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IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE AMC ENTERTAINMENT HOLDINGS, INC. STOCKHOLDER LITIGATION – CONSOLIDATED C.A. No. 2023-0215-MTZ

Counter to

AFFIDAVIT OF PATRICK RIPLEY IN SUPPORT OF PLAINTIFFS® MOTION TO LIFT STATUS QUO ORDER

1. My name is Alexander Holland, and I work in Technical Compliance of Mercedes-Benz Group AG in Germany. I do software analysis on compliance factors and I have compliance requirement oversight for software engineering. In addition, I have been an experienced trader for the past nine years, trading on the Frankfurter bourse. I am appearing before the court as a shareholder of AMC who has concerns regarding the proposed settlement, which I believe will directly and adversely affect AMC shareholders. I want to demonstrate my analysis to the court the true impacts of the proposed settlement and the plans of the AMC board for the company.
   As a shareholder, I have a vested interest in ensuring that the AMC board acts in the best interests of its shareholders. Therefore, it is imperative that the court understands the potential impacts of the proposed settlement and the plans of the AMC board. In my statement, I will present logical arguments based on necessary details to support my position.

2. For the sake of consistency I will use the same numbers used by Mr. Ripley to determine the value and diminution of value of the proposed share issuances to the Common Shareholders of AMC based on the following
   i. 519,192,390 issued and outstanding shares of AMC Class A common stock ("AMC Common Stock"),
   ii. 974,190,794 issued and outstanding AMC Preferred Equity Units ("APEs"),
   iii. the closing prices of AMC Common Stock and APE on March 27th 2023.

I will present my analysis from the perspective of a Common Stock shareholder (myself).

My analyses will also include the assumption that the Common Stock shareholders will receive an issuance based on the 7.5:1 ratio. Also for my analyses, I will show the effects of the proposals on different shareholder portfolios. Like Mr. Ripley, my analyses are also based on the closing price of the stock and the number of shares outstanding for March 27th, which reflects the pro forma of the stock split and share distribution. Additionally, I will take into account potential changes in market capitalization due to market price adjustments resulting from trading the stock on a US stock exchange.

In contrast to Mr. Ripley, I will present a "dynamic" analysis rather than a "static analysis. As we all know, the world is constantly changing, and the stock market is no exception. Therefore, I will show the future impact of the proposals on every shareholder, considering potential fluctuations in the market.

I strongly urge the court to consider my analysis and take into account the long-term impacts on shareholders before approving the proposed settlement.

3. On March 27, 2023, AMC Common Stock closed at a price of $4.55 per share and APE closed at a price of $1.41 per unit.
    i. Accordingly, on March 27, 2023, the total market capitalization of AMC Common Stock was $2,362,325,374.50 (519,192,390 shares x $4.55 per share)
    ii. and the total market capitalization of APE was $1,373,609,019.54,
    iii. such that the Company's total market capitalization was $3,735,934,394.04.
    iv. Based on the foregoing, AMC Common Stock and APE then accounted for approximately 63.23% and 36.77% of the Company's market capitalization, respectively.

In regards to 3.iv.) it is important for me to compare the ownership structure with the recent voting results, which show clearly the underrepresentation of AMC Common Stock shareholders. As an AMC Common Stock shareholder myself, I find it important to bring this matter to the court's attention.

The published numbers, for example for Proposal 2: The reverse split proposal show that a total of 1,112,192,342 shares were voted on, including

182,342,730 AMC Common Stock shares. Thus, AMC Common Stock shareholders were only represented by 16.39% for Proposal 2, despite holding 63.23% of the total market capitalization. This indicates a significant underrepresentation of Common Stock shareholders in the voting process.

As a result, a group of new shareholders who do not hold the majority of value and market capitalization of the company has voted on the majority of shares. It raises additional concerns about the legitimacy of the voting results.

4. Were Common Stock and APE units collapsed into a single class of stock based on March 27 figures, this new stock would have a post-collapse price of $2.50 per share ($3,735,934,394.04 of market capitalization divided through the total number of shares 1,493,383,184).
   i. At this point, I also want to bring to the court's attention the significant dilution factor of nearly 300% that has been imposed on AMC Common stockholders. Prior to the issuance of APEs, the number of outstanding and issued AMC Common stock was around 517,000,000. It is worth noting that shareholders did not vote in favor of this dilution, and yet they are being unfairly impacted by it.
   ii. Former AMC Common Stock shareholders would comprise approximately 34.77% of this post-collapse structure, representing a market capitalization of $1,298,841,936.69.
   iii. Former APE shareholders would comprise approximately 65.23% of this post-collapse structure, representing a market capitalization of approximately $2,437,092,457.35.

