities Act) than other types of real estate.

We operate in a highly competitive environment in which we must compete against companies with much greater financial and human resources than we have. We have limited financial and human resources, compared to our principal real estate competitors. In recent periods, we have relied heavily on outside professionals in connection with our real estate development activities. Many of our competitors have significantly greater resources and may be able to achieve greater economies of scale than we can. Given our structure as a taxable corporation, our cost of capital is typically higher than other real estate investment vehicles such as real estate investment trusts.

Risks Related to the Real Estate Industry Generally

Our financial performance will be affected by risks associated with the real estate industry generally. Events and conditions generally applicable to developers, owners, and operators of real property will affect our performance as well. These include (i) changes in the national, regional and local economic climate, (ii) local conditions, such as an oversupply of, or a reduction in demand for, commercial space and/or entertainment-oriented properties, (iii) reduced attractiveness of our properties to tenants, (iv) the rental rates and capitalization rates applicable to the markets in which we operate and the quality of properties that we own, (v) competition from other properties, (vi) inability to collect rent from tenants, (vii) increased operating costs, including labor, materials, real estate taxes, insurance premiums, and utilities, (viii) costs of complying with changes in law and government regulations including those relating to access, energy conservation and environmental matters, (ix) the relative illiquidity of real estate investments, and (x) decreases in sources of both construction and long-term lending as traditional sources of such funding leave or reduce their commitments to real estate-based lending. In addition, periods of rising interest rates or declining demand for real estate (for example, due to competition from internet sellers the demand for brick and mortar retail spaces has declined and may continue to decline, and due to the increasing popularity of tele-commuting demand for traditional office space has likewise declined and may likewise continue to decline), or the public perception that any of these events may occur, could result in declining rents or increased lease defaults. Increasing cap rates can result in lower property values.

Illiquidity of real estate investments could impede our ability to respond to adverse changes in the performance of our properties. Real estate investments can be relatively illiquid and, therefore, tend to limit our ability to vary our portfolio promptly in response to changes in economic or other conditions. Many of our properties are either "special purpose" properties that could not be readily

converted to general residential, retail or office use. In addition, certain significant expenditures associated with real estate investment, such as real estate taxes and maintenance costs, are generally not reduced when circumstances cause a reduction in income from the investment, and competitive factors may prevent the pass-through of such costs to tenants.

Real estate development involves a variety of risks.

Real estate development involves a variety of risks, including the following:

- *The identification and acquisition of suitable development properties.* Competition for suitable development properties is intense. Our ability to identify and acquire development properties may be limited by our size and resources. Also, as we and our affiliates are considered to be “foreign owned” for purposes of certain Australian and New Zealand statutes, we have been in the past, and may in the future be, subject to regulations that are not applicable to other persons doing business in those countries.
- *The procurement of necessary land use entitlements for the project.* This process can take many years, particularly if opposed by competing interests. Competitors and community groups (sometimes funded by such competitors) may object based on various factors, including, for example, impacts on density, parking, traffic, noise levels and the historic or architectural nature of the building being replaced. If they are unsuccessful at the local governmental level, they may seek recourse to the courts or other tribunals. This can delay projects and increase costs.
- *The construction of the project on time and on budget.* Construction risks include the availability and cost of financing; the availability and costs of material and labor; the costs of dealing with unknown site conditions (including addressing pollution or environmental wastes deposited upon the property by prior owners); inclement weather conditions; and the ever-present potential for labor-related disruptions.
- *The leasing or sell-out of the project.* Ultimately, there are risks involved in the leasing of a rental property or the sale of a condominium or built-for-sale property. For our ETCs, the extent to which our cinemas can continue to serve as an anchor tenant will be influenced by the same factors as will influence generally the results of our cinema operations. Leasing or sale can be influenced by economic factors that are neither known nor knowable at the commencement of the development process and by local, national, and even international economic conditions, both real and perceived.
- *The refinancing of completed properties.* Properties are often developed using relatively short-term loans. Upon completion of the project, it may be necessary to find replacement financing for these loans. This process involves risk as to the availability of such permanent or other take-out financing, the interest rates, and the payment terms applicable to such financing, which may be adversely influenced by local, national, or international factors. Recent increases in lending interest rates and potential tightening of lending given the recent bank crisis may make more difficult refinancing debt or obtaining new debt.

The ownership of properties involves risk. The ownership of properties involves risks, such as: (i) ongoing leasing and re-leasing risks, (ii) ongoing financing and re-financing risks, (iii) market risks as to the multiples offered by buyers of investment properties, (iv) risks related to the ongoing compliance with changing governmental regulation (including, without limitation, laws and regulations related to access, energy conservation and environmental matters), (v) relative illiquidity compared to some other types of assets, and (vi) susceptibility of assets to uninsurable risks, such as biological, chemical or nuclear terrorism, or risks that are subject to caps tied to the concentration of such assets in certain geographic areas, such as earthquakes. Furthermore, as our properties are typically developed around an entertainment use, the attractiveness of these properties to tenants, sources of finance and real estate investors will be influenced by market perceptions of the benefits and detriments of such entertainment-type properties.

We may be subject to liability under environmental laws and regulations. We own and operate cinemas and other properties within the U.S. and internationally, which may be subject to various foreign, federal, state and local laws and regulations relating to the protection of the environment or human health. Such environmental laws and regulations include those that impose liability for the investigation and remediation of spills or releases of hazardous materials. We may incur such liability, including for any currently or formerly owned, leased or operated property, or for any site, to which we may have disposed, or arranged for the disposal of, hazardous materials or wastes. Certain of these laws and regulations may impose liability, including on a joint and several liability, which can result in a liable party being obliged to pay for greater than its share, regardless of fault or the legality of the original disposal. Environmental conditions relating to our properties or operations could have an adverse effect on our business and results of operations and cash flows.

Legislative or regulatory initiatives related to global warming/climate change concerns may negatively impact our business. Recently, there has been an increasing focus and continuous debate on global climate change including increased attention from regulatory agencies and legislative bodies. This increased focus may lead to new initiatives directed at regulating an as yet unspecified array of environmental matters. Legislative, regulatory or other efforts in the U.S. to combat climate change could result in future increases in the cost of raw materials, taxes, transportation and utilities for our vendors and for us which would result in higher operating costs for the Company. Also, compliance by our cinemas and accompanying real estate with new and revised environmental, zoning, land-use or building codes, laws, rules or regulations, could have a material and adverse effect on our business.

However, we are unable to predict at this time, the potential effects, if any, that any future environmental initiatives may have on our business.

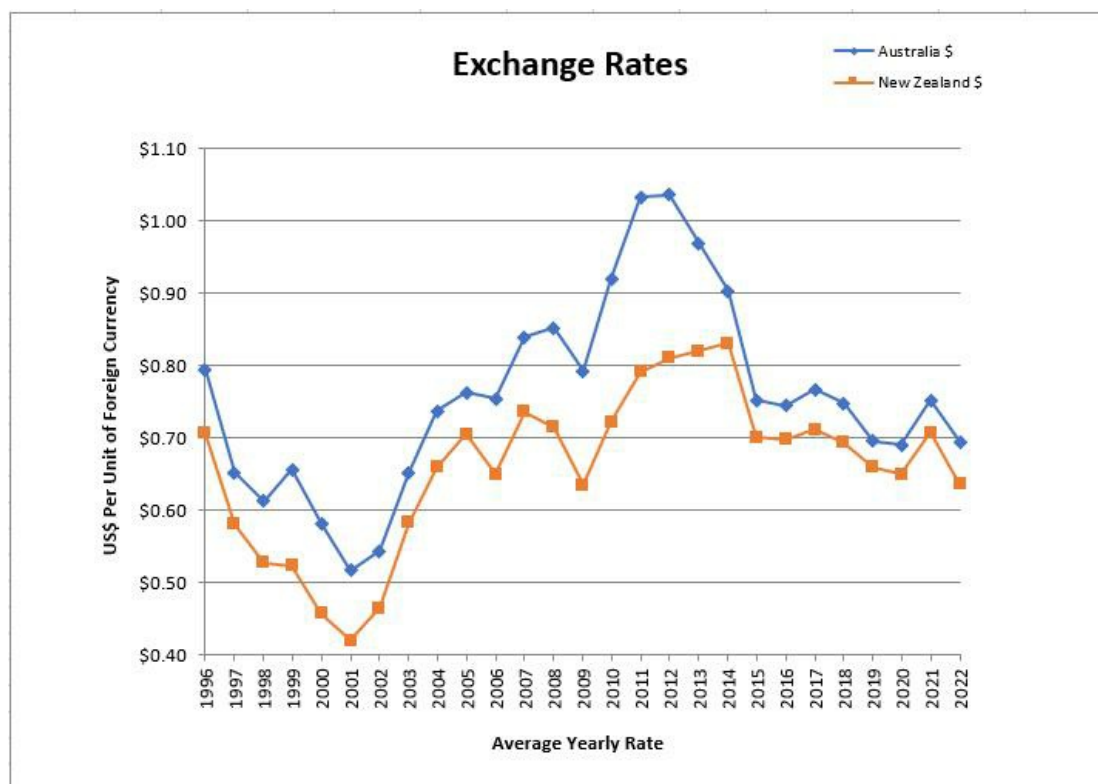
Changes in interest rates may increase our interest expense. Because a portion of our debt bears interest at variable rates, increases in interest rates could materially increase our interest expense. While much of our debt is fixed rate, approximately \$177.7 million of our current debt will mature over the next twenty-four months and will require refinancing. We anticipate that we will not be able to refinance such maturing debt at current interest rates. Based on our debt outstanding as of December 31, 2022, if interest rates were to increase by 1%, the corresponding increase in interest expense on our variable rate debt would decrease future earnings and cash flows by approximately \$2.7 million per year. Potential future increases in interest rates may therefore negatively affect our financial condition and results of operations and reduce our access to the debt or equity capital markets.

Uncertainty relating to the likely phasing out of LIBOR may result in paying increased interest under our credit facilities. Some of our variable rate indebtedness uses LIBOR as a benchmark for establishing the rate. LIBOR is the subject of recent national, international and other regulatory guidance and proposals for reform. On July 27, 2017, the United Kingdom's Financial Conduct Authority announced that it intended to phase out LIBOR by the end of 2021. LIBOR is no longer used to price new loans, and existing finance structures which are based on LIBOR are expected to be transitioned by June 2023 when certain time-based LIBOR rates will no longer be published. On November 23, 2022, FCA announced a consultation on their proposal to require LIBOR's administrator, IBA, to continue to publish the 1-, 3- and 6-month US dollar LIBOR settings under an unrepresentative 'synthetic' methodology until end-September 2024. After this, publication would cease permanently. These reforms and other pressures may cause LIBOR to disappear entirely or to perform differently than in the past. At this time, it is not possible to predict the effect that any discontinuance, modification or other reform of LIBOR or any other reference rate, or the establishment of alternative reference rates, may have on LIBOR, other benchmarks, or LIBOR-based debt instruments. However, the use of alternative reference rates or other reforms could cause the interest rates payable under our credit facilities to be substantially higher than we would otherwise have expected.

International Business Risks

Our Company transacts business in Australia and New Zealand and is subject to risks associated with changing foreign currency exchange rates. During year 2022, the Australian dollar and New Zealand dollar weakened against the U.S. dollar by 7.6% and 10.2%, respectively, compared to same time prior year. Our international operations are subject to a variety of risks, including the following:

- **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. Set forth below is a chart of the exchange ratios between these three currencies since 1996:



In recent periods, we have repaid intercompany debt and used the 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. As the impacts of COVID on our business operations in Australia and New Zealand have been less severe than on our operations in the U.S., we have been looking to our operations in Australia and New Zealand to fund our overall corporate general and administrative expense (most of which is resident in the U.S.). The current strength of the U.S. Dollar has diminished the value to our Company of our Australia and New Zealand cash flow.

- **Risk of adverse government regulation:** currently, we believe that relations between the United States, Australia, and New Zealand are good. However, no assurances can be given that these relationships will continue, and that Australia and New Zealand will not in the future seek to regulate more highly the business done by U.S. companies in their countries.
- **Risk of adverse labor relations:** deterioration in labor relations could lead to an increased cost of labor (including the cost of future government requirements with respect to scheduling, accommodation, pension liabilities, disability insurance and health coverage, vacations and leave).

Trade disputes and geopolitical instability outside of the U.S. may adversely impact the U.S. and global economies.

In 2022, global growth weakened, trade tensions heightened, and several emerging markets experienced significant downturns as macroeconomic and geopolitical developments weighed on market sentiments. Governmental policies of developed economies, such as the U.S., have a substantial effect on emerging markets, and the consequences of a trade war between two developed countries, like that of the U.S. and China, could further contribute to the adverse economic and political conditions of emerging and other developed economies. Additionally, North Korea's nuclear weapons capabilities, Chinese activities relative to the South China Sea, Taiwan, and Hong Kong, and the Russian invasion of Ukraine continue to be an ongoing security concern and worsening relations between the U.S. and North Korea, Russia and China continue to create a global security issue that may adversely affect international business and economic conditions. While it is difficult for us to predict the effect of such trade wars and heightened geopolitical and economic instability on our business, they could lead to currency devaluation, economic and political turmoil, market volatility, and a loss of consumer confidence in the broader U.S. economy.

Risks Associated with Certain Discontinued Operations

Certain of our subsidiaries were previously in industrial businesses. As a consequence, properties that are currently owned or may have in the past been owned, by these subsidiaries may prove to have environmental issues. Where we have knowledge of such environmental issues and are in a position to make an assessment as to our exposure, we have established what we believe to be appropriate reserves, but we are exposed to the risk that currently unknown problems may be discovered. These subsidiaries are also exposed to potential claims related to exposure of former employees to coal dust, asbestos, and other materials now considered to be, or which in the future may be found to be, carcinogenic or otherwise injurious to health.

Operating, Financial Structure and Borrowing Risk

Typically, we have negative working capital. As we invest our cash in new acquisitions and the development of our existing properties, we have negative working capital. This negative working capital is typical in the cinema exhibition industry because our short-term liabilities are in part financing our long-term assets instead of long-term liabilities financing short-term assets, as is the case in other industries such as manufacturing and distribution. Our short-term liabilities also include significant obligations related to our cinema leases. See *Part II, Item 8 – Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 2 - Summary of Significant Accounting Policies – Operating Leases*.

We are subject to complex taxation, changes in tax rates, adoption of new U.S. or international tax legislation and disagreements with tax authorities that could adversely affect our business, financial condition, or results of operations. We are subject to many different forms of taxation in both the U.S. and in foreign jurisdictions where we operate, such as the U.S. Tax Cuts and Jobs Act signed into law in December 2017. The new laws are still evolving and require that we interpret the provisions of the law as we work to comply with them. The costs of compliance with these laws and regulations are high and are likely to increase in the future. Any failure on our part to comply with these laws and regulations can result in negative publicity and diversion of management's time and effort and may subject us to significant liabilities and other penalties.

We have substantial short- to medium-term debt. Generally speaking, we have historically financed our operations through relatively short-term debt. No assurances can be given that we will be able to refinance this debt, or if we can, that the terms will be reasonable. However, as a counterbalance to this debt, we have certain unencumbered real property assets, which could be sold to pay debt or encumbered to assist in the refinancing of existing debt, if necessary.

We have substantial lease liabilities. Most of our cinemas operate in leased facilities. These leases typically have "cost of living" or other rent adjustment features and require that we operate the properties as cinemas. The COVID-19 pandemic, increased competition from internet, streaming and cable-based entertainment, and changes in film distribution have adversely affect the ability of our cinema operating subsidiaries to meet these rental obligations. Even if our cinema exhibition business returns to pre-Pandemic levels and thereafter remains relatively constant, cinema level cash flow will likely be adversely affected unless we can increase our revenue sufficiently to offset increases in our rental liabilities.

If our company suffers cybersecurity attacks, data security challenges or privacy incidents that result in security breaches, we could suffer a loss of sales, additional liability, reputational harm or other adverse consequences. The effective operation of our international businesses depends on our network infrastructure, computer systems, physical, virtual and/or cloud based, and software. Our information technology systems collect and process information provided by customers, employees and vendors. In addition, third-party vendors' systems process ticketing for our theaters. These various information technology systems and the data stored within them are subject to penetration by cyber attackers. We utilize industry accepted security protocols to securely maintain and protect proprietary and confidential information. However, in spite of our best efforts, our information systems may fail to operate for a variety of technological or human reasons. An interruption or failure of our information technology systems and of those maintained by our third-party providers could adversely affect our business, liquidity or results of operations and result in increases in reputational risk, litigation or penalties. Furthermore, any such occurrence, if significant could require us to expend resources to remediate and

upgrade information technology systems. Since 2015, we have annually procured cybersecurity insurance to protect against cybersecurity risks; however, we cannot provide any assurance regarding the adequacy of such insurance coverage.

Our stock is thinly traded. Our stock is thinly traded, with an average daily volume in 2022 of only approximately 30,738.5 shares of Class A Stock. Our Class B Stock is very thinly traded with even less volume. This can result in significant volatility, as demand by buyers and sellers can easily get out of balance.

Uninsured bank deposits may be at risk. We maintain cash in certain financial institution bank accounts in the United States, Australia, and New Zealand. In the United States, the Federal Deposit Insurance Corporation insures accounts in the amount of \$250,000 per depositor, per insured bank, for each account ownership category. At certain of our financial institutions, we have more than \$250,000 on deposit and those amounts may not be insured in the event of a bank failure.

Ownership and Management Structure, Corporate Governance, and Change of Control Risks

As of December 31, 2022, according to a Schedule 13D/A filed on November 2, 2022 by Margaret Cotter (the Chair of our Board, Executive Vice President of our Company and sister of Ellen Cotter), Ellen Cotter (the Vice-Chair of our Board, President and Chief Executive Officer of our Company and sister of Margaret Cotter) and certain of their affiliates (the “Cotter Schedule 13D/A”), such parties stated that in order to preserve the intent of James J. Cotter, Sr. (in establishing the Voting Trust referred to in the James J. Cotter Living Trust (the “Trust”)), Margaret Cotter has sole voting control over all of the Class B Stock of our Company in the Voting Trust, pursuant to the terms of a Settlement Agreement and related arrangements between Margaret Cotter and Ellen Cotter, the beneficial ownership of shares of Class B Stock owned by James J. Cotter, Sr. in the Trust or the Estate of James J. Cotter, Sr. (the “Estate”), the following represented the beneficial ownership of Margaret Cotter and Ellen Cotter:

- Of 614,332.8 shares of Class B Stock owned by the Trust transferred directly to Margaret Cotter and Ellen Cotter as individuals, (i) Margaret Cotter has sole voting power over all 614,332.8 shares, (ii) Margaret Cotter has sole dispositive power over 307,166.4 shares of Class B Stock of the Company owned by the Trust transferred to Margaret Cotter directly (50% of the 614,332.8), and (iii) until they enter into a stockholders agreement, Margaret Cotter and Ellen Cotter have shared dispositive power over 307,166.4 (the remaining 50% of 614,332.8) Class B shares transferred to Ellen Cotter directly.
- Margaret Cotter has sole voting and dispositive power over 327,808 shares currently held by the Estate, to be transferred to a trust to be set up for the benefit of Margaret Cotter’s children (the “DMC Trust”), once formed, upon final administration of the Estate (at which point she will retain sole voting and dispositive power over them).
- Margaret Cotter has sole voting and dispositive power over the 81,774.2 shares currently held by the Trust, to be transferred to the DMC Trust once formed (at which point she will retain sole voting and dispositive power over them).
- Margaret Cotter and Ellen Cotter, as co-executors of the Estate, continue to have shared voting and dispositive power over 100,000 shares of Class B Stock currently held by the Estate and not otherwise allocated by the Settlement Agreement.

As of the date hereof, Margaret Cotter also has sole voting and dispositive power over 35,100 shares of Class B Stock directly beneficially owned by her, and Ellen Cotter also has sole voting and dispositive over 50,000 shares of Class B Stock directly beneficially owned by her. As a result, Margaret Cotter beneficially owns 1,158,988 shares of Voting Stock, representing 69% of the outstanding Class B stock of the Company.

For as long as Margaret Cotter continues to beneficially own 69% of the Class B Stock, Margaret Cotter will be able to unilaterally elect or remove all of the members of our Board of Directors and determine the outcome of all matters submitted to a vote of our stockholders, including matters involving mergers or other business combinations, the acquisition or disposition of assets, the incurrence of indebtedness, the issuance of any additional shares of common stock or other equity securities, related party transactions, and the payment of dividends on common stock. Margaret Cotter will also have the unilateral power to prevent or cause a change in control and could take other actions that might be desirable to her and/or other members of her family, but not to other stockholders.

For as long as Margaret Cotter continues to beneficially own 69% of the Class B Stock, Margaret will have the power to sell the control of our Company to a purchaser or purchasers of her choosing without any approval of our Company’s Board or any other stockholder. To the extent that the Margaret Cotter controls more than two-thirds of our outstanding Class B Stock, she will have the power under Nevada law at any time, with or without cause, to remove any one or more Directors (up to and including the entire Board of Directors) by written consent taken without a meeting of the stockholders.

While controlling stockholders may owe certain fiduciary duties to our Company and/or minority stockholders, these duties are limited. No assurances can be given that Margaret Cotter, alone or in conjunction with Ellen Cotter, will not take action that, while beneficial to her and members of her family (including Ellen Cotter) and legally enforceable, would not necessarily be in the best interests of our Company and/or our stockholders generally. Margaret Cotter holds her beneficial ownership of 409,552 shares of our Class B Stock ultimately as the trustee of the DMC Trust, under which she owes fiduciary duties to her children which may conflict with her obligations as a controlling stockholder of our Company.

Reference is made to the Cotter Schedule 13D/A for more detail information of the scope and extent of the holdings of Margaret Cotter and Ellen Cotter. Our Class A Stock is non-voting and accordingly our Class B Stock represents all of the voting power of our Company.

We are a “Controlled Company” under applicable NASDAQ Regulations. As permitted by those Regulations, our Board has elected to opt-out of certain corporate governance rules applicable to non-controlled companies. Generally speaking, NASDAQ requires listed companies to meet certain minimum corporate governance provisions. However, a “Controlled Company,” such as we, may elect not to be governed by certain of these provisions. Our Board of Directors has elected to exempt our Company from requirements that (i) at least a majority of our Directors be independent and (ii) nominees to our Board of Directors be nominated by a committee comprised entirely of independent Directors or by a majority of our Company’s independent Directors. Notwithstanding the determination by our Board of Directors to opt-out of these NASDAQ requirements, we believe that a majority of our Board of Directors and the entirety of our Compensation Committee are nevertheless currently comprised of independent Directors. As a practical matter, subject to her fiduciary duties as a controlling stockholder, Margaret Cotter controls the composition of our Board of Directors.

We depend on key personnel for our current and future performance. Our current and future performance depends to a significant degree upon the continued contributions of our senior management team and other key personnel. The loss or unavailability to us of any member of our senior management team or a key employee could significantly harm us. We cannot assure you that we would be able to locate or employ qualified replacements for senior management or key employees on acceptable terms. Due to the uncertainty of our control situation, the ongoing availability of these employees and our ability to replace them is uncertain. Recent action by the Securities Exchange Commission with respect to the claw back of executive bonuses under certain circumstances may, in our view, put us at a competitive disadvantage compared to private companies in recruiting talented executives.

Item 1B – Unresolved Staff Comments

None.

Item 2 – Properties

OPERATING PROPERTY

As of December 31, 2022, we own fee interests across our two operating segments in approximately 728,000 square feet of income-producing properties (including certain properties principally occupied by our cinemas) as follows:

Property	Square Feet of Improvements (rental/entertainment) ⁽¹⁾	Percentage Leased ⁽²⁾	Net Book Value ⁽³⁾ (US Dollars in thousands)	Reporting Segment	Address
United States					
1. Cinemas 1,2,3 ⁽⁴⁾	0 / 24,000	n/a	\$ 24,163	Cinema Exhibition	1003 Third Avenue, Manhattan, NY
2. Culver City Office	25,000 / 0 including a 72-space parking structure	100%	11,896	Real Estate	5995 Sepulveda Boulevard, Culver City, CA
3. Minetta Lane Theatre	0 / 9,000	n/a	2,255	Real Estate	18 Minetta Lane, Manhattan, NY
4. Orpheum Theatre	0 / 5,000	n/a	1,340	Real Estate	126 2nd Avenue, Manhattan, NY
5. 44 Union Square	73,000 / 0		99,614	Real Estate	44 Union Square E, New York, NY 10003
Australia					
1. Newmarket Village	102,000 / 42,000 plus 588 parking spaces	97%	40,471	Cinema Exhibition / Real Estate	400 Newmarket Road, Newmarket, QLD
2. Newmarket Office	21,000 / 1,000	100%	5,110	Real Estate	16-20 Edmondstone Street, Newmarket, QLD
3. Cannon Park ⁽⁵⁾	105,000 / 28,000	92%	19,219	Cinema Exhibition / Real Estate	High Range Drive, Thuringowa, QLD
4. Belmont	15,000 / 45,000	100%	4,989	Cinema Exhibition	Knutsford Avenue and Fulham Street, Belmont, WA
5. York Street Office	9,000 / 0	93%	1,454	Real Estate	98 York Street, South Melbourne, VIC
6. Maitland Cinema	0 / 22,000	n/a	772	Cinema Exhibition	9/1A Ken Tubman Drive, Maitland, NSW
7. Bundaberg Cinema	0 / 14,000	n/a	1,028	Cinema Exhibition	1 Johanna Boulevard, Bundaberg, QLD
New Zealand					
1. Courtenay Central ⁽⁶⁾	54,000 / 60,000 Plus, an additional 37,000 feet of land currently used as on-grade car parking where our multi-story car park once stood.	9%	8,254	Cinema Exhibition / Real Estate	100 Courtenay Place, Wellington 24 Tory Street, Wellington (Parking)
2. Dunedin Cinema	0 / 25,000	n/a	5,101	Cinema Exhibition	33 The Octagon, Dunedin
3. Napier Cinema	12,000 / 18,000	100%	1,564	Cinema Exhibition	154 Station Street, Napier
4. Rotorua Cinema	0 / 19,000	n/a	1,531	Cinema Exhibition	1281 Eruera Street, Rotorua
TOTAL⁽⁷⁾			\$ 228,761		

(1) Rental square footage refers to the amount of potential area available to be rented to third parties. A number of our real estate holdings include entertainment components rented to one or more of our subsidiaries at fair market rent. The rental area to such subsidiaries is noted under the entertainment square footage.

(2) Represents the percentage of available rental square footage currently leased or licensed to third parties.

(3) Refers to the net carrying value of the land and buildings of the property presented as "Operating Property" in our Consolidated Balance Sheet as of December 31, 2022 (net of any impairments recorded).

(4) Owned by a limited liability company in which we hold a 75% managing member interest. The remaining 25% is owned by Sutton Hill Capital, LLC ("SHC"), a company owned in equal parts by the Cotter Estate or the Cotter Estate and a third party.

(5) Our Cannon Park City and Discount Centers are operated as a single ETC.

(6) Our Courtenay Central parking structure has been demolished due to damage suffered as a result of an earthquake on November 14, 2016. For further information on the on-going development projects of these properties, refer to succeeding section *Item 7 - Recent Developments*.

(7) This schedule does not include (i) our leasehold assets on cinemas under leased-facility model, (ii) those portions of the owned assets that are not income-producing or purely used for administrative purposes, and (iii) our assets on our legacy business principally in Pennsylvania.

ENTERTAINMENT PROPERTIES

As of December 31, 2022, we leased approximately 2,067,000 square feet of completed cinema space in the United States, Australia, and New Zealand as follows:

	Aggregate Square Footage	Approximate Range of Remaining Lease Terms (including renewals)
United States	942,000	2023 – 2052
Australia	901,000	2023 – 2066
New Zealand	224,000	2023 – 2051

In certain cases, we have long-term leases that we view more akin to real estate investments than cinema leases. As of December 31, 2022, we had approximately 90,000 square feet of space subject to such long-term leases, which are reported as part of our Cinema Exhibition segment, detailed as follows:

Property	Square Feet of Improvements (rental/ entertainment) ⁽¹⁾	Percentage Leased ⁽²⁾	Net Book Value ⁽³⁾ (US Dollars in thousands)
In United States			
Manville	0 / 46,000	n/a	9,353
In Australia			
Waurm Ponds	6,000 / 38,000	100%	9,938
TOTAL			\$ 19,291

(1) Rental square footage refers to the amount of area available to be rented to third parties. A number of our real estate holdings include entertainment components rented to one or more of our subsidiaries at fair market rent. The rental area to such subsidiaries is noted under the entertainment square footage.

(2) Represents the percentage of rental square footage currently leased to third parties.

(3) Refers to the net carrying value of the leasehold property presented as "Operating Property" in our Consolidated Balance Sheet as of December 31, 2022 (net of any impairments recorded).

INVESTMENT AND DEVELOPMENT PROPERTY

We are engaged in several investment and development projects relative to our currently undeveloped parcels of land. In addition, we are currently executing, or still pursuing to execute, our redevelopment plans on several of our existing developed properties to take them to their highest and best use. The following table summarizes our investment and development projects as of December 31, 2022:

Property	Acreage	Net Book Value (US Dollars in thousands)	Status
New Zealand			
Courtenay Central, Wellington	0.9	8,792	See Item 7 - Business Overview & Recent Developments
TOTAL		\$ 8,792	

Some of our income producing properties and our investment and development properties carry various debt encumbrances based on their income streams and geographic locations. For an explanation of our debt and the associated security collateral please see *Part II, Item 8 – Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 12 – Borrowings*.

EXECUTIVE AND ADMINISTRATIVE OFFICES

In the United States, we occupy approximately 3,500 square feet at our Village East leasehold property in New York for administrative purposes and our principal executive offices. We occupy approximately 12,500 square feet of our Culver City office building for administrative purposes. The remainder of the building is leased to an unrelated third-party.

In Australia, we own a 9,000 square foot office building in Melbourne, Australia, approximately 6,000 square feet of which serve as the administrative office for our Australian and New Zealand operations (the remainder being leased to an unrelated third party). We have approximately 4,800 square feet of office space located in our Courtenay Central ETC in Wellington, New Zealand, which is currently closed due to seismic concerns. This office space used to house our accounting personnel and certain IT and operational personnel who are working remotely in the meantime.

OTHER PROPERTY INTERESTS AND INVESTMENTS

We own the fee interests in various parcels related to our historic railroad operations, currently comprised of 201-acres principally in Pennsylvania. These are primarily vacant land. With the exception of certain properties located in Philadelphia (including the raised

railroad bed near Center City, known as the Reading Viaduct), the properties are principally located in rural areas of Pennsylvania. These properties are unencumbered by any debt.

Item 3 – Legal Proceedings

The information required under *Part I, Item 3 – Legal Proceedings* is incorporated by reference to the information contained in *Note 14 – Commitments and Contingencies* to the Consolidated Financial Statements included herein in *Part II, Item 8 – Financial Statements and Supplementary Data* on this Annual Report on Form 10-K.

Item 4 – Mine Safety Disclosures

Not Applicable.

PART II

Item 5 – Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

MARKET INFORMATION

Our common stock is traded on the NASDAQ under the symbols RDI (Class A Stock) and RDIB (Class B Stock).

As of March 30, 2022, the approximate number of common stockholders of record was 359 for Class A Stock and 48, for Class B Stock.

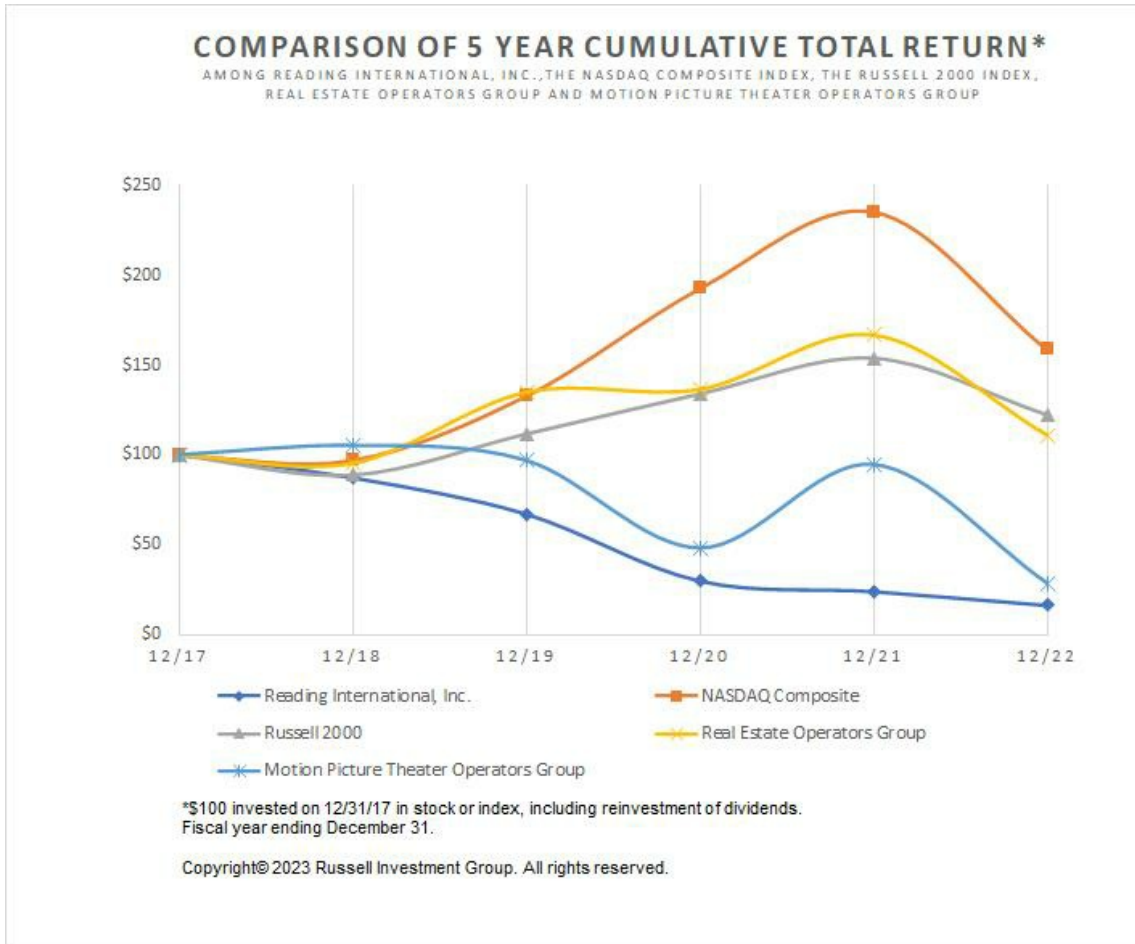
We have never declared a cash dividend on either class of our common stock, and we have no current plans to declare a dividend.

Performance Graph

The following line graph compares the cumulative total stockholder return on RDI’s Class A Stock for the five-year period ended December 31, 2022 against the cumulative total return as calculated by the NASDAQ composite, a peer group of public companies engaged in the motion picture theater operator industry and a peer group of public companies engaged in the real estate operator industry. Measurement points are the last trading day for each of the five-years ended December 31, 2022. The graph assumes that \$100 was invested on December 31, 2017 in our Class A Stock, the NASDAQ composite and the noted peer groups, and assumes reinvestment of any dividends. The stock price performance on the following graph is not necessarily indicative of future stock price performance.

The following performance graph shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act, nor shall this information be incorporated by reference into any future filing under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate it by reference into a filing.

Reading underperformed in 2022 compared to the market due to the COVID-19 pandemic and its aftermath, delayed releases of movies and/or movies going straight to streaming or PVOD, and a weakening foreign currency exchange rate.



EQUITY COMPENSATION

Please refer to *Part II, Item 8 – Financial Statements and Supplementary Data-Notes to Consolidated Financial Statements – Note 16 – Share-Based Compensation and Share Repurchase Plans*

RECENT SALES OF UNREGISTERED SECURITIES

None

REPURCHASE OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None

Item 6 – Selected Financial Data

Part II, Item 6 is no longer required as the Company has adopted certain provisions within the amendments to Regulation S-K that eliminate Item 6.

Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”)

This MD&A should be read in conjunction with the accompanying consolidated financial statements included in Part II, Item 8 (Financial Statements and Supplementary Data). The foregoing discussions and analyses contain certain forward-looking statements. Please refer to the “Cautionary Statement Regarding Forward-Looking Statements” included as a preface in Part I, Item 1A – Risk Factors of this 2022 Form 10-K.

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OUR BUSINESS

Impact of the COVID-19 Pandemic; Where have we been, and Where we go from here.

We have discussed in some detail under the heading “Business Description” in Part I of this Report our views as to the impact of the COVID-19 Pandemic impact (some of which is going) on our business and, while not repeating that disclosure here, incorporate it by reference. As a general matter, the COVID-19 pandemic caused considerable economic instability all over the world and greatly affected our Company’s global operations. But we have survived. We have preserved our people and our core assets. We are prepared to go forward.

Beginning in March 2020, we shut down all of our cinemas and laid off substantially all of our U.S. cinema level personnel. This cut off virtually all of the revenues typically derived from such operations, but we continued to incur fixed costs, such as rent, insurance, property taxes and utilities. The result: significant negative cash flow. We were able to work out some relief with various of our landlords but, in most cases, this has simply deferred our liability for these fixed occupancy costs. The impact on our real estate operations was less dramatic, but still material.

In 2021, we began to reopen our cinemas, but in many cases under strict operating guidelines, that typically did not allow us to recoup our costs of operations. Also, film availability was spotty, as major films were either diverted to streaming or video on demand or postponed to later release dates. Attendances were meager. Operating costs were adversely impacted by, among other things, stricter cleaning protocols which increased the time required to clean our theatres, thereby reducing the number of showtimes. On the real estate side, business began to return to normal in Australia and New Zealand.

To address our negative operating cash flow situation, we significantly cut back our capital expenditures and monetized five non-core real estate assets generating a net profit from such sales of \$93.3 million and, more importantly, net cash of \$144.8 million. We selected assets that were primarily non-cash flowing, had values that were not adversely impacted by the pandemic and that, if retained, would have required significant capital investment to achieve any material increase in value. In the two cases where we monetized properties with cinemas, we were able to lease back the cinema component, and consequently, suffered no loss in our cinema count. We used the cash from these monetizations to pay down debt (\$59.1 million), and fund necessary capital expenditures (\$24.2 million). At December 31, 2022, we had cash and cash equivalents of \$ 29.9 million.

During 2022, our operations began to return to normal as health and safety restrictions loosened and as studio releases improved. Although cinema attendances are still below pre-pandemic levels, the industry box office results significantly rebounded in 2022, compared to the prior two years, as audiences embraced the shared community experience of movies on the big screen. The release of highly anticipated blockbuster films, such as *Top Gun: Maverick*, *Black Panther: Wakanda Forever*, *Doctor Strange: In the Multiverse of Madness* and *Avatar: The Way of Water* were among some of the highest grossing films since the start of the pandemic and have provided optimism for the cinema industry.

None of our cinemas are currently closed due to COVID-19 or other diseases. Our cinema in Wellington, New Zealand remains closed due to seismic concerns pending the redevelopment of that ETC. However, we still have approximately \$9.4 million in deferred occupancy costs that must be repaid.

At the start of the spread of the COVID-19 pandemic, various trading restrictions, some enforced by the government, affected many of our unrelated third-party tenants at our ETCs in Australia and New Zealand. Although there were varied trading restrictions, most of these properties remained open for business through the COVID-19 crisis. 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 new fit outs). Most of the rentable retail portions of our Courtenay Central location in New Zealand continues to be closed due to seismic concerns, however, two tenants remain open and are trading.

Our cash flow situation, and decision to look to internal resources rather than layer on junk debt or sell securities, has meant that we have had to sell assets, constrain our capital expenditures, and slow down our real estate development endeavors.

With the impacts of COVID fading and with fewer disruptions to our global operations, we feel confident that the darkest days of the pandemic are behind us now. However, we have and will continue to experience into 2023, and most likely for the foreseeable future, adverse impacts on our cinema exhibition business as a result of the pandemic.

Our anticipated plans for 2023 and beyond are discussed in greater detail below.

RECENT DEVELOPMENTS

Recent developments in our two business segments are discussed below. For an overview of our two business segments, including a breakdown of assets that we own and/or manage, please see *Part I, Item 1 – Our Business* of this 2022 Form 10-K.

Cinema Exhibition

Key Performance Indicators

A key performance indicator utilized by management is food and beverage Spend Per Patron (“SPP”).

One of our strategic priorities has been to continue upgrading the food and beverage menu at several of our global cinemas. As of December 31, 2022, we have a total of 38 theater locations with an all-new upgraded food and beverage menu. 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 Additions

The additions to our cinema portfolio during the 2020-2022 COVID years were as follows:

Australia and New Zealand

- *Traralgon, Victoria, Australia:* On December 15, 2021, we opened a new state-of-the-art five-screen Reading Cinemas in Traralgon, Victoria.
- *Millers Junction, Victoria, Australia:* On June 16, 2021, we opened a new state-of-the-art six screen Reading Cinemas at the expanded Millers Junction Village featuring two TITAN LUXE auditoriums with DOLBY ATMOS immersive sound, luxury recliner seating in all auditoriums, and an enhanced F&B offering.
- *Jindalee, Queensland, Australia:* On December 22, 2020, we opened a new state-of-the-art six-screen Reading Cinemas at Jindalee featuring a TITAN LUXE with DOLBY ATMOS immersive sound, luxury recliner seating in all auditoriums, and newly curated enhanced food and beverage offering.

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

Upgrades to our Film Exhibition Technology and Theater Amenities

Prior to COVID-19, we invested in both (i) the upgrading of our existing cinemas and (ii) the development of new cinemas to provide our customers with premium offerings, including state-of-the-art presentation (including sound, lounges, and bar service) and luxury recliner seating. As of December 31, 2022, all of the upgrades to our theater circuits’ film exhibition technology and amenities over the years are as summarized in the following table:

	<u>Location Count</u>	<u>Screen Count</u>
<i>Screen Format</i>		
Digital (all cinemas in our theater circuit)	62	505
IMAX	1	1
TITAN XC and LUXE	26	32
<i>Dine-in Service</i>		
Gold Lounge (AU/NZ) ⁽¹⁾	10	26
Premium (AU/NZ) ⁽²⁾	16	41
Spotlight (U.S.) ⁽³⁾	1	6
<i>Upgraded Food & Beverage menu (U.S.)⁽⁴⁾</i>	18	<i>n/a</i>
<i>Premium Seating (features recliner seating)</i>	31	190
<i>Liquor Licenses in Use⁽⁵⁾</i>	42	<i>n/a</i>

(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 December 31, 2022, we have pending applications for additional liquor licenses for five cinemas in the U.S, two in Australia, and one in New Zealand. As of today, we have received 3 of the 5 liquor licenses.

United States

- ***Kapolei renovation:*** During the fourth quarter of 2021, we commenced the renovation of our Consolidated Theatre in Kapolei, in Western Oahu, Hawaii, which relaunched on March 3, 2022, with eight screens featuring recliner seating and a renovation of the lobby areas.

As of the date of this 2022 Annual Report, we have converted 110 of our 228 U.S. auditoriums to luxury recliner seating.

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, by the Invercargill city council, 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:*** During the three-year period 2020 to 2022, we improved four Reading Cinemas: Belmont, Charlestown, Sunbury, and Harbour Town in Australia.

Plans for 2023 and Our Cinema Business

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. 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, we recently took over an existing 6-screen cinema in Armadale, Australia, a suburb of Perth in Western Australia, previously operated by a competitor.

We are proactively adjusting our operating, programming and marketing strategies to take into account the wide-ranging impacts of the pandemic. We want to grow our cinema-based business through a disciplined approach to renovations and new opportunities globally.

Our focus with respect to new cinemas includes state-of-the-art projection and sound, luxury recliner seating, enhanced F&B (typically including alcohol service), and typically at least one major TITAN-type presentation screen. Our focus is on providing best-in-class services and amenities that will differentiate us from in-home and mobile viewing options. We believe that a night at the movies should be a special and premium experience and, indeed, that it must be able to compete with the variety of options being offered to consumers through other platforms. To supplement the release schedule and improve overall seat occupancy percentages, our global programming teams will continue to create exclusive content programs or series to keep our audiences engaged with our brands.

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.

Expanding our online capabilities, in the third quarter of 2020 and fourth quarter of 2021, respectively, we launched the online ordering of a full F&B menu for our Angelika brand in the U.S. and launched a full F&B menu for our Reading Cinemas in Australia and New Zealand. In December 2020 and December 2021, respectively, we launched our very own streaming service, Angelika Anywhere, in the U.S. and Australia, which is curated for film lovers of independent and foreign film, documentaries, and the more specialized movies from the major studios. Currently our US based website and mobile app have the function which allow guests to instantly book Private Watch Parties online and such function will be added to our Australia and New Zealand based website and mobile app by 2023.

2022 benefited from strong performers including *Top Gun: Maverick*, and ended the year strongly with *Avatar: The Way Of Water*, but only delivered three titles grossing over \$1.0 billion – also including *Jurassic World Dominion*. For 2023, cinema operators are more optimistic. The year will offer three Marvel titles, a new *Indiana Jones*, a new *Mission: Impossible* (with a Maverick-boosted Tom Cruise), a second *Dune*, the *Hunger Games* prequel plus the likes of *Wonka*, *Super Mario Bros*, *Barbie* and Christopher Nolan's *Oppenheimer*.

Real Estate

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 December 31, 2022, we own the fee interests in both of our live theatres in Manhattan, in 10 of our cinemas (as presented in the table under Cinema Exhibition Overview) and in two office buildings in which we maintain administrative offices.

Strategic Asset Monetizations

- In 2021 we monetized four non-core real estate assets, consisting of approximately 202-acre raw land holdings in Coachella, California for \$11.0 million, and as a 50% owner, we received 50% of the sale proceeds, or \$5.3 million; our Royal George Theatre property in Chicago for \$7.1 million; our Auburn/Redyard Center (including 114,000 square feet of undeveloped land) located in Auburn, New South Wales for \$69.6 million (AU\$90.0 million) (As part of the transaction, we entered into a lease with the purchaser to continue to operate the cinema at that location.); two industrial properties adjacent to the Auckland Airport in Manukau/Wiri in New Zealand, representing 70.4 acres, for \$56.1 million (NZ \$77.2 million); and our cinema building and land in Invercargill for \$3.8 million (NZ\$5.4 million).

Value-creating Opportunities

The implementation of most of our real estate development plans was delayed due to COVID-19 and the need to conserve capital. However, we continue to believe that our Company's strong real estate asset base can provide (i) increased financial security through the potential sale of certain non-core real estate assets or (ii) provide collateral for strategic re-financing, in each case to meet liquidity demands. We intend to continue to emphasize the prudent development of our real estate assets. However, we do not anticipate material investment in such properties in 2023, other than pre-development planning soft costs.

United States:

- 44 Union Square Redevelopment (New York, N.Y.) – 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 lower level, ground floor, and second floor of the building, representing 42% of the leasable area. While the tenant is still in the process of constructing tenant improvements, it is now in occupancy of the premises on a full rent paying basis. CBRE is currently engaged as our exclusive broker for the remaining space. While we cannot guarantee the successful leasing of the remaining space, our leasing team continues to actively pursue potential tenants.
- Sepulveda Office Building (Culver City, C.A.) – On May 27, 2020, we leased on a multi-year basis the entire second floor of our office building in Culver City, California (approximately 12,000 usable square feet) to WWP Beauty (wwpinc.com), a global company with over 35 years of experience providing the cosmetics and personal care industries with a range of packaging needs. On the date of the lease, possession of the space was turned over to WWP Beauty, which was responsible for building out its space. This work was completed in October 2021. The tenant is currently in occupancy on a full rent paying basis.
- Minetta Lane Theatre (New York, N.Y.) – 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 of 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*, is anticipated to begin performances in May 2023.
- 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.

Australia:

- *Newmarket Village ETC. (Brisbane, Australia)* – We continue to work on the expansion and upgrading of our Newmarket Village ETC. The 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 ETC. (Queensland, Australia)* – We acquired two adjoining properties in Townsville, Queensland, Australia comprising of approximately 9.4-acres in 2015. The total gross leasable area of the Cannon Park City Center and the Cannon Park Discount Center is 105,000 square feet. Our multiplex cinema is the anchor tenant at the Cannon Park City Center, which we continue to work on and improve. This site is 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, New Zealand)* – Damage from the 2016 Kaikoura earthquake necessitated demolition of our nine-story parking garage at the site, and unrelated seismic issues caused us to close major portions of the existing cinema and retail structure in early 2019. Prior to the COVID-19 pandemic, our real estate team had developed a comprehensive plan featuring a variety of uses to complement and build upon the “destination quality” of the Courtenay Central location. Notwithstanding the COVID-19 pandemic, our real estate team is continuing to work with our consultants, tenants, potential tenants, and city representatives to advance our redevelopment plans for this property. Given the uncertainty surrounding the COVID-19 pandemic, we have no fixed time frame for the commencement of the redevelopment of this property. We believe that relatively recent developments, including the near completion of the future 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, have enhanced the value of the assemblage. However, New Zealand is currently experiencing increased demands for building materials and labor following Cyclone Gabrielle, which hit the nation on Feb 6, 2023, in addition to inflationary pressures, which may have a cooling effect on real estate development activities in that country.

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

Corporate Matters

- *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, 2022. Through December 31, 2022, we have repurchased 1,792,819 shares of Class A Non-Voting Common Stock at an average price of \$13.39 per share (excluding transaction costs). No shares were purchased during the year ended December 31, 2022. Due to the COVID-19 pandemic and its impact on our overall liquidity, our stock repurchase program has and will likely continue to take a lower capital allocation priority for the foreseeable future.
- *Board Compensation and Stock Options Committee* – Refer to *Part II, Item 8 – Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements-- Note 16 – Share-Based Compensation and Repurchase Plans* for details regarding our Board, Executive and Employee stock-based remuneration programs.

OVERALL RESULTS OF OPERATIONS

In this section, we discuss the results of our operations for the year ended December 31, 2022, compared to the year ended December 31, 2021. For a discussion of the year ended December 31, 2021, compared to the year ended December 31, 2020, please refer to *Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”* in our Annual Report on Form 10-K for the year ended December 31, 2021.

The following table sets forth the overall results of operations for the three years ended December 31, 2022:

<i>(Dollars in thousands)</i>	2022	% of Revenue	2021	% of Revenue	2020	% of Revenue	% Change - Favorable/ (Unfavorable)	
							2022 vs. 2021	2021 vs. 2020
SEGMENT RESULTS								
Cinema exhibition operating income (loss)	\$ (11,716)	(6)%	\$ (18,637)	(13)%	\$ (45,056)	(58)%	37%	59 %
Real estate operating income (loss)	506	—%	(5,355)	(4)%	(2,463)	(3)%	>100%	(>100)%
NON-SEGMENT RESULTS								
Depreciation and amortization expense	(1,072)	(1)%	(1,232)	(1)%	(970)	(1)%	13 %	(27)%
General and administrative expense	(16,201)	(8)%	(16,569)	(12)%	(12,824)	(16)%	2%	(29)%
Interest expense, net	(14,392)	(7)%	(13,688)	(10)%	(9,354)	(12)%	(5)%	(46)%
Equity earnings of unconsolidated joint ventures	271	—%	258	—%	(449)	(1)%	5 %	>100%
Gain (loss) on sale of assets	(54)	—%	92,219	66 %	(1)	—%	100 %	>100%
Other income (expense)	6,817	3 %	3,762	3 %	293	—%	81%	>100%
Income (loss) before income taxes	(35,841)	(18)%	40,758	29 %	(70,824)	(91)%	(>100)%	>100%
Income tax benefit (expense)	(819)	—%	(5,944)	(4)%	4,967	6 %	86%	(>100)%
Net income (loss)	(36,660)	(18)%	34,814	25 %	(65,857)	(85)%	(>100)%	>100%
Less: Net income (loss) attributable to noncontrolling interests	(476)	—%	2,893	2 %	(657)	(1)%	(>100)%	>100%
Net income (loss) attributable to Reading International, Inc.	\$ (36,184)	(18)%	\$ 31,921	23 %	\$ (65,200)	(84)%	(>100)%	>100%
Basic earnings (loss) per share	\$ (1.64)		\$ 1.46		\$ (3.00)		(>100)%	>100%

CONSOLIDATED RESULTS

2022 vs. 2021

Net Loss attributable to Reading International, Inc. was \$36.2 million for the year ended December 31, 2022, a decrease of \$68.1 million from a Net Income of \$31.9 million for year ended December 31, 2021. This decrease was primarily due to (i) the one-time \$92.3 million of gains on sales of assets related to the strategic monetization of our Coachella and Manukau landholdings, Royal George property, Auburn/Redyard Center, and Invercargill property in 2021 in response to the liquidity needs resulting primarily from closure of our cinemas due to the COVID-19 pandemic, (ii) the 2021 resolution of an insurance claim related to damage done by the Kaikoura earthquake.

The decrease was offset by a (i) a \$7.2 million improvements in our cinema segment operation results attributable to no COVID-19 business disruptions and better film product in 2022, (ii) a percentage rent revenue increase due to increase third party tenant trading performance, reduced vacancy rate and savings in external leasing commission due to our internal leasing programs (iii) \$5.1 million decrease in income tax expense to \$0.8 million, as a result of increased income tax in 2021 from the monetization of certain real estate assets, and (iv) the establishment of a \$4.0 million expense accrual of the settlement of certain U.S. wage and hour claims in 2021.

BUSINESS SEGMENT RESULTS –2022 vs. 2021

Presented below is the comparison of the segment operating income of our two business segments for the years ended December 31, 2022 and 2021, respectively:

<i>(Dollars in thousands)</i>	2022		2021		% Change Favorable/ (Unfavorable)	
	Cinema	Real Estate	Cinema	Real Estate	Cinema	Real Estate
Segment Revenues	\$ 191,321	\$ 16,817	\$ 126,812	\$ 12,763	51%	32%
Segment Operating Expenses						
Operating Expense	(183,791)	(8,947)	(123,416)	(10,106)	(49)%	11%
Depreciation and amortization	(13,351)	(6,495)	(14,422)	(7,092)	7%	8%
General and administrative expense	(4,346)	(869)	(7,611)	(920)	43%	6%
Impairment of long-lived assets	(1,549)	—	—	—	—%	—%
Total segment expenses	(203,037)	(16,311)	(145,449)	(18,118)	(40)%	10%
Segment operating income (loss)	\$ (11,716)	\$ 506	\$ (18,637)	\$ (5,355)	37%	>100%
Breakdown by country:						
United States	\$ (17,187)	\$ (3,640)	\$ (21,145)	\$ (5,083)	19%	28%
Australia	4,945	5,157	2,054	1,645	>100%	>100%
New Zealand	526	(1,011)	454	(1,917)	16%	47%
	\$ (11,716)	\$ 506	\$ (18,637)	\$ (5,355)	37%	>100%

A discussion for each segment follows:

Cinema Exhibition – The following table details our Cinema Exhibition segment operating results for the years ended December 31, 2022 and 2021, respectively:

<i>(Dollars in thousands)</i>		2022	% of Revenue	2021	% of Revenue	Inc/(Dec)	2022 vs. 2021 Favorable/ (Unfavorable)
REVENUE							
United States	Admission revenue	\$ 53,496	55%	\$ 33,173	55%	20,323	61 %
	Food & beverage revenue	33,859	35%	20,832	35%	13,027	63 %
	Advertising and other revenue	9,729	10%	5,882	10%	3,847	65 %
		\$ 97,084	100%	\$ 59,887	100%	37,197	62 %
Australia	Admission revenue	\$ 48,734	61%	\$ 33,485	61%	15,249	46 %
	Food & beverage revenue	26,276	33%	17,900	32%	8,376	47 %
	Advertising and other revenue	4,882	6%	3,932	7%	950	24 %
		\$ 79,892	100%	\$ 55,317	100%	24,575	44 %
New Zealand	Admission revenue	\$ 8,841	62%	\$ 7,281	63%	1,560	21 %
	Food & beverage revenue	4,728	33%	3,641	31%	1,087	30 %
	Advertising and other revenue	777	5%	686	6%	91	13 %
		\$ 14,346	100%	\$ 11,608	100%	2,738	24 %
	Total revenue	\$ 191,322	100%	\$ 126,812	100%	64,510	51 %
OPERATING EXPENSE							
United States	Film rent and advertising cost	\$ (29,975)	(31)%	\$ (17,299)	(29)%	12,676	(73) %
	Food & beverage cost	(8,969)	(9)%	(4,930)	(8)%	4,039	(82) %
	Occupancy expense	(24,792)	(26)%	(21,546)	(36)%	3,246	(15) %
	Other operating expense	(39,043)	(40)%	(23,636)	(40)%	15,407	(65) %
		\$ (102,779)	(106)%	\$ (67,411)	(113)%	35,368	(52) %
Australia	Film rent and advertising cost	\$ (22,281)	(28)%	\$ (14,568)	(26)%	7,713	(53) %
	Food & beverage cost	(5,404)	(7)%	(3,989)	(7)%	1,415	(35) %
	Occupancy expense	(17,356)	(22)%	(10,036)	(18)%	7,320	(73) %
	Other operating expense	(22,961)	(29)%	(17,437)	(32)%	5,524	(32) %
		\$ (68,002)	(84)%	\$ (46,030)	(84)%	21,972	(48) %
New Zealand	Film rent and advertising cost	\$ (3,991)	(28)%	\$ (3,220)	(28)%	771	(24) %
	Food & beverage cost	(915)	(6)%	(737)	(6)%	178	(24) %
	Occupancy expense	(3,141)	(22)%	(1,957)	(17)%	1,184	(61) %
	Other operating expense	(4,964)	(35)%	(4,061)	(35)%	903	(22) %
		\$ (13,011)	(91)%	\$ (9,975)	(85)%	3,036	(30) %
	Total operating expense	\$ (183,792)	(96)%	\$ (123,416)	(97)%	60,376	(49) %
DEPRECIATION, AMORTIZATION, GENERAL AND ADMINISTRATIVE EXPENSE							
United States	Depreciation and amortization	\$ (7,194)	(7)%	\$ (7,300)	(12)%	(106)	1 %
	Impairment of long-lived assets	(1,549)	(2)%	—	—%	1,549	(>100) %
	General and administrative expense	(2,749)	(3)%	(6,321)	(11)%	(3,572)	57 %
		\$ (11,492)	(12)%	\$ (13,621)	(23)%	(2,129)	16 %
Australia	Depreciation and amortization	\$ (5,348)	(7)%	\$ (5,943)	(11)%	(595)	10 %
	General and administrative expense	(1,597)	(2)%	(1,290)	(2)%	307	(24) %
		\$ (6,945)	(9)%	\$ (7,233)	(13)%	(288)	4 %
New Zealand	Depreciation and amortization	\$ (809)	(6)%	\$ (1,179)	(10)%	(370)	31 %
	General and administrative expense	—	—%	—	—%	—	— %
		\$ (809)	(6)%	\$ (1,179)	(10)%	(370)	31 %
	Total depreciation, amortization, and general and administrative expense	\$ (19,246)	(10)%	\$ (22,033)	(17)%	(2,787)	13 %
	Total expenses	\$ (203,038)	(106)%	\$ (145,449)	(115)%	57,589	(40) %
OPERATING INCOME (LOSS)							
United States		\$ (17,187)	(18)%	\$ (21,145)	(35)%	3,958	19 %
Australia		4,945	6%	2,054	4%	2,891	>100 %
New Zealand		526	4%	454	4%	72	16 %
	Total operating income (loss)	\$ (11,716)	(6)%	\$ (18,637)	(15)%	6,921	37 %