5. The above demonstrates one effect of the post-collapse structure, which is the change, or "transfer" of the capital structure. Now the AMC Common Stock shareholders, who paid the APE dividend with equity removed from their AMC Common Stock valuation, are transformed into minority shareholders with respect to shareholders represented market capitalization and in number of shares. Especially new APE shareholders inequitably benefit from the collapse of both stocks into one class. All AMC Common Stock shareholders have
   a. paid a higher market price for their shares compared to APE shareholders, because AMC Common Stock always traded at a higher price, and

b. they are forced immediately to give up a significant percentage of the value of their AMC Common Stock to APE shareholders – this is called the "arbitrage effect" I will further describe in Point 6.

6. The arbitrage effect: As a result of the collapse of both stock classes into a single class, an arbitrage effect has emerged. There are two dependencies of the arbitrage effect to be considered as these impact the portfolios of the shareholders. These are price difference and the amount of shares.
To illustrate the impact of this arbitrage effect, consider the following examples, which are based on fictional numbers for simplification.

Example 1:

AMC price per share = $3	AMC amount of outstanding shares = 10
APE price per share = $3	APE amount of outstanding shares = 20

With a collapse of both stocks into one class:

AMC collapsed class share price = ($3*10 shares + $3*20 shares) / (10 shares + 20 shares) = $3 per share.

No arbitrage. The price stays the same, only the amount of outstanding shares changes.

Example 2:

AMC price per share = $3	AMC amount of outstanding shares = 10
APE price per share = $1.5	APE amount of outstanding shares = 20.

With a collapse of both stocks into one class:

AMC collapsed class share price = ($3*10 shares + $1.5*20 shares) / (10 shares + 20 shares) = $2 per share.

As logically expected, the price of the collapsed stock goes down. However, the arbitrage effect can be seen when we compare the market capitalization of APE and AMC before and after the collapse. It is evident that there is a significant "draining" of value from one stock class to another, resulting in a disproportionate benefit to APE shareholders at the expense of AMC Common Stock shareholders. This effect was not anticipated or disclosed by the Board in their proposal and has resulted in significant losses for AMC Common Stock shareholders.

AMC market capitalization before collapse = \$30

"AMC" market capitalization after collapse = \$20 (-\$10)

APE market capitalization before collapse = \$30

"APE" market capitalization after collapse = \$40 (+\$10)

It is important to note, that after a collapse of both stocks, only one class of stock exists, the foregoing comparison describes the capital structure considering the new collapse price of both stocks without a merge of both.

For the sake of simplicity, I did not provide additional examples to illustrate how the number of shares in each class influences the changes in capital structure by the arbitrage effect. The difference between the outstanding shares sets the fixed ratio of value transformation. In my examples, with double the amount of APE outstanding shares compared to AMC outstanding shares and APE having half of the price of AMC shares, the ratio of value transfer is 1/3rd. If the amount of APE outstanding shares were three times greater, the ratio would be 37.5%, and so on. The greater the difference, the higher the ratio. The same coherence applies to the price difference.

This arbitrage effect affects every portfolio of AMC Common Stock and APE unit shareholders. In conclusion, any AMC Common Stock shareholder without APE shares in his portfolio will be forced to give up an inequitable 45% of their share value to all APE shareholders based on March 27th figures. APE shareholders benefit significantly from the arbitrage effect, as it is logically evident.

Considering AMC Common Stock closing price of \$4.55 per share and APE closing price of \$1.41 per unit and the collapse price of \$2.50 the court also can see the arbitrage effect.

i. AMC Common Stock new value of \$2.50 (= \$4.55 - \$2.05 [-45.05%]) per share and
ii. APE unit new value of \$2.50 (= \$1.41 + \$1.09 [+77.30%]) per share

It is unclear to me, why Mr. Ripley does not mention any of these specific negative and predictable outcomes in his analyses given that he has "20 years experience in financial consulting".

7. With a collapse of both stocks into a single class, the total market capitalization of the Company would remain an unaffected $3,735,934,394.04. As demonstrated in 6. the capital structure of shareholders will change in favor of APE shareholders through the arbitrage effect.
   Were the Company to then undergo a 1:10 reverse split of the new equity structure, holders of former AMC Common Stock would hold 51,919,239 shares and former APE unit shareholders would hold 97,419,079 shares, all of which would trade at a price of $25.02 per share ($3,735,934,394.04 market cap divided by the new sum of 149,338,318 shares).