Cinema Exhibition – The following table details our Cinema Exhibition segment operating results for the quarters ended December 31, 2022 and 2021, respectively:

<i>(Dollars in thousands)</i>		2022	% of Revenue	2021	% of Revenue	Ine/(Dec)	2022 vs. 2021 Favorable/ (Unfavorable)
REVENUE							
United States	Admission revenue	\$ 13,681	56%	\$ 14,846	57%	(1,165)	(8) %
	Food & beverage revenue	8,423	34%	8,949	34%	(526)	(6) %
	Advertising and other revenue	2,448	10%	2,234	9%	214	10 %
		<u>\$ 24,552</u>	<u>100%</u>	<u>\$ 26,029</u>	<u>100%</u>	<u>(1,477)</u>	<u>(6) %</u>
Australia	Admission revenue	\$ 9,609	60%	\$ 10,605	60%	(996)	(9) %
	Food & beverage revenue	5,269	32%	5,837	33%	(568)	(10) %
	Advertising and other revenue	1,217	8%	1,255	7%	(38)	(3) %
		<u>\$ 16,095</u>	<u>100%</u>	<u>\$ 17,697</u>	<u>100%</u>	<u>(1,602)</u>	<u>(9) %</u>
New Zealand	Admission revenue	\$ 1,922	60%	\$ 2,173	62%	(251)	(12) %
	Food & beverage revenue	1,082	34%	1,102	31%	(20)	(2) %
	Advertising and other revenue	195	6%	231	7%	(36)	(16) %
		<u>\$ 3,199</u>	<u>100%</u>	<u>\$ 3,506</u>	<u>100%</u>	<u>(307)</u>	<u>(9) %</u>
	Total revenue	<u>\$ 43,846</u>	<u>100%</u>	<u>\$ 47,232</u>	<u>100%</u>	<u>(3,386)</u>	<u>(7) %</u>
OPERATING EXPENSE							
United States	Film rent and advertising cost	\$ (7,545)	(31)%	\$ (8,118)	(31)%	(573)	7 %
	Food & beverage cost	(2,417)	(11)%	(2,086)	(8)%	331	(16) %
	Occupancy expense	(6,345)	(26)%	(5,171)	(20)%	1,174	(23) %
	Other operating expense	(10,640)	(43)%	(7,721)	(30)%	2,919	(38) %
		<u>\$ (26,947)</u>	<u>(110)%</u>	<u>\$ (23,096)</u>	<u>(89)%</u>	<u>3,851</u>	<u>(17) %</u>
Australia	Film rent and advertising cost	\$ (4,454)	(28)%	\$ (5,120)	(29)%	(666)	13 %
	Food & beverage cost	(1,152)	(7)%	(1,316)	(7)%	(164)	12 %
	Occupancy expense	(4,091)	(25)%	(2,532)	(14)%	1,559	(62) %
	Other operating expense	(5,617)	(34)%	(5,352)	(31)%	265	(5) %
		<u>\$ (15,314)</u>	<u>(95)%</u>	<u>\$ (14,320)</u>	<u>(81)%</u>	<u>994</u>	<u>(7) %</u>
New Zealand	Film rent and advertising cost	\$ (905)	(28)%	\$ (1,033)	(29)%	(128)	12 %
	Food & beverage cost	(216)	(7)%	(226)	(6)%	(10)	4 %
	Occupancy expense	(758)	(24)%	(581)	(17)%	177	(30) %
	Other operating expense	(1,240)	(39)%	(1,289)	(37)%	(49)	4 %
		<u>\$ (3,119)</u>	<u>(98)%</u>	<u>\$ (3,129)</u>	<u>(89)%</u>	<u>(10)</u>	<u>— %</u>
	Total operating expense	<u>\$ (45,380)</u>	<u>(103)%</u>	<u>\$ (40,545)</u>	<u>(86)%</u>	<u>4,835</u>	<u>(12) %</u>
DEPRECIATION, AMORTIZATION, IMPAIRMENT AND GENERAL AND ADMINISTRATIVE EXPENSE							
United States	Depreciation and amortization	\$ (1,821)	(7)%	\$ (1,862)	(7)%	(41)	2 %
	Impairment of long-lived assets	—	—%	—	—%	—	— %
	General and administrative expense	(628)	(3)%	(634)	(3)%	(6)	1 %
		<u>\$ (2,449)</u>	<u>(10)%</u>	<u>\$ (2,496)</u>	<u>(10)%</u>	<u>(47)</u>	<u>2 %</u>
Australia	Depreciation and amortization	\$ (1,314)	(8)%	\$ (1,500)	(8)%	(186)	12 %
	General and administrative expense	(358)	(2)%	(389)	(2)%	(31)	8 %
		<u>\$ (1,672)</u>	<u>(10)%</u>	<u>\$ (1,889)</u>	<u>(11)%</u>	<u>(217)</u>	<u>11 %</u>
New Zealand	Depreciation and amortization	\$ (159)	(5)%	\$ (260)	(7)%	(101)	39 %
	General and administrative expense	—	—%	—	—%	—	— %
		<u>\$ (159)</u>	<u>(5)%</u>	<u>\$ (260)</u>	<u>(7)%</u>	<u>(101)</u>	<u>39 %</u>
	Total depreciation, amortization, impairment and general and administrative expense	<u>\$ (4,280)</u>	<u>(10)%</u>	<u>\$ (4,645)</u>	<u>(10)%</u>	<u>(365)</u>	<u>8 %</u>
	Total expenses	<u>\$ (49,660)</u>	<u>(113)%</u>	<u>\$ (45,190)</u>	<u>(96)%</u>	<u>4,470</u>	<u>(10) %</u>
OPERATING INCOME (LOSS)							
United States		\$ (4,844)	(20)%	\$ 437	2%	(5,281)	(>100) %
Australia		(891)	(6)%	1,488	8%	(2,379)	(>100) %
New Zealand		(79)	(2)%	117	3%	(196)	(>100) %
	Total operating income (loss)	<u>\$ (5,814)</u>	<u>(13)%</u>	<u>\$ 2,042</u>	<u>4%</u>	<u>(7,856)</u>	<u>(>100) %</u>

Cinema Exhibition Segment Operating Income

Cinema exhibition segment operating loss decreased by \$6.9 million, to a loss of \$11.7 million for the year ended December 31, 2022, compared to December 31, 2021, primarily driven by a significant increase in total revenue. As the COVID-19 impacts have lessened, major movie studios released blockbuster movies, such as *Top Gun: Maverick*, *Black Panther: Wakanda Forever*, *Doctor Strange: In the Multiverse of Madness*, and *Avatar: The Way of Water*, have driven higher admissions and box office revenue.

Cinema exhibition segment operating loss for the fourth quarter of 2022 was \$5.8 million, a decrease of \$7.9 million from an operating income of \$2.0 million in the same time period of 2021 primarily attributable to: (i) a stronger movie slate in the fourth quarter of 2021, including the blockbuster hit, *Spider-Man: No Way Home*, (ii) occupancy expenses increase due to the resumption of

intercompany cinema rent, which was abated in 2021, and (iii) Labor, Utilities and Food & Beverage costs increasing due to minimum wage increases and inflation.

Revenue

Cinema revenue increased by \$64.5 million, to \$191.3 million for the year ended December 31, 2022, compared to 2021. Our cinema circuit experienced a higher number of days in operation in 2022 when compared to the same period in the prior year. Fading COVID impacts led to no mandated closures and large gatherings began to see a resurgence. As a result, major studios started to release much stronger movies, such as *Top Gun: Maverick*, *Black Panther: Wakanda Forever*, *Doctor Strange: In the Multiverse of Madness* and *Avatar: The Way of Water*.

The table below is the revenue breakdown, by country, for the years ended December 31, 2022, and 2021, respectively:

<i>(Dollars in thousands)</i>	2022	% of Revenue	2021	% of Revenue	2022 vs. 2021 Favorable/ (Unfavorable)
United States	\$ 97,084	51%	\$ 59,887	47%	62%
Australia	79,892	42%	55,317	44%	44%
New Zealand	14,346	7%	11,608	9%	24%
Total Segment Revenues	\$ 191,322	100%	\$ 126,812	100%	51%

Below are the changes in our cinema revenue by market:

- In the United States, cinema revenues increased by \$37.2 million, to \$97.1 million for the year ended December 31, 2022, compared to 2021. As of December 31, 2022, 100% of our U.S. cinemas were open compared to 92% in 2021.
- In Australia, cinema revenues increased by \$24.6 million, to \$79.9 million for the year ended December 31, 2022, compared to 2021.
- In New Zealand, cinema revenues increased by \$2.7 million, to \$14.3 million for the year ended December 31, 2022, compared to 2021.

For the quarter ended December 31, 2022, Cinema segment revenue decreased by \$3.4 million against the fourth quarter of 2021, to \$43.8 million, which was primarily attributable to a weaker film slate in 2022 vs 2021 when *Spider-Man: No Way Home* was released. This blockbuster movie was the highest grossing film of 2021 for our cinemas.

Operating Expense

Operating expense for the full year 2022 increased by \$60.4 million, to \$183.8 million when compared to 2021 due to higher film rent associated with increased ticket sales and the release of more major tentpole films, higher food & beverage costs, and higher utility expenses, along with increased occupancy expenses.

For the quarter ended December 31, 2022, operating expenses increased by \$4.8 million, to \$45.4 million when compared to the fourth quarter of 2021 due to increased intercompany rent abated in 2021 and other operating expense increases such as labor and utilities.

Depreciation, Amortization, General and Administrative Expense

Depreciation, amortization, general and administrative expense for the year-ended December 31, 2022 decreased by \$2.8 million, to \$19.2 million compared to 2021 primarily driven by the one-time \$4.0 million accrual of the settlement of certain U.S. wage and hour claims in 2021, partially offset by \$1.5 million impairment against certain cinema assets in 2022.

Real Estate – The following table details our Real Estate segment operating results for the years ended December 31, 2022 and 2021, respectively:

<i>(Dollars in thousands)</i>		2022	% of Revenue	2021	% of Revenue	Inc/(Dec)	2022 vs. 2021 Favorable/ (Unfavorable)
REVENUE							
United States	Live theatre rental and ancillary income	\$ 1,729	57%	\$ 1,349	70%	380	28 %
	Property rental income	1,308	43%	577	30%	731	>100 %
		<u>3,037</u>	100%	<u>1,926</u>	100%	1,111	58 %
Australia	Property rental income	12,246	100%	9,855	100%	2,391	24 %
New Zealand	Property rental income	1,534	100%	982	100%	552	56 %
	Total revenue	<u>\$ 16,817</u>	100%	<u>\$ 12,763</u>	100%	4,054	32 %
OPERATING EXPENSE							
United States	Live theatre cost	\$ (727)	(24)%	\$ (541)	(28)%	186	(34) %
	Property cost	(1,288)	(42)%	(1,282)	(67)%	6	— %
	Occupancy expense	(982)	(32)%	(1,415)	(73)%	(433)	31 %
		<u>\$ (2,997)</u>	(99)%	<u>\$ (3,238)</u>	(168)%	(241)	7 %
Australia	Property cost	\$ (2,175)	(18)%	\$ (2,699)	(27)%	(524)	19 %
	Occupancy expense	(2,057)	(17)%	(2,251)	(23)%	(194)	9 %
		<u>\$ (4,232)</u>	(35)%	<u>\$ (4,950)</u>	(50)%	(718)	15 %
New Zealand	Property cost	\$ (1,317)	(86)%	\$ (1,470)	(150)%	(153)	10 %
	Occupancy expense	(401)	(26)%	(448)	(46)%	(47)	10 %
		<u>\$ (1,718)</u>	(112)%	<u>\$ (1,918)</u>	(195)%	(200)	10 %
	Total operating expense	<u>\$ (8,947)</u>	(53)%	<u>\$ (10,106)</u>	(79)%	(1,159)	11 %
DEPRECIATION, AMORTIZATION, GENERAL AND ADMINISTRATIVE EXPENSE							
United States	Depreciation and amortization	\$ (2,985)	(98)%	\$ (3,059)	(159)%	(74)	2 %
	General and administrative expense	(695)	(23)%	(712)	(37)%	(17)	2 %
		<u>\$ (3,680)</u>	(121)%	<u>\$ (3,771)</u>	(196)%	(91)	2 %
Australia	Depreciation and amortization	\$ (2,683)	(22)%	\$ (3,054)	(31)%	(371)	12 %
	General and administrative expense	(174)	(1)%	(206)	(2)%	(32)	16 %
		<u>\$ (2,857)</u>	(23)%	<u>\$ (3,260)</u>	(33)%	(403)	12 %
New Zealand	Depreciation and amortization	\$ (827)	(54)%	\$ (979)	(100)%	(152)	16 %
	General and administrative expense	—	(1)%	(2)	(0)%	(2)	100 %
		<u>\$ (827)</u>	(54)%	<u>\$ (981)</u>	(100)%	(154)	16 %
	Total depreciation, amortization, and general and administrative expense	<u>\$ (7,364)</u>	(44)%	<u>\$ (8,012)</u>	(63)%	(648)	8 %
	Total expenses	<u>\$ (16,311)</u>	(97)%	<u>\$ (18,118)</u>	(142)%	(1,807)	10 %
OPERATING INCOME (LOSS)							
United States		\$ (3,640)	(120)%	\$ (5,083)	(264)%	1,443	28 %
Australia		5,157	42%	1,645	17%	3,512	>100 %
New Zealand		(1,011)	(66)%	(1,917)	(195)%	906	47 %
	Total operating income (loss)	<u>\$ 506</u>	3%	<u>\$ (5,355)</u>	(42)%	5,861	>100 %

Real Estate – The following table details our Real Estate segment operating results for the quarters ended December 31, 2022 and 2021, respectively:

<i>(Dollars in thousands)</i>		2022	% of Revenue	2021	% of Revenue	Inc/(Dec)	2022 vs. 2021 Favorable/ (Unfavorable)
REVENUE							
United States	Live theatre rental and ancillary income	\$ 386	31%	\$ 567	81%	(181)	(32)%
	Property rental income	863	69%	130	19%	733	>100%
		<u>1,249</u>	<u>100%</u>	<u>697</u>	<u>100%</u>	<u>552</u>	<u>79%</u>
Australia	Property rental income	2,910	100%	1,855	100%	1,055	57%
New Zealand	Property rental income	393	100%	264	100%	129	49%
	Total revenue	<u>\$ 4,552</u>	<u>100%</u>	<u>\$ 2,816</u>	<u>100%</u>	<u>1,736</u>	<u>62%</u>
OPERATING EXPENSE							
United States	Live theatre cost	\$ (196)	(16)%	\$ (167)	(24)%	29	(17)%
	Property cost	(394)	(32)%	(275)	(39)%	119	(43)%
	Occupancy expense	(232)	(19)%	(39)	(6)%	193	(>100)%
		<u>(822)</u>	<u>(66)%</u>	<u>(481)</u>	<u>(69)%</u>	<u>341</u>	<u>(71)%</u>
Australia	Property cost	(579)	(20)%	(658)	(35)%	(79)	12%
	Occupancy expense	(516)	(18)%	(548)	(30)%	(32)	6%
		<u>(1,095)</u>	<u>(38)%</u>	<u>(1,206)</u>	<u>(65)%</u>	<u>(111)</u>	<u>9%</u>
New Zealand	Property cost	(232)	(59)%	(402)	(152)%	(170)	42%
	Occupancy expense	(83)	(21)%	(115)	(44)%	(32)	28%
		<u>(315)</u>	<u>(80)%</u>	<u>(517)</u>	<u>(196)%</u>	<u>(202)</u>	<u>39%</u>
	Total operating expense	<u>\$ (2,232)</u>	<u>(49)%</u>	<u>\$ (2,204)</u>	<u>(78)%</u>	<u>28</u>	<u>(1)%</u>
DEPRECIATION, AMORTIZATION, GENERAL AND ADMINISTRATIVE EXPENSE							
United States	Depreciation and amortization	\$ (742)	(60)%	\$ (822)	(118)%	(80)	10%
	General and administrative expense	(52)	(4)%	(217)	(32)%	(165)	76%
		<u>(794)</u>	<u>(65)%</u>	<u>(1,039)</u>	<u>(149)%</u>	<u>(245)</u>	<u>24%</u>
Australia	Depreciation and amortization	(641)	(22)%	(744)	(40)%	(103)	14%
	General and administrative expense	(62)	(2)%	(42)	(2)%	20	(48)%
		<u>(703)</u>	<u>(24)%</u>	<u>(786)</u>	<u>(42)%</u>	<u>(83)</u>	<u>11%</u>
New Zealand	Depreciation and amortization	(192)	(49)%	(232)	(88)%	(40)	17%
	General and administrative expense	—	—	(2)	(1)%	(2)	100%
		<u>(192)</u>	<u>(49)%</u>	<u>(234)</u>	<u>(89)%</u>	<u>(42)</u>	<u>18%</u>
	Total depreciation, amortization, and general and administrative expense	<u>\$ (1,689)</u>	<u>(37)%</u>	<u>\$ (2,059)</u>	<u>(73)%</u>	<u>(370)</u>	<u>18%</u>
	Total expenses	<u>\$ (3,921)</u>	<u>(86)%</u>	<u>\$ (4,263)</u>	<u>(151)%</u>	<u>(342)</u>	<u>8%</u>
OPERATING INCOME (LOSS)							
United States		\$ (367)	(29)%	\$ (823)	(118)%	456	55%
Australia		1,112	38%	(137)	(7)%	1,249	>100%
New Zealand		(114)	(29)%	(487)	(184)%	373	77%
	Total operating income (loss)	<u>\$ 631</u>	<u>14%</u>	<u>\$ (1,447)</u>	<u>(51)%</u>	<u>2,078</u>	<u>>100%</u>

Real Estate Segment Operating Income

Real estate segment operating income was \$0.5 million for the year ended December 31, 2022, which was an increase of \$5.9 million from a loss of \$5.4 million for the year ended December 31, 2021. These results reflect (i) an increase in intercompany rent income from some of our fee-interest cinemas, which was abated in 2021 (ii) reduced vacancy rate, (iii) an increase in percentage rent revenue due to increase in third party tenant sales, and (iv) our Live Theatres in New York City increasing in operating income during the year ended December 31, 2022 as both the Orpheum and Minetta Lane theatres were open and holding public performances for the full year 2022.

Real estate segment operating income was \$0.6 million for the quarter ended December 31, 2022, which was an increase of \$2.1 million from a loss of \$1.5 million for the year ended December 31, 2021. These results are due to (i) increased intercompany rent income from some of our fee-interest cinemas, which was abated in 2021, (ii) reduced vacancy rate, and (iii) an increase in a percentage rent revenue from third party tenant sales increase.

Revenue

The table below is the revenue breakdown by country for each year:

<i>(Dollars in thousands)</i>	2022	% of Revenue	2021	% of Revenue	2022 vs. 2021 Favorable/ (Unfavorable)
United States	\$ 3,037	18%	\$ 1,926	15%	58%
Australia	12,246	73%	9,855	77%	24%
New Zealand	1,534	9%	982	8%	56%
Total Segment Revenues	\$ 16,817	100 %	\$ 12,763	100 %	32%

Real estate revenues for the year ended December 31, 2022, increased by \$4.1 million, to \$16.8 million compared to 2021. This increase is attributable to an increase in property rental income in all three countries primarily in Australia, our Live Theaters being open for the full year, as well as rent received from Petco, our new retail tenant at 44 Union Square offset by the lost income from the sale of our Auburn property.

For the quarter ended December 31, 2022, real estate revenue increased by \$1.7 million, to \$4.6 million compared to the fourth quarter 2021. This increase is attributable to an increase in property rental income (both from interco and third-party percentage rent) in all three countries primarily in Australia and rent received from Petco, our new Union Square tenant starting in December 2022.

Operating Expense

Operating expense for the year ended December 31, 2022, decreased by \$1.2 million, to \$8.9 million when compared to the same period in 2021 due to (i) the weakening of the Australian dollar and New Zealand dollar against the U.S. dollar, and (ii) the reduction of costs related to the monetization of the Auburn property during 2021.

NON-SEGMENT RESULTS –2022 vs. 2021

For more information about the legal expense, please refer to *Part II, Item 8 – Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements-- Note 14 – Commitments and Contingencies*.

Income Tax Expense

Income tax expense decreased by \$5.1 million, to \$0.8 million, when compared to 2021, mainly due to the increase in pretax income in 2021 as a result of the monetization of certain of our real estate assets. Please refer to *Part II, Item 8 – Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements-- Note 11 – Income Taxes* for further information.

LIQUIDITY AND CAPITAL RESOURCES

Our Financing Strategy

Prior to the interruption to our revenues caused by the COVID-19 pandemic, we had 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 have reviewed the maturities of our borrowing arrangements and negotiated renewals and extensions where necessary.

Our bank loans with Bank of America, NAB, and Westpac require that our Company comply with certain covenants. Furthermore, our Company's use of these loan funds 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, including loan modifications and modifications to waivers of certain covenants, please refer to *Part II, Item 8 – Financial Statements and Supplementary Data—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 last five years:

<i>(\$ in thousands)</i>	2022	2021	2020	2019	2018⁽²⁾
Net Cash from Operating Activities	\$ (26,351)	\$ (13,498)	\$ (30,201)	\$ 24,607	\$ 32,644
Total Resources (cash and borrowings)					
Cash and cash equivalents (unrestricted)	\$ 29,947	\$ 83,251	\$ 26,826	\$ 12,135	\$ 13,127
Unused borrowing facility	12,000	12,000	15,490	73,920	85,886
Restricted for capital projects ⁽¹⁾	12,000	12,000	9,377	13,952	30,318
Unrestricted capacity	0	0	6,113	59,968	55,568
Total resources at 12/31	41,947	95,251	42,316	86,055	99,013
Total unrestricted resources at 12/31	29,947	83,251	32,939	72,103	68,695
Debt-to-Equity Ratio					
Total contractual facility	\$ 227,633	\$ 248,948	\$ 300,449	\$ 283,138	\$ 252,929
Total debt (gross of deferred financing costs)	215,633	236,948	284,959	209,218	167,043
Current	38,026	12,060	42,299	37,380	30,393
Non-current	177,607	224,888	242,660	171,838	136,650
Finance lease liabilities	28	68	118	209	—
Total book equity	63,279	105,060	81,173	139,616	179,979
Debt-to-equity ratio	3.41	2.26	3.51	1.50	0.93
Changes in Working Capital					
Working capital (deficit) ⁽³⁾	\$ (74,152)	\$ (6,673)	\$ (64,140)	\$ (84,138)	\$ (56,047)
Current ratio	0.39	0.94	0.47	0.24	0.35
Capital Expenditures (including acquisitions)	\$ 9,780	\$ 14,428	\$ 16,759	\$ 47,722	\$ 56,827

(1) This relates to the construction facilities specifically negotiated for 44 Union Square redevelopment project.

(2) Certain 2018 balances included the restatement impact as a result of a prior period financial statement correction of immaterial errors (see *Item 8 – Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements-- Note 2 – Summary of Significant Accounting Policies – Prior Period Financial Statement Correction of Immaterial Errors*).

(3) Typically, 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.

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. Before the COVID-19 pandemic, our treasury management has been focused on aggressive cash management using cash balances to reduce debt and minimize interest expense. 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. As a result of the

COVID-19 pandemic, we chose to fully draw down on all of our available lines of credit in order to provide liquidity for the Company during a time of minimal revenues.

Refer to *Part II, Item 8 – Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements-- Note 12 – Borrowings* for further details on our various borrowing arrangements.

On December 31, 2022, our consolidated cash and cash equivalents totaled \$29.9 million. Of this amount, \$24.0 million, \$4.9 million and \$1.1 million were held by our U.S., Australian and New Zealand operations, respectively. The funds held in Australia and New Zealand are, under our applicable bank lending arrangement, subject to limitations on their use outside of Australia or New Zealand as applicable. Due to the impact of the COVID-19 pandemic, we no longer intend to indefinitely reinvest offshore any earnings derived from our Australian and New Zealand operations.

We have historically funded our working capital requirements, capital expenditures and investments in individual properties primarily from a combination of internally generated cash flows and debt. During 2022 and into 2023 the need for such funding, apart from working capital, has been and will be substantially reduced, due to the COVID-19 pandemic. The funding that has been required, has been funded predominantly from cost reductions, debt and strategic asset sales. As noted in the preceding table, we had no unused available unrestricted corporate credit facilities at December 31, 2022.

The change in cash and cash equivalents for the three years ended December 31, 2022 is as follows:

<i>(Dollars in thousands)</i>	2022	2021	2020	% Change	
				2022 vs. 2021	2021 vs. 2020
Net cash provided by (used in) operating activities	\$ (26,351)	\$ (13,498)	\$ (30,200)	(95)%	55%
Net cash provided by (used in) investing activities	(9,486)	129,610	(18,771)	(>100)%	>100%
Net cash provided by (used in) financing activities	(16,557)	(50,280)	59,330	67%	(>100)%
Impact of exchange rate on cash	(1,198)	(4,095)	4,333	71%	(>100)%
Net increase (decrease) in cash and cash equivalents	\$ (53,592)	\$ 61,737	\$ 14,692	(>100)%	>100%

Operating Activities

2022 vs. 2021

Cash used in operating activities for 2022 increased by \$12.9 million, to cash used of \$26.4 million, driven by a \$26.1 million increase in net changes in operating assets and liabilities primarily resulting from taxes payable, accounts payable and film rent payable, offset by a \$13.2 million decrease mainly attributed to improved cinema operating performance compared to the prior year period.

Investing Activities

2022 vs. 2021

Cash used in investing activities during the twelve months ended December 31, 2022, was \$9.5 million. There was no repeat of the monetization of certain assets in the twelve months to December 31, 2021, which led to the raising of \$129.6 million of cash from investing activities in this period.

Financing Activities

2022 vs. 2021

Cash used in financing activities for the twelve months ended December 31, 2022, decreased by \$33.7 million, to \$16.6 million due to prior year debt repayments.

CONTRACTUAL OBLIGATIONS, COMMITMENTS AND CONTINGENCIES

The following table provides information with respect to the future 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 December 31, 2022:

<i>(Dollars in thousands)</i>	2023	2024	2025	2026	2027	Thereafter	Total
Debt ⁽¹⁾	\$ 37,960	\$ 140,314	\$ 300	\$ 314	\$ 7,500	\$ —	\$ 186,388
Operating leases, including imputed interest	33,690	32,307	30,334	28,372	26,020	137,553	288,276
Finance leases, including imputed interest	28	—	—	—	—	—	28
Subordinated debt ⁽¹⁾	747	586	—	—	27,913	—	29,246
Pension liability	684	684	684	684	684	402	3,822
Village East purchase option ⁽²⁾	—	5,900	—	—	—	—	5,900
Estimated interest on debt ⁽³⁾	15,618	7,568	2,697	2,682	1,193	—	29,759
Total	\$ 88,727	\$ 187,358	\$ 34,015	\$ 32,053	\$ 63,310	\$ 137,955	\$ 543,418

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

(2) Represents the lease liability of the option associated with the ground lease purchase of the Village East Cinema.

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

Please refer to *Part II, Item 8 – Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements-- Note 14 – Commitments and Contingencies* for more information.

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.

Where we are the plaintiffs, we expense all legal fees on an ongoing 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 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. 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.

Please refer to *Part I, Item 3 – Legal Proceedings* for more information. There have been no material changes to our litigation, except as set forth in *Part II, Item 8 – Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements-- Note 14 – Commitments and Contingencies*.

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.

FINANCIAL RISK MANAGEMENT

Currency and Interest Rate Risk

Our Company's objective in managing exposure to foreign currency and interest rate fluctuations is to reduce volatility of earnings and cash flows in order to allow management to focus on core business issues and challenges.

Historically, we have managed our currency exposure by creating, whenever possible, natural hedges in Australia and New Zealand. This involves local country sourcing of goods and services, as well as borrowing in local currencies to match revenues and expenses. We have also historically paid management fees to the U.S. to cover a portion of our domestic overhead. The decrease in the value of the Australian and New Zealand currencies as compared to the U.S. dollar combined with the limitations under our bank loans in

Australia and New Zealand to move funds into the U.S., however, have negatively impacted and are expected in 2023 to continue to negatively impact, our ability to rely on such funding for ongoing support of our domestic overhead.

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. We are currently facing additional risk as approximately \$177.7 million of our current borrowings mature over the next 24 months. We believe it unlikely that we will be able to refinance this debt at their current interest rates.

Inflation

We continually monitor inflation and the effects of changing prices. Inflation increases the cost of goods and services used. Competitive conditions in many of our markets restrict our ability to recover fully the higher costs of acquired goods and services through price increases. We attempt to mitigate the impact of inflation by implementing continuous process improvement solutions to enhance productivity and efficiency and, as a result, lower costs and operating expenses. Inflation may also adversely impact the rent we pay for our leased cinemas, as many have cost of living adjustment features.

CRITICAL ACCOUNTING ESTIMATES

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:

Impairment of Long-Lived Assets, Including Goodwill and Intangible Assets

We review long-lived assets, including goodwill and intangibles, for impairment as part of our annual budgeting process, at the beginning of the fourth quarter, and whenever events or changes in circumstances indicate that the carrying amount of the asset may not be fully recoverable.

- (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.

\$1.5 million of impairment losses were recorded against certain cinema assets in the second quarter of the year ended December 31, 2022. No impairment losses were recorded for long-lived and finite-lived intangible assets for the year ended December 31, 2021. \$217,000 of impairment losses were recorded for long-lived and finite-lived intangible assets for the year ended December 31, 2020, based on historical information and projected cash flow.

- (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 years ended December 31, 2022, 2021, or 2020.

Tax Valuation Allowance and Deferred Taxes

We record our estimated future tax benefits and liabilities arising from the temporary differences between the tax basis of assets and liabilities and amounts reported in the accompanying consolidated balance sheets, as well as operating loss carryforwards. In evaluating our ability to recover our deferred tax assets in the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, and results of recent operations. In projecting future taxable income, we begin with historical results and incorporate assumptions about the amount of future federal, state, and foreign pretax operating income adjusted for items that do not have tax consequences. The assumptions about future taxable income require the use of significant judgment and are consistent with the plans and estimates we are using to manage the underlying businesses. In evaluating the objective evidence that historical results provide, we consider

three years of cumulative operating income (loss). As of December 31, 2022, we had recorded approximately \$51.2 million of deferred tax assets (net of \$54.7 million deferred tax liabilities) related to the temporary differences between the tax bases of assets and liabilities and amounts reported in the accompanying consolidated balance sheets, as well as operating loss carryforwards and tax credit carryforwards. These deferred tax assets were offset by a valuation allowance of \$50.8 million resulting in a net deferred tax asset of \$0.4 million. The recoverability of deferred tax assets is dependent upon our ability to generate future taxable income.

Recognition of Gift Card Breakage Income

Generally, our revenue recognition is not assessed as an area requiring significant judgment or estimation. Revenues from ticket and food and beverage sales are recognized when the service is provided – that is when the show has commenced, or the food has been provided. Transaction fees from online sales are recorded at the time of the online transaction. In regard to our real estate business, we execute lease contracts for existing tenancies, but revenue is recognized on a straight-line basis over the lease term.

In contrast, recognition of gift card breakage income requires certain estimates and judgements to be made in regarding the pattern of customer behavior at our cinemas. This policy is described in detail in the section *Part II, Item 8 – Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements-- Note 2 – Summary of Significant Accounting Policies – Accounting Changes*.

Contingencies

For loss contingencies, we record any loss contingencies when there is a probable likelihood that the liability has been incurred and the amount of the loss can be reasonably estimated.

For other contingencies,

- (i) for recoveries through an insurance claim, we record a recoverable asset (not to exceed the amount of the total losses incurred) only when the collectability of such claim is considered probable. To evaluate the probable collectability of an insurance claim, we consider communications with our insurance company.
- (ii) for gain contingencies resulting from legal settlements, we record those settlements in our consolidated statements of operations when cash or other forms of payments are received.

Legal contingencies

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. 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 (either in cash or other forms of payments) are received by us. Please refer to *Part II, Item 8 – Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements-- Note 14 – Commitments and Contingencies* for more information on legal matters.

For a summary of our significant accounting policies, including the critical accounting estimates discussed above, see *Part II, Item 8 – Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements-- Note 2*.

Item 7A – 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 Form 10-K filings. Several alternatives, all with some limitations, have been offered. The following discussion is based on a sensitivity analysis, which 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.

At December 31, 2022, approximately 34% and 8% 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. At December 31, 2021, approximately 40% and 11% of our assets were invested in assets denominated in Australian and New Zealand dollars, respectively, including approximately \$51.8 million in cash and cash equivalents.

Our policy in Australia and New Zealand is to match revenues and expenses, whenever possible, in local currencies. As a result, we have procured in local currencies a majority of our expenses in Australia and New Zealand. Despite this natural hedge, recent movements in foreign currencies 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 an increase of \$7.5 million for the year ended December 31, 2022. 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. Even so, and as a result of our issuance of fully subordinated Trust Preferred Securities in 2007, and their subsequent partial repayment, approximately 18% and 40% of our Australian and New Zealand assets, respectively, remain subject to such exposure, unless we elect to hedge our foreign currency exchange between the U.S. and Australian and New Zealand dollars. If the foreign currency rates were to fluctuate by 10%, the resulting change in Australian and New Zealand assets would result in an increase or decrease of \$3.6 million and \$2.0 million, respectively, and the change in our net income for the year would be \$0.3 million and \$0.0 million, respectively. Presently, we have no plans to hedge such exposure.

With changes in the tax landscape caused by the Tax Cuts and Jobs Act of 2017, we may reconsider our strategy for financing operations and redevelopment projects in the three countries we are invested in, which may include increased borrowings from banks in higher-tax countries, and dividends to the U.S. from foreign subsidiaries, being mindful of withholding taxes on interest, and thin capitalization limitations on interest deduction in Australia and New Zealand. However, our ability to adopt such strategies will naturally be limited by our results of operation and the value of our assets in these various jurisdictions.

We record unrealized foreign currency translation gains or losses that could materially affect our financial position. We have accumulated unrealized foreign currency translation gains of approximately (\$0.7) million and \$6.8 million as of December 31, 2022 and 2021, respectively.

Historically, we maintained 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 while some of our cinema operations remain closed and some of our tenant income curtailed.

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 \$2.2 million increase or decrease in our 2022 interest expense.

For further discussion on market risks, please refer to *International Business Risks* included in *Item 1A – Risk Factors*.

Item 8 – Financial Statements and Supplementary Data

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Board of Directors and Stockholders Reading International, Inc.

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Securities Exchange Act Rules 13a-15(f) and 15d-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with U.S. GAAP. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, including our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria established in 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on this assessment, our management believes that the Company's internal control over financial reporting is effective as of December 31, 2022.

By: /s/ Ellen M. Cotter
Ellen M. Cotter
President and Chief Executive Officer
March 31, 2023

By: /s/Gilbert Avanes
Gilbert Avanes
EVP, Chief Financial Officer and Treasurer
March 31, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**Board of Directors and Stockholders
Reading International, Inc.**

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Reading International, Inc. and subsidiaries (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2022, and the related notes and financial statement schedule included under Item 15(a) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2011.

Los Angeles, California
March 31, 2023

READING INTERNATIONAL, INC. and SUBSIDIARIES

Consolidated Balance Sheets as of December 31, 2022 and 2021
(U.S. dollars in thousands, except share information)

	December 31,	
	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 29,947	\$ 83,251
Restricted cash	5,032	5,320
Receivables	6,206	5,360
Inventories	1,616	1,408
Derivative financial instruments - current portion	907	96
Prepaid and other current assets	3,804	4,871
Total Current Assets	47,512	100,306
Operating properties, net	286,952	306,657
Operating lease right-of-use assets	200,417	227,367
Investment and development properties, net	8,792	9,570
Investment in unconsolidated joint ventures	4,756	4,993
Goodwill	25,504	26,758
Intangible assets, net	2,391	3,258
Deferred tax assets, net	447	2,220
Derivative financial instruments - non-current portion	—	112
Other assets	10,284	6,461
Total Assets	\$ 587,055	\$ 687,702
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 42,590	\$ 39,678
Film rent payable	5,678	7,053
Debt - current portion	37,279	11,349
Subordinated debt - current portion	747	711
Derivative financial instruments - current portion	—	181
Taxes payable	300	10,655
Deferred current revenue	10,286	9,996
Operating lease liabilities - current portion	23,971	23,737
Other current liabilities	813	3,619
Total Current Liabilities	121,664	106,979
Debt – long-term portion	148,688	195,198
Subordinated debt - non-current portion	26,950	26,728
Noncurrent tax liabilities	7,117	7,467
Operating lease liabilities - non-current portion	200,037	223,364
Other non-current liabilities	19,320	22,906
Total Liabilities	\$ 523,776	\$ 582,642
Commitments and Contingencies		
Stockholders' Equity:		
Class A non-voting common shares, par value \$0.01, 100,000,000 shares authorized, 33,348,295 issued and 20,412,185 outstanding at December 31, 2022 and 33,198,500 issued and 20,262,390 outstanding at December 31, 2021	\$ 235	\$ 233
Class B voting common shares, par value \$0.01, 20,000,000 shares authorized and 1,680,590 issued and outstanding at December 31, 2022 and 2021	17	17
Nonvoting preferred shares, par value \$0.01, 12,000 shares authorized and no issued or outstanding shares at December 31, 2022 and 2021	—	—
Additional paid-in capital	153,784	151,981
Retained earnings (accumulated deficit)	(48,816)	(12,632)
Treasury shares, at cost	(40,407)	(40,407)
Accumulated other comprehensive income	(1,957)	4,882
Total Reading International, Inc. ("RDI") Stockholders' Equity	62,856	104,074
Noncontrolling Interests	423	986
Total Stockholders' Equity	\$ 63,279	\$ 105,060
Total Liabilities and Stockholders' Equity	\$ 587,055	\$ 687,702

The accompanying Notes are an integral part of the Consolidated Financial Statements.

READING INTERNATIONAL, INC. and SUBSIDIARIES

Consolidated Statements of Operations for the Three Years Ended December 31, 2022

(U.S. dollars in thousands, except share and per share data)

	2022	2021	2020
Revenues			
Cinema	\$ 191,321	\$ 126,812	\$ 67,014
Real estate	11,794	12,248	10,848
Total revenues	203,115	139,060	77,862
Costs and expenses			
Cinema	(178,768)	(122,901)	(91,065)
Real estate	(8,947)	(10,106)	(8,578)
Depreciation and amortization	(20,918)	(22,746)	(22,317)
General and administrative	(21,416)	(25,100)	(16,998)
Impairment of long-lived assets	(1,549)	—	(217)
Total costs and expenses	(231,598)	(180,853)	(139,175)
Operating income (loss)	(28,483)	(41,793)	(61,313)
Interest expense, net	(14,392)	(13,688)	(9,354)
Gain (loss) on sale of assets	(54)	92,219	(1)
Other income (expense)	6,817	3,762	293
Income (loss) before income tax expense and equity earnings of unconsolidated joint ventures	(36,112)	40,500	(70,375)
Equity earnings of unconsolidated joint ventures	271	258	(449)
Income (loss) before income taxes	(35,841)	40,758	(70,824)
Income tax benefit (expense)	(819)	(5,944)	4,967
Net income (loss)	\$ (36,660)	\$ 34,814	\$ (65,857)
Less: net income (loss) attributable to noncontrolling interests	(476)	2,893	(657)
Net income (loss) attributable to Reading International, Inc.	\$ (36,184)	\$ 31,921	\$ (65,200)
Basic earnings (loss) per share	\$ (1.64)	\$ 1.46	\$ (3.00)
Diluted earnings (loss) per share	\$ (1.64)	\$ 1.42	\$ (3.00)
Weighted average number of shares outstanding—basic	22,020,921	21,801,719	21,749,155
Weighted average number of shares outstanding—diluted	22,956,245	22,406,816	22,215,511

The accompanying Notes are an integral part of the Consolidated Financial Statements.

READING INTERNATIONAL, INC. and SUBSIDIARIES
Consolidated Statements of Comprehensive Income for the Three Years Ended December 31, 2022
(U.S. dollars in thousands)

	2022	2021	2020
Net income (loss)	\$ (36,660)	\$ 34,814	\$ (65,857)
Foreign currency translation gain (loss)	(7,543)	(8,123)	6,837
Gain (loss) on cash flow hedges	557	340	(65)
Others	143	164	130
Comprehensive income (loss)	\$ (43,503)	\$ 27,195	\$ (58,955)
Less: net income (loss) attributable to noncontrolling interests	(476)	2,893	(657)
Less: comprehensive income (loss) attributable to noncontrolling interests	(4)	1	(11)
Comprehensive income (loss)	\$ (43,023)	\$ 24,301	\$ (58,287)

The accompanying Notes are an integral part of the Consolidated Financial Statements.

READING INTERNATIONAL, INC. and SUBSIDIARIES
Consolidated Statements of Stockholders' Equity for the Three Years Ended December 31, 2022
(In thousands)

	Common Shares				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
	Class A Non- Voting Shares	Class A Par Value	Class B Voting Shares	Class B Par Value							
At January 1, 2020	20,103	\$ 231	1,680	\$ 17	\$ 148,602	\$ 20,647	\$ (39,737)	\$ 5,589	\$ 135,349	\$ 4,267	\$ 139,616
Net income (loss)	—	—	—	—	—	(65,200)	—	—	(65,200)	(657)	(65,857)
Other comprehensive income, net	—	—	—	—	—	—	—	6,913	6,913	(11)	6,902
Share-based compensation expense	—	—	—	—	1,421	—	—	—	1,421	—	1,421
Share repurchase plan	(75)	—	—	—	—	—	(670)	—	(670)	—	(670)
Class A common stock issued for share-based bonuses and options exercised	—	—	—	—	—	—	—	—	—	—	—
In-kind exchange of share for the exercise of options, net issued	—	—	—	—	—	—	—	—	—	—	—
Restricted Stock Units	41	—	—	—	(44)	—	—	—	(44)	—	(44)
Retirements	—	—	—	—	—	—	—	—	—	—	—
Contributions from noncontrolling stockholders	—	—	—	—	—	—	—	—	—	55	55
Distributions to noncontrolling stockholders	—	—	—	—	—	—	—	—	—	(250)	(250)
At December 31, 2020	20,069	\$ 231	1,680	\$ 17	\$ 149,979	\$ (44,553)	\$ (40,407)	\$ 12,502	\$ 77,769	\$ 3,404	\$ 81,173
Net income (loss)	—	—	—	—	—	31,921	—	—	31,921	2,893	34,814
Other comprehensive income, net	—	—	—	—	—	—	—	(7,620)	(7,620)	1	(7,619)
Share-based compensation expense	—	—	—	—	2,152	—	—	—	2,152	—	2,152
Share repurchase plan	—	—	—	—	—	—	—	—	—	—	—
Class A common stock issued for share-based bonuses and options exercised	—	—	—	—	—	—	—	—	—	—	—
In-kind exchange of share for the exercise of options, net issued	—	—	—	—	—	—	—	—	—	—	—
Restricted Stock Units	191	2	—	—	(150)	—	—	—	(148)	—	(148)
Retirements	—	—	—	—	—	—	—	—	—	—	—
Contributions from noncontrolling stockholders	—	—	—	—	—	—	—	—	—	3	3
Distributions to noncontrolling stockholders	—	—	—	—	—	—	—	—	—	(5,315)	(5,315)
At December 31, 2021	20,260	\$ 233	1,680	\$ 17	\$ 151,981	\$ (12,632)	\$ (40,407)	\$ 4,882	\$ 104,074	\$ 986	\$ 105,060
Net income (loss)	—	—	—	—	—	(36,184)	—	—	(36,184)	(476)	(36,660)
Other comprehensive income, net	—	—	—	—	—	—	—	(6,839)	(6,839)	(4)	(6,843)
Share-based compensation expense	—	—	—	—	1,888	—	—	—	1,888	—	1,888
Share repurchase plan	—	—	—	—	—	—	—	—	—	—	—
Class A common stock issued for share-based bonuses and options exercised	—	—	—	—	—	—	—	—	—	—	—
In-kind exchange of share for the exercise of options, net issued	—	—	—	—	—	—	—	—	—	—	—
Restricted Stock Units	150	2	—	—	(85)	—	—	—	(83)	—	(83)
Retirements	—	—	—	—	—	—	—	—	—	—	—
Contributions from noncontrolling stockholders	—	—	—	—	—	—	—	—	—	4	4
Distributions to noncontrolling stockholders	—	—	—	—	—	—	—	—	—	(87)	(87)
At December 31, 2022	20,410	\$ 235	1,680	\$ 17	\$ 153,784	\$ (48,816)	\$ (40,407)	\$ (1,957)	\$ 62,856	\$ 423	\$ 63,279

The accompanying Notes are an integral part of the Consolidated Financial Statements.

READING INTERNATIONAL, INC. and SUBSIDIARIES

Consolidated Statements of Cash Flows for the Three Years Ended December 31, 2022

(U.S. dollars in thousands)

	2022	2021	2020
Operating Activities			
Net income (loss)	\$ (36,660)	\$ 34,814	\$ (65,857)
<i>Adjustments to reconcile net income to net cash flows from operating activities:</i>			
Equity earnings of unconsolidated joint ventures	(271)	(258)	449
Distributions of earnings from unconsolidated joint ventures	278	—	240
Gain recognized on foreign currency transactions	(3,338)	(2,085)	—
Net loss (gain) on sale of assets	54	(92,219)	1
Amortization of operating leases	22,769	23,357	21,458
Amortization of finance leases	38	49	93
Change in operating lease liabilities	(23,013)	(21,506)	(20,400)
Interest on hedged derivatives	—	(56)	—
Change in net deferred tax assets	1,647	967	401
Purchase of derivative instruments	(86)	(62)	—
Depreciation and amortization	20,918	22,746	22,317
Impairment of long-lived assets	1,549	—	217
Other amortization	1,644	1,368	1,046
Share-based compensation expense	1,888	2,152	1,421
<i>Net changes in operating assets and liabilities:</i>			
Receivables	978	(2,817)	4,805
Prepaid and other assets	(2,614)	2,122	(1,307)
Payments for accrued pension	(683)	(683)	(683)
Accounts payable and accrued expenses	806	6,313	9,330
Film rent payable	(1,184)	4,725	(6,323)
Taxes payable	(10,182)	10,943	(34)
Deferred revenue and other liabilities	(889)	(3,368)	2,626
Net cash provided by (used in) operating activities	(26,351)	(13,498)	(30,200)
Investing Activities			
Proceeds from sale of assets	—	145,165	—
Purchases of and additions to operating and investment properties	(9,391)	(15,555)	(18,526)
Contributions to unconsolidated joint ventures	(95)	—	(245)
Net cash provided by (used in) investing activities	(9,486)	129,610	(18,771)
Financing Activities			
Repayment of long-term borrowings	(15,980)	(88,417)	(29,896)
Repayment of finance lease principal	(40)	(49)	(92)
Proceeds from borrowings	—	45,337	90,323
Capitalized borrowing costs	(371)	(1,691)	(97)
Repurchase of Class A nonvoting common stock	—	—	(670)
Proceeds (payments) from stock option exercises	(83)	(148)	(43)
Noncontrolling interest contributions	4	3	55
Noncontrolling interest distributions	(87)	(5,315)	(250)
Net cash provided by (used in) financing activities	(16,557)	(50,280)	59,330
Effect of exchange rate on cash and restricted cash	(1,198)	(4,095)	4,333
Net increase (decrease) in cash and cash equivalents and restricted cash	(53,592)	61,737	14,692
Cash and cash equivalents and restricted cash at the beginning of the year	88,571	26,834	12,142
Cash and cash equivalents and restricted cash at the end of the year	\$ 34,979	\$ 88,571	\$ 26,834
Cash and cash equivalents and restricted cash consists of:			
Cash and cash equivalents	\$ 29,947	\$ 83,251	\$ 26,826
Restricted cash	5,032	5,320	8
	\$ 34,979	\$ 88,571	\$ 26,834

Supplemental Disclosures

Interest paid	\$	13,074	\$	12,394	\$	10,240
Income taxes paid (refunded), net		9,386		(6,479)		(2,333)

Non-Cash Transactions

Lease make-good accrual	\$	(1,567)	\$	288	\$	62
Additions to long-term borrowings		—		—		—
Additions to operating and investing properties through accrued expenses		3,545		3,177		4,346

The accompanying Notes are an integral part of the Consolidated Financial Statements.

READING INTERNATIONAL, INC. and SUBSIDIARIES

Notes to Consolidated Financial Statements
As of and for Three Years Ended December 31, 2022

NOTE 1 – DESCRIPTION OF BUSINESS AND SEGMENT REPORTING

The 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 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

Our business is comprised of two operating segments, as follows: (i) cinema exhibition and (ii) real estate. Each of these segments has discrete and separate financial information and for which operating results are evaluated regularly by our Chief Executive Officer, the chief operating decision-maker of the Company. As part of our real estate activities, we have historically held undeveloped land in urban and suburban centers in the United States, Australia, and New Zealand. However, in 2021, we monetized certain raw landholdings and other real estate assets as detailed at *Note 5 – Real Estate Transactions*.

The tables below summarize the results of operations for each of our business segments. 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.

	2022			2021			2020		
	Cinema	Real Estate	Total	Cinema	Real Estate	Total	Cinema	Real Estate	Total
<i>(Dollars in thousands)</i>									
Revenue - third party	\$ 191,321	\$ 11,794	\$ 203,115	\$ 126,812	\$ 12,248	\$ 139,060	\$ 67,014	\$ 10,848	\$ 77,862
Inter-segment revenue (1)	—	5,023	5,023	—	515	515	—	2,115	2,115
Total segment revenue	191,321	16,817	208,138	126,812	12,763	139,575	67,014	12,963	79,977
Operating expense									
Operating Expense - Third Party	(178,768)	(8,947)	(187,715)	(122,901)	(10,106)	(133,007)	(91,065)	(8,578)	(99,643)
Inter-Segment Operating Expenses (1)	(5,023)	—	(5,023)	(515)	—	(515)	(2,115)	—	(2,115)
Total of services and products (excluding depreciation and amortization)	(183,791)	(8,947)	(192,738)	(123,416)	(10,106)	(133,522)	(93,180)	(8,578)	(101,758)
Depreciation and amortization	(13,351)	(6,495)	(19,846)	(14,422)	(7,092)	(21,514)	(15,246)	(6,101)	(21,347)
Impairment of long-lived assets	(1,549)	—	(1,549)	—	—	—	(217)	—	(217)
General and administrative expense	(4,346)	(869)	(5,215)	(7,611)	(920)	(8,531)	(3,427)	(747)	(4,174)
Total operating expense	(203,037)	(16,311)	(219,348)	(145,449)	(18,118)	(163,567)	(112,070)	(15,426)	(127,496)
Segment operating income (loss)	\$ (11,716)	\$ 506	\$ (11,210)	\$ (18,637)	\$ (5,355)	\$ (23,992)	\$ (45,056)	\$ (2,463)	\$ (47,519)

(1) Inter-segment Revenues and Operating Expense relates to the internal charge between the two segments where the cinema operates within real estate owned within the group.

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

	2022	2021	2020
<i>(Dollars in thousands)</i>			
Segment operating income (loss)	\$ (11,210)	\$ (23,992)	\$ (47,519)
Unallocated corporate expense:			
Depreciation and amortization expense	(1,072)	(1,232)	(970)
General and administrative expense	(16,201)	(16,569)	(12,824)
Interest expense, net	(14,392)	(13,688)	(9,354)
Equity earnings (loss) of unconsolidated joint ventures	271	258	(449)
Gain (loss) on sale of assets	(54)	92,219	(1)
Other (expense) income	6,817	3,762	293
Income (loss) before income taxes	\$ (35,841)	\$ 40,758	\$ (70,824)

Assuming cash and cash equivalents are accounted for as corporate assets, total assets by business segment and by country are presented as follows:

<i>(Dollars in thousands)</i>	December 31,	
	2022	2021
By segment:		
Cinema	\$ 267,874	\$ 316,169
Real estate	247,247	257,224
Corporate ⁽¹⁾	71,934	114,309
Total assets	\$ 587,055	\$ 687,702
By country:		
United States	\$ 337,595	\$ 336,029
Australia	200,220	274,330
New Zealand	49,240	77,343
Total assets	\$ 587,055	\$ 687,702

(1) Corporate Assets includes cash and cash equivalents of \$29.9 million and \$83.3 million as of December 31, 2022 and 2021, respectively.

The following table sets forth our operating properties by country:

<i>(Dollars in thousands)</i>	December 31,	
	2022	2021
United States	\$ 171,756	\$ 177,918
Australia	95,467	107,343
New Zealand	19,729	21,396
Total operating property	\$ 286,952	\$ 306,657

The table below summarizes capital expenditures for the three years ended December 31, 2022:

<i>(Dollars in thousands)</i>	2022	2021	2020
Segment capital expenditures	\$ 9,780	\$ 14,428	\$ 16,686
Corporate capital expenditures	—	—	73
Total capital expenditures	\$ 9,780	\$ 14,428	\$ 16,759

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies

Basis of Consolidation

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). These consolidated financial statements include the accounts of our wholly owned subsidiaries, which are RDGE, CRG, and CDL. We have also consolidated the following entities that are not wholly owned for which we have control:

- Australia Country Cinemas Pty, Limited, a company in which we own a 75% interest and whose only assets are our leasehold cinema at Dubbo, Australia and our owned cinema at Townsville, Australia;
- Sutton Hill Properties, LLC (“SHP”), a company based in New York in which we own a 75% interest and whose only asset is the fee interest in the Cinemas 1,2,3; and,
- Shadow View Land and Farming, LLC in which we own a 50% controlling membership interest and whose only asset was a 202-acre land parcel in Coachella, California as of December 31, 2020. This land was sold in March 2021, and the company is now in the process of winding up.

Our investment interests in certain joint venture arrangements, for which we own between 20% to 50% and for which we have no control over the operations, are accounted for as unconsolidated joint ventures, and hence, recorded in the consolidated financial statements under the equity method. These investment interests include our:

- 33.3% undivided interest in the unincorporated joint venture that owns the Mt. Gravatt cinema in a suburb of Brisbane, Australia;
- 50% undivided interest in the unincorporated joint venture that owns Rialto Cinemas in New Zealand.

We consider that we have control over our partially owned subsidiaries and joint venture interests (collectively “investee”) when these conditions exist:

- (i) we own a majority of the voting rights or interests of the investee (typically above 50%), or
- (ii) in the case when we own less than the majority voting rights or interests, we have the power over the investee when the voting rights or interests are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not our voting rights in the investee are sufficient to give it power, including:

- (i) the size of our voting rights and interests relative to the size and dispersion of holdings of other vote holders;
- (ii) potential voting rights and interests held by us;
- (iii) rights and interests arising from other contractual arrangements; and,
- (iv) any additional other relevant facts.

All intercompany balances and transactions have been eliminated on the consolidation.

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. Hence, actual results may differ from those estimates. Significant estimates and assumptions include, but are not limited to:

- (i) projections we make regarding the recoverability and impairment of our assets (including goodwill and intangibles);
- (ii) valuations of our derivative instruments;
- (iii) allocation of insurance proceeds to various recoverable components;
- (iv) recoverability of our deferred tax;
- (v) estimation of our Incremental Borrowing Rate (“IBR”) as relates to the valuation of our right-of-use assets and lease liabilities; and,
- (vi) estimation of gift card and gift certificate breakage where we have concluded that the likelihood of redemption is remote.