8. In his analysis, Mr. Ripley also neglects to mention another significant adverse effect on the portfolios of all shareholders of AMC Common Stock and APE units as a result of the reverse stock split. It is the fact that the cost average of their investments increase by the same factor the 10:1 reverse stock split is processed, in this case by a factor of 10.

   For the following examples, I will also use fictional numbers, simplify the calculation and only show the effect of the increase of the cost average. I set these numbers to represent an average retail shareholder and I will show the effects on the three different types of shareholders.
   a) AMC Common Stock shareholder without APE units in his portfolio
   b) Shareholder with the same amount of AMC Common Stock and APE units in his portfolio
   c) APE unit shareholder without AMC Common Stock in his portfolio.

   All three types of shareholders have invested the same amount of money into the company, the same amount of shares in sum and the same cost average.

   Example 1 for shareholder type a):

   Fictional portfolio of shareholder a) before 10:1 reverse split:
   i. AMC Common Stock in portfolio = 1000 shares
   ii. Shareholder Investment in the company: $10,000
   iii. Cost average of shareholder investment: $10

iv. Market value of shareholder investment on March 27th: $4,550 (1000 shares x $4.55)

Fictional portfolio of shareholder a) after 10:1 reverse split:

v. AMC Common Stock in portfolio = 100 shares (-900 shares)
vi. Shareholder Investment in the company: $10,000
vii. Cost average of shareholder investment: $100 (+$90)
viii. Market value of shareholder investment on March 27th: $2,501 (100 shares x $25.02) [post collapse post reverse split the market value of this shareholder portfolio is significantly reduced]

Example 2 for shareholder type b):

Fictional portfolio of shareholder b) before 10:1 reverse split:

ix. AMC Common Stock in portfolio = 500 shares
x. APE units in portfolio = 500 shares
xi. Shareholder Investment in the company: $10,000
xii. Combined cost average of shareholder investment: $10
xiii. Market value of shareholder investment on March 27th: $2,980 (500 shares x $4.55 + 500 shares x $1.41)

Fictional portfolio of shareholder b) after 10:1 reverse split:

xiv. AMC Common Stock in portfolio = 100 shares (former AMC Common Stock of 50 shares (-450 shares) combined with former APE units of 50 shares (-450 shares))
xv. Shareholder Investment in the company: $10,000
xvi. Cost average of shareholder investment: $100
xvii. Market value of shareholder investment on March 27th: $2,502 (100 shares x $25.02) [post collapse post reverse split the market value of this shareholder portfolio is slightly reduced]

Example 3 for shareholder type c):

Fictional portfolio of shareholder c) before 10:1 reverse split:

xviii. APE units in portfolio = 1000 shares
xix. Shareholder Investment in the company: $10,000
xx. Cost average of shareholder investment: $10

xxi. Market value of shareholder investment on March 27th: $1,410 (1000 shares x $1.41)

Fictional portfolio of shareholder c) after 10:1 reverse split:

xxii. AMC Common Stock in portfolio = 100 shares (-900 shares)

xxiii. Shareholder Investment in the company: $10,000

xxiv. Cost average of shareholder investment: $100 (+$90)

xxv. Market value of shareholder investment on March 27th: $2,501 (100 shares x $25.02) [post collapse post reverse split the market value of this shareholder portfolio has significantly risen, in this example by 77.38%]

The comparison of the three types of shareholder portfolios (viii, xvii and xxv) also demonstrates the differences of each portfolio with the post reverse split post collapse structure. AMC Common Stock holders lose the most of their portfolio value where on the contrary APE unit shareholders gain on market value.

The calculation clearly shows that with the reduction of shares in a shareholder portfolio the cost average must increase by the same factor as the change in the number of shares. The total amount of money each shareholder has contributed to his investment is not affected by the reverse split itself. Based on March 27th figures and the post reverse split post collapse price of $25.02.

a. The price of $4.55 has to rise by 219.78% to break-even on his costs.
b. The price of $25.02 has to rise by 399.73% break-even on his investment, thus worsens the situation for shareholders in comparison to the pre reverse split and pre collapse structure (a.).