Revenue Recognition

- (i) *Cinema Exhibition Segment (all net of related taxes):*
 - Sales of Cinema tickets (excluding bulk and advanced ticket sales) and food and beverage (“F&B”) sales – recognized when sold and collected, either in cash or credit card at our theatre locations and through our online selling channels;
 - Sales of Bulk and Advanced Cinema Ticket Sales – deferred and recognized as revenue when the promised performance or movie that the ticket has been purchased for is shown;
 - Gift Cards and Gift Certificate Sales – deferred and recognized as revenue when redeemed, except for the breakage portion, as described below;
 - Breakage Income – recognized for unredeemed cards and certificates using the proportional method, whereby breakage revenue is recognized in proportion to the pattern of rights exercised by the customer when the Company expects that it is probable that a significant revenue reversal would not occur for any estimated breakage amounts. This is based on a breakage ‘experience rate’ which is determined by historical redemption data;
 - Loyalty Income - a component of revenue from members of our loyalty programs relating to the earning of loyalty rewards is deferred until such a time as members redeem rewards, or until we believe the likelihood of redemption by the member is remote. Deferral is based on the progress made toward the next reward, the fair value of that reward, and the likelihood of redemption, determined by historical redemption data, and;
 - Advertising Revenues – recognized based on contractual arrangements or relevant admissions information, as appropriate, when the related performance obligation is satisfied.
- (ii) *Real Estate Segment:*
 - Property Rentals –we contractually retain substantially all of the risks and benefits of ownership of our real estate properties and therefore, we account for our tenant leases as operating leases. Accordingly, rental revenue is recognized on a straight-line basis over the lease term; and,
 - Live Theatre License Fees – we have real property interest in, and license theatre space to third parties for, the presentation of theatrical productions. Revenue is recognized in accordance with the license agreement and is typically recorded on a weekly basis after the performance of a show has occurred.

Cash and Cash Equivalents

We consider all highly liquid investments with original maturities of three months or less at the time of purchase as cash equivalents for which cost approximates fair value.

Receivables

Our receivables balance is composed primarily of credit card and booking agent receivables, representing the purchase price of tickets, food & beverage items, or coupon books sold at our various businesses. Sales charged on customer credit cards are collected when the credit card transactions are processed. The remaining receivables balance is primarily made up of the net Goods and Service Tax ("GST") receivable from our Australian taxing authorities, rents receivable from our third-party tenants, and the management fee receivable from the managed cinemas. We have no history of significant bad debt losses but we have established an allowance for accounts that we deem uncollectible.

Inventory

Inventory is composed of food and beverage items in our theater operations and books and associated stationery items at our State Cinema bookstore, and is stated at the lower of cost (first-in, first-out method) or net realizable value.

Restricted Cash

Restricted cash includes those cash accounts for which the use of funds is restricted by any contract or bank covenant. At December 31, 2022 and 2021, our restricted cash balance was \$5.0 million and \$5.3 million, respectively.

Derivative Financial Instruments

From time to time, we purchase interest rate derivative instruments to hedge the interest rate risk that results from the variability of certain of our floating-rate borrowings. Our use of derivative transactions is intended to reduce long-term fluctuations in cash flows caused by market movements. Derivative instruments are recorded on the balance sheet at fair value with changes in fair value through interest expense in the Consolidated Statements of Operations or, in the case of accounting hedges, in Other Comprehensive Income and then reclassified into interest expense in the same period(s) during which the hedged transactions affect earnings. The cash flows from interest rate derivatives are classified as cashflows provided by operating activities in the Consolidated Cashflow Statement, as are the hedged transactions. As of December 31, 2022 we had no unfavorable derivative positions. As of December 31, 2021, we had unfavorable derivative positions designated as accounting hedges of \$181,000. As of December 31, 2022, and December 31, 2021, we had favorable derivative positions designated as accounting hedges of \$907,000 and \$208,000, respectively.

With regards to accounting hedges, the Company has elected, by reference to certain practical expedients contained within ASC 848 *Reference Rate Reform*, to continue the method of assessing effectiveness as documented in the original hedge, so that the reference rate on the hypothetical derivative matches the reference rate on the hedging instrument. In addition, the Company has elected the expedient permitting the assertion of probability of the hedged interest payments regardless of any expected modification in the terms related to reference rate reform.

Operating Properties, net

Our Operating Properties consist of land, buildings and improvements, leasehold improvements, fixtures and equipment, which we use to derive operating income associated with our two business segments, cinema exhibition and real estate. Buildings and improvements, leasehold improvements, fixtures and equipment are initially recorded at the lower of cost or fair market value and depreciated over the useful lives of the related assets. Land is not depreciated. Expenditures relating to renovations, betterments or improvements to existing assets are capitalized if they improve or extend the lives of the respective assets and/or provide long-term future net cash inflows, including the potential for cost savings.

Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are generally as follows:

Building and improvements	15 – 60 years
Leasehold improvements	Shorter of the lease term or useful life of the improvement
Theater equipment	7 years
Furniture and fixtures	3 – 10 years

Investment and Development Properties, net

Investment and Development Properties consist of land, buildings and improvements under development, and their associated capitalized interest and other development costs that we are either holding for development, currently developing, or holding for

investment appreciation purposes. These properties are initially recorded at the lower of cost or fair market value. Within this category are building and improvement costs directly associated with the development of potential cinemas (whether for sale or lease), the development of entertainment-themed centers (“ETCs”), or other improvements to real property. As incurred, we expense start-up costs (such as pre-opening cinema advertising and training expense) and other costs not directly related to the acquisition and development of long-term assets. We cease cost capitalization (including interest) on a development property when the property is complete and ready for its intended use, or if activities necessary to get the property ready for its intended use have been substantially curtailed. However, we do not suspend cost capitalization for brief interruptions and interruptions that are externally imposed, such as mandates from governmental authorities.

Impairment of Long-Lived Assets

We review long-lived assets, including goodwill and intangibles, for impairment as part of our annual budgeting process, at the beginning of the fourth quarter, and whenever events or changes in circumstances indicate that the carrying amount of the asset may not be fully recoverable. Due to the COVID-19 pandemic, we have at various quarters since 2020 reviewed such assets for impairment where changes in circumstances suggest such a review is necessary.

We review internal management reports on a monthly basis as well as monitor current and potential future competition in film markets for indications of potential impairment.

- (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. Following the adoption of Accounting Standards Codification 842 *Leases*, we include all relevant right-of-use assets in our impairment assessments and exclude the related lease liabilities and payments. 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.

We recorded \$1.5 million of impairment losses against long-lived and finite-lived intangible assets in the second half of 2022. This impairment was recorded against cinemas whose performance had not improved commensurate to the rest of our portfolio. No further impairment losses were recorded in 2022. No impairment losses were recorded for long-lived and finite-lived intangible assets for the year ended December 31, 2022, based on historical information and projected cash flow. \$217,000 of impairment losses were recorded for long-lived and finite-lived intangible assets for the year ended December 31, 2020.

- (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 the 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 three years ended December 31, 2022.

For a detailed discussion of our impairment assessments, refer to *Note 3 – Impact of COVID-19 Pandemic on Liquidity*.

Variable Interest Entity

The Company enters into relationships or investments with other entities that may be a variable interest entity (“VIE”). A VIE is consolidated in the financial statements if the Company has the power to direct activities that most significantly impact the economic performance of the VIE and has the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Reading International Trust I is a VIE. It is not consolidated in our financial statements because we are not the primary beneficiary. We carry our investment in the Reading International Trust I, recorded under “*Other Assets*”, using the equity method of accounting because we have the ability to exercise significant influence (but not control) over operating and financial policies of the entity. We eliminate transactions with an equity method entity to the extent of our ownership in such an entity. Accordingly, our share of net income/(loss) of this equity method entity is included in consolidated net income/(loss). We have no implicit or explicit obligation to further fund our investment in Reading International Trust I.

Land and Property Held for Sale

When a property is classified as held for sale, we present the respective assets and liabilities related to the property held for sale separately on the balance sheet and cease to record depreciation and amortization expense. Properties held for sale are reported at the lower of their carrying value or their estimated fair value less the estimated costs to sell. As of December 31, 2020, we classified our landholding at Coachella, California and Manukau, New Zealand, as held for sale. There were no adjustments necessary to reduce the carrying value of these assets on transfer to held for sale. These assets were subsequently held at historical cost on the consolidated balance sheet until their sale in the first quarter of 2021. We had no properties held for sale as of December 31, 2022 or December 31, 2021. Refer to *Note 5 – Real Estate Transactions* for details.

Deferred Leasing/Financing Costs

Direct costs incurred in connection with obtaining tenants and or financing are amortized over the respective term of the loan utilizing the effective interest method, or straight-line method if the result is not materially different. In addition, interest on loans with increasing interest rates and scheduled principal pre-payments are also recognized using the effective interest method. Net deferred financing costs are presented as a reduction in the associated debt account (see *Note 12 – Borrowings*).

Film Rental Costs

Film rental costs are accrued based on the applicable box office receipts and estimates of the final settlement to the film licensors.

Advertising Expense

We expense our advertising as incurred. The amount of our advertising expense was \$1.4 million, \$0.7 million, and \$0.7 million in 2022, 2021, and 2020, respectively.

Operating Leases

As Lessee

We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (“ROU”) assets and operating lease liabilities, current and non-current, in our consolidated balance sheets. Finance leases are included in operating properties, other current liabilities, and other long-term liabilities in our consolidated balance sheets.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. We use the implicit rate when readily determinable. The operating lease ROU asset also includes any prepaid lease payments made and excludes lease incentives received. Our lease terms may include options to extend or not to terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

We have lease agreements with lease and non-lease components, which we do not separate. For certain equipment leases, such as cinema equipment, we account for the lease and non-lease components as a single lease component.

As a result of the impacts of COVID-19, we have obtained certain concessions from our landlords. Where we have obtained rent concessions from our landlords, or provided concessions to our tenants, we have elected not to perform the standard Topic 842 modification evaluation where the concession does not result in the total consideration required by the contract being substantially more than the total consideration originally required by the contract. We have elected to account for these concessions as if there have been no changes to the underlying contracts, thereby recognizing abatements secured as variable lease expenses, and increasing payables for lease payment deferrals.

As Lessor

As part of our real estate operations, we own certain real estate property in the U.S., Australia and New Zealand which we lease to third parties. We recognize lease payments for operating leases as property revenue on a straight-line basis over the lease term. Lease incentive payments we make to lessees are amortized as a reduction in property revenue over the lease term. The lease term includes all non-cancellable periods contracted for within the lease and excludes any option periods which a tenant may hold.

As a result of the impacts of COVID-19, we have provided certain concessions to specific tenants. Where we have provided deferrals of rent, we have recorded the deferrals as receivables, and where we have provided abatements, we have recorded these as variable rents in the consolidated statements of income.

Share-based Compensation

The determination of the compensation cost for our share-based awards (primarily in the form of stock options or restricted stock units) is made at the grant date based on the estimated fair value of the award, and such cost is recognized over the grantee's requisite service period (which typically equates to our vesting term). Previously recognized compensation cost shall be reversed for any forfeited award to the extent unvested at the time of forfeiture. Refer to *Note 16 – Share-based Compensation and Repurchase Plans* for further details.

Treasury Shares

In recent years, we repurchased our own Class A common shares as part of a publicly announced stock repurchase plan. We account for these repurchases using the cost method and present these as a separate line within the Stockholders' Equity section in our consolidated balance sheets. Refer to *Note 16 – Share-based Compensation and Repurchase Plans* for further details of our stock repurchase plan.

Insurance Recoveries and Other Contingency Matters

- (i) *Loss contingencies* – we record any loss contingencies if there is a “probable” likelihood that the liability had been incurred, and the amount of the loss can be reasonably estimated.
- (ii) *Gain contingencies*:
 - *Insurance recoveries* – in the event we incur a loss attributable to an impairment of an asset or incurrence of a liability that is recoverable, in whole or in part, through an insurance claim, we record an insurance recoverable (not to exceed the amount of the total losses incurred) only when the collectability of such claim is probable. To evaluate the probable collectability of an insurance claim, we consider communications with third parties (such as with our insurance company), in addition to advice from legal counsel.
 - *Others* – other gain contingencies typically result from legal settlements and we record those settlements in income when cash or other forms of payments are received.

Legal costs relating to our litigation matters, whether we are the plaintiff or the defendant, are recorded when incurred. For the years ended December 31, 2022, 2021, and 2020, we recorded gains/(losses) relating to litigation settlement of \$40,000, (\$3.2) million and \$3,000, respectively.

Currency Translation Policy

The financial statements and transactions of our Australian and New Zealand cinema and real estate operations are recorded in their functional currencies, namely Australian and New Zealand dollars, respectively, and are then translated into U.S. dollars. Assets and liabilities of these operations are denominated in their functional currencies and are then translated at exchange rates in effect at the balance sheet date. Revenue and expenses are translated at the average exchange rate for the reporting period. Translation adjustments are reported in “Accumulated Other Comprehensive Income,” a component of Stockholders' Equity.

The carrying values of our Australian and New Zealand assets fluctuate due to changes in the exchange rate between the U.S. dollar and the Australian and New Zealand dollars. Presented in the table below are the currency exchange rates for Australia and New Zealand as of and for the three years ended December 31, 2022:

	<u>As of and for the year ended December 31, 2022</u>	<u>As of and for the year ended December 31, 2021</u>	<u>As of and for the year ended December 31, 2020</u>
Spot Rate			
Australian Dollar	0.6805	0.7260	0.7709
New Zealand Dollar	0.6342	0.6839	0.7194
Average Rate			
Australian Dollar	0.6946	0.7517	0.6904
New Zealand Dollar	0.6357	0.7077	0.6504

Income Taxes

We account for income taxes under an asset and liability approach. Under the asset and liability method, deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and the respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled

and are classified as noncurrent on the balance sheets in accordance with current U.S. GAAP. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. Income tax expense (benefit) is the tax payable (refundable) for the period and the change during the period in deferred tax assets and liabilities. The effect of a change in tax rates or law on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We recognize deferred tax assets to the extent that we believe that these assets are more likely than not to be realized. In evaluating our ability to recover our deferred tax assets within the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations.

A tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits.

We recognize tax liabilities for uncertain tax positions and adjust these liabilities when our judgment changes as a result of the evaluation of new information not previously available. We record interest and penalties related to income tax matters as part of income tax expense and record the related liabilities in income tax related balance sheet accounts. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the tax liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which it is determined a change in recognition or measurement is appropriate.

The U.S. Tax Cuts and Jobs Act of 2017 (the "Tax Act") creates a new requirement for U.S. corporations to include in U.S. taxable income certain earnings of their foreign subsidiaries, effective beginning tax year 2018. The Global Intangible Low Taxed Income ("GILTI") framework introduces a new tax on foreign earnings of U.S. based consolidated groups. We record taxes related to GILTI as a current-period expense when incurred.

Earnings (Loss) Per Share

The Company presents both basic and diluted earnings (loss) per share amounts. Basic earnings (loss) per share is calculated by dividing net income (loss) attributable to the Company by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is based upon the weighted average number of common and common equivalent shares outstanding during the year, which is calculated using the treasury-stock method for equity-based awards. Common equivalent shares are excluded from the computation of diluted earnings (loss) per share in periods for which they have an anti-dilutive effect. Stock options for which the exercise price exceeds the average market price over the period are anti-dilutive and, accordingly, are excluded from the calculation.

Government Grants

In the second quarter of 2020, in order to account for certain wage subsidies received from the Australian and New Zealand governments, we adopted *International Accounting Standard 20 - Accounting for Government Grants and Disclosure of Government Assistance* ("IAS 20"). The aim of these Australian and New Zealand government subsidies is to protect as many jobs as possible during the COVID-19 pandemic by subsidizing the wages of employees, using the administrative capabilities of employers to forward such subsidies to their employees. The subsidies are not loans to employees or employers. Other than the disclosure requirements promulgated by ASU 2021-10, U.S. GAAP has no other codified accounting guidance concerning the measurement and presentation of such government grants for for-profit entities, and in lieu of such guidance, common practice is to refer to IAS 20. IAS 20 permits entities to account for government grants on a gross basis, showing grants receivable as income and the associated expense as costs, or on a net basis, by deducting the grant from the related expense. The nature of the wage subsidies is such that, without them, our Company would likely have reduced its wages and salaries expense through the termination of certain employees. In order to faithfully present the transaction, our Company has therefore elected to present wages and salaries expense net of government grants. The impacted wages and salaries costs are contained within 'other operating expenses' and 'general and administrative expenses' in our cinema and real estate segments. We received no subsidies in the year to December 31, 2022. In the year to December 31, 2021, we received subsidies totaling \$2.6 million (AU\$3.5 million) in Australia and \$366,000 (NZ\$518,000) in New Zealand, respectively. In the year to December 31, 2020, we received subsidies totaling \$9.5 million (AU\$12.3 million) and \$1.4 million (NZ\$1.9 million) in Australia and New Zealand, respectively.

Business Acquisition Valuation and Purchase Price Allocation

For acquisitions meeting the definition of a “business” in accordance with ASC 805, *Business Combinations*, the assets acquired, and the liabilities assumed are recorded at their fair values as of the acquisition date. To accomplish this, we typically obtain third-party valuations to allocate the purchase price to the assets acquired and liabilities assumed, including both tangible and intangible components. The determination of the fair values of the acquisition components and its related determination of the estimated lives of depreciable tangible assets and amortizing intangible assets/liabilities require significant judgment and several considerations, described as follows:

- (i) *Tangible assets* – we allocate the purchase price to the tangible assets of an acquired property (which typically includes land, building and site/tenant improvements) based on the estimated fair values of those tangible assets assuming the building was vacant. Estimates of fair value for land are based on factors such as comparisons to other properties sold in the same geographic area adjusted for unique characteristics. Estimates of fair values of buildings, and site/tenant improvements are based on present values determined based upon the application of hypothetical leases with market rates and terms. Estimates of plant and equipment, leasehold improvements and any cinema related equipment are based on their current market values with relation to their age and condition. Building and site improvements are depreciated over their remaining economic lives, while tenant improvements are depreciated over the remaining non-cancelable terms of the respective leases. Plant and equipment, leasehold improvements and any cinema related equipment are depreciated over the shorter of their useful economic lives and the underlying cinema lease.
- (ii) *Intangible assets and liabilities* – the valuation of the intangible assets and liabilities in a typical real estate acquisition is described below:
 - *Above-market and below-market leases* – where we are the lessor, we record above-market and below-market in-place lease values for acquired properties based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management’s estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining non-cancelable term of the lease. We amortize any capitalized above-market lease values (an intangible asset) and capitalized below-market lease values (an intangible liability) over the remaining non-cancelable terms of the respective leases. Where we are the lessee, lease arrangements entered into are assessed under ASC 842 *Leases*.
 - *Benefit of avoided costs due to existing tenancies* – this typically includes (i) in-place leases (the value of avoided lease-up costs) and (ii) leasing commissions and legal/marketing costs avoided with the leases in place. We measure the fair values of the in-place leases based on the difference between (i) the property valued with existing in-place leases adjusted to market rental rates and (ii) the property valued as if vacant. Factors considered in the fair value determination include an estimate of carrying costs during hypothetical expected lease-up periods considering current market conditions, and costs to execute similar leases. We also consider information obtained about each property as a result of our pre-acquisition due diligence, marketing, and leasing activities in estimating the fair value of the intangible assets acquired. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease-up periods. Management also estimates costs to execute similar leases including leasing commissions, legal, and other related expenses to the extent that such costs are not already incurred in connection with a new lease origination as part of the transaction.

We amortize the value of in-place leases and unamortized leasing origination costs to expense over the remaining term of the respective leases. Should a tenant terminate its lease, the unamortized portion of the in-place lease values and leasing origination costs will be charged to expense.

Intangible assets acquired in cinema business combination typically relate to the brand of the underlying business being acquired.

These assessments have a direct impact on revenue and net income, particularly on the depreciable base of the allocated assets which will impact the timing of expense allocation. In accordance with our adoption of *ASU 2015-16*, we record the changes in depreciation and amortization in the period we finalized our purchase price allocation.

New Accounting Standards and Accounting Changes

Recently Adopted and Issued Accounting Pronouncements

Adopted:

ASU 2021-10 Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance / IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance

On December 15, 2021, we early adopted *ASU 2021-10, Government Assistance: Disclosures by Business Entities about Government Assistance (Topic 832)*. This ASU applies to transactions with a government that are accounted for by analogizing to accounting standards such as *International Accounting Standard 20 - Accounting for Government Grants and Disclosure of Government Assistance (“IAS 20”)*, which we adopted in the second quarter of 2020 in order to account for the receipt of certain government grants in Australia and New Zealand. The early adoption of the ASU has no material effect on our consolidated financial statements.

ASU 2020-04 – Reference Rate Reform

In the fourth quarter of 2020, we adopted certain practical expedients provided by *ASU 2020-04 Reference Rate Reform (Topic 848)*. This new guidance contains optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by reference rate reform. We have elected certain expedients which permit us to i) continue the method of assessing hedge effectiveness such that the reference rate on the hypothetical derivative matches the reference rate on the hedging instrument and ii) to continue to assert probability of the relevant hedged interest payments regardless of any expected modification in terms related to reference reform.

The guidance allows for different expedient elections to be made at different points in time, and to this end the Company intends to reassess its elections of such expedients as and when alternations become necessary.

ASU 2017-04 Intangibles – Goodwill and Other (Topic 305): Simplifying the Test for Goodwill Impairment

On January 1, 2020, we adopted *ASU 2017-04, Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This new guidance removes the second step of the two-step impairment test for measuring goodwill and is to be applied on a prospective basis only. Adoption of this standard has no material effect on our consolidated financial statements.

ASU 2016-13 Financial Instruments – Credit Losses (Topic 326)

On January 1, 2020, we adopted *ASU 2016-13, Financial Instruments – Credit Losses (Topic 326)*. This new guidance replaces the incurred loss impairment methodology under prior GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. We have no history of significant bad debt losses and as such adoption of this standard has no material effect on our consolidated financial statements.

NOTE 3 – IMPACT OF COVID-19 PANDEMIC ON LIQUIDITY

General

COVID-19 has materially impacted our business since the declaration of a global pandemic in March 2020. Our 2020 global revenues were \$77.9 million, compared to \$276.8 million in 2019. 2022 saw the first year of trading since 2020 with no cinema closures or operating restrictions on our cinemas or real estate tenants. These improving business conditions contributed to an increase in total revenues to \$203.1 million, however, still approximately 27% below the 2019 pre-pandemic level.

Cinema Segment Ongoing Impact

COVID-19 continues to impact the profitability of our cinema operating segment. Film production backlogs, and competition from streaming platforms contributed to a lower number of major studio movie releases in 2022. Accordingly, our industry is still in its recovery phase. These factors are beyond our control. We are subject to increasing costs related to film licensing, inventory, labor and utilities, and many of our U.S. cinemas are obligated to repay rent deferrals to our landlords as negotiated in 2020-2022. In addition, some of our cinemas are facing automatic rent increases. Cost-reduction efforts in our cinema operating segment continue, including, but not limited to, restricting utilities and essential operating expenditures to the minimum levels necessary, reducing employment costs, 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.

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*.

We have \$47.2 million of debt due in the twelve months from the issue of this Form 10-K. \$22.5 million of this debt is due on July 3, 2023. As at December 31, 2022, we have cash of \$29.9 million and negative working capital of \$74.2 million. In order to alleviate doubt that our Company will be able to generate sufficient cash flows for the coming twelve-months, these loans need to be refinanced and our revenues and net income need to improve.

We believe that it is probable that these loans will be extended on terms acceptable to us. Prior to the issuance of the Form 10-K, we extended our Bank of America facility on March 30, 2023 to September 4, 2024. Valley National extended its loan from April 1, 2023 to July 3, 2023 to allow additional time to complete refinancing, for which a term sheet is in place. We believe that we have sufficient time to address our Santander (\$8.0 million) and our Westpac (\$8.8 million) facilities, due in the fourth quarter of 2023 and the first quarter of 2024 respectively.

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 the event that our forecasts and cash flow estimates, and our reasonable refinancing expectations, do not come to fruition to the extent needed to provide sufficient funding, we are willing and able to pursue additional asset monetizations. In 2021, we demonstrated our ability to complete such real estate transactions.

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

Impairment Considerations

Our Company considers that the events and factors described above continue to constitute impairment indicators under *ASC 360 Property, Plant and Equipment*. At December 31, 2022, our Company performed a quantitative recoverability test of the carrying values of all its asset groups. Our Company estimated the undiscounted future cash flows expected to result from the use of these asset groups and found that no impairment charge was necessary in addition to the \$1.5 million impairment charge taken during Q2 2022. This was due to our improved financial performance at the asset group level, and our more favorable expectations for future trading.

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 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. 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 as a result, actual results may materially differ from management's estimates.

NOTE 4 – EARNINGS (LOSS) PER SHARE

The following table sets forth the computation of basic and diluted earnings (loss) per share and a reconciliation of the weighted average number of common and common equivalent shares outstanding for the three years ended December 31, 2022:

<i>(Dollars in thousands, except share and per share data)</i>	2022	2021	2020
Numerator:			
Net income (loss) attributable to Reading International, Inc.	\$ (36,184)	\$ 31,921	\$ (65,200)
Denominator:			
Weighted average shares of common stock – basic	22,020,921	21,801,719	21,749,155
Weighted average dilutive impact of stock-based awards	935,324	605,097	466,356
Weighted average shares of common stock – diluted	22,956,245	22,406,816	22,215,511
Basic earnings (loss) per share	\$ (1.64)	\$ 1.46	\$ (3.00)
Diluted earnings (loss) per share	\$ (1.64)	\$ 1.42	\$ (3.00)
Awards excluded from diluted earnings (loss) per share	327,498	517,344	674,676

Outstanding awards of 327,498 for the year ended December 31, 2022 and 674,676 for the year ended December 31, 2020, were excluded from the computation of dilutive shares, as they were anti-dilutive because of the net loss from continuing operations.

NOTE 5 – REAL ESTATE TRANSACTIONS

Discussed below are the real estate transactions affecting the presentation in our consolidated balance sheets as of December 31, 2022 and 2021, and the profitability determination in our consolidated statements of income for the three years ended December 31, 2022, 2021 and 2020.

Real Estate Monetizations

Beginning in 2020, we reviewed our various real estate holdings in light of the fact that our cash flow from cinema operations had been adversely affected by the governmentally mandated cinema closings ordered in response to the COVID-19 pandemic and that, for the foreseeable future, other sources of cash would be needed to support our operations and that only very limited funds would be available for capital investment in our properties. Between the fourth quarter of 2020 and the second quarter of 2021, we classified as assets held for sale disposal groups and thereafter monetized the following real estate assets: The Auburn/Redyard Entertainment Themed Center (“ETC”), the Royal George Theatre, Coachella (land), and Manukau (land). In addition, in the third quarter of 2021, we monetized our Invercargill, New Zealand, property, comprised of a cinema and ancillary land. A ‘disposal group’ represents assets to be disposed of in a single transaction. A disposal group may represent a single asset, or multiple assets. Each of these transactions is discussed separately below.

Auburn/Redyard, New South Wales

In January 2021, we classified our Auburn / Redyard ETC as held for sale, reflecting the fact that approximately 2.6 acres of this property was non-income producing land. This disposal group, which consisted of land, the ETC building and related property, plant and equipment, was transferred to Land and Property Held for Sale at its book value of \$30.2 million (AU\$39.1 million), being the lower of cost and fair value less costs to sell. No adjustments to the book value of the assets contained within this disposal group were required.

The sale of Auburn/Redyard was completed on June 9, 2021, for \$69.6 million (AU\$90.0 million). As part of the transaction, we entered into a lease with the purchaser for the cinema portion of the Auburn/Redyard site.

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

<i>(Dollars in thousands)</i>	June 30 2021
Sales price	\$ 69,579
Net book value	(30,231)
Gain on sale, gross of direct costs	39,348
Direct sale costs incurred	(622)
Gain on sale, net of direct costs	\$ 38,726

Manukau, New Zealand

In December 2020, we classified our non-income producing land at Manukau, New Zealand, as held for sale. This disposal group, which consisted of land and certain improvements to that land, was transferred to Land Held for Sale at its book value of \$13.6 million, being the lower of cost and fair value less costs to sell. No adjustments to the book value of this asset were required. The sale of this land was completed on March 4, 2021, for \$56.1 million (NZ\$77.2 million), of which NZ\$1.0 million was received on February 23, 2021, and the balance of funds was received on March 4, 2021.

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

<i>(Dollars in thousands)</i>	March 31, 2021
Sales price	\$ 56,058
Net book value	(13,618)
Gain on sale, gross of direct costs	42,440
Direct sale costs incurred	(1,514)
Gain on sale, net of direct costs	\$ 40,926

Coachella, California

In December 2020, we classified the non-income producing land at Coachella (held through Shadow View Land and Farming LLC) as held for sale. This disposal group, which consisted of land and certain improvements to that land, was transferred to Land and Property Held for Sale at its book value of \$4.4 million, being the lower of cost and fair value less costs to sell. No adjustments to the book value of this asset were required. The sale of this land was completed on March 5, 2021 for \$11.0 million. As a 50% member in Shadow View Land and Farming LLC, our Company received the benefit of 50% of the sale proceeds, being \$5.3 million. As the other 50% member was Estate of James J. Cotter, Sr., these actions were approved by our Audit and Conflicts Committee.

The gain on sale of this property, including both our interests and those of the other 50% owner of Shadow View Land and Farming, LLC, is calculated as follows:

<i>(Dollars in thousands)</i>	March 31, 2021
Sales price	\$ 11,000
Net book value	(4,351)
Gain on sale, gross of direct costs	6,649
Direct sale costs incurred	(301)
Gain on sale, net of direct costs	\$ 6,348

Royal George Theatre, Chicago

In February 2021, we classified our Royal George Theatre as held for sale as part of our strategy to monetize certain real estate assets. This disposal group, which consisted of the Royal George Theatre building and the associated property, plant and equipment, was transferred to Land and Property Held for Sale at its book value of \$1.8 million, being the lower of cost and fair value less costs to sell. No adjustments to the book value of the assets contained within this disposal group were required. On June 30, 2021, we received net sale proceeds of \$6.8 million (net of closing costs).

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

<i>(Dollars in thousands)</i>	June 30 2021
Sales price	\$ 7,075
Net book value	(1,824)
Gain on sale, gross of direct costs	5,251
Direct sale costs incurred	(295)
Gain on sale, net of direct costs	\$ 4,956

Invercargill, New Zealand

On August 30, 2021, we monetized our cinema building and land in Invercargill for \$3.8 million (NZ\$5.4 million) to the owner of the adjacent property. This property, not then classified as held for sale, was monetized in a transaction whereby the purchaser leased back the Reading Cinema to our company.

The gain on sale on this property is calculated as follows:

<i>(Dollars in thousands)</i>	September 30 2021
Sales price	\$ 3,803
Net book value	(1,425)
Gain on sale, gross of direct costs	2,378
Direct sale costs incurred	(6)
Gain on sale, net of direct costs	\$ 2,372

Real Estate Acquisitions

Exercise of Option to Acquire Ground Lessee's Interest in Ground Lease and Improvements Constituting the Village East Cinema

On August 28, 2019, we exercised our option to acquire the ground lessee's interest in the 13-year ground lease underlying and the real property assets constituent with our Village East Cinema in Manhattan. The purchase price under the option is \$5.9 million. The transaction is expected to close on July 1, 2024. Further information is at *Note 20 – Related Parties*.

NOTE 6 – PROPERTIES AND EQUIPMENT

Operating Property, Net

Property associated with our operating activities is summarized as follows:

<i>(Dollars in thousands)</i>	December 31,	
	2022	2021
Land	\$ 67,392	\$ 69,459
Building and improvements	213,226	219,580
Leasehold improvements	64,230	58,349
Fixtures and equipment	194,753	202,837
Construction-in-progress	6,839	5,395
Total cost	546,440	555,620
Less: accumulated depreciation	(259,488)	(248,963)
Operating Properties, net	\$ 286,952	\$ 306,657

Of our total operating properties as disclosed above, the gross and carrying amounts of the portion of our properties currently on lease or held for leasing as of December 31, 2022 and 2021 are as follows:

<i>(Dollars in thousands)</i>	December 31,	
	2022	2021
Building and improvements		
Gross balance	\$ 136,749	\$ 140,028
Less: Accumulated depreciation	(26,148)	(23,923)
Net Book Value	\$ 110,601	\$ 116,105

Depreciation expense for operating property was \$20.6 million, \$22.0 million, and \$21.5 million for the year ended December 31, 2022, 2021 and 2020, respectively.

Investment and Development Property

Investment and development property is summarized as follows:

<i>(Dollars in thousands)</i>	December 31,	
	2022	2021
Land	\$ 3,857	\$ 4,193
Construction-in-progress (including capitalized interest)	4,935	5,377
Investment and development property, net	\$ 8,792	\$ 9,570

We did not capitalize any interest charges for the years ended December 31, 2022 our December 31, 2021, pertaining to our on-going development projects.

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 corporate offices, and finance leases for certain equipment assets. Our leases have remaining lease terms of 1 to 20 years, with certain leases having options to extend to up to a further 45 years.

Contracts are analyzed in accordance with the criteria set out in ASC 842 to determine if there is a lease present. For contracts that contain an operating lease, we account for the lease component and the non-lease component together as a single component. For contracts that contain a finance lease we account for the lease component and the non-lease component separately in accordance with ASC 842.

In leases where we are the lessee, we recognize a right of use asset and lease liability at lease commencement, which is measured by discounting lease payments using an incremental borrowing rate applicable to the relevant country and term of the lease as the discount rate. Subsequent amortization of the right of use asset and accretion of the lease liability for an operating lease is recognized as a single lease cost, on a straight-line basis, over the term of the lease. Lease term includes option periods where we determine that we are reasonably certain to be exercising those options. A finance lease right-of-use asset is depreciated on a straight-line basis over the lesser of the useful life of the leased asset or the lease term. Interest on each finance lease liability is determined as the amount that results in a constant periodic discount rate on the remaining balance of the liability. Property taxes and other non-lease costs are accounted for on an accrual basis.

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.

As a result of the impacts of COVID-19, we have obtained certain concessions from our landlords. We have elected to account for these concessions as if there have been no changes to the underlying contracts, thereby recognizing abatements secured as variable lease expenses, and increasing payables for lease payment deferrals.

The components of lease expense are as follows:

<i>(Dollars in thousands)</i>	December 31,	
	2022	2021
Lease cost		
Finance lease cost:		
Amortization of right-of-use assets	\$ 38	\$ 49
Interest on lease liabilities	2	5
Operating lease cost	33,422	33,782
Variable lease cost	619	(7,068)
Total lease cost	\$ 34,081	\$ 26,768

Supplemental cash flow information related to leases is as follows:

<i>(Dollars in thousands)</i>	December 31,	
	2022	2021
Cash flows relating to lease cost		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for finance leases	\$ 42	\$ 53
Operating cash flows for operating leases	34,685	26,057
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 6,710	\$ 39,090

Supplemental balance sheet information related to leases is as follows:

<i>(Dollars in thousands)</i>	December 31,	
	2022	2021
Operating leases		
Operating lease right-of-use assets	\$ 200,417	\$ 227,367
Operating lease liabilities - current portion	23,971	23,737
Operating lease liabilities - non-current portion	200,037	223,364
Total operating lease liabilities	\$ 224,008	\$ 247,101
Finance leases		
Property plant and equipment, gross	\$ 363	\$ 374
Accumulated depreciation	(338)	(311)
Property plant and equipment, net	\$ 25	\$ 63
Other current liabilities	28	40
Other long-term liabilities	—	28
Total finance lease liabilities	\$ 28	\$ 68
Other information		
Weighted-average remaining lease term - finance leases	1	2
Weighted-average remaining lease term - operating leases	11	11
Weighted-average discount rate - finance leases	5.21%	5.24%
Weighted-average discount rate - operating leases	4.55%	4.47%

The Maturities of our leases were as follows:

<i>(Dollars in thousands)</i>	Operating leases	Finance leases
2023	\$ 33,690	\$ 29
2024	32,307	—
2025	30,334	—
2026	28,372	—
2027	26,020	—
Thereafter	137,553	—
Total lease payments	\$ 288,276	\$ 29
Less imputed interest	(64,268)	(1)
Total	\$ 224,008	\$ 28

As of December 31, 2022, we have additional operating leases, primarily for cinemas, that have not yet commenced of approximately \$7.2 million. It is anticipated that these operating leases will commence in 2023 with lease terms 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.

We recognize lease payments for operating leases as property revenue on a straight-line basis over the lease term. Lease incentive payments we make to lessees are amortized as a reduction in property revenue over the lease term.

As a result of the impacts of COVID-19, we have provided certain concessions to specific tenants. We have elected to account for these concessions as if there have been no changes to the underlying contracts, thereby recognizing abatements granted as variable lease payments through revenue and increasing receivables for lease payment deferrals.

Lease income relating to operating lease payments was as follows:

<i>(Dollars in thousands)</i>	December 31,	
	2022	2021
Components of lease income		
Lease payments	\$ 8,076	\$ 9,679
Variable lease payments	737	655
Total lease income	\$ 8,813	\$ 10,334

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

<i>(Dollars in thousands)</i>	December 31,	December 31,
	2022	2021
Building and improvements		
Gross balance	\$ 136,749	\$ 140,028
Accumulated depreciation	(26,148)	(23,923)
Net Book Value	\$ 110,601	\$ 116,105

The Maturity of our leases were as follows:

<i>(Dollars in thousands)</i>	Operating leases
2023	\$ 9,773
2024	9,321
2025	8,867
2026	7,232
2027	6,003
Thereafter	26,263
Total	\$ 67,459

NOTE 8 – 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 unconsolidated joint ventures:

<i>(Dollars in thousands)</i>	Interest	December 31,	
		2022	2021
Mt. Gravatt	33.3%	\$ 3,836	\$ 3,976
Rialto Cinemas	50.0%	920	1,017
Total Joint Ventures		\$ 4,756	\$ 4,993

Our recorded share of equity earnings (losses) from our investments in unconsolidated joint ventures are as follows:

<i>(Dollars in thousands)</i>	2022	2021	2020
Mt. Gravatt	\$ 392	\$ 254	\$ (249)
Rialto Cinemas	(121)	4	(200)
Total equity earnings	\$ 271	\$ 258	\$ (449)

Mt. Gravatt

We own an undivided 33.3% interest in Mt. Gravatt, an unincorporated joint venture that owns and operates a sixteen-screen multiplex cinema in Australia.

Rialto Cinemas

We own an undivided 50.0% interest in the assets and liabilities of the Rialto Entertainment joint venture that owns and operates two (2) movie theaters, with 13 screens in New Zealand.

NOTE 9 – GOODWILL AND INTANGIBLE ASSETS

The table below summarizes goodwill by business segment:

<i>(Dollars in thousands)</i>	Cinema	Real Estate	Total
Balance at January 1, 2021	\$ 22,892	\$ 5,224	\$ 28,116
Foreign currency translation adjustment	(1,358)	—	(1,358)
Balance at December 31, 2021	\$ 21,534	\$ 5,224	\$ 26,758
Foreign currency translation adjustment	(1,254)	—	(1,254)
Balance at December 31, 2022	\$ 20,280	\$ 5,224	\$ 25,504

The 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. To test the impairment of goodwill, the 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. The most recent annual assessment occurred in the fourth quarter of 2022. The assessment results, as described at *Note 3 – Impact of COVID-19 Pandemic and Liquidity*, indicated that there is no impairment to our goodwill as of December 31, 2022.

The tables below summarize intangible assets other than goodwill:

	December 31, 2022			
<i>(Dollars in thousands)</i>	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: impairment charges	—	—	(40)	(40)
Net intangible assets other than goodwill	\$ 252	\$ 1,220	\$ 919	\$ 2,391

	December 31, 2021			
<i>(Dollars in thousands)</i>	Beneficial Leases	Trade Name	Other Intangible Assets	Total
Gross carrying amount	\$ 12,335	\$ 9,058	\$ 4,996	\$ 26,389
Less: accumulated amortization	(12,002)	(7,660)	(3,452)	(23,114)
Less: impairment charges	—	—	(17)	(17)
Net intangible assets other than goodwill	\$ 333	\$ 1,398	\$ 1,527	\$ 3,258

Beneficial leases relate to our operations as lessor. Trade names are amortized using an accelerated amortization method over an estimated useful life of 30 years, and other intangible assets over their estimated useful life of up to 30 years (except for transferrable liquor licenses, which are indefinite-lived assets, with a balance of \$741,000 and \$757,000 as of December 31, 2022 and 2021).

For the years ended December 31, 2022, 2021, and 2020, our amortization expense was \$0.6 million, \$0.7 million, and \$0.9 million, respectively.

As of December 31, 2022, the estimated amortization expense for our amortizable intangibles, in the five succeeding years and thereafter is as follows:

<i>(Dollars in thousands)</i>	Estimated Future Amortization Expense
2023	\$ 384
2024	219
2025	140
2026	127
2027	116
Thereafter	664
Total future amortization expense	\$ 1,650

NOTE 10 – PREPAID AND OTHER ASSETS

Prepaid and other assets are summarized as follows:

<i>(Dollars in thousands)</i>	December 31,	
	2022	2021
Prepaid and other current assets		
Prepaid expenses	\$ 1,859	\$ 1,185
Prepaid taxes	1,687	1,929
Income taxes receivable	—	52
Prepaid rent	—	1,438
Deposits	233	244
Interest receivable	8	—
Investments in marketable securities	17	23
Total prepaid and other current assets	\$ 3,804	\$ 4,871
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	8,302	4,477
Long-term deposits	10	12
Total non-current assets	\$ 10,284	\$ 6,461

NOTE 11 - INCOME TAXES

Income before income taxes includes the following:

<i>(Dollars in thousands)</i>	2022	2021	2020
United States	\$ (40,087)	\$ (35,835)	\$ (56,709)
Foreign	3,975	76,335	(13,666)
Income (loss) before income taxes and equity earnings of unconsolidated joint ventures	\$ (36,112)	\$ 40,500	\$ (70,375)
<i>Equity earnings of unconsolidated joint ventures:</i>			
United States	—	—	—
Foreign	271	258	(449)
Income (loss) before income taxes	\$ (35,841)	\$ 40,758	\$ (70,824)

Significant components of the provision for income taxes are as follows:

<i>(Dollars in thousands)</i>	2022	2021	2020
Current income tax expense (benefit)			
Federal	\$ (97)	\$ (5,727)	\$ 349
State	19	(6,426)	424
Foreign	(487)	17,217	(2,233)
Total	(565)	5,064	(1,460)
Deferred income tax expense (benefit)			
Federal	2	(119)	(3,263)
State	2	(32)	(5)
Foreign	1,380	1,031	(239)
Total	1,384	880	(3,507)
Total income tax expense (benefit)	\$ 819	\$ 5,944	\$ (4,967)

Deferred income taxes reflect the “temporary differences” between the financial statement carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, adjusted by the relevant tax rate. The components of the deferred tax assets and liabilities are as follows:

<i>(Dollars in thousands)</i>	December 31,	
	2022	2021
Deferred Tax Assets:		
Net operating loss carry-forwards	\$ 26,237	\$ 18,917
Foreign Tax Credit	3,743	3,743
Compensation and employee benefits	3,252	3,539
Deferred revenue	2,713	2,642
Accrued expenses	12,206	8,646
Lease obligations	56,119	69,342
Land and property	1,620	958
Total Deferred Tax Assets	105,890	107,787
Deferred Tax Liabilities:		
Lease liabilities	(52,747)	(63,293)
Accrued taxes	(532)	(523)
Intangibles	(444)	(396)
Other	(942)	(461)
Total Deferred Tax Liabilities	(54,665)	(64,673)
Net deferred tax assets before valuation allowance	51,225	43,114
Valuation allowance	(50,778)	(40,894)
Net deferred tax asset	\$ 447	\$ 2,220

We record net deferred tax assets to the extent we believe these assets will more-likely-than-not be realized. In making such determination, we considered all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial performance. As of December 31, 2022, based on all available evidence, we believe the U.S. and state deferred tax assets do not support a conclusion of being more-likely-than-not to be realized. Accordingly, we recorded an increase to valuation allowance of \$9.9 million. We reassess the valuation allowance quarterly and a tax benefit is recorded if future evidence allows for a partial or full release of the valuation allowance.

As of December 31, 2022, we had the following carry-forwards:

- approximately \$73.5 million in Federal loss carry-forwards with no expiration date;
- approximately \$43.9 million in California loss carry-forwards expiring in 2042;
- approximately \$31.0 million in Hawaii loss carry-forwards expiring in 2042;
- approximately \$2.7 million in New Jersey state loss carry-forwards expiring in 2042;
- approximately \$52.5 million in New York state loss carry-forwards substantially expiring in 2036;
- approximately \$50.6 million in New York city loss carry-forwards substantially expiring in 2036; and,

We expect no substantial limitations on the future use of U.S. loss carry-forwards.

The provision for income taxes is different from amounts computed by applying U.S. statutory rates to consolidated losses before taxes. The significant reason for these differences is as follows:

<i>(Dollars in thousands)</i>	2022	2021	2020
Expected tax provision	\$ (7,526)	\$ 8,559	\$ (14,873)
<i>Increase (decrease) in tax expense resulting from:</i>			
Foreign tax rate differential	384	6,473	(1,159)
Change in valuation allowance	8,071	(6,339)	11,424
State and local tax provision	21	(6,458)	418
Tax rate change	—	—	(1,397)
Prior year adjustment	(405)	(211)	877
Unrecognized tax benefits	75	(3,937)	246
GILTI	—	7,858	—
Other	199	(1)	(503)
Total income tax expense (benefit)	\$ 819	\$ 5,944	\$ (4,967)

The undistributed earnings of the Company's Australian subsidiaries are not indefinitely reinvested. Due to the enactment of the Tax Act, future repatriations of foreign earnings will generally not be subject to U.S. federal taxation but may incur minimal state taxes.

The following table is a summary of the activity related to unrecognized tax benefits, excluding interest and penalties, for the years ended December 31, 2022, 2021, 2020:

<i>(Dollars in thousands)</i>	2022	2021	2020
Unrecognized tax benefits – gross beginning balance	\$ 11,536	\$ 2,086	\$ 4,082
Gross increase (decrease) - prior year tax positions	(82)	(1,664)	(1,996)
Gross increase (decrease) - current year tax positions	—	11,114	—
Settlements	—	—	—
Unrecognized tax benefits – gross ending balance	\$ 11,454	\$ 11,536	\$ 2,086

As of December 31, 2022 and 2021, if recognized, \$11.5 million and \$11.5 million respectively, of the unrecognized tax benefits would impact the Company's effective tax rate.

During the year ended December 31, 2022, we recorded an increase to tax interest of \$257,000, resulting in a total \$641,000 in interest. During the year ended December 31, 2021, we recorded a decrease to tax interest of \$10.5 million, resulting in a total \$384,000 in interest.

It is difficult to predict the timing and resolution of uncertain tax positions. Based upon the Company's assessment of many factors, including past experience and judgments about future events, it is probable that within the next 12 months the reserve for uncertain tax positions will increase within a range of \$500,000 to \$1.5 million. The reasons for such change include but are not limited to tax positions expected to be taken during 2022, revaluation of current uncertain tax positions, and expiring statutes of limitations.

As of December 31, 2022, federal income tax returns for 2019 and after are open for examination. California worldwide unitary income tax returns for 2018 and after are open for examination. Australia income tax returns for calendar years 2018 and after are open for examination. Generally, New Zealand returns for calendar years 2017 and after remain open for examination.

NOTE 12 – BORROWINGS

The Company's borrowings at December 31, 2022 and 2021, net of deferred financing costs and incorporating the impact of interest rate swaps on our effective interest rates, are summarized below:

As of December 31, 2022						
<i>(Dollars in thousands)</i>	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	\$ 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 6.00%.
- (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 FC-denominated borrowings were translated into U.S. dollars based on exchange rates as of December 31, 2022.
- (5) These two pieces of debt were extended after December 31, 2022. See the relevant heading below for discussion regarding extensions.

As of December 31, 2021						
<i>(Dollars in thousands)</i>	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	\$ 26,728	4.13%	4.13%
Bank of America Credit Facility (US)	March 6, 2023	39,500	39,500	39,364	5.75%	5.75%
Cinemas 1, 2, 3 Term Loan (US)	April 1, 2022	24,039	24,039	23,680	4.25%	4.25%
Minetta & Orpheum Theatres Loan (US) ⁽²⁾	November 1, 2023	8,000	8,000	7,944	2.14%	5.15%
U.S. Corporate Office Term Loan (US)	January 1, 2027	8,936	8,936	8,860	4.64% / 4.44%	4.64%
Union Square Financing (US) ⁽³⁾	May 6, 2024	55,000	43,000	42,002	7.00%	7.00%
Purchase Money Promissory Note (US)	September 18, 2024	2,043	2,043	2,043	5.00%	5.00%
Denominated in foreign currency ("FC") ⁽⁴⁾						
NAB Corporate Term Loan (AU)	December 31, 2023	74,052	74,052	73,900	1.82%	1.82%
Westpac Bank Corporate (NZ)	January 1, 2024	9,465	9,465	9,465	3.45%	3.45%
Total		\$ 248,948	\$ 236,948	\$ 233,986		

- (1) Net of deferred financing costs amounting to \$3.0 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 a maximum effective rate of 7.40%.
- (4) The contractual facilities and outstanding balances of the FC-denominated borrowings were translated into U.S. dollar based on exchange rates as of December 31, 2021.

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

<i>(Dollars in thousands)</i>	Balance Sheet Caption	December 31,	
		2022	2021
Debt - current portion		\$ 37,279	\$ 11,349
Debt - long-term portion		148,688	195,198
Subordinated debt - current portion		747	711
Subordinated debt - long-term portion		26,950	26,728
Total borrowings		\$ 213,664	\$ 233,986

Impact of COVID-19

To address the impact of COVID-19 on our business, we sought and obtained certain modifications to our loan agreements with the Bank of America, National Australia Bank, and Westpac. These loan modifications included changes to some of the covenant compliance terms and waivers of certain covenant testing periods. We are currently in compliance with our loan covenants as so modified. To date it has not been necessary for us to seek modifications or waivers with respect to our other loan agreements, as we continue to be in compliance with the terms of such loan agreements without the need for any such modifications or waivers.

Debt denominated in USD

Bank of America Credit Facility

As of December 3, 2021, our \$55.0 million credit facility with Bank of America matured on March 6, 2023. The interest rate on borrowings under this facility is fixed at 3.0% above the "Eurodollar" rate, which itself has a floor of 1.0%.

On November 8, 2021, and effective in Q4 of 2021, Bank of America replaced all of our covenants with a single liquidity test and converted the line of credit into a term loan with scheduled repayments. On November 28, 2022, a further modification extended the term by a year to March 1, 2024 and amended the scheduled repayments. No changes were made to the interest rate. Neither modification was considered to be substantial under U.S. GAAP.

On March 30, 2023, we further modified this facility. The maturity date was extended to September 4, 2024. Regular scheduled repayments were modified to a new monthly repayment schedule, whereby commencing May 2023 we will make monthly payments of \$725,000 with a balloon payment upon maturity. Payment in kind interest will accrue at a rate of 0.5% until maturity, 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 Theaters, with a loan for a five year term of \$8.0 million. The modification was not considered to be substantial under U.S. GAAP.

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.

U.S. Corporate Office Term Loan

On December 13, 2016, we obtained a ten year \$8.4 million mortgage loan on our new Los Angeles property at a fixed annual interest rate of 4.64%. This loan provided for a second loan upon completion of certain improvements. On June 26, 2017, we obtained a further \$1.5 million under this provision at a fixed annual interest rate of 4.44%.

Cinemas 1,2,3 Term Loan and Line of Credit

On March 13, 2020, Sutton Hill Properties LLC ("SHP"), a 75% subsidiary of RDI, refinanced its \$20.0 million term loan with Valley National Bank with a new term loan of \$25.0 million, an interest rate of 4.25%, and maturity date of April 1, 2022, with two six month options to extend. We executed the first extension option on March 3, 2022, and the second extension option on September 1, 2022, taking the maturity to April 1, 2023. The interest rate for this final extension period is 6.625% as provided for in the terms of the original agreement. We have no remaining extension options. On March 15, 2023, the loan was extended by 90 days, to July 3, 2023, on the same terms.

The related party aspect of this loan is discussed at *Note 20 – Related Parties*.

Purchase Money Promissory Note

On September 18, 2019, we purchased 407,000 Company shares in a privately negotiated transaction under our Share Repurchase Program for \$5.5 million. 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.

Trust Preferred Securities (“TPS”)

On February 5, 2007, we issued \$51.5 million in 20-year fully subordinated notes to a trust over which we have significant influence, which in turn issued \$51.5 million in securities. Of the \$51.5 million, \$50.0 million in TPS were issued to unrelated investors in a private placement and \$1.5 million of common trust securities were issued by the trust to Reading called “Investment in Reading International Trust I” on our balance sheets. Effective May 1, 2012, the interest rate on our Trust Preferred Securities changed from a fixed rate of 9.22%, which was in effect for five years, to a variable rate of three month LIBOR plus 4.00%, which will reset each quarter through the end of the loan unless we exercise our right to re-fix the rate at the current market rate at that time. There are no principal payments due until maturity in 2027 when the notes and the trust securities are scheduled to be paid in full. We may pay off the debt after the first five years at 100% of the principal amount without any penalty. The trust is essentially a pass through, and the transaction is accounted for on our books as the issuance of fully subordinated notes. The credit facility includes a number of affirmative and negative covenants designed to monitor our ability to service the debt. The most restrictive covenant of the facility requires that we must maintain a fixed charge coverage ratio at a certain level. However, on December 31, 2008, we secured a waiver of all financial covenants with respect to our TPS for a period of nine years (through December 31, 2017), in consideration of the payment of \$1.6 million, consisting of an initial payment of \$1.1 million, a payment of \$270,000 made in December 2011, and a payment of \$270,000 in December 2014. The covenant waiver expired January 1, 2018, after which a further covenant waiver was secured on October 11, 2018 for the remaining term of the loan, in consideration of payments totaling \$1.6 million, consisting of an initial payment of \$1.1 million paid on October 31, 2018, and a further payment made of \$270,000 in October 2021 and \$225,000 payable in October 2025.

During the first quarter of 2009, we took advantage of the then current market illiquidity for securities such as our TPS to repurchase \$22.9 million in face value of those securities through an exchange of \$11.5 million worth of marketable securities purchased during the period for the express purpose of executing this exchange transaction with the third-party holder of these TPS. During the twelve months ended 2009, we amortized \$106,000 of discount to interest income associated with the holding of these securities prior to their extinguishment. On April 30, 2009, we extinguished \$22.9 million of these TPS, which resulted in a gain on retirement of subordinated debt (TPS) of \$10.7 million net of loss on the associated write-off of deferred loan costs of \$749,000 and a reduction in our Investment in Reading International Trust I from \$1.5 million to \$838,000.

During the three years ended December 31, 2022, we paid \$1.4 million in 2020, \$1.1 million in 2021 and \$1.4 million in 2022 in preferred dividends to unrelated investors that are included in interest expense. At December 31, 2022 and 2021, we had preferred dividends payable of \$387,000 and \$193,000, respectively. Interest payments for this loan are required every three months.

Debt denominated in foreign currencies

Australian NAB Corporate Loan Facility

Our Revolving Corporate Markets Loan Facility with National Australia Bank (“NAB”) matures on December 31, 2023. It currently consists of (i) a AU\$100.0 million Corporate Loan facility at 1.75% above BBSY with a due date of December 31, 2023, 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.

On November 2, 2021, NAB modified our Fixed Charge Cover Ratio and Leverage Ratio covenants, reducing the measurement requirements and in some instances removing the requirement to test. On December 15, 2022, we extended the term of this facility to June 30, 2024.

New Zealand Westpac Bank Corporate Credit Facility

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 fourth quarter of 2022. Our third quarter waiver also removes the requirement to test certain covenants up to and including the first quarter of 2023, with testing resuming for the second quarter of 2023. Certain covenant ratios were also adjusted.

Aggregate amount of future principal debt payments

As of December 31, 2022, our aggregate amount of future principal debt payments is estimated as follows:

<i>(Dollars in thousands)</i>	Future Principal Debt Payments
2023	\$ 38,707
2024	140,899
2025	300
2026	314
2027	35,413
Thereafter	--
Total future principal debt payments	\$ 215,633

The estimated amount of future principal payments in U.S. dollars is subject to change because the payments in U.S. dollars on the debt denominated in foreign currencies, which represent a significant portion of our total outstanding debt balance, will fluctuate based on the applicable foreign currency exchange rates.

NOTE 13 – PENSION AND OTHER LIABILITIES

Other liabilities including pension are summarized as follows:

<i>(Dollars in thousands)</i>	December 31,	
	2022	2021
Current liabilities		
Liability for demolition and remediation costs	\$ —	\$ 2,783
Accrued pension ⁽¹⁾	684	684
Security deposit payable	68	69
Finance lease liabilities	28	40
Other	33	43
Other current liabilities	\$ 813	\$ 3,619
Other liabilities		
Accrued pension ⁽¹⁾	3,138	3,605
Lease make-good provision	6,131	7,766
Deferred rent liability	2,484	3,930
Environmental reserve	1,656	1,656
Lease liability ⁽²⁾	5,900	5,900
Acquired leases	11	21
Finance lease liabilities	—	28
Other	—	—
Other non-current liabilities	\$ 19,320	\$ 22,906

(1) Represents the pension liability associated with the Supplemental Executive Retirement Plan explained below.

(2) Represents the lease liability of the option associated with the ground lease purchase of the Village East Cinema. See Note 20 – Related Parties for more information.

Pension Liability – Supplemental Executive Retirement Plan

On August 29, 2014, the Supplemental Executive Retirement Plan (“SERP”) that was effective since March 1, 2007, was ended and replaced with a new pension annuity. As a result of the termination of the SERP program, the accrued pension liability of \$7.6 million was reversed and replaced with a new pension annuity liability of \$7.5 million. The valuation of the liability is based on the present value of \$10.2 million discounted at 4.25% over a 15-year term, resulting in a monthly payment of \$57,000 payable to the estate of Mr. James J. Cotter, Sr. The discounted value of \$2.7 million (which is the difference between the estimated payout of \$10.2 million and the present value of \$7.5 million) will be amortized and expensed based on the 15-year term. In addition, the accumulated actuarial loss of \$3.1 million recorded, as part of other comprehensive income, will also be amortized based on the 15-year term.