In conclusion, the proposed reverse split will not have a uniform impact on each shareholder's personal portfolios. The sum each shareholder has invested in the company and the market capitalization does not change. Rather, the reverse split will significantly affect the cost average of each shareholder's portfolio, with disproportionate harm to certain groups of shareholders. Assuming a post collapse and reverse split price of $25.02. Shareholders similar to shareholder group a) would suffer disproportionate harm because they would require a cost average not higher than $2.50 to break-even on their costs. However, AMC Common Stock has not traded that low since the pandemic 'lows' of 2021, making it practically impossible for this group of shareholders to avoid harm.

Furthermore, new shareholders who purchased shares post-APE issuance and bet on the arbitrage effect had the opportunity to acquire APE units below the post-collapse price of $2.50, such as Antara Capital L.P. This highlights the disproportionate representation of new shareholders who have not adequately paid for their voting power in the decision of the proposals.

Therefore, it is my argument that the proposed reverse split unfairly harms certain groups of shareholders, while disproportionately benefiting others who have not adequately paid for their voting power. The court should carefully consider the impact of the proposals on the overall fairness and integrity of the shareholder voting process and the rights of AMC Common Stock shareholders.

9. In his analyses, Mr. Ripley failed to mention yet another negative effect caused by the 10:1 reverse stock split. Future profit margins for all shareholders will be significantly reduced. This effect is the obvious result of lowering the number of shares held by each shareholder by 90% (9 of 10 shares will be erased from each shareholder's portfolio). As a consequence, if the stock price rises the remaining 1 of 10 previously held shares generate less profit from price movement and 90% of every future profit margin for every shareholder invested amount will also be erased by the reverse split (1000 shares x $1 = 1000$, 100 shares x $1 = $100). This ratio is fixed by the reverse split itself. For example, a 50:1 reverse split would "steal" 98% of the shareholders future profit margins. The higher the ratio of a performed reverse split, the more of the future profit margin shareholders lose. Shareholders are interested in their portfolio growing, and future profit margins are typically the motivation for investors to invest in an equity.

10. Per Mr. Ripley's analysis, if the Company were to issue shares of this new equity structure to holders of former AMC Common Stock at a ratio of 1 new share for every 7.5 new shares held, those holders would receive an issuance of 6,922,565 shares in sum, such that there would be 156,260,884 shares in the Company's new equity structure. The holders of former AMC Common Stock would hold 58,841,804 new shares, representing approximately 37.66% of the new equity structure and an approximately 2.89% increase from their

position prior to the issuance. Based on the Company's unaffected overall market capitalization of $3,735,934,394.04, the issuance would have a value of $107,966,440.77.

At this point Mr. Ripley describes the issuance of additional shares to shareholders as a "gift" from the company to shareholders and forgets to mention an important fact. AMC Entertainment Holdings, Inc. is a publicly traded company and every shareholder owns a part of this company. Therefore, the issuance of additional shares to shareholders would not be a "gift" from the company or the board to shareholders, but rather a distribution of ownership in the company. Therefore, if the shareholders already own the company, with this proposal, shareholders would give themselves compensation - based on the Company's unaffected overall market capitalization.
If we look at it from the perspective of a child who collects marbles, this proposal is similar to a scenario where the child has 100 marbles and the board decides to give them 13 new marbles as a "compensation package". However, in exchange for these new marbles, the board takes away 102 marbles from the child, whereas without this "compensation package", the board would have only taken 90 marbles from the child.

11. From the perspective of an AMC Class A Common Stock shareholder I want to present another example which demonstrates how the shareholder's portfolio would be affected by this settlement proposal to holders of former AMC Common Stock at a ratio of 1 new share for every 7.5 new shares. As stated in 8. I will use fictional numbers for the purposes of illustration and demonstrate the effect of the changes of such an ownership distribution on all shareholders of all shareholders.

Before 10:1 reverse split and compensation (actual situation):

i. AMC Common Stock in portfolio = 1000 shares
ii. Shareholder Investment in the company: $10,000
iii. Cost average of shareholder investment: $10

Compensation before 10:1 reverse split:

i. AMC Common Stock in portfolio = 1133 shares (+133 shares)
ii. Shareholder Investment in the company: $10,000
iii. Cost average of shareholder investment: $8.83 (-$1.17)

After 10:1 reverse split including compensation:

i. AMC Common Stock in portfolio = 113 shares (-1020 shares + shares lost and cash in lieu[1])
ii. Shareholder Investment in the company: $10,000
iii. Cost average of shareholder investment: $88.50 (+$79.67)

After 10:1 reverse split without compensation:

i. AMC Common Stock in portfolio = 100 shares (-900 shares)
ii. Shareholder Investment in the company: $10,000
iii. Cost average of shareholder investment: $100 (+$90)

My analysis presented indicates that the proposed 10:1 reverse stock split and subsequent issuance of new shares would nevertheless have significant negative consequences for AMC Common Stock shareholders and result in an increase of the cost average by factor 8.85 instead of 10. Notwithstanding that, the issuance of new shares in combination with a 10:1 reverse split has no impact on cutting 90% of future profit margins of shareholders. The potential drawbacks of the proposal appear to heavily outweigh the promoted "benefits" outlined in Mr. Ripley's analysis. Shareholders still lose 90% of their shares through the 10:1 reverse split and with the distribution of equity before the reverse split, they lose more shares than without compensation package. This should be carefully considered by the court before making any decisions regarding this settlement proposals.

12. Mr. Ripley correctly pointed out, that his analysis of the issuance of 1 new share for each 7.5 former AMC Common Stock shares does not differentiate that some portion of the issuance will be in the form of cash payment of fractional shares. For example, a holder with 1000 shares of AMC Common Stock would receive a share distribution of 133.333 (at a 7.5:1 distribution). 133 shares would be distributed, while 0.333 shares would be paid in cash[1].

However, this gnarled choosing of the distribution factor also means that the majority of shareholders are forced to give up further shares for cash in lieu, which is not beneficial for shareholders in terms of retaining the amount of their shares and thus ownership stake in the company. The distribution of 6,922,565 shares is the maximum amount possible, as the number of shareholders receiving cash in lieu instead of shares cannot be forecasted and depends on the number of shares they individually hold in their portfolios.

13. In addition to the analysis presented in this statement, I want also highlight the potential risks associated with the company's decision to raise the number of authorized shares to 550,000,000. With the distribution of 6,922,565 shares, the total number of shares in the Company's new equity structure would be 156,260,884. This represents a maximum share dilution of 351.97%, which could have an additional negative impact on shareholders.
Furthermore there is the fact that nearly 25% of the outstanding shares of AMC Common stock are actually sold short. The utilization for AMC Common stock is at 100% for over a year. This effectively means that short sellers have borrowed every share borrowable. These facts raise concerns for shareholders about the potential impact of further short selling on the company's stock price. If the company issues new shares of AMC Common Stock, short sellers may be able to buy the new supply, close their old short positions at bargain prices, and open new short positions to drive the price down further. This would create a death spiral for the share price compounded by dilution (supply from the company) and short selling (supply through borrowing and selling of shares). Mr. Aron has a history of making deals with hedge funds like Mudrick Capital, Silverlake, and Antara Capital. Instead of issuing stocks on the open market, he sells them directly to short sellers under market value. These actions are detrimental to the interests of shareholders, because they circumvent real price discovery on the open market.

Summary and conclusion:

I have presented before the court with factual information regarding the proposals voted on March 14th by AMC board members. The voting results reveal that the AMC Common Stock shareholders, who hold the majority of the company's value and market capitalization, were significantly underrepresented in the voting process.

Furthermore, the proposed reverse stock split would have a significant negative impact on every shareholder's portfolio by increasing their cost average while decreasing future profit margins by 90%. While APE unit shareholders would wrongful benefit from changes in the capital and ownership structure, AMC Common Stock shareholders would be disproportionately harmed. Although the settlement proposal would slightly reduce the impacts of the reverse stock split, it does not fully negate the negative effects or provide any benefits to AMC Common Stock shareholders. The settlement proposal does not compensate AMC Common Stock shareholders for being harmed by a questionable vote and forced to accept the drawbacks resulting from the reverse split and collapse of both stocks into one class. The proposed ownership distribution is not a sufficient remedy for the harm caused to shareholders. Additionally, all shareholders face the risk of the company being targeted by short selling dilution death spiral, while new APE unit shareholders like Antara Capital disproportionately benefit from the arbitrage effect.

In conclusion, the court should take into consideration the facts and impacts presented to fully understand the negative effects of the proposals on AMC Common Stock shareholders. The settlement proposal does not provide a satisfactory solution to the harm caused to this group of shareholders.

I declare that the foregoing is true, correct, and written within all my conscience.

Alexander Holland

(electronically signed)

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