As a result of the above, included in our other current and non-current liabilities are accrued pension costs of \$3.8 million and \$4.3 million as of December 31, 2022 and 2021, respectively. The benefits of our pension plans are fully vested and therefore no service costs were recognized 2022 and 2021. Our pension plans are unfunded.

The change in the SERP pension benefit obligation and the funded status are as follows:

<i>(Dollars in thousands)</i>	December 31,	
	2022	2021
Benefit obligation at January 1	\$ 4,289	\$ 4,732
Service cost		
Interest cost	216	240
Payments made	(683)	(683)
Benefit obligation at December 31	\$ 3,822	\$ 4,289
Unfunded status at December 31	\$ (3,822)	\$ (4,289)

Amounts recognized in the balance sheet consists of:

<i>(Dollars in thousands)</i>	December 31,	
	2022	2021
Current liabilities	\$ 684	\$ 684
Other liabilities - Non current	3,138	3,605
Total pension liability	\$ 3,822	\$ 4,289

The components of the net periodic benefit cost and other amounts recognized in other comprehensive income are as follows:

<i>(Dollars in thousands)</i>	December 31,	
	2022	2021
Net periodic benefit cost		
Interest cost	\$ 216	\$ 240
Amortization of prior service costs	—	—
Amortization of net actuarial gain	147	166
Net periodic benefit cost	\$ 363	\$ 406
Items recognized in other comprehensive income		
Net loss	\$ —	\$ —
Amortization of net loss	(147)	(166)
Total recognized in other comprehensive income	\$ (147)	\$ (166)
Total recognized in net periodic benefit cost and other comprehensive income	\$ 216	\$ 240

Items not yet recognized as a component of net periodic pension cost consist of the following:

<i>(Dollars in thousands)</i>	December 31,	
	2022	2021
Unamortized actuarial loss	\$ 1,822	\$ 1,969
Accumulated other comprehensive income	\$ 1,822	\$ 1,969

The estimated unamortized actuarial loss for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year will be \$207,000 (gross of any tax effects).

The following table presents estimated future benefit payments for the next five years and thereafter as of December 31, 2022:

<i>(Dollars in thousands)</i>	Estimated Future Pension Payments
2023	\$ 684
2024	684
2025	684
2026	684
2027	684
Thereafter	402
Total pension payments	\$ 3,822

Lease Make-Good Provision

We recognize obligations for future leasehold restoration costs relating to properties that we use mostly on our cinema operations under operating lease arrangements. Each lease is unique to the negotiated conditions with the lessor, but in general most leases require for the removal of cinema-related assets and improvements. There are no assets specifically restricted to settle this obligation.

A reconciliation of the beginning and ending carrying amounts of the lease make-good provision is presented in the following table:

<i>(Dollars in thousands)</i>	As of and for the year ended December 31, 2022	As of and for the year ended December 31, 2021
Lease make-good provision, at January 1	\$ 7,766	\$ 7,408
Liabilities incurred during the year	—	288
Liabilities settled during the year	(67)	—
Liabilities remeasured during the year	(1,567)	—
Accretion expense	293	343
Effect of changes in foreign currency	(294)	(273)
Lease make-good provision, at December 31	\$ 6,131	\$ 7,766

NOTE 14 – COMMITMENTS AND CONTINGENCIES

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.

Cotter Jr. Derivative Litigation

During the period June 2015 through October 2020, the directors of the Company were subject to certain derivative claims brought by James J. Cotter, Jr. in the Nevada District Court in a case captioned *James J. Cotter, Jr., individually and derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, et al.* Case No: A-15-719860-V. The case was resolved by the Court in favor of the directors and the plaintiff's claims were dismissed with prejudice. Costs in the amount of \$809,000 were assessed against the plaintiff.

California Employment Litigation

Our Company is currently a defendant in 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"). The final settlement agreement has been executed and delivered by the parties, and initially approved by the Court (the "Settlement Agreement"). A hearing on final approval of the Settlement Agreement is scheduled for April 18, 2023. Under the terms of the Settlement Agreement, the Settlement Amount is to be paid in two installments, one-half within 30 days of final court approval and the balance nine-months thereafter. However, Plaintiffs' counsel has approved a request by the Company to modify that payment schedule to provide for payments as follows: (i) \$1,270,000 within 30 days of final court approval, (ii) \$1,270,000 within nine months of final court approval, and (iii) \$1,460,000 on December 2, 2024. This modification of the payment schedule is subject to Court approval. 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. Effective August 26, 2022, this matter was resolved by 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 15 – NON-CONTROLLING INTERESTS

As of December 31, 2022, the non-controlling interests in our consolidated subsidiaries are comprised of the following:

- Australia Country Cinemas Pty Ltd. – 25% non-controlling interest owned by Panorama Group International Pty.;
- Shadow View Land and Farming, LLC – 50% non-controlling membership interest owned by either the estate of Mr. James J. Cotter, Sr. (the “Cotter Estate”) or the James J. Cotter Sr. Living Trust (the “Cotter Trust”); and,
- Sutton Hill Properties, LLC – 25% non-controlling interest owned by Sutton Hill Capital, LLC (which in turn is 50% owned by the Cotter Estate and/or the Cotter Trust).

The components of non-controlling interest are as follows:

<i>(Dollars in thousands)</i>	December 31,	
	2022	2021
Australian Country Cinemas, Pty Ltd	\$ 26	\$ 48
Shadow View Land and Farming, LLC	(3)	(4)
Sutton Hill Properties, LLC	400	942
Non-controlling interests in consolidated subsidiaries	\$ 423	\$ 986

The components of income/(loss) attributable to non-controlling interests are as follows:

<i>(Dollars in thousands)</i>	2022	2021	2020
Australian Country Cinemas, Pty Ltd	\$ 70	\$ 111	\$ (158)
Shadow View Land and Farming, LLC	(4)	3,163	(69)
Sutton Hill Properties, LLC	(542)	(381)	(430)
Net income (loss) attributable to non-controlling interests in consolidated subsidiaries	\$ (476)	\$ 2,893	\$ (657)

Shadow View Land and Farming, LLC

On March 5, 2021, Shadow View Land and Farming, LLC, sold its only asset, being certain land holdings in Coachella, California, for \$11.0 million and is currently in the process of winding up and liquidating. See *Note 5 Real Estate Transactions*.

NOTE 16 – SHARE-BASED COMPENSATION AND SHARE REPURCHASE PLANS

2010 Stock Incentive Plan

Our 2010 Stock Incentive Plan (as amended, the “2010 Plan”) under which our Company has granted stock options and other share-based payment awards of our Common Stock to eligible employees, directors, and consultants has expired. In total, 1,505,598 shares of Class A Common Stock were issued or reserved for issuance pursuant to the previously granted options or restricted stock units under that 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 December 31, 2020 was 1,250,000, of which 234,955 remain available for future issuance, and 200,000 shares of Class B stock. 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 December 31, 2022, this potential increase in the number of shares eligible for issuance under the 2020 Plan was 506,748 of 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. Beginning in 2020, a performance component has been added to certain of the RSUs granted to management, which vests on the third anniversary of their grant date based on the achievement of certain performance metrics. 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 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 year ended December 31, 2022.

The weighted average assumptions used in the option-valuation model for the years 2022, 2021 and 2020 were as follows:

	2022	2021	2020
Stock option exercise price	\$ —	\$ —	\$ 4.66
Risk-free interest rate	0.00%	0.00%	0.25%
Expected dividend yield	—	—	—
Expected option life in years	—	—	3.75
Expected volatility	0.00%	0.00%	51.83%
Weighted average fair value	\$ —	\$ —	\$ 1.80

We recorded stock-based compensation expense of \$212,000, \$402,000, and \$460,000 for 2022, 2021, and 2020, respectively. At December 31, 2022, the total unrecognized estimated compensation cost related to non-vested stock options was \$36,000 which is expected to be recognized over a weighted average vesting period of 1.00 years. No cash was received from option exercises in 2022, 2021 or 2020.

The following is a summary of the status of RDI’s outstanding stock options for the three years ended December 31, 2022:

	Outstanding Stock Options					
	Number of Options		Weighted Average Exercise Price		Weighted Average Remaining Years of Contractual Life	Aggregate Intrinsic Value
	Class A	Class B	Class A	Class B	Class A&B	Class A&B
Outstanding - January 1, 2020	711,377	—	\$ 14.74	\$ —	2.79	\$ 136,350
Granted	38,803	—	4.66	—		
Exercised	—	—	—	—		
Expired	(36,701)	—	14.74	—		
Outstanding - December 31, 2020	713,479	—	\$ 14.64	\$ —	2.18	\$ 13,969
Granted	—	—	—	—		
Exercised	(38,803)	—	4.66	—		63,831
Expired	(157,332)	—	11.87	—		
Outstanding - December 31, 2021	517,344	—	\$ 15.42	\$ —	1.66	\$ —
Granted	—	—	—	—		
Exercised	—	—	—	—		
Expired	(189,846)	—	14.63	—		
Outstanding - December 31, 2022	327,498	—	\$ 15.87	\$ —	1.24	\$ —

The following is a summary of the status of RDI's vested and unvested stock options as of December 31, 2022, 2021 and 2020:

	Vested and Unvested Stock Options					
	Number of Options		Weighted Average Exercise Price		Weighted Average Remaining Years of Contractual Life	Aggregate Intrinsic Value
	Class A	Class B	Class A	Class B	Class A&B	Class A&B
Vested						
December 31, 2022	276,218	—	\$ 15.81	\$ —	1.17	\$ —
December 31, 2021	384,189	—	15.38	—	1.42	—
December 31, 2020	418,435	—	13.87	—	1.64	—
Unvested						
December 31, 2022	51,281	—	\$ 16.15	\$ —	1.24	\$ —
December 31, 2021	133,155	—	15.65	—	2.29	—
December 31, 2020	295,044	—	15.77	—	2.47	13,969

Restricted Stock Units

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. On March 10, 2020, RSUs covering 287,163 shares were issued to members of executive management and other employees of our Company. Between December 14, 2020 and December 16, 2020, RSUs covering 114,803 shares were issued to members of executive management and other employees of our Company, all of which vest 100% on the anniversary of the grant date over a period of one year. Of these, we granted non-employee directors 60,084 RSUs (as well as 38,803 options) on December 16, 2020. In April 2021, RSUs covering 262,830 shares were issued to members of executive management. These 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 covering 22,888 shares were also issued to other employees of our Company. These awards vest 25% on the anniversary of the grant date over a period of four years. RSUs covering 26,924 and 48,951 shares, respectively, were issued to non-employee directors. On April 18, 2022, RSUs covering 428,899 shares were issued to members of executive management and other employees of our company.

We estimate the grant-date fair values of our RSUs using the Company's stock price at grant-date and record such fair values as compensation expense over the vesting period on a straight-line basis. Prior to November 7, 2018, RSU awards to non-employee directors vested 100% in January of the following year in which such RSUs were granted. At the November 7, 2018 Board meeting, it was determined that it would be more appropriate for the vesting of RSUs to align with the director's term of office. Accordingly, the RSUs granted on November 7, 2018, vested 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's term as a director ended and the recipient or, as the case may be, the recipient's successor was elected to the board of directors. Accordingly, the RSUs granted to directors on November 7, 2018, vested on May 7, 2019, annual meeting of stockholders. Due to the fact that our Company held our annual meeting of stockholders in May 2019, the vesting period for the RSUs issued on November 7, 2018 was shorter than anticipated. In order to adjust for this factor, the award of RSUs to directors made immediately following the 2019 Annual Meeting of Stockholders was determined using a value of \$35,000 or one half of the dollar amount of the prior year's annual grant. The RSUs issued to non-employee directors on May 7, 2019, vested on May 6, 2020. The RSUs issued to non-employee directors on August 11, 2021 vested on December 8, 2021. The RSUs issued to non-employee directors on December 8, 2021, vested on December 8, 2022. The RSUs issued to non-employee directors on December 8, 2022, will 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 (December 8, 2023).

During the years ended December 31, 2022 and December 31, 2021, we recognized compensation expense related to RSUs of \$1.7 million and \$1.8 million respectively. The total unrecognized compensation expense related to these unvested RSUs was \$3.2 million as of December 31, 2022.

Below is a table that shows the restricted stock units that have been issued and vested during the years ending December 31, 2022 along with the dollar value of these awards:

	Number of RSUs				\$ value of RSUs			
	Granted	Vesting	Forfeited	Unvested	Granted	Vesting	Forfeited	Unvested
2016	68,153	67,372	781	—	815,160	805,759	9,400	—
2017	70,538	70,006	532	—	\$ 1,124,348	1,115,852	8,496	—
2018	97,600	94,426	3,174	—	1,581,512	1,529,648	51,864	—
2019	59,258	45,008	3,104	11,146	944,070	714,328	50,005	179,737
2020	401,966	210,455	1,994	189,517	2,281,899	1,112,767	10,235	1,158,896
2021	361,593	126,814	1,497	233,282	2,185,222	676,889	9,326	1,499,007
2022	502,582	—	1,203	501,379	1,998,505	—	5,017	1,993,489
Total	1,561,690	614,081	12,285	935,324	\$ 10,930,716	\$ 5,955,243	\$ 144,343	\$ 4,831,129

2017 Stock Repurchase Plan

On March 14, 2019, the Board of Directors extended our Company's stock repurchase program for two years, through March 2, 2021. The Board did not increase the authorized amount, which was initially fixed at \$25.0 million. On March 10, 2020, the Board increased the authorized amount by \$25.0 million and extended it to March 2, 2022. At the present time, the repurchase program authorization is \$26.0 million.

The repurchase program allows Reading to repurchase its shares in accordance with the requirements of the SEC on the open market, in block trades and in privately negotiated transactions, depending on market conditions and other factors. All purchases are subject to the availability of shares at prices that are acceptable to Reading, and accordingly, no assurances can be given as to the timing or number of shares that may ultimately be acquired pursuant to this authorization.

Under the stock repurchase program, as of December 31, 2022, our Company had reacquired a total of 1,792,819 shares of Class A Non-Voting Common Stock for \$24.0 million at an average price of \$13.39 per share (excluding transaction costs). 75,157 shares of Class A Non-Voting Common Stock were purchased during the quarter ended March 31, 2020 at an average price of \$8.92 per share. No shares have been repurchased since. 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. This leaves \$26.0 million available under the March 2, 2017 program, as extended, to March 10, 2024.

NOTE 17 – 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 ⁽¹⁾	Unrealized Gain (Losses) on Available-for-Sale Investments	Accrued Pension Service Costs ⁽²⁾	Hedge Accounting Reserve ⁽³⁾	Total
Balance at January 1, 2022	\$ 6,842	\$ (14)	\$ (1,969)	\$ 23	\$ 4,882
Change related to derivatives					
Total change in hedge fair value recorded in Other Comprehensive Income	—	—	—	1,520	1,520
Amounts reclassified from accumulated other comprehensive income	—	—	—	(963)	(963)
Net change related to derivatives	—	—	—	557	557
Net current-period other comprehensive income	(7,539)	(4)	147	557	(6,839)
Balance at December 31, 2022	\$ (697)	\$ (18)	\$ (1,822)	\$ 580	\$ (1,957)

(1) Net of income tax expense of \$59,000.

(2) Net of income tax expense of \$60,000.

(3) Net of income tax expense of \$290,000.

NOTE 18 – FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If quoted prices in an active market are available, fair value is determined by reference to these prices. If quoted prices are not available, fair value is determined by valuation models that primarily use, as inputs, market-based or independently sourced parameters, including but not limited to interest rates, volatilities, and credit curves. Additionally, we may reference prices for similar instruments, quoted prices or recent transactions in less active markets. We use prices and inputs that are current as of the measurement date. Assets and liabilities that are carried at fair value (either recurring or non-recurring basis) are classified and disclosed in one of the following categories:

- **Level 1:** Quoted (unadjusted) prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. This consist primarily of investments in marketable securities which are our 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:** Quoted prices in active markets for similar assets and liabilities, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability. This category includes our derivative financial instruments which 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 December 31, 2022 and 2021, we concluded that the credit valuation adjustments were not significant to the overall valuation of our derivatives.
- **Level 3:** Unobservable inputs that are supported by little or no market activity may require significant judgment in order to determine the fair value of the assets and liabilities. This category includes:
 - i. *Debt* – includes 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.
 - ii. *Goodwill, Other Intangibles and Other Long-lived Assets* – refer to the “*Impairment of Long-Lived Assets*” section in *Note 2 – Summary of Significant Accounting Policies* for a description of valuation methodology used for fair value measurements of goodwill, intangible assets and long-lived assets. Given this category represents several lines in our Consolidated Balance Sheet and since the recorded values agree to fair values, we did not include this in the subsequent tables presented.

Also, our Level 1 financial instruments include cash and cash equivalents, receivables, and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate the fair values due to their short maturities. There have been no changes in the methodologies used at December 31, 2022 and 2021. Additionally, there were no transfers of assets and liabilities between Levels 1, 2, or 3 during the three years ended December 31, 2022.

Recurring Fair Value Measurements

As of December 31, 2022 and 2021, we had derivative financial assets carried and measured at fair value on a recurring basis of \$907,000 and \$208,000, respectively. As of December 31, 2022 we had no financial liabilities in a liability position. As of December 31, 2021, we had derivative financial liabilities carried and measured at fair value on a recurring basis of \$181,000.

Nonrecurring Fair Value Measurements

The following tables provide information about financial assets and liabilities not carried at fair value on a nonrecurring basis in our consolidated balance sheets:

<i>(Dollars in thousands)</i>	Balance Sheet Location	Carrying Value ⁽¹⁾	Fair Value Measurements at December 31, 2022			
			Level 1	Level 2	Level 3	Total
Financial liabilities						
Notes payable	Debt - current and long-term portion	\$ 187,720	\$ —	\$ —	\$ 172,230	\$ 172,230
Subordinated debt	Subordinated debt - current and long-term portion	27,913	—	—	25,025	25,025
Total		\$ 215,633	\$ —	\$ —	\$ 197,255	\$ 197,255

<i>(Dollars in thousands)</i>	Balance Sheet Location	Carrying Value ⁽¹⁾	Fair Value Measurements at December 31, 2021			
			Level 1	Level 2	Level 3	Total
Financial liabilities						
Notes payable	Debt - current and long-term portion	\$ 209,035	\$ —	\$ —	\$ 207,817	\$ 207,817
Subordinated debt	Subordinated debt	27,913	—	—	20,494	20,494
Total		\$ 236,948	\$ —	\$ —	\$ 228,311	\$ 228,311

(1) These balances are presented gross of deferred financing costs.

NOTE 19 – HEDGE ACCOUNTING

As of December 31, 2022 and 2021, the Company held interest rate derivatives in the total notional amount \$51.0 million.

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

<i>(Dollars in thousands)</i>	Asset Derivatives December 31,			
	2022		2021	
	Balance sheet location	Fair value	Balance sheet location	Fair value
Interest rate contracts	Derivative financial instruments - current portion	\$ 907	Derivative financial instruments - current portion	\$ 96
	Derivative financial instruments - non-current portion	—	Derivative financial instruments - non-current portion	112
Total derivatives designated as hedging instruments		\$ 907		\$ 208
Total derivatives		\$ 907		\$ 208

<i>(Dollars in thousands)</i>	Liability Derivatives December 31,			
	2022		2021	
	Balance sheet location	Fair value	Balance sheet location	Fair value
Interest rate contracts	Derivative financial instruments - current portion	\$ —	Derivative financial instruments - current portion	\$ 181
	Derivative financial instruments - non-current portion	—	Derivative financial instruments - non-current portion	—
Total derivatives designated as hedging instruments		\$ —		\$ 181
Total derivatives		\$ —		\$ 181

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 2022 and 2021, the derivative instruments affected Comprehensive Income as follows:

<i>(Dollars in thousands)</i>	Location of Loss Recognized in Income on Derivatives	Amount of Loss Recognized in Income on Derivatives	
		2022	2021
Interest rate contracts	Interest expense, net	\$ (672)	\$ 253
Total		\$ (672)	\$ 253

<i>(Dollars in thousands)</i>	Loss Recognized in OCI on Derivatives (Effective Portion)		Loss Reclassified from OCI into Income (Effective Portion)	Loss Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	Amount			Amount	
	2022	2021		2022	2021
Interest rate contracts	\$ (1,520)	\$ (153)	Interest expense, net	\$ 672	\$ (253)
Total	\$ (1,520)	\$ (153)		\$ 672	\$ (253)

In 2023, the Company expects to release \$822,000 to earnings.

NOTE 20 – RELATED PARTIES

The following table identifies our related parties as of December 31, 2022, in accordance with *ASC 850, Related Party Transactions*:

Categories	Related Parties	Discussion Notes
<input type="checkbox"/> Principal Owners and immediate families	<input type="checkbox"/> Cotter Family's Estate and Living Trust (controlling family) <input type="checkbox"/> Mark Cuban (above 10% voting ownership)	The Cotter Family was involved in certain litigation matters. Refer to <i>Note 14 – Commitments and Contingencies</i> for further details.
<input type="checkbox"/> Key Executive Officers and immediate families	<input type="checkbox"/> Ellen M. Cotter <input type="checkbox"/> Margaret Cotter <input type="checkbox"/> Gilbert Avanes <input type="checkbox"/> Andrzej J. Matyczynski <input type="checkbox"/> S Craig Tompkins <input type="checkbox"/> Robert F. Smerling <input type="checkbox"/> Mark Douglas	<input type="checkbox"/> President and Chief Executive Officer <input type="checkbox"/> EVP Real Estate Development and Management (NY) <input type="checkbox"/> EVP Chief Financial Officer and Treasurer <input type="checkbox"/> EVP Global Operations <input type="checkbox"/> EVP General Counsel <input type="checkbox"/> President – U.S. Cinemas <input type="checkbox"/> Managing Director, Australia and New Zealand
<input type="checkbox"/> Investments in Joint Ventures accounted for under equity method	<input type="checkbox"/> Rialto Cinemas <input type="checkbox"/> Mt. Gravatt	Refer to <i>Note 8 – Investment in Joint Ventures</i>
<input type="checkbox"/> Other Affiliates	<input type="checkbox"/> Entities under common control <input type="checkbox"/> All subsidiaries of RDI	Refer to Exhibit 21 of this 2022 Form 10-K filing for the complete list of subsidiaries. Refer below for further discussions on certain key transactions with related parties, including those with minority interests.

Sutton Hill Capital

In 2001, we entered into a transaction with Sutton Hill Capital, LLC (“SHC”) regarding the master leasing, with an option to purchase, of certain cinemas located in Manhattan including our Village East and Cinemas 1,2,3 theaters. In connection with that transaction, we also agreed (i) to lend certain amounts to SHC, to provide liquidity in its investment, pending our determination whether or not to exercise our option to purchase and (ii) to manage the 86th Street Cinema on a fee basis. SHC is a limited liability company owned in equal shares by the Cotter Estate and a third party.

As previously reported, over the years, two of the cinemas subject to the master leasing agreement have been redeveloped and one (the Cinemas 1,2,3 discussed below) has been acquired. The Village East is the only cinema that remains subject to this master lease.

Village East

On June 29, 2010, we agreed to extend our existing lease from SHC of the Village East Cinema by 10 years, with a new termination date of June 30, 2020. This amendment was reviewed and approved by our Audit and Conflicts Committee. The Village East lease includes a sub-lease of the ground underlying the cinema that is subject to a longer-term ground lease between SHC and an unrelated third party that expires in June 2031 (the “cinema ground lease”). The extended lease provides for a call option pursuant to which Reading may purchase the cinema ground lease for \$5.9 million at the end of the lease term. Additionally, the lease has a put option pursuant to which SHC may require our Company to purchase all or a portion of SHC’s interest in the existing cinema lease and the cinema ground lease at any time between July 1, 2013 and December 4, 2019. Because our late Chairman, Chief Executive Officer, and controlling stockholder, Mr. James J. Cotter, Sr. was also the managing member of SHC, RDI and SHC are considered entities under common control. As a result, we have recorded the Village East Cinema building as a property asset of \$4.7 million on our balance sheet based on the cost carry-over basis from an entity under common control with a corresponding lease liability of \$0.0 million presented under other liabilities which accreted up to the \$5.9 million liability through July 1, 2013.

On August 28, 2019, we exercised our option to acquire the ground lessee’s interest. It was initially agreed that the transaction would close on or about May 31, 2021. On March 12, 2020, we amended the original agreement to (i) extend the term of the Citadel Cinemas, Inc. lease with Sutton Hill to January 31, 2022 and extend the put option to December 4, 2021 and (ii) at SHC’s request, in connection with our deferral of the closing date for our acquisition of SHC’s interest in the Village East Cinema, the Company reinstated and extended until December 4, 2021 SHC’s right to put that interest to us. That put right had previously expired on December 4, 2019. We were advised by SHC that it wanted this reinstatement and extension in order to assure itself that, in the event of the non-performance by us of our current contractual obligation to close our purchase of the interest in the ground lease on or about the extended date of May 31, 2021, that it could (as, in effect, an additional remedy) exercise this reinstated and extended put right. We believe that the reinstatement and extension of this put right is immaterial to our Company, since we have in fact already exercised our option, are in fact under contract with SHC to acquire SHC’s interest in the Village East Cinema and have every intention of completing that acquisition. On March 29, 2021, we extended this closing date to January 1, 2023. The put right was not renewed. On November 4, 2022, we further extended this closing date to July 1, 2024.

In each of the years 2020 to 2022 we were charged rent of \$590,000 for this cinema. In 2020 we deferred \$442,000 of this cost, repaying it in full in 2021 along with our 2021 obligation. We paid our 2022 in full in the period that it fell.

Cinemas 1, 2, 3

In 2005, we acquired (i) from a third party the fee interest underlying the Cinemas 1,2,3 and (ii) from SHC its interest in the ground lease estate underlying and the improvements constituting the Cinemas 1,2,3. The ground lease estate and the improvements acquired from SHC were originally a part of the master lease transaction, discussed above. In connection with that transaction, we granted to SHC an option to acquire at cost a 25% interest in the special purpose entity (Sutton Hill Properties, LLC) formed to acquire these fee, leasehold and improvements interests. On June 28, 2007, SHC exercised this option, paying \$3.0 million and assuming a proportionate share of SHP's liabilities. At the time of the option exercise and the closing of the acquisition of the 25% interest, SHP had debt of \$26.9 million, including a \$2.9 million, non-interest-bearing intercompany loan from the Company. Since the acquisition by SHC of its 25% interest, SHP has covered its operating costs and debt service through cash flow from the Cinema 1,2,3, (ii) borrowings from third parties, and (iii) pro-rata contributions from the members.

In February 2015, we and SHP amended the management agreement dated as of June 27, 2007 relating to our management of the Cinemas 1,2,3. The amendment, which was retroactive to December 1, 2014, memorialized our undertaking to SHP to fund up to \$750,000 (the "Renovation Funding Amount") of renovations to Cinemas 1,2,3. In consideration of our funding of the renovations, our annual management fee was increased commencing January 1, 2015 by an amount equivalent to 100% of any incremental positive cash flow of Cinemas 1,2,3 over the average annual positive cash flow of the Cinemas 1,2,3 over the three year period ended December 31, 2014 (not to exceed a cumulative aggregate amount equal to the Renovation Funding Amount), plus a 15% annual cash-on-cash return on the balance outstanding from time to time of the Renovation Funding Amount, payable at the time of the payment of the annual management fee (the "Improvements Fee"). Under the amended management agreement, we retained ownership of (and any right to depreciate) any furniture, fixtures and equipment purchased by us in connection with such renovation and had the right (but not the obligation) to remove all such furniture, fixtures and equipment (at our own cost and expense) from the Cinemas 1,2,3 upon the termination of the management agreement. The amendment also provided that, during the term of the management agreement, SHP would be responsible for the cost of repair and maintenance of the renovations. This amendment was approved by SHC and by the Audit and Conflicts Committee of our Board of Directors.

On November 6, 2020, we and SHP further amended the management agreement to terminate the Investments Fee in consideration of a one time payment to us of \$112,500 and the reimbursement in full of the Renovation Funding Amount, and transferred to SHC all of our ownership rights in the renovation assets. This amendment was approved by SHC and by the Audit and Conflicts Committee of our Board of Directors.

On August 31, 2016, we refinanced the debt of Cinemas 1,2,3, pursuant to a \$20.0 million loan from Valley National Bank. Refer to *Note 12 – Borrowings* for further details on this loan transaction and its maturity. The proceeds from the loan were used to retire an existing \$15.0 million first mortgage loan and the above-referenced \$2.9 million intercompany loan, with the remainder to be used for working capital and to cover cash flow shortfalls. Since the cash flow from the Cinemas 1,2,3 is not sufficient to service this loan, it is anticipated that the members of SHP (our Company and SHC) will ultimately need to make periodic contributions to the capital of SHP in order to avoid dilution of their respective interests in SHP. In 2016, our Company and SHC funded capital calls of \$506,000 and \$169,000, respectively. No capital contributions were called or made in 2020, 2021 or 2022.

The Valley National Loan has been guaranteed by our Company and an environmental indemnity has been provided by our Company. SHC has agreed to indemnify our Company to the extent of 25% of any loss incurred by our Company with respect to any such guarantee and/or indemnity (a percentage reflecting SHC's membership interest in SHP). The refinancing transaction, including the guarantee and indemnity, were review and approved by the Audit and Conflicts Committee of our Board of Directors.

On October 1, 2020, SHP made a distribution of \$1.0 million, paying \$750,000 to our Company and \$250,000 to SHC.

Live Theatre Play Investment

From time to time, our Officers and Directors may invest in plays that lease our live theatres. The play STOMP played in our Orpheum Theatre since prior to the time we acquired the theatre in 2001, until its final show on January 8, 2023. The Cotter Estate and a third party own an approximately 5% interest in that play, an interest that they have held since prior to our acquisition of the theatre.

Shadow View Land and Farming LLC

During 2012, Mr. James J. Cotter, Sr., our then Chairman, Chief Executive Officer and controlling stockholder, contributed \$2.5 million cash and \$255,000 of his 2011 bonus as his 50% share of the purchase price of a land parcel in Coachella, California and to cover his 50% share of certain costs associated with that acquisition. The property was held in Shadow View Land and Farming, LLC, in which the Cotter Estate owns a 50% interest and was held debt free and operating and holding costs were covered by member

contributions. The Audit and Conflicts Committee of the Board of Directors was charged with responsibility for oversight of our management of Shadow View. As discussed at *Note 5 – Real Estate Transactions*, the land held by Shadow View Land and Farming LLC was sold on March 5, 2021.

NOTE 21 – SUBSEQUENT EVENTS

On March 15, 2023, the loan was extended by 90 days, to July 3, 2023, on the same terms. See Note 12 - Borrowings.

On March 30, 2023, we modified our Bank of America facility, extending its maturity date to September 4, 2024, and adding certain repayment and payment in kind interest provisions. See Note 12 - Borrowings.

Schedule II – Valuation and Qualifying Accounts

	<u>Balance at January 1</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at December 31</u>
<u>Allowance for doubtful accounts</u>				
2022	\$ 1,169	\$ 107	234	\$ 1,042
2021	\$ 1,382	\$ 50	263	\$ 1,169
2020	\$ 1,519	\$ 386	523	\$ 1,382
<u>Tax valuation allowance</u>				
2022	\$ 40,894	\$ 9,884	—	\$ 50,778
2021	\$ 47,056	\$ —	6,162	\$ 40,894
2020	\$ 33,946	\$ 13,110	—	\$ 47,056

Item 9 – Change in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A – Controls and Procedures

Management's Report on Internal Control Over Financial Reporting and Attestation of Registered Public Accounting Firm

Our management's report on internal control over financial reporting and our registered public accounting firm's audit report on the effectiveness of our internal control over financial reporting are included in Part II, Item 8 (*Financial Statements and Supplementary Data*) of this Form 10-K.

Evaluation of Disclosure Controls and Procedures

We have formally adopted a policy for disclosure controls and procedures that provides guidance on the evaluation of disclosure controls and procedures and is designed to ensure that all corporate disclosure is complete and accurate in all material respects and that all information required to be disclosed in the periodic reports submitted by us under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods and in the manner specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. A disclosure committee consisting of the principal accounting officer, and senior officers of each significant business line and other select employees assisted the Chief Executive Officer and the Chief Financial Officer in this evaluation. Based upon our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as required by the Securities Exchange Act Rule 13a-15I and 15d-15I as of the end of the period covered by this report.

Changes in Internal Controls Over Financial Reporting

There were no 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 fourth quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Securities Exchange Act Rules 13a-15(f) and 15d-15(f), including maintenance of (i) records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets, and (ii) policies and procedures that provide reasonable assurance that (a) transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, (b) our receipts and expenditures are being made only in accordance with authorizations of management and our Board of Directors and (c) we will prevent or timely detect unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of the inherent limitations of any system of internal control. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses of judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper overriding of controls. As a result of such limitations, there is risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

PART III

Item 10, 11, 12, 13 and 14

Information required by Part III (Items 10, 11, 12, 13 and 14) of this Form 10-K is hereby incorporated by reference from Reading International, Inc.'s definitive Proxy Statement for its 2023 Annual Meeting of Stockholders, which the company intends to be filed with the Securities and Exchange Commission, pursuant to Regulation 14A, not later than 120 days after the end of the fiscal year.

PART IV

Item 15 – Exhibits, Financial Statement Schedules

(101) The following documents are filed as a part of this report:

101. *Financial Statements*

The following financial statements are filed as part of Part II, Item 8 – *Financial Statements and Supplementary Data* in this Annual Report on Form 10-K, as summarized below:

Description	Page
Management’s Report on Internal Control over Financial Reporting	56
Report of Independent Registered Public Accounting Firm (Consolidated Financial Statements)	57
Consolidated Balance Sheets as of December 31, 2022 and 2021	58
Consolidated Statements of Income for the Three Years Ended December 31, 2022	59
Consolidated Statements of Comprehensive Income for the Three Years Ended December 31, 2022	60
Consolidated Statements of Stockholders’ Equity for the Three Years Ended December 31, 2022	61
Consolidated Statements of Cash Flows for the Three Years Ended December 31, 2022	62
Notes to Consolidated Financial Statements	64

2. *Financial Statements and Schedules for the years ended December 31, 2022, 2021, and 2020*

Description	Page
Schedule II – Valuation and Qualifying Accounts	103

3. *Exhibits*

(b) Exhibits

See Item (a) 3. Above.

I Financial Statement Schedule

See Item (a) 2. Above.

EXHIBITS

Exhibit No.	Description	Links for Exhibits Incorporated by Reference
3.1	Amended and Restated Articles of Incorporation of Reading International, Inc., a Nevada corporation, effective as of August 6, 2014	Filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015 , filed on April 29, 2016 and incorporated herein by reference.
3.2	Amended and Restated Bylaws of Reading International, Inc., a Nevada corporation, effective as of November 7, 2017 ⁽¹⁾	Filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017 , filed on March 16, 2018 and incorporated herein by reference.
4.1	Form of Preferred Securities Certificate evidencing the preferred securities of Reading International Trust I	Filed as Exhibit 4.1 to the Company's report on Form 8-K filed on February 9, 2007 , and incorporated herein by reference.
4.2	Form of Common Securities Certificate evidencing common securities of Reading International Trust I	Filed as Exhibit 4.2 to the Company's report on Form 8-K filed on February 9, 2007 , and incorporated herein by reference.
4.3	Form of Reading International, Inc. and Reading New Zealand, Limited, Junior Subordinated Note due 2027	Filed as Exhibit 4.3 to the Company's report on Form 8-K filed on February 9, 2007 , and incorporated herein by reference.
4.4	Indenture among Reading International, Inc., Reading New Zealand Limited, and Wells Fargo Bank, N.A., as indenture trustee.	Filed as Exhibit 10.4 to the Company's report on Form 8-K dated February 5, 2007 , and incorporated herein by reference.
4.5	Form of Indenture	Filed as Exhibit 4.4 to the Company's report on Form S-3 on October 20, 2009 , and incorporated herein by reference.
4.6	Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934	Filed as Exhibit 4.6 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 , and incorporated herein by reference.
10.1*	Restated 2010 Stock Incentive Plan, as of November 7, 2017	Filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017 , filed on March 16, 2018 and incorporated herein by reference.
10.2*	Award forms under the 2010 Stock Incentive Plan (i) Stock Option Agreement, (ii) Stock Bonus Agreement, (iii) Restricted Stock Unit Agreement, and (iv) Stock Appreciation Right Agreement	Filed as Exhibits 4.2 , 4.3 , 4.4 and 4.5 , respectively, to the Company's report on Form S-8 on May 26, 2010, and incorporated herein by reference.
10.3*	Form of Restricted Stock Unit Agreement (with Grant Notice) (Employees/Executive Officers/Contractors) under the 2010 Stock Incentive Plan	Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 , and incorporated herein by reference.
10.4*	Form of Restricted Stock Unit Agreement (with Grant Notice) (Non-Employee Directors) under the 2010 Stock Incentive Plan	Filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 , and incorporated herein by reference.
10.5*	Form of Stock Option Agreement (Non-Directors) under the 2010 Stock Incentive Plan	Filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 , and incorporated herein by reference.
10.6*	2020 Stock Incentive Plan	Filed as Appendix A to the Company's Proxy Statement filed on November 6, 2020 , and incorporated herein by reference.
10.7*+	Form of Restricted Stock Unit Agreement (with Grant Notice) (Non-Employee Directors) under the 2020 Stock Incentive Plan	Filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 , and incorporated herein by reference.
10.8*+	Form of Restricted Stock Unit Agreement (with Grant Notice) (Executive Officer) under the 2020 Stock Incentive Plan	Filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 , and incorporated herein by reference.
10.9*	Form of Stock Option Agreement (Director) under the 2020 Stock Incentive Plan	Filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 , and incorporated herein by reference.
10.10	Amended and Restated Lease Agreement, dated as of July 28, 2000, as amended and restated as of January 29, 2002, between Sutton Hill Capital, L.L.C. and Citadel Cinemas, Inc.	Filed as Exhibit 10.40 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002 and incorporated herein by reference.
10.11	Second Amendment to Amended and Restated Master Operating Lease dated as of September 1, 2005	Filed as Exhibit 10.58 to the Company's report on Form 8-K filed on September 21, 2005 , and incorporated herein by reference.
10.12	Assignment and Assumption of Lease between Sutton Hill Capital L.L.C. and Sutton Hill Properties, LLC dated as of September 19, 2005	Filed as Exhibit 10.56 to the Company's report on Form 8-K filed on September 21, 2005 , and incorporated herein by reference.
10.13	Third Amendment to Amended and Restated Master Operating Lease Agreement, dated June 29, 2010, between Sutton Hill Capital, L.L.C. and Citadel Cinemas, Inc.	Filed as Exhibit 10.21 to the Company's report on Form 10-K for the year ended December 31, 2010 , and incorporated herein by reference.
10.14	Omnibus Amendment Agreement, dated as of October 22, 2003, between Citadel Cinemas, Inc., Sutton Hill Capital, L.L.C., Nationwide Theatres Corp., Sutton Hill Associates, and Reading International, Inc.	Filed as Exhibit 10.49 to the Company's report on Form 10-Q for the period ended September 30, 2003 , and incorporated herein by reference.

10.15	Amended and Restated Declaration of Trust, dated February 5, 2007, among Reading International Inc., as sponsor, the Administrators named therein, and Wells Fargo Bank, N.A., as property trustee, and Wells Fargo Delaware Trust Company as Delaware trustee	Filed as Exhibit 10.2 to the Company's report on Form 8-K dated February 5, 2007 , and incorporated herein by reference.
10.16	Amended and Restated Corporate Markets Loan & Bank Guarantee Facility Agreement dated December 23, 2015, among Reading Entertainment Australia Pty Ltd and National Australia Bank Limited	Filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015 , filed on April 29, 2016 and incorporated herein by reference.
10.17	Amendment Deed dated June 12, 2018 between National Australia Bank Limited and Reading Entertainment Australia Pty Ltd.	Filed as Exhibit 10.1.2 to the Company's report on Form 8-K (file no. 1-8625), filed on June 2, 2020 , and incorporated herein by reference.
10.18	Amendment Deed dated March 27, 2019 between National Australia Bank Limited and Reading Entertainment Australia Pty Ltd.	Filed as Exhibit 10.1.3 to the Company's report on Form 8-K (file no. 1-8625), filed on June 2, 2020 , and incorporated herein by reference.
10.19	Letter of Waiver dated April 9, 2020 between National Australia Bank Limited and Reading Entertainment Australia Pty Ltd.	Filed as Exhibit 10.1.4 to the Company's report on Form 8-K (file no. 1-8625), filed on June 2, 2020 , and incorporated herein by reference.
10.20	Amendment Letter dated August 6, 2020 between National Australian Bank Limited and Reading Entertainment Australia Pty. Ltd.	Filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 , and incorporated herein by reference.
10.21	Amendment Deed dated June 12, 2018 between National Australia Bank Limited and Reading Entertainment Australia Pty Ltd.	Filed as Exhibit 10.1.2 to the Company's report on Form 8-K (file no. 1-8625), filed on June 2, 2020 , and incorporated herein by reference.
10.22	Amendment Deed dated June 8, 2021, by and between Reading Entertainment Australia Pty Ltd and National Australia Bank Limited.	Filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 , and incorporated herein by reference.in by reference.
10.23	Corporate Markets Loan & Bank Guarantee Facility Agreement dated June 8, 2021, by and between Reading Entertainment Australia Pty Ltd and National Australia Bank Limited.	Filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 , and incorporated herein by reference.in by reference.
10.24	Amendment Deed dated November 2, 2021, by and between Reading Entertainment Australia Pty Ltd and National Australia Bank Limited.	Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 , and incorporated herein by reference.in by reference.
10.25	Wholesale Term Loan Facility dated May 21, 2015, among Reading Courtenay Central Limited and Westpac New Zealand Limited	Filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015 , filed on April 29, 2016 and incorporated herein by reference.
10.26	Guarantee & Indemnity dated May 21, 2015, among certain affiliates of the Company in favor of Westpac New Zealand Limited.	Filed as Exhibit 10.3.2 to the Company's report on Form 8-K (file no. 1-8625), filed on June 2, 2020 , and incorporated herein by reference.
10.27	Westpac Corporate Credit Facility Extension Letter dated December 20, 2018, among Westpac New Zealand Limited, Reading Courtenay Central Limited and certain affiliates of the Company.	Filed as Exhibit 10.3.3 to the Company's report on Form 8-K (file no. 1-8625), filed on June 2, 2020 , and incorporated herein by reference.
10.28	Letter of Variation dated July 27, 2020 between Westpac New Zealand Limited and Reading Courtenay Central Limited	Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 , and incorporated herein by reference.
10.29	Letter of Variation dated September 15, 2020 between Westpac New Zealand Limited and Reading Courtenay Central Limited, filed herewith.	Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 , and incorporated herein by reference.in by reference.
10.30	Letter of Variation dated April 29, 2021 between Westpac New Zealand Limited and Reading Courtenay Central Limited, filed herewith.	Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 , and incorporated herein by reference.in by reference.
10.31	Second Amended and Restated Credit Agreement dated March 6, 2020, among Consolidated Amusement Holdings, LLC, certain affiliates of the Company, the financial institutions party thereto and Bank of America, N.A., as administrative agent.	Filed as Exhibit 10.2.1 to the Company's report on Form 8-K (file no. 1-8625), filed on June 2, 2020 , and incorporated herein by reference.
10.32	Waiver and First Amendment to Second Amended and Restated Credit Agreement dated May 15, 2020, among Consolidated Amusement Holdings, LLC, certain affiliates of the Company, the financial institutions party thereto and Bank of America, N.A., as administrative agent.	Filed as Exhibit 10.2.2 to the Company's report on Form 8-K (file no. 1-8625), filed on June 2, 2020 , and incorporated herein by reference.
10.33	Waiver and Second Amendment to Second Amended and Restated Credit Agreement dated August 7, 2020 between Consolidated Amusement Holdings, LLC, and Bank of America, N.A.	Filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 , and incorporated herein by reference.

10.34	Waiver and Third Amendment to Second Amended and Restated Credit Agreement, dated August 8, 2021, between Consolidated Amusement Holdings, LLC, and Bank of America, N.A.	Filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 , and incorporated herein by reference.
10.35	Waiver and Fourth Amendment to Second Amended and Restated Credit Agreement, dated November 29, 2022, between Consolidated Amusement Holdings, LLC, and Bank of America, N.A.	Filed as Exhibit 10.1 to the Company's report on Form 8-K (file no. 1-8625), filed on December 16, 2022 , and incorporated herein by reference.
10.36	Consolidated, Amended and Restated Mortgage Promissory Note dated March 13, 2020, between Sutton Hill Properties, LLC and Valley National Bank.	Filed as Exhibit 10.4.1 to the Company's report on Form 8-K (file no. 1-8625), filed on June 2, 2020 , and incorporated herein by reference.
10.37	Mortgage Consolidation, Modification and Extension Agreement dated March 13, 2020, between Sutton Hill Properties, LLC and Valley National Bank.	Filed as Exhibit 10.4.2 to the Company's report on Form 8-K (file no. 1-8625), filed on June 2, 2020 , and incorporated herein by reference.
10.38	Pledge and Security Agreement dated March 13, 2020, between Sutton Hill Properties, LLC and Valley National Bank.	Filed as Exhibit 10.4.3 to the Company's report on Form 8-K (file no. 1-8625), filed on June 2, 2020 , and incorporated herein by reference.
10.39	ADA and Environmental Indemnity Agreement dated March 13, 2020, executed by Sutton Hill Properties, LLC and Reading International, Inc. in favor of Valley National Bank.	Filed as Exhibit 10.4.4 to the Company's report on Form 8-K (file no. 1-8625), filed on June 2, 2020 , and incorporated herein by reference.
10.40	Assignment of Rents and Leases dated March 13, 2020, executed by Sutton Hill Properties, LLC in favor of Valley National Bank.	Filed as Exhibit 10.4.5 to the Company's report on Form 8-K (file no. 1-8625), filed on June 2, 2020 , and incorporated herein by reference.
10.41	Guaranty of Payment and Performance dated March 13, 2020 executed by Reading International, Inc. in favor of Valley National Bank.	Filed as Exhibit 10.4.6 to the Company's report on Form 8-K (file no. 1-8625), filed on June 2, 2020 , and incorporated herein by reference.
10.42	Carveout Guaranty dated March 13, 2020 executed by Reading International, Inc. in favor of Valley National Bank.	Filed as Exhibit 10.4.7 to the Company's report on Form 8-K (file no. 1-8625), filed on June 2, 2020 , and incorporated herein by reference.
10.43	Guaranty dated March 13, 2020 executed by Reading International, Inc. in favor of Valley National Bank.	Filed as Exhibit 10.4.8 to the Company's report on Form 8-K (file no. 1-8625), filed on June 2, 2020 , and incorporated herein by reference.
10.44	Loan Agreement dated as of May 7, 2021, by and between Reading Tammany Owner LLC and US Development, LLC, collectively as borrower, and Emerald Creek Capital 3, LLC, as administrative agent and collateral agent for the lender.	Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 , and incorporated herein by reference.
10.45*	Form of Indemnification Agreement, as routinely granted to the Company's Officers and Directors	Filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 , and incorporated herein by reference.
10.46	Transactional Facility Side Letter dated November 3, 2021 between Reading Entertainment Australia Pty Ltd and National Australia Bank Limited.	Filed as Exhibit 10.45 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed on March 16, 2022 and incorporated herein by reference
18	Preferability Letter from Independent Registered Public Accounting Firm, Grant Thornton LLP.	Filed as Exhibit 18 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016 filed on March 13, 2017 and incorporated herein by reference
21+	List of Subsidiaries ,	N/A
23.1+	Consent of Independent Registered Public Accounting Firm, Grant Thornton LLP .	N/A
31.1+	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 ,	N/A
31.2+	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 ,	N/A
32.1+	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ,	N/A
32.2+	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 .	N/A
101	The following material from our Company's Annal Report on Form 10-K for the year ended December 31, 2020, 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 as inline XBRL and contained in Exhibit 101)	N/A

+ Filed or furnished herewith

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

* Indicates a management contract or compensatory plan or arrangement.

(1) Included is the amended and restated version of this exhibit, redlined to show the amendment adopted on November 7, 2017.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

(Registrant)

Date: March 31, 2023

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

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of Registrant and in capacities and on dates indicated.

<u>Signature</u>	<u>Title(s)</u>	<u>Date</u>
<u>/s/ Ellen M. Cotter</u> Ellen M. Cotter	President, Chief Executive Officer and Vice Chair of Board and Director (Principal Executive Officer)	March 31, 2023
<u>/s/ Gilbert Avanes</u> Gilbert Avanes	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	March 31, 2023
<u>/s/ Steve Lucas</u> Steve Lucas	Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)	March 31, 2023
<u>/s/ Margaret Cotter</u> Margaret Cotter	Executive Vice President Real Estate and Chair of the Board and Director	March 31, 2023
<u>/s/ Guy W. Adams</u> Guy W. Adams	Director	March 31, 2023
<u>/s/ Douglas J. McEachern</u> Douglas J. McEachern	Director	March 31, 2023
<u>/s/ Dr. Judy Codding</u> Dr. Judy Codding	Director	March 31, 2023

READING INTERNATIONAL, INC. – LIST OF SUBSIDIARIES

Subsidiary	Jurisdiction of Incorporation
AHGP, Inc.	Delaware
AHLP, Inc.	Delaware
Angelika Film Centers, LLC	Delaware
Angelika Anywhere LLC	Nevada
Angelika Anywhere Limited	New Zealand
Angelika Anywhere Pty Limited	Australia
Angelika Film Center Mosaic, LLC	Nevada
Angelika Film Centers (Dallas), Inc.	Texas
Angelika Film Center Union Market, LLC	Nevada
Angelika Film Centers (Plano) LP	Nevada
Angelika Plano Beverage LLC	Texas
Angelika Plano Holdings, LLC	Nevada
Australia Country Cinemas Pty Limited	Australia
Bayou Cinemas LP	Delaware
Bogart Holdings Limited	New Zealand
Burwood Developments Pty Ltd	Australia
Carmel Theatres, LLC	Nevada
Citadel Agriculture, Inc.	California
Citadel Cinemas, Inc.	Nevada
Citadel Cinema Services, LLC (fka Reading Malulani, LLC)	Nevada
Citadel Realty, Inc.	Nevada
City Cinemas, LLC	Nevada
Consolidated Amusement Holdings, LLC	Nevada
Consolidated Cinema Services, LLC	Nevada
Consolidated Cinemas Kapolei, LLC	Nevada
Consolidated Entertainment, LLC	Nevada
Consolidated Entertainment, Inc.	Nevada
Courtenay Car Park Limited	New Zealand
Craig Corporation	Nevada
Darnelle Enterprises Limited	New Zealand
Epping Cinemas Pty. Ltd.	Australia
Gaslamp Theatres, LLC	Nevada
Hotel Newmarket Pty Ltd	Australia
Kaahumanu Cinemas, LLC	Nevada
Kahala Cinema Company, LLC	Nevada
KMA Cinemas, LLC	Nevada
Landplan Property Partners Manukau Trust	New Zealand
Landplan Property Partners Discretionary Trust	Australia
Liberty Live, LLC	Nevada

2022 List of Exhibits.

Checked by SV on 3/31/2023 | Sources: Org Chart v 38 + ASIC + NZ Companies

Liberty Theaters, LLC	Nevada
Liberty Theatricals, LLC	Nevada
Liberty Theatres Properties, LLC	Nevada
Minetta Live, LLC	Nevada
Movieland Cinemas (NZ) Limited	New Zealand
New Zealand Equipment Supply Limited	New Zealand
Newmarket Properties #3 Pty Ltd	Australia
Newmarket Properties No. 2 Pty Ltd	Australia
Newmarket Properties Pty Ltd	Australia
Orpheum Live, LLC	Nevada
Queenstown Land Holdings Limited	New Zealand
RCPA LLC (fka Reading Company)	Pennsylvania
RDI Employee Investment Fund LLC	California
Reading Arthouse Limited	Australia
Reading Altona Pty Limited	Australia
Reading Armadale Pty Ltd (fka Reading Australia Pty Ltd)	Australia
Reading Auburn Pty Limited	Australia
Reading Belmont Pty Limited	Australia
Reading Beverages (California) LLC	Nevada
Reading Bundaberg 2012 Pty Ltd	Australia
Reading Burwood Pty Limited	Australia
Reading Busselton Pty Ltd (fka A.C.N 143 633 096 Pty Ltd)	Australia
Reading Cannon Park Pty Ltd	Australia
Reading Capital Corporation	Delaware
Reading Center Development Corporation	Pennsylvania
Reading Charlestown Pty Limited	Australia
Reading Cinemas Asset Management Pty Ltd (fka Australian Equipment Supply Pty Limited)	Australia
Reading Cinemas Auburn Pty Ltd (fka Reading Alphington Pty Ltd)	Australia
Reading Cinemas Courtenay Central Limited	New Zealand
Reading Cinemas Management Pty Limited	Australia
Reading Cinemas New Zealand Trust (fka - Landplan Property Partners Taupo Trust)	New Zealand
Reading Cinemas New Zealand Trustee Limited (fka - Reading Properties Lake Taupo Ltd)	New Zealand
Reading Cinemas NJ, Inc.	Delaware
Reading Cinemas Management, LLC (fka US Agricultural Investors, LLC)	Delaware
Reading Cinemas Pty Limited	Australia
Reading Cinemas Puerto Rico LLC	Nevada
Reading Cinemas USA LLC	Nevada
Reading Consolidated Holdings, Inc.	Nevada
Reading Consolidated Holdings (Hawaii), Inc.	Hawaii
Reading Courtenay Central Limited	New Zealand
Reading Dandenong Pty Limited	Australia
Reading Devonport Pty Ltd	Australia
Reading Dunedin Limited	New Zealand

2022 List of Exhibits.

Checked by SV on 3/31/2023 | Sources: Org Chart v 38 + ASIC + NZ Companies

Reading Elizabeth Pty Ltd	Australia
Reading Entertainment Australia Pty Limited	Australia
Reading Exhibition Pty Ltd	Australia
Reading Food Services, LLC	Nevada
Reading Holdings, Inc.	Nevada
Reading International, LLC	Nevada
Reading International Cinemas LLC	Delaware
Reading International Services Company	California
Reading IP, LLC	Nevada
Reading Jindalee Pty Ltd	Australia
Reading Licences Pty Ltd	Australia
Reading Maitland Pty Limited	Australia
Reading Management NZ Limited	New Zealand
Reading Melton Pty Limited	Australia
Reading Murrieta Theater, LLC	Nevada
Reading New Lynn Limited	New Zealand
Reading New Zealand Limited	New Zealand
Reading Pacific LLC	Nevada
Reading Productions, LLC	Nevada
Reading Properties LLC (fka - GardenWalk Cinemas, LLC)	Nevada
Reading Properties Indooroopilly Pty Ltd	Australia
Reading Properties Manukau Limited (Trustee)	New Zealand
Reading Properties New Zealand Limited	New Zealand
Reading Property Partners No. 1 Discretionary	Australia
Reading Properties Pty Limited	Australia
Reading Properties Taringa Pty Ltd	Australia
Reading Property Holdings Pty Limited	Australia
Reading Queenstown Limited	New Zealand
RREC LLC (Reading Real Estate Company)	Pennsylvania
Reading Restaurants NZ Limited	New Zealand
Reading Rouse Hill Pty Limited	Australia
Reading Royal George, LLC	Delaware
Reading South City Square Pty Limited	Australia
Reading Sunbury Pty Limited	Australia
Reading Tammany Mezz, LLC	Delaware
Reading Tammany Owner, LLC	Delaware
Reading Theaters, Inc.	Delaware
Reading Traralgon Pty Limited	Australia
Reading Wellington Properties Limited	New Zealand
Rhodes Peninsula Cinema Pty Limited	Australia
Rialto Cinemas Limited	New Zealand
Rialto Entertainment Limited	New Zealand
Ronwood Investments Limited	New Zealand
Rydal Equipment Co.	Pennsylvania

2022 List of Exhibits.

Checked by SV on 3/31/2023 | Sources: Org Chart v 38 + ASIC + NZ Companies

S Note Liquidation Company, LLC	Nevada
Sails Apartments Management Limited	New Zealand
Shadow View Land and Farming, LLC	Nevada
State Cinema Hobart Pty Ltd (fka - Reading Colac Pty Ltd)	Australia
Sutton Hill Properties, LLC	Nevada
The Theatre At Legacy L.P.	Texas
Tobrooke Holdings Limited	New Zealand
Trans-Pacific Finance Fund I, LLC	Delaware
Trenton-Princeton Traction Company	New Jersey
Twin Cities Cinemas, Inc.	Delaware
US Development, LLC	Nevada
US International Property Finance Pty Ltd	Australia
Washington and Franklin Railway Company	Pennsylvania
Westlakes Cinema Pty Limited	Australia
Wilmington and Northern Railroad Company	Pennsylvania

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated March 31, 2023, with respect to the consolidated financial statements included in the Annual Report of Reading International, Inc. on Form 10-K for the year ended December 31, 2022. We consent to the incorporation by reference of said report in the Registration Statements of Reading International, Inc. on Forms S-8 (File No. 333-167101, File No. 333-225471 and File No. 333-254929).

/s/GRANT THORNTON LLP

Los Angeles, California
March 31, 2023

**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 Annual Report on Form 10-K 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 fourth 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
March 31, 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 Annual Report on Form 10-K 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 fourth 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
March 31, 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 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 Annual Report on Form 10-K for the period ended December 31, 2022 (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: March 31, 2023

/s/ Ellen M. Cotter

Name: Ellen M. Cotter

Title: President and Chief Executive Officer

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

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 Annual Report on Form 10-K for the period ended December 31, 2022 (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: March 31, 2023

/s/ Gilbert Avanes

Name: Gilbert Avanes

Title: Executive Vice President, Chief Financial Officer and Treasurer
